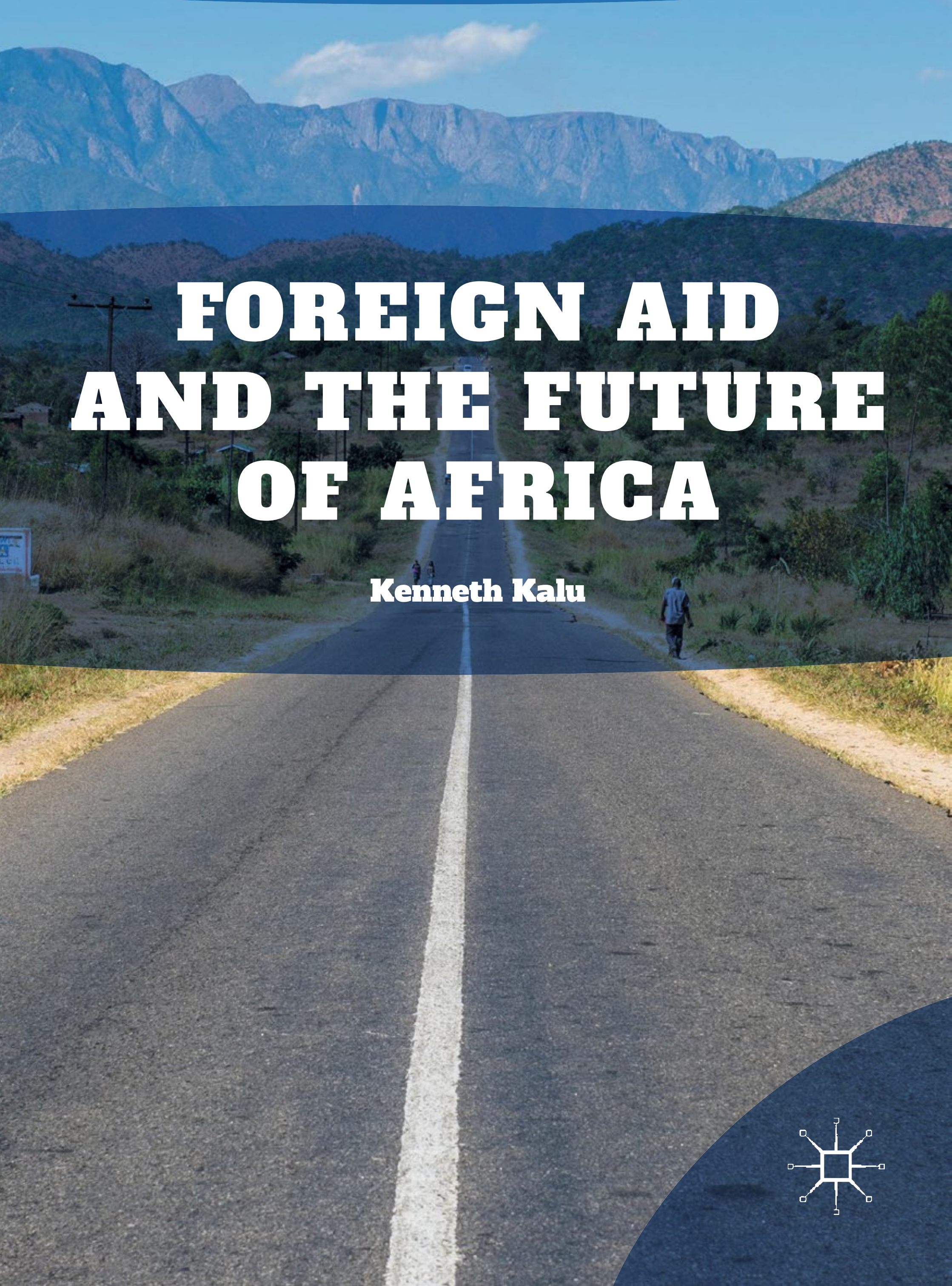
AFRICAN HISTORIES AND MODERNITIES

FOREIGN AID AND THE FUTURE OF AFRICA

Kenneth Kalu



African Histories and Modernities

Series Editors
Toyin Falola
University of Texas at Austin
Austin, TX, USA

Matthew M. Heaton
Virginia Tech
Blacksburg, USA

This book series serves as a scholarly forum on African contributions to and negotiations of diverse modernities over time and space, with a particular emphasis on historical developments. Specifically, it aims to refute the hegemonic conception of a singular modernity, Western in origin, spreading out to encompass the globe over the last several decades. Indeed, rather than reinforcing conceptual boundaries or parameters, the series instead looks to receive and respond to changing perspectives on an important but inherently nebulous idea, deliberately creating a space in which multiple modernities can interact, overlap, and conflict. While privileging works that emphasize historical change over time, the series will also feature scholarship that blurs the lines between the historical and the contemporary, recognizing the ways in which our changing understandings of modernity in the present have the capacity to affect the way we think about African and global histories.

More information about this series at
http://www.palgrave.com/gp/series/14758

Kenneth Kalu

Foreign Aid and the Future of Africa

palgrave
macmillan

Kenneth Kalu
Ted Rogers School of Management
Ryerson University
Toronto, ON, Canada

African Histories and Modernities
ISBN 978-3-319-78986-6 ISBN 978-3-319-78987-3 (eBook)
https://doi.org/10.1007/978-3-319-78987-3

Library of Congress Control Number: 2018941818

Cover credit: robertharding / Alamy Stock Photo

Printed on acid-free paper

This Palgrave Macmillan imprint is published by the registered company Springer International Publishing AG part of Springer Nature.
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

To the love of my life, Ifeyinwa Kalu, and our children: Chidinma, Chinenye, Ogechi, and Tobechi.

Preface

It is pertinent to acknowledge that foreign aid to Africa has been helpful in ameliorating some of the debilitating consequences of poverty and underdevelopment in the continent. In the public health arena, for example, donor interventions have been especially helpful in managing some of the preventable diseases that often ravage some communities in African states. However, besides its role as a palliative for some of the pains of poverty, foreign aid does not have the capacity to eradicate poverty. This is because poverty is not caused by a lack of financial resources. Rather, lack of financial resources is a consequence of poverty. In effect, the observed financial constraint of majority of Africans – a gap which donors would like to fill with foreign aid – is not the cause of poverty and underdevelopment in the continent. By working on the erroneous assumption that giving more money and materials to African countries would help to eradicate poverty, donors and others who share in this belief are erroneously mixing up causality and consequence. Consequently, donors and development analysts who evaluate the effectiveness of foreign aid in eradicating or curbing poverty, are engaged in the wrong enterprise. In its present design, foreign aid cannot, and indeed does not have the capacity to eradicate poverty in Africa or elsewhere in the developing world.

In order to fight poverty, the most appropriate approach is to target the root causes of poverty. A thorough analysis of Africa's political economy reveals that the biggest challenge to Africa's development is the structure of the African state, and the nature of the political and economic institutions prevalent in the region. What obtains in most of Africa are predatory states and extractive institutions that are neither developmental nor inclusive. It is the preponderance of these extractive institutions that has perpetually blocked the opportunities of majority of Africans from meaningful participation in the economy. It is also extractive political and economic institutions that support corruption, divert energies and resources to non-productive ventures, and provide incentives for agents (including political leaders) to embrace choices that destroy, instead of enhance society's welfare. The future of Africa therefore rests, not on advocating for more foreign aid, but on confronting the structural impediments that have made the African state an inhibitor instead of a facilitator of growth and development.

Given the predatory structure of the average African state, it is highly unlikely that the transfer of cash and other materials to the continent in the form of aid would change the poverty levels among the general population. To become an effective instrument in the fight against poverty, foreign aid and other forms of development assistance should focus principally on restructuring and transforming the African states into agents of development. It is important to emphasize that external assistance is required to create developmental states in Africa, because domestic actors on the continent may not have the capacity to effectively confront the tiny elites who have selfishly dominated the politics and economies of African states over the course of most of the continent's postcolonial history.

Toronto, ON, Canada Kenneth Kalu

Contents

CHAPTER 1

Introduction: Foreign Aid and Poverty in Africa

Foreign aid has been a major feature of the political economy of postcolonial Africa.[1] Through several multilateral and bilateral initiatives, the industrialized nations have supported Africa's development effort in various ways. Foreign aid[2] has included direct cash transfers, grants, gifts of materials, and technical support among others, from overseas charitable organizations, industrialized countries and multilateral institutions. The principal aim of these forms of support has been to help African states to deal with the perennial development challenges that have spelt poverty, diseases and misery for the majority of Africans. Although African states have received a huge volume of aid over the past few years, most of the continent's development challenges persist, and poverty continues to torment majority of the citizens.[3]

It is important to acknowledge at the beginning that Africa is made up of 54 different countries which vary widely in terms of the systems of government, cultures, histories and economic arrangements. Such differences exist even within Sub-Saharan Africa – the main focus of this book. However, despite these differences, there are a number of commonalities across these countries, making them readily amenable to similar broad categorizations. While acknowledging the unique features of the respective countries in Sub-Saharan Africa, our views are largely consistent with those of Crawford Young,[4] who asserted that Africa is a region of the world that can rightly be subjected to common analysis largely due to the continent's similar, even unique histories and their mode of state formation.

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_1

For example, despite some differences, most of the African continent faced exploitation by European imperialists during the colonial era. While one would agree that there have been differences in terms of the levels of colonial exploitation and the forms of government in these countries, the horrors and underlying principles of subjugation and intimidation of Africans that were the hallmarks of colonialism were broadly similar. Again, the postcolonial challenges of bad governance, economic hardships and poverty have been largely similar across the region, with the majority of countries in Sub-Saharan Africa remaining within the low-income bracket throughout most of the postcolonial period. These disclaimers are necessary to emphasize that although Sub-Saharan Africa comprises of several countries with very unique characteristics, these countries also have much in common, implying that broad conclusions can be drawn.

Africa's development failures have elicited enormous interests from academics, policy makers, industrialized nations and international development institutions. They have generally concluded that foreign aid could be employed as a major instrument with which the world could eradicate poverty in the developing world.[5] However, the reality is that Africa has received more aid than has any other region in the world, yet poverty has also been more endemic in Africa. If foreign aid could procure growth and development, African countries should have enjoyed their fair share. Given the seeming inconsistency between the position of aid proponents and the reality of poverty in many African countries, a number of studies have explored the effectiveness of foreign aid in alleviating poverty on the continent.[6] The general verdict on the effectiveness of foreign aid to Africa has been, at best mixed, and for the most times dismissive of aid as an effective instrument to change the conditions of the poor.

In recent years, calls for an increase in the volume of foreign aid from the developed world to poor countries have also been overwhelming, with pop stars and international celebrities joining in the crusade for increased aid and advocating debt cancellation for developing countries.[7] Despite calls for increases in foreign aid, most analyses acknowledge the need for some reform in the aid system in order to make foreign aid a more effective instrument in the fight against poverty. However, the reforms often proposed by these advocates have largely revolved around increased transparency in the use of aid funds, capacity development in aid-receiving communities, local community involvement in the design of aid programs, and better coordination and harmonization between donors in order to reduce the waste and redundancy associated with aid administration.[8]

While such reforms can help to enhance efficiency and effectiveness in aid administration, they are unable to make foreign aid an effective instrument to fight poverty in Africa.

The assumption that more aid will help to eradicate poverty in Africa is encapsulated in the following quote from the United Nations document that set the tone for the Millennium Development Goals and the succeeding Sustainable Development Goals (SDGs):

> We have the opportunity in the coming decade to cut world poverty by half. Billions more people could enjoy the fruits of the global economy. Tens of millions of lives can be saved. The practical solutions exist. The political framework is established. And for the first time, the cost is utterly affordable. Whatever one's motivation for attacking the crisis of extreme poverty – human rights, religious values, security, fiscal prudence, ideology – the solutions are the same. All that is needed is action.[9]

The United Nations is obviously right to call for increased action from international forces to "cut world poverty by half". However, the action envisaged by the United Nations cannot achieve the result of cutting poverty by half – at least, in Africa's developing countries. By calling on the industrialized nations to increase their aid budgets to 0.7% of gross national product, the United Nations is working on the belief that more funds sent to African states could procure growth and development and help reduce poverty levels in these countries. It is our considered view that such an assumption is grossly misleading because subsisting evidence shows that a lack of financial or human resources is not the cause of Africa's poverty and underdevelopment. Throughout this book, our aim is to highlight the real causes of poverty and underdevelopment in Africa, and to show that foreign aid – defined as the gift of cash and material resources to Africa – cannot, and indeed does not have the capacity to reduce poverty levels, and cannot produce sustainable growth and development in Africa. Consequently, we argue that the need for more aid as canvassed by the United Nations and the global aid industry is wrong-headed if the overall aim is to curb the poverty levels in Africa.

The premise of this book is fundamentally different from the approach and conclusions of most studies that have explored the subject of foreign aid to Africa. This book acknowledges that foreign aid to Africa has been useful in helping to ameliorate some of the debilitating consequences of poverty and underdevelopment, such as providing vaccination against killer diseases or helping to build schools where there would have been none. Besides its role as palliatives for some of the pains of poverty, foreign aid does not have the capacity to eradicate poverty. This is because we assert that poverty is not caused by a lack of financial resources. Rather, this lack of financial resources is a consequence of poverty. In effect, this book argues that the observed financial constraint of majority of Africans – a gap which donors would like to fill with foreign aid – is not the cause of poverty and underdevelopment in Africa. By working on the erroneous assumption that giving more money and materials to African countries would help to eradicate poverty, donors and others who share this belief are locked in a conceptual confusion between causality and consequence. The lack of financial resources is a consequence or a symptom of, rather than the cause of poverty. Consequently, this book argues that those who are evaluating the effectiveness of foreign aid in eradicating or curbing poverty, are actually the ones who are mistaken. In its present design, foreign aid cannot, and does not have the capacity to eradicate poverty in Africa or elsewhere in the developing world. Foreign aid that is effectively delivered can only help to assuage some of the pains of poverty.

In order to fight poverty, the most appropriate approach is to target the root causes of poverty, and not to focus on treating the symptoms of poverty. While there is no gainsaying that foreign aid to Africa has helped in some ways to assuage some of the most terrible consequences of poverty, financial and material transfers to African countries cannot eradicate poverty in these countries. A thorough analysis of Africa's political economy would reveal that the biggest challenge to Africa's development is the nature of political and economic institutions prevalent in the region. What obtains in most of Africa are predatory states and extractive institutions that are neither developmental nor inclusive.[10] It is the preponderance of these extractive institutions that has perpetually blocked the opportunities of majority of Africans from meaningful participation in the economy. It is also these extractive political and economic institutions that support corruption, divert energies and resources to non-productive ventures, and provide incentives for agents (including political leaders) to embrace choices that destroy, rather than enhance society's welfare.

In most of Africa, the state seems to exists mainly to satisfy the selfish interests of the ruling elite and their cronies, while the majority are excluded from playing meaningful roles in their country's economic and political affairs. Many have described Africa's political arrangements through the use of terms such as neopatrimonialism,[11] clientelism and authoritarianism,[12] connoting political arrangements that in some ways give too much power to one or a few individuals, and where such power is often used according to the whims and caprices of the holder to the disadvantage of the broader society. This form of political arrangement does not follow the rule of law, and the institutions of separation of powers and checks and balances are alien to such political systems. Africa's political arrangements have produced few "big men" and many poor citizens, whose chances of success have been severely limited by the existing political and economic institutions. Foreign aid, or any other form of development assistance that fails to confront the root causes of poverty, cannot curb poverty even when such aid is utilized effectively. Interestingly, the impacts of foreign aid can be more disastrous in rentier states with perverse political situations.[13] This is because in such countries aid can serve as a disincentive to productive engagements, and can also provide ready resources for despots who could misapply aid funds to intimidate opponents and keep the citizens in a state of permanent impoverishment.

The primary purpose of this book is not to evaluate the effectiveness of foreign aid to African states, as this has been extensively covered in the extant literature. While the book reviews how foreign aid has fared so far in a number of African countries, such reviews are only made to the extent that they help to show that foreign aid does not have the capacity to eradicate, or even to significantly reduce poverty. This book seeks to highlight the major causes of poverty and underdevelopment in Africa, and to argue that the kind of aid that would truly help Africa to address its developmental challenges must of necessity target the root causes of poverty and underdevelopment. Otherwise, donors and Africa's development partners will continue to treat the symptoms of poverty, as has been the case during the past five decades. Again, the aim of this book is not to suggest that foreign aid to Africa has been of no value. Certainly, donor funds have contributed to alleviate some of the pains of poverty in several ways. Even in situations where there are clear inefficiencies in the administration of aid funds, any proportion that helps to save the life of a child from dying of preventable diseases, or that helps to prevent maternal mortality, has been helpful. The central argument here is that those who seek to use foreign aid to "make poverty history" in Africa are missing the point. Giving out money or other materials to poor countries without significantly restructuring the political and economic institutions that created the conditions of poverty in the first place, cannot produce real development. This book, therefore, is a bold attempt to propose ways in which the world can restructure the concept of aid and development assistance to ensure that foreign aid to Africa focuses principally on addressing the root causes of poverty and underdevelopment in the continent.

The approach and recommendations in this book are in some ways similar to the works of Paul Collier[14] in *The Bottom Billion*. In his work Collier used the *bottom billion* to refer to the world's poorest people, the majority of whom live on the African continent. According to Collier, the bottom billion population are held down to a life of poverty by one or more "traps". These traps include "the conflict trap, the natural resource trap, the trap of being landlocked with bad neighbors, and the trap of bad governance in a small country."[15] Growth and development in the *bottom billion* countries, as Collier argued, must come predominantly from within. However, the international community should support "reformers" in these countries to move their countries onto the path of decent growth, since, according to Collier, poverty in these societies have been the result of little growth, or indeed retrogression in some cases. To achieve the goal of moving the bottom billion people out of poverty, he proposed a set of instruments that the rest of the world can use to help these countries to escape the "traps"[16] that have made growth and development difficult, if not impossible.

Collier's thesis is unique in terms of its separation of the developing world into two categories – the segment made up of about four billion people, who, according to him, have achieved appreciable growth and have escaped the traps; and the bottom one billion people, who remain trapped in poverty. In addition, by proposing a set of instruments beyond the general mantra of "doubling aid" to the poor countries, Collier's contributions are commendable. However, impressive as Collier's thesis is, this book argues that it somehow missed the real point with respect to the actual causes of poverty and underdevelopment in African countries – home to 70 percent of the *bottom billion*. By identifying "symptoms" of underdevelopment and institutional failure, as the causes of underdevelopment and poverty in Africa, the fundamental premise of Collier's prescriptions needs some re-examination. Let us look at one of the traps that Collier identified – the natural resource trap. In discussing the natural resource trap, Collier asked rather rhetorically: "Oil has been fine for Norway, so why not for Chad?"[17] The answer is fairly straightforward. As we argue in Chap. 6, Chad is a predatory state with highly extractive institutions that restrict economic opportunities to a narrow elite, usually the head of state and his cronies. By contrast, Norway operates an efficient and well-developed system of constitutional monarchy where real power over state affairs rests with the people. In effect, the poor in Chad are poor not because of any "trap", but because state officials selfishly embezzle or misappropriate all or most of the proceeds of Chad's natural resources. The government in Chad does not invest in growth-enhancing industries because political actors are preoccupied with selfish aggrandizement, and exclude the average citizen from playing meaningful roles in the political and economic affairs of the country. With this form of state exploitation, the oil wealth does not provide much benefit to the average citizen in Chad. The same point explains why oil wealth is also not working well for the people of Angola, the Democratic Republic of Congo, Equatorial Guinea and Nigeria.

Again, let us consider another issue – at the so-called "conflict trap". The persistent conflicts in African states are principally a result of inequality and unequal access to political and economic opportunities amongst various groups in the state.[18] Political contestations are usually very intense and violent, because most of these states operate a "winner-takes-all" type of governance. According the DFID: "In countries such as Liberia, Sierra Leone and Rwanda, political power and its benefits were monopolised by one group. Unequal access to power perpetuated a similar lack of access to resources and revenue."[19] The persistent conflicts across African states are largely a result of the persistence of extractive institutions that systematically block the opportunities of citizens to pursue their dreams, while giving the incumbent political leaders unfettered access to state resources. If the state were alive to its social contracts with its citizens, and if political and economic institutions were inclusive, the frequency of conflicts would be dramatically reduced because most citizens would have access to economic opportunities. In addition, public office would be seen as a call to service rather than an avenue for rapacious accumulation. The persistent conflicts in African states arise because political actors realize that politics in these states are zero-sum games. Those at the helm of political positions have absolute control over state resources, and there are little or no mechanisms for enforcing accountability.

While it is true that being landlocked could pose serious challenges to a country's economic growth due to dependence on coastal neighbors for shipping, there are a number of landlocked countries in other parts of the world that have achieved real development. Austria, the Czech Republic, Hungary, and Switzerland, among others, are landlocked, but these countries are doing much better than most African countries that are not landlocked. None of these countries is as poor as Africa's landlocked countries like the Central African Republic or Niger, for example. How is it that none of the African landlocked countries belong to the group of landlocked countries that have achieved medium- to high-income status? The answer should be straightforward by looking at the performance of other African countries that are not landlocked. If having a seaport could help improve growth and bring development, Cameroon and the Democratic Republic of Congo should be on a fast track to development, while Botswana should not. But the reverse is in fact the case, suggesting the need for a more plausible explanation for the causes of poverty beyond being a landlocked country.

The other trap – the trap of bad governance – is perhaps a common denominator for most African states. There is no way to expect good governance from a predatory state, because the predatory state is simply not designed to support good governance, but focuses instead on satisfying the primordial desires of the head of state, top government officials, and their cronies. Governance in that sense means a series of policies and programs that serve the interests of a privileged few, while blocking the chances of majority from economic advancement. Collier's approach identifies symptoms of institutional failure as the causes of stagnation and poverty in the poor countries. While one of the instruments proposed by Collier – the formulation of international standards and codes – is similar in form to the proposal in this book, the main argument in this book differs fundamentally from Collier's analyses. Instead of the "traps" identified by Collier, the premise of this book is that Africa's development failures are principally the result of predatory state–society relations and extractive economic and governance institutions prevalent in the region. It is important to emphasize, as has been documented in the literature, that this form of state–society relations and extractive institutions are legacies of Africa's unique colonial experience characterized by decades of institutionalized exploitation,[20] and unfortunately sustained by succeeding postcolonial Africa's rulers. While there is certainly no attempt to place the blame for Africa's current predicament entirely on European imperialism, the argument is that the extractive and anti-development political and economic institutions that define most of Africa today are direct legacies of colonial rule. However, Africa's postcolonial leaders have had more than fifty years to embark on the type of institutional transformations necessary to move African states from the status of exploiters and predators to developmental states. Unfortunately, the postcolonial leaders have largely failed woefully in this regard, and the results have been poverty and underdevelopment in most of the continent.

It is important for Africa's development partners and donors who seek to increase the volume of aid to Africa as a means to procure development and eradicate poverty to ponder on the following important questions posed by Justin Yifu Lin: "What are the conditions for the kind of structural change that allows low-income countries to become middle-income and then high-income economies? What are the most important determinants of growth (initial conditions, institutions, policies)?"[21] The United Nations, donors and the global aid industry need to assess whether foreign aid has the capacity to establish the initial conditions for growth, sustain this growth and bring about the structural transformations that would curb poverty and enhance society's wellbeing. Perhaps driven by the desire to do good, donors and the global aid industry tend to forget to undertake a thorough analysis of the political economy of development in Africa's poor countries. Furthermore, perhaps the global aid proponents underestimate the role of the state in producing and sustaining economic development and social transformation. As we will show in subsequent chapters, however, the state has a principal role to play in the economic growth and development of any society irrespective of the economic model in practice. Therefore, in societies where the state thrives on exploitation and predation, and where state institutions exist to satisfy the selfish interests of political leaders, development would be difficult to achieve irrespective of the volume of foreign aid to such states.

In analyzing the possibility of using aid to generate development and to curb poverty, it is important to establish whether foreign aid has the capacity to address the institutional and leadership challenges that have been identified as the biggest drawbacks to real growth and development, and the principal cause of widespread poverty in Africa. Is there the possibility that increasing the volume of aid to African countries, as has been recommended in some quarters, would help to improve governance institutions and change the mindset of corrupt leadership in these countries? Can aid help to transform extractive public institutions and make such institutions more inclusive and able to support real development? In effect, can the rest of the world use foreign aid to procure developmental state structures for Africa? If precedents are anything to go by, the answers to these questions are in the negative. Sub-Saharan Africa has received more aid than has any other region of the world over the past decades, yet Sub-Saharan Africa remains the poorest region on earth, with equally very poor social indices. If aid could produce development and curb poverty, Africa should have been on a better pedestal.

This book argues that the present structure of foreign aid delivered to African countries under the existing predatory state structures and extractive institutions cannot generate the poverty eradication objective that donors have often promised. There is as yet no empirical evidence from Africa or elsewhere to suggest that foreign aid delivered to predatory states produces real development. To the contrary, the existing evidence suggests that aid delivered in failing states, at best fails to produce intended outcomes, and at worst bolsters dictators and exacerbates poverty and misery for the general population.[22] This book proposes a fundamental redefinition of the idea of foreign aid and development assistance. Foreign aid to Africa should focus principally on restructuring the state and its institutions. This is because the average African state and its institutions have been the biggest obstacle to development. Therefore, in order to achieve real and sustainable development, the African state needs fundamental restructuring to change the state's orientation, transform national institutions and harness society's resources for inclusive growth and social transformation. Foreign aid or any program of development assistance that rests on the existing predatory states would not achieve much. This is because the role of the state is central to realizing economic growth and development in any society. If the structure of the state is fundamentally flawed, every effort at development would likely produce unintended outcomes or suboptimal results at best.

Layout of the Book

The book begins with an overview of the African states within the context of the global political economy. In this regard, Chap. 2 presents a review of the postcolonial African state, highlighting the evolution of the state from the colonial period up to the present day. It provides an overview of the nature of colonial rule in Africa and how the colonial institutions shaped postcolonial Africa. Consistent with the literature, this chapter indicates that European colonial administration in Africa was marked by high levels of exploitation and expropriation. Colonial institutions, such as the colonial civil service and the police force, which facilitated colonial exploitation, remained in place at independence with no changes in terms of their philosophy and mode of operations. Perhaps the only change that took place was a change in the "big men" being served by state institutions – from European colonial officials to African political leaders. During the postcolonial period, the African state has remained largely detached from its citizens, and state institutions have sustained clientelism that thrive on perverse patron–client relationships and networks.[23]

Chapter 3 provides an overview of how the world has responded to the challenges of development in postcolonial Africa. While several industrialized countries have supported Africa through foreign aid and other forms of development assistance, it is apparent that these supports have largely shied away from targeting the main causes of poverty and underdevelopment in the region. Consequently, although the rest of the world has helped Africans to assuage the pains of poverty, the form of support currently provided to African states cannot produce the needed stimulus for growth and development. The response of the international community to Africa's development failures has largely been in the form of foreign aid in different forms.

A summary of the historical structure and evolution of foreign aid to Africa is presented in Chap. 4. A review of foreign aid over the past five decades shows that donors have adopted different strategies, from the immediate independence period when aid focused on supporting African states to implement national development plans; to the period when donors focused efforts on ameliorating hunger and the pains of extreme poverty. In the 1980s, following the disappointment of national development planning, the Bretton Woods institutions felt that development could only be achieved if African states adopted structural adjustment of their economies by implementing a number of market-based reforms. With the support of the World Bank and the International Monetary Fund (IMF), Africa's creditors and other development partners began to associate "good governance" with implementation of the Structural Adjustment Program (SAP).[24] Like national development planning, SAP failed to produce the promised growth and development. Instead of achieving needed development, the results of structural adjustment were stagnation and, in some cases, economic decline.[25]

Donors again began to ask African countries to embrace democratic elections, because it was felt that military rule in African states during the 1960s to 1980s were to blame for the region's development failures. Consequently, the 1990s witnessed a wave of democratic elections in the continent, with most countries embracing multi-party democracy, at least in form.[26] The return to democratic rule did not produce the expected levels of growth and transformation in the continent. Instead, emerging challenges such as the ravages of HIV/AIDS, civil wars and political crises became commonplace, and poverty persisted. These challenges were present despite the continuous flow of foreign aid to the continent, and despite the spectacular growth and development that began to happen in most of Southeast Asia. Towards the end of the 1990s, questions began to arise as to the effectiveness of the global aid system given the persistent poverty that seemed to have defied international efforts. Donors began to accuse one another of creating disparate and uncoordinated aid systems that were inefficient and unable to generate desired levels of development. In a bid to take a closer look and possibly reform the global aid system, donors worked under the auspices of the Organization of Economic Cooperation and Development (OECD) to design the Paris Declaration of Aid Effectiveness and the Accra Agenda for Action, ostensibly to move towards harmonizing the global aid system to make them more effective, and to enhance community participation and ownership of aid projects.[27] The chapter concludes with what the literature and empirical evidence shows about foreign aid – despite different approaches and mechanisms for aid delivery so far adopted, foreign aid has failed to achieve the goal of poverty eradication or reduction.[28]

In Chap. 5, a review of the literature on aid effectiveness is presented. The review reflects the mixed prospects of foreign aid, showing how aid could help build or destroy national institutions. While there are instances of beneficial effects of foreign aid on national institutions, the majority of evidence shows that aid could indeed have devastating effects on national systems and institutions. In their paper "An Aid–Institutions Paradox", Todd Moss et al.,[29] argue convincingly that foreign aid could, and do, have devastating effects on the receiving country's national institutions. This view was also echoed in Birdsall[30] who listed what she described as the *seven sins* of foreign aid. Despite some of the benefits of aid, such as providing vaccination and medication to check some of the preventable killer diseases that have ravaged the continent, there appears to be overwhelming evidence that foreign aid needs to be restructured to produce more benefits to the receiving societies. This chapter includes some highlights of my field research in Nigeria on the institutional impacts of the biggest public health programs in Africa – the US President's Emergency Program for AIDS Relief (PEPFAR) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (The Global Fund). Analyses of secondary data and results of key informant interviews conducted in Nigeria support the position that foreign aid can have mixed and sometimes destructive impacts on national systems and institutions.

Chapter 6 uses case studies of six African countries – Angola, Cameroon, Chad, the Democratic Republic of Congo, Equatorial Guinea, and Nigeria – to show that the expectation often placed on aid to eradicate, or at least to significantly reduce, the poverty rate in Africa is misplaced. The case studies document how the domestic politics of these countries constitute formidable barriers to development. By providing financial and other resources to Africa's poor countries, foreign aid cannot eliminate the barriers to development that the state has unfortunately come to represent in these countries. The chapter argues that what foreign aid has done during the past several years is to soothe the pains of poverty. However, in order to reduce the level of poverty, development assistance must target the root causes of poverty. A restructured development assistance is one that targets the structure of the African state, including its relationship with its citizens, as well as the institutions that guide the actions of agents. This position is based on the realization that Africa's development challenges are basically the results of predatory state structures and extractive institutions on which most of Africa rests. This form of predation has continued to alienate the citizens from the state and has reinforced state–society relations defined by a mutual lack of trust and the pursuit of primordial goals by political leaders. The overall result is that state actions are designed principally to enhance the wealth and privileges of a tiny elite, while leaving out the majority to a life of poverty and misery. This chapter concludes by laying down the ground rules of what an effective development assistance to Africa could focus on, and clarifies on the assumptions and reasons for the call to rethink development assistance.

Chapter 7 takes a step further to presents specific recommendations for setting up and enforcing coherent Guidelines for state–society relations and institutional transformation in the continent. This recommendation is similar in some way to Collier's recommendation for international standards and charters on identified areas of the polity, including a charter for natural resource revenue, a charter for democracy, for budget transparency and for post-conflict situations, and a charter for investment.[31] We argue that the need for these charters only arise because the state of the *bottom billion* is predatory, and the extant institutions have actually encouraged state actors to pander towards choices that exploit rather than build the society. Under transparent and responsible governance arrangements, where real power resides with the people and where the state is not detached from its citizens, there would be no need for many of these charters. The argument in this chapter is that, instead of the various charters proposed by Collier, it would serve Africa and the world better if international efforts were devoted to restructuring the African state and its institutions to create an inclusive polity that encourages the equal participation of every citizen in the production and enjoyment of the wealth of the nation. To demonstrate the futility of any charters that may be formulated under predatory states, we point to the monumental failure of the Chad–Cameroon Petroleum Development and Pipeline Project funded by a consortium of oil exploration companies and supervised by the World Bank.[32] The project contains elaborate agreements and processes designed to ensure good returns for investors, and, at the same time, contributes to the welfare of the people of Chad. In order to make this feasible, the World Bank had to be involved to provide some form of comfort and guarantees to private investors against political expropriation, as well as to monitor the use of revenues that would accrue to the government of Chad from the project.[33] However, despite the elaborate charters, the political leadership in Chad reneged on most aspects of the contract, leading to the exit of the World Bank due to frustration. The elaborate charter on the use of the oil revenues accruing to Chad did not change the structure of political institutions and governance practices in the country. The World Bank reported that the government of Chad consistently reneged on significant aspects of the agreement around the utilization of revenues from the petroleum development and pipeline project. As in many other African countries, real political power does not belong to the citizens of Chad, and state resources are used according to the desires of the leaders. Political arrangements in these societies do not provide for effective checks and balances, as such, the head of state and a few senior politicians have the entire state under their control.

Even in a country like Nigeria that prides itself as making efforts to conform to the reporting standards set by the Extractive Industries Transparency Initiative – an international initiative designed to foster good governance and the efficient management of oil and gas resources – a lack of transparency in the use of oil revenues remains pervasive. After winning the general elections in 2015, Nigeria's President Buhari retained the position of the country's petroleum minister. In effect, the president is the head of state as well as the head of the Petroleum Ministry – Nigeria's largest revenue-making department. While the explanation for such concentration of powers in the hands of one man may be that the president wants to take full responsibility for the judicious utilization of the nation's oil revenues, this weird governance arrangement only confirms the perversion that has been characteristic of most African states. By granting too much powers to the head of state or to any single office, the citizens lose out in the polity as government actions are overly determined by one or a few individuals. It is this poor structure that accounts for most of the corruption, dictatorship, and bad choices that have made poverty almost a permanent feature of the African society. Poverty breeds all the other challenges, including a high prevalence of preventable diseases, poor maternal and child health, a lack of financial resources, and illiteracy. During the past several years, donors have somehow focused on treating some of these fallouts from poverty. However, little attention has been given to addressing the principal causes of poverty and underdevelopment – a weak and predatory state taken over by few individuals who appear to be more powerful than the state and its institutions.

International effort, whether in the form of cash or material transfers or in the form of charters for natural resources and others, will not produce desired results for as long as the structure of the African state remains – as has been the case since the period of colonial exploitation. If the state remains as it is currently structured, every development effort will continue to produce the kinds of results that have been the case over the past decades. The chapter does not insist on a specific instrument that must be applied, but it emphasizes that the main focus of any development assistance should be on restructuring the African state and its institutions. The appropriate form of restructuring is one that would take the state and its instruments away from the dictators and special interests that have continuously held the state hostage. Instead of investing in creating inclusive institutions and championing development programs, African leaders have cornered most of the state's resources, and made bad choices that are largely driven entirely by parochial interests. For as long as the state fails to transform to an agent of development, poverty will remain pervasive in Africa even if donors were to increase aid funds by multiple folds.

In Chap. 8, I discuss the role of the state in fostering growth and economic development. Whether viewed from the neoliberal standpoint, which advocates a limited role for the state in the economy and the predominance of private enterprises within a free market framework, or viewed from the statist school, which suggests active roles and interventions of the state in the economy, the state has a principal role to play in economic growth and development. Free market economies thrive on well-functioning institutions that safeguard private property and guarantee fair competition and efficient contract enforcement mechanisms. These soft infrastructures are provided by the state. In addition, some major physical infrastructure, such as good roads, electricity and seaports, are customarily state's responsibilities. These infrastructures facilitate the operations and competitiveness of private enterprises. In regimes, where these hard and soft infrastructures are unavailable or unreliable, private enterprises would have to internalize the costs of what would otherwise be provided as public goods. Such internalization increases production costs and puts such enterprises in a competitive disadvantage when compared to firms that operate in societies where the infrastructures are efficiently provided by the state. Because the state has critical roles to play under any economic model, the nature of the state and its ability to perform its roles effectively is an important determinant of growth and development. The role of the state in initiating and sustaining industrial growth and economic transformation has been demonstrated by the developmental states of Asia over the past few decades.[34] This chapter elaborates on the features of the African state and show that by its current structure, the average African state cannot assume the developmental orientation that has produced the growth miracles in Southeast Asia. The main point here is that the requisite "institutional nexus"[35] that would make a state to be developmental are conspicuously lacking in most of Africa.

Chapter 9 discusses the real causes of Africa's development challenges. The chapter reviews the vast literature dealing with underdevelopment in Africa, and assesses the credibility of the different theories based on available evidence. The general argument in this chapter is that Africa's extractive institutions and predatory states are the major causes of underdevelopment in the region. Extractive institutions reinforce bad governance, foster exploitation and associated high levels of corruption, restrict the opportunities available to citizens, and create a tense atmosphere marked by mistrusts and conflicts. In extractive states, the preoccupation of state officials is to use the instrument of state for exploitation and selfish accumulation; and not to create economic opportunities for the citizens. It is this proclivity for exploitation that creates perverse incentives, and forces agents (including non-state actors) to embrace unproductive choices, as every effort is directed at capturing the instrument of power for personal benefits. Consequently, all or most of the "traps" that have kept African states under the yoke of poverty and underdevelopment can be linked to the nature of the state and its institutions, and the choices that have flown from these states.

In general, international donors and Africa's development partners have mainly provided financial and technical resources to support African states. In some cases, donors have also "encouraged" African governments to reform governance institutions and embrace good policies in order to unleash domestic growth and development. But moral suasion has failed and poverty has become widespread across the continent. Perhaps these international development partners are not willing to confront the true causes of Africa's development failures because of the fear of being accused of encroaching on domestic matters and undermining state sovereignty. In some ways, the fear of being labelled imperialists on the part of foreign development partners, and the paranoia of colonial exploitation on the part of domestic actors, have meant that Africa's development partners are not attacking the real causes of underdevelopment in the continent. This book has taken up part of this important task, with the conviction that it is in the best interest of Africa and the rest of the world to call a spade by its proper name. That way, the world may be closer to devising ingenious ways to restructure the predatory African state that has wrought poverty and destitution on Africans. The book concludes in with a summary of the main arguments and the major recommendations on how to restructure foreign aid to make it an effective instrument to fight poverty in Africa.

Notes

1. Throughout this book, Africa is used to describe the countries in Sub-Saharan Africa, outside of South Africa. South Africa had a unique political evolution and state formation that is different from the path of other countries in Sub-Saharan Africa.
2. Foreign aid, foreign development assistance, external development assistance and development assistance are used interchangeably to denote all forms of grants and aids from private organizations outside of Africa, foreign countries and multi-lateral organizations.
3. The World Bank reports that for the first time in history, Africa has overtaken Asia as the continent with the largest number of poor people on earth. See World Bank's poverty data, http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx.
4. Crawford Young, *The Postcolonial State in Africa* (Madison, WI: The University of Wisconsin Press, 2012).
5. See Jeffrey Sachs, *The End of Poverty: Economic Possibilities of Our Time* (New York, NY: Penguin Books, 2005); and UN Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, (New York, NY: UNDP, 2005) for some of the persuasive arguments supporting the view that increased aid flows to developing countries would help eradicate poverty.

6. William Easterly (ed.), *Reinventing Foreign Aid* (Cambridge, MA: MIT Press, 2008); Nicolas van de Walle, *Overcoming Stagnation in Aid-Dependent Countries* (Washington, DC: Center for Global Development, 2005); Elliot Berg, *Rethinking Technical Co-operation* (New York, NY: UNDP, 1993); Nancy Birdsall, "Seven Deadly Sins: Reflections on Donor Failings," in *Reform & Growth. Evaluating the World Bank Experience*, eds. Ajay Chhibber, Kyle R. Peters, and Barbara J. Yale (New Brunswick, NJ: Transaction Publishers, 2006), 515–551, amongst others.
7. UN Millennium Project, *Investing in Development*; Sachs, *The End of Poverty;* Jubilee 2000, http://advocacyinternational.co.uk/featured-project/jubilee-2000.
8. OECD, Parish Declaration of Aid Effectiveness and the Accra Agenda for Action. https://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm; Birdsall, "Seven Deadly Sins".
9. UN Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* (New York, NY: UNDP, 2005); 1.
10. Daron Acemoglu, Simon Johnson and James Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation," *The American Economic Review* 91 no. 5 (2001): 1369–1401; Patrick Chabal and Jean-Pascal Daloz, *Africa Works: Disorder as Political Instrument* (Oxford & Bloomington: James Currey & Indiana University Press, 1999).
11. Christopher Clapham, *Third World Politics: An Introduction* (London: Routledge, 1985), 48.
12. Michael Bratton and Nicolas van de Walle, "Neopatrimonial Regimes and Political Transitions in Africa," *World Politics* 46, no. 4 (1994): 453–489.
13. Paul Collier noted that aid given to failing states can cause more harm than good. See Paul Collier, *The Bottom Billion: Why the Poorest Countries are Falling and What Can Be Done About It* (Oxford: Oxford University Press, 2008).
14. Collier, *The Bottom Billion*.
15. Ibid., 5.
16. Ibid.
17. Ibid., 50.
18. DFID, *The Causes of Conflict in Africa: Consultation Document* (London: DFID, 2001).
19. Ibid., 13.
20. See Acemoglu, Johnson and Robinson, "The Colonial Origins of Comparative Development"; Young, *The African Colonial State*; Basil Davidson, *The Black Man's Burden: Africa and the curse of Nation-state* (New York, NY: Times Books, 1992); Walter Rodney, *How Europe Underdeveloped Africa* (London: Bogle-L'Ouverture Publications, 1972); among others.

21. Justin Yifu Lin, *The Quest for Prosperity: How Developing Countries Can Take Off* (Princeton, NJ: Princeton University Press, 2012), 77.
22. Howard Pack and Janeth Rothenberg Pack, "Foreign Aid and the Question of Fungibility," *The Review of Economics and Statistics* 75, no. (1993): 258–65; Collier, *Bottom Billion*.
23. Michael Bratton and Nicolas van de Walle, "Neopatrimonial Regimes and Political Transitions in Africa," *World Politics* 46, no. 4 (1994): 453–489.
24. Graham Bird and Dane Rowlands, "Catalysis or Direct Borrowing: The Role of IMF in Mobilizing Private Capital," *World Economy* 24, no. 1 (2001): 81–98.
25. Thandika Mkandawire and Charles Soludo, *Our Continent Our Future: African Perspectives on Structural Adjustment* (Trenton, NJ: Africa World Press, 1998).
26. van de Walle, "Presidentialism and Clientelism", describe Africa's democratic experiment as "illiberal democracy", which retained several features of authoritarianism and dictatorship reminiscent of the military era. He observed that some of the elections were held mostly to satisfy foreign donors, and in the process, guarantee the continuous flow of foreign aid.
27. OECD, Paris Declaration of Aid Effectiveness, 2005 and Accra Agenda for Action, 2008. http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm.
28. William Easterly (ed.), *Reinventing Foreign Aid* (Cambridge, MA: MIT Press, 2008).
29. Todd Moss, Gunilla Pettersson, and Nicolas van de Walle, "An Aid–Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa," in *Reinventing Foreign Aid*, ed. William Easterly, (Cambridge, MA: MIT Press, 2008), 255–81.
30. Nancy Birdsall, "Seven Deadly Sins: Reflections on Donor Failings," in *Reform & Growth. Evaluating the World Bank Experience*, eds. Ajay Chhibber, Kyle R. Peters, and Barbara J. Yale (New Brunswick, NJ: Transaction Publishers, 2006), 515–551.
31. Collier, *Bottom Billion*, 139–156.
32. World Bank, *Chad–Cameroon Petroleum Development and Pipeline Project*, Report No. 36569-TD. Available on: http://documents.worldbank.org/curated/en/821131468224690538/pdf/36569.pdf.
33. Scott Pegg, "Can Policy Intervention beat the Resource Curse? Evidence from the Chad–Cameroun Pipeline Project," *African Affairs*, 105/418 (2005); 8.
34. Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975* (Stanford: Stanford University Press, 1982).
35. Thandika Mkandawire, "Thinking About the Developmental States in Africa," *Cambridge Journal of Economics* 25, no. 3 (2001): 289–313.

Bibliography

Acemoglu, Daron, Simon Johnson, and James Robinson. 2001. The Colonial Origins of Comparative Development: An Empirical Investigation. *The American Economic Review* 91 (5): 1369–1401.

Berg, Elliot. 1993. *Rethinking Technical Co-operation*. New York: UNDP.

Bird, Graham, and Dane Rowlands. 2001. Catalysis or Direct Borrowing: The Role of IMF in Mobilizing Private Capital. *World Economy* 24 (1): 81–98.

Birdsall, Nancy. 2006. Seven Deadly Sins: Reflections on Donor Failings. In *Reform & Growth. Evaluating the World Bank Experience*, ed. Ajay Chhibber, Kyle R. Peters, and Barbara J. Yale, 515–551. New Brunswick: Transaction Publishers.

Bratton, Michael, and Nicolas van de Walle. 1994. Neopatrimonial Regimes and Political Transitions in Africa. *World Politics* 46 (4): 453–489.

Chabal, Patrick, and Jean-Pascal Daloz. 1999. *Africa Works: Disorder as Political Instrument*. Oxford/Bloomington: James Currey & Indiana University Press.

Clapham, Christopher. 1985. *Third World Politics: An Introduction*. London: Routledge.

Collier, Paul. 2008. *The Bottom Billion: Why the Poorest Countries are Falling and What Can Be Done About It*. Oxford: Oxford University Press.

Davidson, Basil. 1992. *The Black Man's Burden: Africa and the Curse of Nation-State*. New York: Times Books.

DFID. 2001. *The Causes of Conflict in Africa: Consultation Document*. London: DFID.

Easterly, William, ed. 2008. *Reinventing Foreign Aid*. Cambridge, MA: MIT Press.

Johnson, Chalmers. 1982. *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975*. Stanford: Stanford University Press.

Lin, Justin Yifu. 2012. *The Quest for Prosperity: How Developing Countries Can Take Off*. Princeton: Princeton University Press.

Mkandawire, Thandika. 2001. Thinking About the Developmental States in Africa. *Cambridge Journal of Economics* 25 (3): 289–313.

Mkandawire, Thandika, and Charles Soludo. 1998. *Our Continent Our Future: African Perspectives on Structural Adjustment*. Trenton: Africa World Press.

Moss, Todd, Gunilla Pettersson, and Nicolas van de Walle. 2008. An Aid–Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa. In *Reinventing Foreign Aid*, ed. William Easterly. Cambridge, MA: MIT Press.

Pack, Howard, and Janeth Rothenberg Pack. 1993. Foreign Aid and the Question of Fungibility. *The Review of Economics and Statistics* 75: 258–265.

Pegg, Scott. 2005. Can Policy Intervention Beat the Resource Curse? Evidence from the Chad–Cameroun Pipeline Project. *African Affairs* 105 (418): 8.

Rodney, Walter. 1972. *How Europe Underdeveloped Africa*. London: Bogle-L'Ouverture Publications.

Sachs, Jeffrey. 2005. *The End of Poverty: Economic Possibilities of Our Time*. New York: Penguin Books.

UN Millennium Project. 2005. *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals.* New York: UNDP.

Van de Walle, Nicolas. 2005. *Overcoming Stagnation in Aid-Dependent Countries.* Washington, DC: Center for Global Development.

Young, Crawford. 2012. *The Postcolonial State in Africa*. Madison: The University of Wisconsin Press.

CHAPTER 2

The Postcolonial African State Revisited

The postcolonial African state has been the subject of interest to Africans and non-Africans, scholars, policy makers and economic development institutions for several years. The level of interest that the study of postcolonial Africa elicits is perhaps not unconnected with Africa's unique history and its equally unique position in the current matrix of global political economy. While some see Africa as a study in the futility and failure of European colonial experiment that established predatory states and extractive institutions,[1] others explain postcolonial Africa as a sort of global burden created and sustained by a crop of inept, corrupt and thieving African despots who have failed to lead their nations unto the path of growth and development.[2] While some analysts see Africa as the face of poverty and misery that can be rescued by the goodwill of developed nations through significant increases in foreign aid,[3] a new crop of Africanists also see the continent as the next big market waiting to change the global economic order.[4] In effect, there is no universal narrative for postcolonial Africa.

However, despite the diversity of the African narrative, there is some unanimity that real political and economic development has been elusive in most of the continent, and postcolonial Africa has remained the face of poverty, hunger and underdevelopment. Consequently, African states have somehow become a ready laboratory for the experimentation of development ideas by "experts" seeking to explain the African situation and proffer "solutions" to the myriad of problems that have wrought diseases,

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_2

hunger and misery in the continent and decimated its peoples for many decades. Over the past five decades, Africa has become an active theatre for the display of charity by a benevolent world desirous of eradicating poverty in the world by ending poverty in Africa.[5] Foreign aid and other forms of development assistance have therefore become a permanent feature of Africa's political economy during most of the postcolonial period. This chapter looks at the postcolonial African state, tracing the evolution and formation of the state, the path towards independence, and the evolution of political culture and institutional development. In all the analyses, my primary focus would be to explore how the structure of the state and its institutions can support or deter real growth and development.

State Formation

Prior to the advent of colonial rule, African societies had developed a wide range of social, political and economic systems that worked for the society at that time, and that formed the basis of social and economic interactions. Although organized in relatively small societies spanning a few towns and villages,[6] the pre-colonial African society had developed its own institutions for the enforcement of rules and the settlement of disputes between warring parties and communities.[7] It had developed its own traditional religion, belief systems and civilizations that catered for the needs of the people at that time. Granted there were no formal bureaucratic structures in the modern sense of the term, the pre-colonial African society had its own systems and institutions for the enforcement of rules, usually based on traditional norms and customs. In addition, while the pre-colonial society may not have been involved in "international relations", pre-colonial communities had systems that defined relationships with neighbors for a wide range of issues: from the execution of inter-communal wars to inter-community marriages and several other aspects of international relations. In effect, the pre-colonial African society, with its own model of "state," had existed prior to its "discovery" by European merchants and explorers.

Modern state formation in Africa began in the late 19th century following European colonial conquests.[8] We noted that the pre-colonial African society was organized mainly in small villages and towns usually linked by a common history, language or culture. Centralized authority spanning over a large geographical area or controlling large populations was not a common feature of the pre-colonial society. According to Lovejoy,[9] up to the 1800s, Africa did not have large empires spanning large geographical areas or large populations. Rather, the society was fragmented into relatively tiny units. The extent and scope of each community was limited by the capacity of the king or emperor to exercise effective control over the geographical areas. Jeffrey Herbst noted that: "Without much infrastructure, African states lacked the capability to formally control large amounts of land beyond the center of the polity because they could not project power in other ways."[10] Following European colonial conquest, the colonial masters began to partition African societies into larger states for colonial control. The formalization of these arbitrary partitions at the Berlin Conference of 1884–85 became the first steps towards modern state formation in Africa.

Unlike the pre-colonial society, where communities were bound by common historical ties in the form of language, culture and common heritage, European colonial partition of the continent took no cognizance of the history and culture of the people. The partitions were arbitrary as different communities with different cultures and worldviews were merged to facilitate colonial exploitation. These new partitions formed the basis for labelling of the colonies in ways and names chosen by the colonial powers. Although the colonial power coalesced widely different peoples and communities into one country, there were no attempts to develop common ideas of statehood in the colonies. This strategy was designed to facilitate the colonial policy of "divide and rule"[11] – a strategy expected to produce less potent resistance or contestations from Africans and consequently facilitate control and domination of the colonies by European colonists. Differences between the constituent groups in the European-created states were officially recognized by the colonial administration. However, instead of developing strategies that would facilitate the integration of these communities, colonial policies deepened the differences by governing different sections of a country using different methodologies.[12] For example, the British colonial administration adopted different administrative arrangements for different regions of Nigeria and Sierra Leone. In areas where there were formalized authority figures in kings and chiefs, the British used these institutions as part of its system of indirect rule. By contrast, where no such authorities existed, the colonial administration appointed District Officers and Native Authority officials who helped with the collection of taxes from the natives, and assisted in carrying out other duties on behalf of the colonial government.[13]

Although indirect rule made use of existing traditional institutions, in practice, the colonial officers retained the real control over all political decisions. Alluding to the role of the Colonial Officer in native administration in Northern Nigeria, Governor Hugh Clifford noted in a 1922 memorandum as follows: "… the Political Officer must be careful, whenever possible, to lend his support to the authority of the Emir and his officers. They, and not he, as I have said, constitute the de facto Government over which their operations extend… The Political Officer should be the Whisper behind the Throne, but never for an instance the Throne itself."[14] In effect, the colonial government did not simply leave the administration of Northern Nigeria, or any part of the colony for that matter, to the traditional institutions. Instead, indirect rule was a tool designed to generate submission and co-operation from the natives. By presenting the traditional authorities as the de facto government, the real intent of the British colonial system of indirect rule may have been to assuage the anger of the local population and consequently reduce the level of resentment and opposition from the colonial subjects. While the actions of the Emirs or the other traditional authorities were guided by instructions or *whispers* from the Colonial political officer, African subjects were deceived into believing that such actions and policies were originating from the traditional leaders. Indirect rule helped to reduce opposition from colonial subjects, while facilitating the gradual, but steady spread of colonial influence and ideas. As Audrey Richards[15] noted, bureaucratic structure, colonial influence and hegemony permeated even the traditional institutions as new successors to the traditional throne were then schooled in the British system and made to bring their new knowledge to the traditional institution. Consequently, what followed in the colonies was both a dilution of Africa's traditional values and systems, and the infiltration and eventual reign of British colonial ideas and systems.

An overarching feature of colonialism was that the colonial state and all its institutions were designed and organized to serve colonial interests. The welfare of Africans in the colonies was not a primary concern of the colonial government, and state institutions were not designed to serve the masses. As Acemoglu, Johnson and Robinson[16] show, the system of colonial administration and subsequent institutions in the colonies were dependent on whether the colonial officials considered the colony conducive for the long-term settlement of European officials and merchants. In colonies where Europeans suffered high mortality rates, as was the case in most of Sub-Saharan Africa where malaria and yellow fever decimated

European explorers and colonists, the colonial government set up extractive institutions that could barely support the collation of commodities in the colonies for prompt export to Europe. On the other hand, in the colonies that were conducive to European settlement, the colonial government set up institutions that were similar to what obtained in Europe at the time. This was the case in the colonies of Australia, Canada and New Zealand, among others.[17] Philip Curtin[18] documented high mortality rates in the African colonies, and noted that malaria and yellow fever accounted for 80 percent of European deaths in the colonies. The high mortality rate led to the establishment of extractive institutions chiefly to support the expropriation of African commodities to Europe, as the Europeans could not reasonably make those colonies a permanent place of settlement. The establishment of extractive institutions entailed that the colonial African state had unique characteristics that predisposed the state to a governance system that favored state predation – a civil service that was organized principally to serve the political leaders (the colonial masters of that time); and an economic system that could not produce real benefits for the general population. By their characteristics, extractive institutions that foster exploitation thrive on elite privileges, while consigning the majority to a life of servitude.

Because the principal aim of the colonial state was to exploit and expropriate African resources, all of the state institutions, including the civil service, the constitution, law enforcement and the judiciary, were structured to oppress the masses and to serve the interests of the colonial government. There were no attempts to introduce the protection of property rights. Checks and balances within the government did not exist, and there were no institutions to impose and enforce constraints over government power to exploit and expropriate for parochial ends. Rather, the colonial state's actions and all its institutions fostered exploitation. Therefore, the early African state emerged as an instrument of exploitation and oppression, and not an instrument to advance the welfare of the citizens.[19] Key colonial institutions that were notorious symbols of oppression and exploitation included the colonial police and the civil service. Africans who had the opportunity of serving in the colonial civil service saw their role as a position of privilege that provided the civil servants the opportunity to oppress and to exploit. This institutional mindset continued up to the end of colonialism, and up to the present day, as government organs continue to be instruments of intimidation and exploitation across most of the continent.

There are some important features of the colonial state, which formed the foundations of the postcolonial African state. First, the average African state is an artificial creation fostered on the continent by European colonial exploiters. Second, the African state is made up of citizens drawn arbitrarily from different nationalities prior to the forced merger, and these citizens, for the most part, had nothing in common in terms of language, culture or historical ties.[20] This makes the African state either an empty entity devoid of a unified population or an entity full of a cacophonous lot, each belonging to one nationality or the other and each paying allegiance to one tribe/ethnicity or the other. Thus, the typical African state was not, and still is not, a united whole working together for the advancement of a common cause. Third, the institutions of the state were consciously designed to be extractive and not inclusive. The colonial project was not a mission designed for the advancement of the welfare of Africans. Although colonialism may have yielded a few benefits to Africans, most of these benefits were not originally intended, but arose as an externality from colonial exploitation. For example, the colonial administration provided Western education to the colonial subjects, but it was the same Western education that later provided the intellectual foundation for strong nationalist movements, spearheaded by Africans who had received Western education.[21]

These unique characteristics of the colonial African state made it fundamentally different from the typical European state, which developed organically, building continuously on its history and heritage. Perhaps one of the biggest issues with the African colonial state was the complete lack of a common sense of nationhood among its various tribes and populations. Although there was a semblance of unity in the fight for independence, once colonialism crumbled and Africans took over the affairs of their respective countries, the various nationalities retreated into their ethnic cleavages, leaving the state with no real citizens to advance its cause. Given the original exploitative foundations, it has been difficult for the typical African states to transform from the predatory state structure bequeathed to the continent at independence to inclusive states with the advancement of citizens' welfare as a primary objective. African states have largely evolved along the same institutional paths that were set up during colonial rule. A classic example is the case of the Congo Free State under King Leopold II of Belgium. His rule over Congo was that of extreme exploitation that drew opprobrium even from his fellow colonists at the time.[22] During this period, King Leopold II was both the state and its institutions and he maintained the policy and practice of extreme exploitation. Was it a coincidence that after it attained political independence, the Democratic Republic of Congo under Mobutu Sese Soku was also a study in brutal exploitation that made other African states look like models of egalitarianism? There is now an emerging consensus that institutions are path dependent. Once a set of institutions has been put in place, those institutions produce unique costs and benefits that make changes difficult.[23] The state structures put in place in Africa during the period of colonial rule have shaped the trajectories of Africa's postcolonial state.

The Postcolonial State

> I think it is the gradual spread of freedom amongst all His Majesty's subjects in whatever part of the earth they live… a slow… evolutionary process… There may even, sometimes, be inevitable setbacks. But over generations the evolutionary process goes on… Even amongst the most backward races of Africa our main effort is to teach these peoples to stand always a little more securely on their own feet… The trend is towards the ultimate establishment of the great commonwealth of free peoples and nations… But it will be generations, perhaps even centuries, before that aim is accomplished in some cases[24] – Colonial Secretary, Malcom MacDonald, 1938

From the above words coming from the then colonial secretary, it was not in the thinking of the European colonial administration to contemplate political independence for the African colonies in the middle of the 20th century. However, the Second World War and its aftermath changed the global dynamics in very dramatic ways. Post-war global developments questioned the survival of European empires and the entire colonial project. The first of such developments was a renewed and more aggressive demand from Africans for self-government. The colonial powers had made extensive use of African forces in the military during the Second World War, much more than was the case during the First World War. For example, Crawford Young reports that during the Second World War, the West African Frontier Force was expanded from a force of 8000 to 146,000 and the East African force was also expanded from 5000 to 280,000.[25] At the end of the war, the demobilized soldiers formed a critical mass that began to aggressively push for changes in the colonial government to incorporate more Africans in the administration of the colonies.[26] On their return to the African continent, these soldiers adorned a new level of boldness having realized that European soldiers were not necessarily stronger or endowed with superior powers. The participation of Africans in the war helped to erase the myth of invincibility on the part of European soldiers, and in some ways demystified the colonial power. The combination of the boldness of the decommissioned soldiers after the war and the slow, but steady flow of Africans who had received Western education strengthened the independence struggles. These struggles and the accompanying protests across the colonies, albeit fairly contained by the colonial government, began to agitate the minds of the colonial powers.

Having made significant contributions to assist Europe during the Second World War, Africans put forward demands for better deals at home after the war. These demands helped to bring about changes in the colonial administration that were significant in the political development of the colonies. The British made changes to legislative representation and introduced more seats for Africans, especially in the West African colonies, and developed systems to incorporate Africans who had received Western education into the central administration. Although more reluctant in contemplating an end to its imperial mission in Africa, the French eventually had no option than to accede to requests by Africans for increased representations in the government.[27] The Belgians were not excluded from the wave of changes, as they revisited their colonial policies, having realized that changes had to be made to enhance the welfare of Africans. These changes, some of which could not have been contemplated a few years before the beginning of the Second World War, were clear signs that European imperialism in Africa was coming to an end.

In addition to intense agitations and protests by African nationalists in the immediate post-war period, other factors created more cracks that made the continuity of colonial rule more difficult. A badly devastated Europe came out of the war in ruins and with a collapsing infrastructure. The economic crisis that followed the war made the sustenance of colonial administration too expensive for the crumbling economies of Europe at that time.[28] Consequently, the colonial government first responded by increasing taxes in the colonies. However, increases in taxes were not popular amongst the population, which were already heavily burdened by colonial exploitation. Attempts to increase taxes led to more protests and contributed to the rise of major opposition movements that attempted to create platforms for popular protests against the colonial government. Although the colonial government made changes in response to the unfolding events, such as increased discontent among colonial subjects and an excruciating economic burden, it was not apparent to the colonists that the post-war events were capable of igniting a chain of events that would eventually bring an end to colonialism in Africa.[29]

Perhaps the biggest blow to the continuity of colonialism was the mood in the global political environment and emerging dynamics in international relations in the immediate post-war period. At the end of the war, the leading global powers of the United States and the then USSR had no sympathy for imperialism. The international system and the global political space was no longer conducive to empires, especially those constructed through territorial annexation and military conquests – as was the case with the European colonies. For example, the United Nations Charter banned the use of force as a way to claim territories, and the notion of self-determination was promoted. But the UN Charter was at first silent on the status of existing titles or states that were acquired through the use of force.[30] The Charter did not call for the relinquishing of existing colonies, but the pervading mood globally was the elevation of the rhetoric of self-determination, which is contrary to the tenets of colonialism and empire building.

The constellation of events in the colonies and in the international community around the 1950s began to actually question the continuity of European colonial domination. The devastation and economic crisis in Europe and the consequent fiscal stress on the colonies, the increased protests and demands for self-determination by Africans at that time, and the role of the new global powers, especially those of Russia and the United States, combined to impose serious strains on the colonial empire. As Europe struggled to rebuild its infrastructure, running African colonies increasingly became an added burden and the mood in the global space did not help matters. All the forces that were concurrently working against imperialism seemed to reinforce one another. Aware of the anti-imperialist disposition of the United States and Russia, African nationalists gained more confidence in the struggle for independence. Again, the superpowers – Russia and the United States – during the Cold War were in search of new markets and new converts for the leading ideologies of that era. While the United States needed European allies, and did not want to directly call for an end to imperialism, it was at the same time concerned that Russia's communist ideologies could somehow creep into the nationalist movements in the colonies. Russia, on the other hand, inspired by communist ideas stood against imperialism out of principle, with a secondary motive to inculcate communist ideas in the then soon-to-be-liberated colonies.[31]

In the early 1950s, it had become clear that the colonial empire was headed in only one direction – collapse. Nationalist movements had gained ground across the colonies and African nationalists had established relations with one another. The colonial powers could no longer pretend that imperialism could survive another century. Marginal changes were introduced specifically on representations in the Parliament.[32] The colonial governments across the region created additional seats for Africans. However, these seats were available only to those who had received some Western education and who could communicate in the official languages used in the colony – English for British African colonies, and French in the French colonies. In effect, although a few seats were created for Africans, those who could effectively aspire to those seats were greatly limited in number. Increasing the representation of Africans in the parliament may have helped to assuage some of the ill-feelings of Africans against colonial rule, but these marginal changes did not alter the extractive governance structures on which colonialism depended.

Given the apparent end of colonialism in the post-war period, the British and the French colonists reluctantly began to make hasty changes to accommodate the looming independence of the colonies. A series of Constitutional Conferences were held in London and in Paris in the late 1940s and up to the mid-1950s. Africans were given more roles in the legislative assemblies and more political parties began to spring up. Ghana became the first country to gain political independence in 1957, with more countries gaining independence in the 1960s. Instead of consciously preparing the colonies for eventual self-government, Europe was more concerned with securing its long-term interests in the colonies.[33] At this point the colonists made no attempt to develop the capacity of the emerging independent states to provide a credible platform for the economic and social wellbeing of the citizens. As the colonial powers failed to develop the domestic economy to be self-sustaining, the independent states handed over to Africans were still dependent almost entirely on the departing colonial powers. Although Africa had been granted political independence, that independence did not extend to the economic sphere. African states were still largely dependent on the colonial powers for economic survival due to an extractive colonial policy that failed to develop a robust local economy. The overdependence on the production of cash crops for export led to a decline in the system of subsistence farming which had sustained African societies prior to the advent of colonial rule. As farmers gravitated away from food production and moved towards the production of cocoa, palm oil, cotton and other such cash crops, food production suffered, and many countries could no longer produce enough food for its population.

Given the precarious nature of the states that were handed over to Africans at independence, steering the ship of state onto the path of economic development and social stability by experienced political administrators would have been difficult. The challenge of managing the states became more daunting as that responsibility rested on young and often inexperienced politicians whose knowledge of the art of modern statecraft derived almost exclusively from a few readings or from scant encounters with European colonial powers. The absence of strong institutions in the independent states meant that state actions depended almost exclusively on the choices of the political leaders. This overdependence on the choices of a few political leaders gave the independence leaders a false sense of invincibility, making the leaders to believe they were more like Messiahs than servants of the people. A combination of factors ranging from the weak states, an economy entirely dependent on the export of a limited number of commodities whose prices were determined by external forces, and a new political leadership bereft of meaningful experience in state administration meant that the outlook for independent African state was anything but promising.

The fall in commodity prices in the international market during the 1960s led to reduced revenue for the new states. For economies that have depended entirely on the export of commodities, the result was economic devastation that confounded the new leaders. Across the independent states, poverty and hunger became widespread, and the political leaders struggled to contain the emerging challenges at the domestic and international fronts. The consequence of economic hardship was crises and unrests that perhaps became even more vigorous than the independence struggles. The first few years of independence, therefore, was a period of intense pressures and crises, with economic challenges precipitating social and political unrest. As the level of poverty rose in the general population, and as the new states seemed incapable of servicing the limited infrastructures developed by the colonial administration, there was an escalation in political crises and the military turned its attention to Africa's political leadership. At first, military interventions were welcomed by the population, whose hopes had been dashed by a failed political leadership. From Dahomey to the Central African Republic, and from Equatorial Guinea to Ghana, the military entered politics, promising to restore hope and lead the independent nations to the path of prosperity and development. The popular sentiment then was that the politicians who took over power from the colonial masters had failed the people and had elevated corruption and nepotism to state policy. In Nigeria, as in Togo and Burkina Faso (then Upper Volta), the military promised to wipe out corruption and transform the state into a prosperous entity. It must be emphasized that popular discontent with the state of affairs across African countries at that time made these military interventions a welcome development. Consequently, the frequency of military coups was so high that in the space of just 5 years (from 1965 to 1969), there were 21 military coups in Africa.[34]

The stated mission of each military intervention was always the same – to correct the mess made by "inept politicians". In reality, however, the military did not fare any better in terms of accountable governance and development programs. The military administrations suffered the same challenges of corruption, authoritarianism and general bad governance that were characteristic of the politicians. Consequently, poverty and its associated challenges persisted in most of Africa throughout the era of military rule. A combination of very weak state structures, poor economic arrangements, bad choices by African leaders, and generally weak global economy made the 1980s an unusually bad period for African economies, such that the 1980s became seen as the lost decade for Africa's development.[35] Although it is correct to state that the leaders of independent Africa inherited fundamentally weak states, it would be wrong to completely exonerate African leaders from blames for the way the independent states turned out. Perhaps a history of lack of leadership accountability gave the emerging leaders the freedom to mismanage state resources, promote tribalism and nepotism, and perpetrate or condone high levels of corruption. Access to political power meant access to state's resources – and African leaders became associated with wanton abuse of political power, crass dictatorship and rapacious accumulation.[36] Although one may argue that these forms of behavior were made possible by the absence of strong institutions to check executive high-handedness and sleaze, leaders who are inspired by service and altruism should work for the advancement of the common good despite the precarious institutions that existed on the continent. Therefore, there is no attempt to place all the blame for Africa's developmental challenges wholly at the doors of European imperialists. While the colonial administration was decidedly bad for Africa's long-term development, it is also important to note that independent African leaders could have done much more to set the continent onto the path of sustainable development. Unfortunately, the stewardship of many African leaders was characterized by the pursuit of parochial agendas, corruption, ethnicity, short-sightedness, and sheer irresponsibility. The result of this form of stewardship has been stunted growth, poverty, underdevelopment, and other associated challenges across many African states.

It is important to note that the return to democratic elections by most African states, beginning in the 1990s, has not produced real changes and transformation in the political institutions. Nicolas van de Walle[37] analyzed the new wave of democratic processes in Africa in the 1990s, and observed that the political parties have been largely organized along ethnic and linguistic lines, while the real issue of party platforms, development ideologies and programs have received little consideration. In effect, the problems of ethnicity had also adulterated Africa's democratic systems, rendering those supposedly democratic experiments less meaningful. Drawing on the example of Kenya, Ali A. Mazrui and Francis Wiafe-Amoako[38] observed that political affiliations have been driven largely by ethnicity, rather than by social class or other considerations. The pre-eminence of ethnic, rather than ideological considerations or party platforms, has in some way meant that Africa's democratic experiment has been "illiberal".[39] In many cases, political freedoms have not been secured – the freedom of the press is only vaguely observed, the victimization of opposition remains a recurring issue, and the willful manipulation of the electoral process have been a common feature of the political process.

Another important feature of the democratic politics of African states has been its unique form of "presidentialism". Most African countries[40] run this presidential system of government where power and authority are hugely invested in the office of the president. Nicolas van de Walle[41] observed that enormous power is vested in the "figure of the president" and the president is "literally above the law". This unique form of "democracy" where ethnicity is central to the success or otherwise of political parties, and where too much power resides in a particular office – the presidency – has only reinforced the perverse patron–client network that has been a defining characteristic of the political economy of Africa during the postcolonial period.[42] Typically, the political system and the incentives they create are such that reinforce the personalization of political office by the officeholder (patron), in a way that he is able to satisfy his primary clientele base, usually his ethnic group or religious base. The desire for political officeholders to maintain their clientele base becomes the most important consideration over and above choices that would produce greater benefits for the society at large. Recognizing the nature and motivation for the patron–client network that define Africa's politics, Patrick Chabal and Jean-Pascal Daloz[43] observed that "the notion that politicians, bureaucrats or military chiefs should be the servants of the state simply does not make sense. Their political obligations are, first and foremost, to their kith and kin, their clients, their communities, their regions, or even their religion."

Despite the return to democracy, the underlying master–servant or patron–client relationship that has defined state–society relations in Africa has persisted. On average, those who hold political offices seek to maintain their status as "big men", and, in order to do so, they must capture sufficient resources to be able to maintain their network of clients who would support the patron's continued stay in office. The patron–client system is such that the success or continued relevance of the African political leader is dependent, not on his national appeal or his developmental strides, but on "their ability to nourish the clientele on which their power rests. It is therefore imperative for them to exploit government resources for patrimonial purposes."[44] What this suggests is that the political arrangements that have been anchored on ethnic or religious identity foster corruption, and misdirects government's agendas from policies/programs that would produce real growth and economic transformation. The prevalence of ethnic politics, supported by the institutionalized clientelist political arrangements has redefined the tenets of democratic culture in Africa, and has turned the principles of accountability on its head. Instead of pursuing national developmental goals, political leaders seem to focus on the pursuit of parochial agenda driven largely by the need for self-perpetuation.

Conclusion

The postcolonial African state has a number of unique features. The conditions under which Africa's state formation took place during the advent of colonial rule, the process of decolonization which made no room for restructuring of the colonial institutions in order to make state institutions more inclusive, and the conditions under which independent leaders emerged, all have implications for the ways in which postcolonial African states evolved. These factors and dynamics shaped the political institutions and culture that emerged, as well as the economic institutions that defined postcolonial Africa. Despite the rhetoric of nationalism and the belief that political independence would produce economic freedom, the reality is that political independence did not result to a volte-face in the fortunes of the continent, at least with respect to the general wellbeing of the average citizen. Regional wars, diseases, poverty and all of the symptoms of underdevelopment have almost remained a permanent feature of African states, with only marginal gains throughout most of the postcolonial period.[45] As was the case during colonial rule, the economy of most African states have remained dominated by the export of primary commodities.

We conclude that the nature of Africa's postcolonial state has been shaped, in large part, by the nature of state formation during the period of colonial rule, as well as the dynamics of decolonization in the middle of the 20th century. Colonial rule in Africa focused on the exploitation of state resources for the enjoyment of colonial Europe, set up institutions that were by nature "extractive", and in the process blocked the opportunities of the citizens from playing meaningful roles in the economy. At independence, African leaders inherited these extractive systems. Hence, government institutions continued to serve government officials – this time, the officials became Africans in positions of authority, rather than European colonial officials. One of the first tasks of the leaders of postcolonial Africa should have been to transform the extractive colonial institutions to inclusive institutions that would serve the citizens. This was because it is impossible to envisage that the same institutions that treated Africans as "subjects" under colonial rule, would automatically begin to treat the same people as "citizens" without a fundamental transformation of the operating philosophies of such institutions. The failure to embark on a critical review and restructuring of the African state and its institutions at the time of independence meant that the predation that characterized the colonial state persisted.

Although the first three decades of independence witnessed recurring political crises and military incursions into politics, multi-party democracy is gradually taking root in the continent. However, political parties have been largely organized along ethnic and regional lines, rather than ideologies and development programs. In addition, Africa's multi-party democracy continues to vest enormous powers on the person of the president, in a rather unique presidential system that places too many resources at the center. The pre-eminence of ethnic and religious identities in the political equation, and the placing of enormous powers on the shoulders of the president, have reinforced a culture of little or no political accountability to the citizenry, and strengthened a perverse clientelist network that has been self-perpetuating. Instead of focusing on national development, political officeholders have preferred a strategy that privileges the satisfaction of their network of clients. Consequently, the state has generally failed to appreciate its principal role of advancing citizens' welfare. The average African state and its institutions continue to operate with the primary purpose of serving the parochial interests of the officeholders and their cronies. This form of structure and philosophy cannot produce national development, but is more likely to create ethnic tensions, crises and conflicts over resources.

Unfortunately, the ordinary citizens, emasculated by several decades of crass exploitation and irresponsible government, have been unable to confront a ruling elite that has transformed the state to private enterprise. But this lack of citizens' cohesion and collective action should be expected given the nature and composition of the average African state. From Cameroon to Ghana, and from Kenya to Rwanda, most African states are simply an amalgamation of different societies, cultures and languages designed to serve colonial interests at the time of formation. There is little binding the citizens together in the form of a cohesive national identity.[46] Citizens' loyalties or allegiance run first to tribal and other primordial leanings before the state. In countries like Nigeria, perhaps the only thing that is common to every Nigerian is that each tribe must seek to have its share of the "national cake", which means every tribe wants to be in control of state's offices and its resources so as to satisfy the selfish ends of members of that tribe. Ironically, nobody and no tribe cares about how to bake the national cake. Realizing this perverse structure, the average African leader has exploited the deep-rooted divisions and ethnic cleavages. Instead of working towards the development of the state and its institutions, the public officeholder panders to selfish interests against the overall welfare and progress of the nation. In effect, government policy choices and actions are determined largely by parochial interests, rather than national development ideals. Popular opposition is therefore whittled, as religion and ethnicity dominate what would otherwise be objective debates on public policy. The result is that in many cases, corruption and other acts of bad management are routinely "explained" and "justified" if perpetrated by a government dominated by one's ethnic or religious group.

In a number of African countries, pandering to tribal and ethnic considerations is a common characteristic of state officials. In Nigeria, successive heads of states have been accused of reserving important and "lucrative" appointments and offices for people from their ethnic or religious groups with little consideration to the skills and requirements of the job. In Kenya, Liberia, Uganda and many other countries, ethnic considerations continue to impact on the choices of government. Ethnicity has become a thorny issue that continues to threaten the survival and balanced development of many African countries. Francis M. Deng[47] noted that virtually every conflict in Africa in recent times contains some ethno-regional dimension. Ethnicity has complicated the difficulty in building a truly modern state after the European-imposed governance structures which African countries have so far unsuccessfully failed to internalize.

There is no attempt here to heap the blame for Africa's failed development on any single source. However, the path-dependent nature of institutions suggests that the extractive structures bequeathed to African leaders at independence would pose problems for state transformation towards broad-based development. Yet African leaders must bear some responsibilities for failing to undertake conscious and rigorous steps to transform the state and its institutions towards the paths of stability and inclusive development. The result of a perverse state structure has been the privatization of the state for the selfish interests of the ruling elite, and the consignment of the larger population to a life of misery and poverty. Africa's development partners have been graceful in providing palliatives for the symptoms of state failure and underdevelopment. Foreign aid and other development assistance have been useful in alleviating some of the most difficult effects of poverty. However, the question that Africa and its development partners must confront in the 21st century is how to achieve real and sustainable development in Africa – the type of development that would be transformational and that would enhance the general welfare of the citizens. Financial and material assistance, as presently delivered, is definitely not the answer – if it were, foreign aid would have ended poverty in Africa after several billions of dollars have been committed by donors during the past five decades.

Notes

1. Daron Acemoglu and James A. Robinson, "Why is Africa Poor?," *Economic History of Developing Regions* 25, no. 1 (2010): 21–50; and Crawford Young, *The Postcolonial State in Africa*, (Madison, WI: The University of Wisconsin Press, 2012).
2. Robert Calderisi, *The Trouble with Africa: Why Foreign Aid isn't Working* (New York, NY: Palgrave Macmillan, 2006).
3. Jeffrey Sachs, *The End of Poverty*; and UN Millennium Project, *Investing in Development*.

4. *The Economist*, “The Hopeful Continent: Africa Rising,” December 3, 2011. See also Kingsley Moghalu, *Emerging Africa: How the Global Economy’s ‘Last Frontier’ can Prosper and Matter* (London: Penguin Books, 2014).
5. UN Millennium Project, *Investing in Development*.
6. Jeffrey Herbst, *States and Power in Africa: Comparative Lessons in Authority and Control* (Princeton, NJ: Princeton University Press, 2000).
7. It is important to note that there were also large empires that existed in pre-colonial Africa, but such empires were the exception rather than the norm.
8. Acemoglu and Robinson, “Why is Africa Poor?”; Young, *The Postcolonial State in Africa*.
9. Paul E. Lovejoy, *Transformation in Slavery: A History in Slavery in Africa* (2nd Edition), (New York: Cambridge University Press, 2000).
10. Herbst, *States and Power in Africa*, 42.
11. Mahmood Mamdani, *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism* (Princeton, NJ: Princeton University Press, 1996).
12. Ibid.
13. Crawford Young, *The African Colonial State in Comparative Perspective* (New Haven, CT: Yale University Press, 1994).
14. Jeremy White, *Central Administration in Nigeria, 1914–1948* (Dublin: Irish University Press, 1981): 79.
15. Audrey Richards, *East African Chiefs: A Study of Political Developments in Some Uganda and Tanganyika Tribes* (London: Faber and Faber, 1959).
16. Daron Acemoglu, Simon Johnson and James Robinson, “The Colonial Origins of Comparative Development: An Empirical Investigation,” *The American Economic Review* 91, no. 5 (2001): 1369–1401.
17. It needs be noted that although the colonial government set up inclusive political and economic institutions in the settler colonies, the natives (e.g., the Aborigines in Australia, Canada and New Zealand; and the Africans in South Africa) were strategically excluded from taking full advantage of the opportunities presented by those inclusive institutions.
18. Philip Curtin, *Death by Migration: Europe’s Encounter with the Tropical World in the 19th* Century (New York, NY: Cambridge University Press, 1989).
19. Richard Reid, *A History of Modern Africa: 1800 to the Present* (Oxford: John Wiley & Sons Ltd, 2012).
20. Ibid.
21. Paul Salkin, *L’Afrique Centrale dans cent ans* (Paris: Payot, 1926).
22. Young, *The African Colonial State*.
23. Douglas North, *Institutions, Institutional Change and Economic Performance* (New York, NY: Cambridge University Press, 1990); Paul Pierson, “Increasing Returns, Path Dependence, and the Study of Politics,” *American Political Science Review* 94, no. 2 (200): 251–67.
24. Quoted in Young, *The African Colonial State*, 183.

25. Young, *The African Colonial State*, 184.
26. Ibid.
27. Reid, *A History of Modern Africa.*
28. Elizabeth Schmidt, *Foreign Interventions in Africa: from the Cold War to the War on Terror* (Cambridge: Cambridge University Press, 2013).
29. Reid, *A History of Modern Africa.*
30. Elizabeth Schmidt, *Foreign Interventions in Africa.*
31. Odd Arne Westad, *The Global Cold War* (Cambridge: Cambridge University Press, 2007).
32. Reid, *A History of Modern Africa.*
33. Westad, *The Global Cold War.*
34. Claude Welch, Jr., ed., *Soldier and State in Africa: A Comparative Analysis of Military Intervention and Political Change* (Evanston, IL: Northwestern University Press, 1970).
35. The New York Times, "Lost Decade Drains Africa's Vitality," June 19, 1994.
36. Howard Stein and Olu Ajakaiye narrate how the military government took advantage of economic liberalization in Nigeria to secure bank licenses for top military officers, in addition to garnering other juicy national assets that were privatized in line with the SAP of that era. See Howard Stein, Olu Ajakaiye and Peter Lewis, eds. *Deregulation and the Banking Crises in Nigeria: A Comparative Study* (London: Palgrave Macmillan, 2001).
37. Nicolas van de Walle, "Presidentialism and Clientelism in Africa's Emerging Party Systems," *Journal of Modern African Studies*, 41, no. 2, (2003), 297–321.
38. Ali A. Mazrui and Francis Wiafe-Amoako, *African Institutions: Challenges to Political, Social, and Economic Foundations of Africa's Development* (Lanham, MD: Rowman & Littlefield, 2016).
39. van de Walle, "Presidentialism and Clientelism".
40. Most countries in Sub-Saharan Africa run presidential systems of government. Only a handful of countries – Botswana, Lesotho, Mauritius and South Africa – run the parliamentary system, while Swaziland operates constitutional monarchy.
41. van de Walle, "Presidentialism and Clientelism," 310.
42. Ibid.
43. Chabal and Daloz, *Africa Works*, 15.
44. Ibid.
45. Some of the gains in social programs and improvements in public health have been achieved through foreign aid and other forms of development assistance.
46. Mamdani, *Citizen and Subject.*
47. Francis M. Deng, "Ethnicity: An African Predicament". *Brookings*, Summer 1997.

Bibliography

Acemoglu, Daron, and James A. Robinson. 2010. Why Is Africa Poor? *Economic History of Developing Regions* 25 (1): 21–50.

Calderisi, Robert. 2006. *The Trouble with Africa: Why Foreign Aid Isn't Working*. New York: Palgrave Macmillan.

Curtin, Philip. 1989. *Death by Migration: Europe's Encounter with the Tropical World in the 19th Century*. New York: Cambridge University Press.

Daron Acemoglu, Simon Johnson and James Robinson, "The Colonial Origins of Comparative Development: an empirical investigation," The American Economic Review 91 no. 5 (2001): 1369–1401.

Herbst, Jeffrey. 2000. *States and Power in Africa: Comparative Lessons in Authority and Control*. Princeton: Princeton University Press.

Lovejoy, Paul. 2000. *Transformation in Slavery: A History in Slavery in Africa*. 2nd ed. New York: Cambridge University Press.

Mamdani, Mahmood. 1996. *Citizen and Subject: Contemporary Africa and the Legacy of Late Colonialism*. Princeton: Princeton University Press.

Mazrui, Ali, and Francis Wiafe-Amoako. 2016. *African Institutions: Challenges to Political, Social, and Economic Foundations of Africa's Development*. Lanham: Rowman & Littlefield.

Moghalu, Kingsley. 2014. *Emerging Africa: How the Global Economy's 'Last Frontier' can Prosper and Matter*. London: Penguin Books.

North, Douglas. 1990. *Institutions, Institutional Change and Economic Performance*. New York: Cambridge University Press.

Pierson, Paul. 2000. Increasing Returns, Path Dependence, and the Study of Politics. *American Political Science Review* 94 (2): 251–267.

Reid, Richard. 2012. *A History of Modern Africa: 1800 to the Present*. Oxford: John Wiley & Sons Ltd.

Richards, Audrey. 1959. *East African Chiefs: A Study of Political Developments in Some Uganda and Tanganyika Tribes*. London: Faber and Faber.

Salkin, Paul. 1926. *L'Afrique Centrale dans cent ans*. Paris: Payot.

Schmidt, Elizabeth. 2013. *Foreign Interventions in Africa: From the Cold War to the War on Terror*. Cambridge: Cambridge University Press.

Stein, Howard, Olu Ajakaiye, and Peter Lewis, eds. 2001. *Deregulation and the Banking Crises in Nigeria: A Comparative Study*. London: Palgrave Macmillan.

van de Walle, Nicolas. 2003. Presidentialism and Clientelism in Africa's Emerging Party Systems. *Journal of Modern African Studies* 41 (2): 297–321.

Welch, Claude, Jr., ed. 1970. *Soldier and State in Africa: A Comparative Analysis of Military Intervention and Political Change*. Evanston: Northwestern University Press.

Westad, Odd Arne. 2007. *The Global Cold War*. Cambridge: Cambridge University Press.

White, Jeremy. 1981. *Central Administration in Nigeria, 1914–1948*. Dublin: Irish University Press.

Young, Crawford. 1994. *The African Colonial State in Comparative Perspective*. New Haven: Yale University Press.

CHAPTER 3

Africa in the Global Community

The assumption that political independence would produce economic freedom and enhance the living standards of Africans has proven to be an illusion. Over five decades after political independence, most of Africa has remained under the control of irresponsible governments supported by extractive political and economic institutions which have systematically sustained the exploitation of the majority in favor of a few privileged elite.[1] Political arrangements across the majority of the African continent have followed a unique path that has sustained bad governance and corruption, and exacerbated poverty in the region. The consequences of perverse governance arrangements have been economic challenges, persistent conflicts, civil wars, and difficult living conditions for the majority of Africans. Consequently, to the rest of the world, Africa evokes a sense of hopelessness, diseases, poverty and misery. But these negative indicators have also existed side by side with stupendous riches for a tiny ruling elite who have privatized the state and its resources to the exclusion of majority of the citizens.

In the 1980s, the world thought that pervasive military rule in the region was the reason for bad governance, economic decline and associated poverty in African countries. Accordingly, international efforts focused on encouraging African states to eschew military rule and to embrace Western democracy. The West provided several forms of financial and technical supports to African countries, with the conditions that these countries moved towards democratic elections and improve governance

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_3

institutions. Whether motivated by the desire for continuous financial support from foreign nations, or driven by a genuine desire to return to electoral democracy, many countries returned to civil rule. From the 1990s, military rule became unpopular in Africa, such that by the end of the 1990s most of Africa had embraced multi-party democracy.[2] Although the electoral experiments were largely marked by imperfections in many countries, and sometimes involved nothing more than a change of "dress" from military uniform to a civilian attire by the same group of actors, at least military rule was abandoned in favor of democratic elections. However, with the onset of democratic government, the continent's development challenges persisted and poverty remained pervasive. Nicolas van de Walle[3] noted that political parties have been organized along ethnic/regional lines, and the success of any political party is rarely, if ever, based on the party's ideology or planned programs, but simply reflect ethnic and tribal considerations. In addition, Africa's electoral democracy somehow continued to sustain a culture of little or no political accountability on the part of the elites. The type of presidential system which most African countries adopted has vested enormous powers, authorities and responsibilities on the shoulders of the president. The constellation of these characteristics – political parties driven by ethnic/tribal or religious considerations, too much powers in the hands of the president, and a culture of little accountability, oppression of opposition and willful manipulation of the electoral process – produced "illiberal democracies",[4] and sustained a clientelist political culture.[5] Therefore, although elections have been held in most of Africa during the past two decades, the underlying perverse political culture that sustains the predatory nature of the state and that gives undue privileges to the elite has persisted.

Through various forms of aids, grants, and debt forgiveness, the world has provided hundreds of billions of dollars to Africa. Foreign aid has come in different forms and has targeted different programs at different times. In many cases, foreign assistance has come with conditionalities often designed to get receiving countries to embrace specific reforms along a given path.[6] However, over these recent decades, what has remained constant is the sense of failure and disappointment that has dominated successive development efforts. Poverty has persisted in most of Africa despite the spectacular improvements in other developing regions and despite the huge volume of foreign aid to Africa. In recent times, donors have begun to demand governance reforms from Africa's leaders in order to help make foreign aid more effective instruments for poverty alleviation.[7]

But the extant evidence suggests that moral suasion has failed and the quality of governance has remained a big challenge to real development in the continent.

It is pertinent to emphasize that foreign aid, as currently designed, lacks the capacity to eradicate poverty because financial constraint is a consequence, rather than a cause, of poverty. By providing financial, material or technical resources alone, donors can only help to assuage some of the pains of poverty. Therefore, those who suggest that the world would make substantial progress towards eradicating poverty if donors and the developed world increased aid flows to developing countries, are fundamentally wrong. In order to eradicate poverty, domestic actors, donors and Africa's development partners need to focus on the fundamental causes of poverty in the region. Cash and material transfers in foreign aid have been useful in some ways by serving as palliatives for some of the pains of poverty. Even where foreign aid has not been fully utilized for its intended purposes, any proportion of aid that goes to provide vaccination against killer diseases or that helps to provide clean water for the rural poor, for example, has been useful. However, this form of assistance, useful as it is, has no capacity to generate real growth and development or to unleash the structural transformation necessary to eradicate poverty.

None of the recent cases of sustained economic growth and transformations that produced reductions in poverty levels and significant improvements in the general living standards of the citizens was achieved through foreign aid. The success stories recorded in Southeast Asia, where China, South Korea, Malaysia, among others, achieved remarkable growth and transformations that have astounded the world, were achieved through well-articulated industrial policies and planning reminiscent of the model that equally produced spectacular successes in Japan in the immediate post-war period.[8] The developmental state, according to Meredith Woo-Cumings "is a shorthand for the seamless web of political, bureaucratic, and moneyed influences that structures economic life in capitalist Northeast Asia."[9] It is this developmental orientation of the state that produced the so-called Asian "miracles" that have confounded economists, especially those inspired by neoliberalism. Cash transfers in the form of foreign aid to Africa can do little to bring about industrial production, growth and development. There is now an emerging consensus that the state has a critical role to play in economic transformation, at least at the initial stages of development.[10] States that desire to achieve the type of growth that would produce real transformation in the living standards of the people must first decide so to be developmental. This decision is then supported and operationalized through a set of institutions and practices that would help the state to achieve high levels of innovation, growth and development. As Meredith Woo-Cumings noted, "the developmental state does not necessarily develop. Instead, the developmental state is the stuff of ambition… the moral ambition to develop…"[11] Detailed characteristics of the developmental state are provided in subsequent chapters, but suffice it here to emphasize that any state that wishes to be developmental in the fashion demonstrated by the Asian "tigers," must, among other attributes, develop the capacity to design and successfully implement growth-inducing industrial policies, the outcome of which must result to real development. As Thandika Mkandawire noted, the state's "capacity is determined by various factors – institutional, technical, administrative and political. Undergirding all these is the autonomy of the state from social forces so that it can use these capacities to devise long-term economic policies unencumbered by the claims of myopic *private interests.*"[12]

Findings from my research and several years of professional engagements in the public and private sectors in Africa confirm what has previously been reported in the literature: Africa's poor economic performance is largely the result of the predatory state structures and associated extractive institutions prevalent in the region.[13] These forms of state structure and extractive institutions are direct legacies of Africa's unique colonial history,[14] but have been sustained and extended by the irresponsible choices of Africa's postcolonial leaders. As stated earlier, predatory states foster the exploitation of the citizens in favor of a tiny elite. Such predatory structures block the opportunities of the general population from meaningful participation in the political and economic spheres.[15] These forms of institutional arrangements have been the major cause of poverty in Africa, and no amount of cash transfers could transform extractive institutions into inclusive ones. Unlike in the developmental states of Asia, the civil service in most of Africa have existed to serve the selfish and parochial goals of political leaders. Policy formulation and program implementation are therefore not driven by any overarching desire to achieve rapid industrial growth and economic transformation. Rather, state actions have been conditioned by considerations other than improvements in the living standards of the citizens.

Postcolonial Africa has been defined by all the negative indices – military rule across the continent in the 1960s up to the 1980s, civil wars in many countries, high levels of corruption, non-existent public infrastructure, high incidence of diseases like HIV/AIDS and malaria, scandalous levels of infant and maternal mortality, and the excruciating burdens of poverty in the general population. These negatives have unfortunately assumed the defining characteristics and labels of the continent during the past decades. Africa's conditions have sometimes constituted a puzzle to development experts, many of who have spent several years working in Africa for the World Bank or the IMF as development "experts". In recent years, Africa's development challenge has been more disconcerting given the spectacular successes recorded in parts of Asia – which were as poor or even poorer than some countries in Africa during the 1960s.

Given the indices of underdevelopment that have defined large parts of Africa during most of the continent's postcolonial period, the rest of the world has responded through generous financial and material support to the continent in the form of aid and grants. It is estimated that Africa received over $868 billion in official overseas development assistance between 1960 and 2013.[16] The United Nations, donor agencies, and, in recent years, international celebrities have taken up the cause of raising more funds for Africa, ostensibly to eradicate poverty. The belief that foreign aid would eradicate poverty, or at least reduce the level of poverty, is captured in the framework of the UNDP Millennium Project Account, which noted that all that was needed to end poverty was for rich nations to increase aid budgets.[17] The UNDP enjoins the industrialized nations to increase aid budget to 0.7 percent of gross national product, so as to ensure the achievement of the Millennium Development Goals.[18] But additional cash to Africa in the form of foreign aid, under existing predatory state and extractive institutions, would produce the same results as has been the case over recent decades. William Easterly rightly categorized the sentiment demonstrated by proponents of more aid as the sort of thinking that would originate from central planners. He noted: "The comprehensive ambitions of the planners have misfired badly… The world's poor will mostly determine their own fate by their own homegrown institutions and initiatives, as much historical and contemporary evidence suggests."[19]

More foreign aid to Africa cannot do much to change the exploitative governance arrangements that have led to abject poverty among the general population. It should be fairly straightforward to assess the potential impacts of increased aid flows to Africa by assessing the results of periods of commodity booms where African commodity exporters earned huge sums from export. Periods of increased state revenues derived from the sale of crude oil or other commodities have not led to reduction in poverty in most of Africa. At least, the situation in Angola, Chad, the Democratic Republic of Congo, Equatorial Guinea and Nigeria – countries that benefited immensely from booms in commodity prices in the most recent past – have confirmed that it is not necessarily financial constraint that has kept most of Africa poor. Even if we assume that the UNDP is successful in raising more funds for distribution directly to Africans, one wonders how such transfers could lead to sustainable development and wellbeing. The poor needs the right institutions to be able to profitably utilize their potentials and create the life they desire. The poor in Africa, as in other developing countries, are poor not because they are lazy or because they choose to lead a life defined by poverty, but the majority of the poor are restricted by political and economic institutions that consign them to a life of poverty. If one takes a look at African immigrant communities in the United States or Europe, for example, one would see that the African immigrants have better chances of success and are indeed more likely to live their dreams than they would in their home countries. Despite systemic and structural impediments in the host countries – such as language barriers, differences in culture, and racism – the African immigrant has brighter chances of success because economic institutions in the United States and Europe are more inclusive.

Perhaps because of continued economic and social challenges in Africa, many Western nations see and treat African states as mere aid recipients. Besides being a destination for foreign aid, Africa is also seen as a source of natural resources. The greatest percentage of foreign direct investment from the West are usually in the natural resource sector, where the concern of the investor is usually to extract the resources and sell at the international market, with little real engagements with the dynamics of the local economy. Africa's resource sector continues to attract large multinationals from Europe and North America, but sectors like manufacturing and services remain unattractive to these investors. Just as was the case during the colonial era, the principal interests of the multinational companies have been in extracting Africa's resources, this time, in partnership with domestic political leaders. In Angola, Chad, Nigeria and other resource-rich countries, where many European and American oil explorations companies like Shell BP, Texaco and Exxon Mobil have significant operations, these companies have not added much to the depth of the domestic economy besides the joint-venture exploration contracts with the respective governments. In many cases, there are concerns around bad practices, including significant environmental degradation, disregard for local laws and customs, and outright corruption. Taking advantage of the weak domestic governance institutions in African countries, many of the oil companies have often applied lower environmental protection standards than what obtains in more developed countries.

The image of Africa as an underdeveloped, poor, and risky environment has meant that Africa is gaining relatively very little from the boom in global trade and foreign investment flows. While it is true that the volume of foreign direct investment into Africa has grown over the past decade, that growth pales in significance when compared to the volume of investment flows into Asia. For example, the United Nations Conference on Trade and Development (UNCTAD) reported that total foreign direct investment (FDI) flows into Africa were \$56 billion, \$54 billion and \$54 billion in 2012, 2013 and 2014, respectively. However, foreign investment flows into Asia were \$401 billion in 2012, \$428 billion in 2013 and \$465 billion in 2014.[20] This shows that Africa has not been a major recipient of global FDI flows despite the abundance of natural resources and other opportunities in the continent. While it has lagged far behind Asia in terms of inward FDI, Africa has received much more aid than Asia over the past two decades. In addition, foreign investment into African countries have mostly been directed to the natural resource sector, and, lately, the financial sector.[21] These sectors are generally "easy" routes for investors to make quick profits without really folding up their sleeves to engage with the local economy. In recent years, foreign investors have become active in Africa's financial markets where returns on investments have been much higher than what obtains in the developed financial markets.

Instead of investing in manufacturing or other sectors that could have significant positive impacts on the local economy, foreign investors in African markets have preferred the less risky routes. It is commonplace for investors to point to weak physical infrastructure, such as unreliable electricity, poor transportation networks, inefficient regulatory institutions, corruption, and unstable macroeconomic environment as factors that discourage long-term investment in the continent. Most of these obstacles are real across many African countries, and the states have done little to remove these obstacles to growth and development. The question that begs an answer is this: how would foreign aid ameliorate the obstacles that discourage private enterprises from playing more active roles in Africa's economies? If foreign aid would not help to ease the structural impediments to inclusive growth and developments, then aid cannot be an effective instrument to curb poverty. It would seem that Africa's development partners are using the wrong instruments to target the wrong problem. Growth and poverty reduction can only come from better economic opportunities for the majority of the citizens within a structure of safe and inclusive governance institutions.

One must note that in recent years, China has stepped up its economic engagements with African countries. Unlike investors from the West, Chinese investors are venturing into different sectors across African countries. From mineral exploration, manufacturing, and services to infrastructure development, Chinese investors are in some ways treating Africa as economic partners, rather than mere aid recipients. China has developed a clear strategy for its economic engagements with African countries. Unlike Africa's traditional sources of foreign capital – Europe and North America – China does not interfere in the domestic policy arena of African countries. While this policy of non-interventionism has been roundly criticized, especially in the West, as potentially supporting Africa's corrupt leadership,[22] China believes it is in Africa to do business and not to dictate how Africa should run its domestic affairs. Instead of complaining about Africa's weak infrastructure as a reason to shy away from manufacturing activities in the continent, China has invested in the construction of Special Economic Zones (SEZs) in several African countries. By providing reliable electricity, good roads, and other facilities, the SEZs mitigate some of the most common obstacles to industrial production in African countries.[23] Many Chinese entrepreneurs have been attracted to Africa's markets following incentives such as the China–Africa Development Fund, which was created by the Government of China to provide equity financing to eligible Chinese enterprises wishing to establish operations in Africa.[24] Despite the critiques of China's strategies in Africa, the burgeoning economic partnerships between China and African countries have been mutually beneficial.[25] A number of Chinese businesses have set up manufacturing plants in Ethiopia, Nigeria, and other African countries. It is perhaps safe to state that Chinese entrepreneurs who are doing real business in Africa by building infrastructure, hiring African workers, and helping to transfer technology to the continent, are better agents of development for African societies than donors who merely dole out cash and other materials in the form of aid.

The poor are more likely to improve their conditions if they are presented with a set of inclusive institutions that liberalize political and economic opportunities, than if they are provided with cash or handouts from benevolent benefactors. As Robert Calderisi noted: "The accomplishments of Africans in free societies around the world are proof of their talent. Doctors, lawyers, scientists, engineers, and managers who emigrated have more than held their own in highly competitive environments; some have become pace-setters in their fields. Many professionals have stayed and excelled at home, but they have attracted jealousy or have become frustrated at the lack of moral and material support from their employers."[26] One critical question that one may ask is this: why are Africans more likely to succeed everywhere else other than in their home counties? Those who point to Africa's culture and traditions as the cause of failure and poverty cannot explain the successes demonstrated by African immigrants in inclusive societies. African countries simply do not offer the inclusive economic and political climate that are obtainable in advanced economies. In order to create the competitive environment needed to unleash the talents of the citizens, the state must redefine its structure, mission, and, ultimately, its relationship with its citizens. As George Klay Kieh et al noted: "The authoritarian African state that has been the mainstay of the African landscape since the dawn of the postcolonial era has proven to be an anathema to both people-centered democracy and sustainable human-centered development. Hence, the state needs to be deconstructed, rethought, and democratically reconstituted."[27]

There is no doubt that Africa needs the help and goodwill of the rest of the world. But the type of help that would reduce poverty in the continent are those that are targeted at restructuring the African state, as rightly stated in the quote above by Kieh et al. Every development effort that does not target the principal causes of Africa's development challenges would most likely produce results similar to what has been the case in recent years. Specifically, reforming the predatory state and its extractive institutions should be the starting point. It is true that restructuring anything is difficult, and restructuring states that have existed for decades is even more challenging because the extant institutions produce unique benefits to some sections of the society who would want to maintain the status quo. These challenges, daunting as they may be, should not discourage global efforts at assisting Africa to fundamentally restructure the institutions of exploitation that have systematically consigned much of the continent to poverty and underdevelopment.

Given the historically high levels of exploitation and resultant impoverishment of the general population, I would argue that domestic actors, acting on their own, cannot change the status quo, which has historically conferred undue privileges to a tiny elite in postcolonial Africa. Again, the political leaders who have benefited from the perverse political and economic arrangements have no incentive to change a system that has conferred undue benefits to the ruling class. Consequently, one way to correct the predatory and anti-development structure of the African state is through well-coordinated multilateral instruments designed specifically to transform the African state from an instrument of predation to a modern state conscious of its social contracts with its citizens, and willing and able to perform its role as an enabler of development. This would inevitably entail transformation of the economic and political institutions that have so far made the state an instrument for rapacious accumulation by a privileged few, to one that emphasizes transformative and inclusive growth and development.

There is no attempt whatsoever to write off the present structure of foreign aid as a total failure, and neither do I make any suggestion that aid has been the cause of development failure in Africa.[28] One must acknowledge that foreign aid has helped to assuage some of the pains of poverty and destitution – providing temporary relief to the pains of poverty is all that the present system of aid can accomplish. Foreign aid has not been designed to target the root causes of poverty and underdevelopment, as such, those who are evaluating and consequently condemning donors and aid administrators for failing to eradicate poverty are the ones who are missing the point. The transfer of cash from industrialized nations to poor countries cannot manufacture development in the receiving nations if the institutions on which economic growth and development rests are not in place. The most effective way to curb poverty would be to get rid of the causes of poverty, and not to treat its symptoms. Foreign donors have generally provided money and other resources to African states, with little or no effort at confronting the factors that account for differences in income and wellbeing across societies. While it is proper to acknowledge the generosity of various countries and donors who have so far provided support to assuage some of the pains of poverty in Africa, it is equally important to emphasize that the eradication of poverty would of necessity require more than the form of support so far delivered by donors.

It would seem that the international community finds it more convenient to provide financial resources than to "interfere" with the governance arrangements of aid recipients. As subsisting evidence shows, however, African states need more than financial support to achieve real growth and development. In order to achieve the type of growth that brings transformation and real development, the African state must be transformed to assume the characteristics of a developmental state, as has been demonstrated in parts of Asia during the recent past. Unfortunately, the need for political correctness has often made it difficult, if not impossible for donors and aid agencies to find the courage to call a spade by its proper name. Development challenges that are clear consequences of state failure and weak institutions are often glossed over, or treated as another problem associated with paucity of funds or wrongly attributed to a lack of technical capacity. One wonders how, for example, a country as large and as endowed as Nigeria could complain of lack of technical capacity when Nigerian-trained experts can be found in responsible positions in different sectors across the globe. From the perspectives of donors, the fear of being labelled as imperialists have led to only passive interests in the economic and political institutions of aid-receiving countries. Similarly, the paranoia associated with the unsavory experiences of colonialism have often led domestic actors in Africa to keep issues of governance and state structures as "no-go areas" for foreign donors and other development partners. Results of these mindsets on the part of donors and domestic actors in Africa have been the lack of cohesive force to effectively deal with the real causes of poverty and underdevelopment. This book sets out to engage with this difficult and often-controversial subject: how best can the rest of the world assist African states in the task of restructuring domestic governance institutions that have made it impossible for the state to fulfill its responsibilities to its citizens? In effect, how can the world help to ensure that the state and its institutions work for the citizens, instead of serving the elites only?

The predatory state thrives on high levels of corruption, which is an inhibitor to growth and development. It restricts the opportunities available to the citizens, diminishes incentives for productive engagements and generates enormous negative energy that destroys, instead of build society's wealth. It is corruption that sustains authoritarianism and breeds the natural resource or conflict "traps" identified by Paul Collier. In countries with adequate restraints on executive powers and institutionalized checks and balances on all arms of government, the state will not be the instrument of exploitation that is the case across the majority of the continent. Where political and economic opportunities are open and accessible to every citizen, innovation is encouraged because the fear of government expropriation would be minimal. Under such arrangements, both the government and other agents would not focus on the rents derivable from natural resources. The fundamental issue that must be addressed is the structure and role of the African state in development. Any development assistance that fails to restructure the African state into a modern state responsive and accountable to its citizens would, at best, only provide soothing relief to the pains of poverty, but cannot address the development challenges of the region.

There is no gainsaying that the challenge of restructuring the state and its institutions is enormous. But so is the challenge of fighting extreme poverty – a task which the world has so far failed so miserably to achieve. Most of the instruments that can be used to help restructure the African state have already been deployed in one form or the other around the world. From the Cold War to the era of foreign aid that came with different conditionalities, and to the recent spate of military interventionism in the global War on Terror, the developed world has deployed various instruments to achieve desired international objectives. For the task of helping to restructure the state structure in Africa, what has been lacking is coordination and the will to channel these interventions to attacking the root causes of poverty in the continent. Those who argue, as did Robert Calderisi,[29] that Africans or domestic actors should confront the challenges of poverty and underdevelopment on their own, either do not understand or chose to ignore historical facts that brought Africa to its present state of underdevelopment. Again, such voices gloss over the enormity of the task of restructuring centuries-old machineries of predation, which have historically served different interests other than enhancing the welfare of the general population. While domestic actors must play their role, these actors do not have the capacity to generate the kind of resources and energy needed to embark on the revolution that must happen in order to transform the African state.

Conclusion

There appears to be an emerging consensus that in order to reduce the incidence of poverty in Africa, the world needs to do more than provide financial assistance to Africa in the form of aids and grants. Dambisa Moyo[30] argued that trade and investment, not aid, is what African states need in order to achieve economic growth. On the other hand, Calderisi[31] suggested a wide range of interventions to help African states to achieve economic growth and development. Some of his interventions included "tracing and recovering public funds" looted by African dictators and public officials, requiring top state officials to make their bank accounts public, transparency in elections and developing mechanisms for citizens' review of government policies and programs, and merging the World

Bank, IMF and the United Nation's Development Program. In the same vein, Paul Collier[32] recommended the establishment of international charters and standards of performance on different sectors of a country's economy and polity. According to the United Nations UN Millennium Project Account: "Poverty in the poorest countries can be dramatically reduced only if developing countries put well designed and well implemented plans in place to reduce poverty – and only if rich countries match their effort with substantial increases in support."[33] But predatory states, by nature, will not ordinarily create plans that would produce inclusive growth and development.

This multiplicity of recommendations at least point to the need for donor agencies, development institutions, policy makers and scholars to rethink the idea of foreign aid and development assistance to Africa. Like past development efforts, however, most of these recommendations are merely skirting around the real issues at the heart of poverty and underdevelopment in African countries. Perhaps the enormity of the challenges, the need for political correctness, and the fear of causing ill feeling by appearing to apportion blames have often led scholars, policy makers and practitioners to gravitate towards easy routes. But these easy routes would not lead us to solutions. In this book, I have chosen a different approach. There is nothing yet to suggest that most African states – under the present constellation of economic and political institutions – could possibly achieve real and sustainable development. Foreign aid and external development assistance should therefore explore ways of restructuring the predatory state and its institutions in order to make the state "development-ready". Perhaps donors and other development partners choose to adopt other forms of interventions besides taking a hard look at the state, because of the enormity of the challenge of touching such a difficult and often-delicate matter as intervening with what is supposedly domestic political affair. But in the contemporary world, international interventions, including the use of multilateral military forces have been used even for less noble ends.

One is certainly not unmindful of the position of the international systems on matters of national sovereignty and the right of sovereign nations to decide the type of government they chose to live under. But the international system is equally unambiguous with respect to the consequences of human rights violation, where the world could resort to supranational instruments to check human rights abuses.[34] The crass exploitation of the majority by Africa's ruling elite in many states, and the poverty and destitution that these perverse state structures unleash on the citizens would certainly qualify as human rights abuses by inconsiderate states. When viewed with the right lenses, the avoidable deaths from preventable diseases, the crushing poverty and misery that decimates the African poor in the face of ostentation and rapacity of the ruling elite, should certainly qualify as human rights abuses, and thus merit appropriate international interventions. The transfer of cash in foreign aid is as good as throwing good resources into faulty foundations. The world needs to get the foundations of the African state right; otherwise, every other development effort would be in vain.

Notes

1. Daron Acemoglu and James Robinson, "Why is Africa Poor?," *Economic History of Developing Regions* 25, no. 1 (2010): 21–50; Crawford Young, *The Postcolonial State in Africa* (Madison, WI: The University of Wisconsin Press, 2012).
2. Nicolas van de Walle, "Presidentialism and Clientelism in Africa's Emerging Party Systems," *Journal of Modern African Studies* 41, no. 2 (2003): 297–321.
3. Ibid.
4. Ibid., 306.
5. Patrick Chabal and Jean-Pascal Daloz, *Africa Works: Disorder as Political Instrument* (Oxford & Bloomington: James Currey & Indiana University Press, 1999); Michael Bratton and Nicolas van de Walle, "Neopatrimonial Regimes and Political Transitions in Africa," *World Politics* 46, no. 4 (1994): 453–489.
6. Detailed review of the structure and evolution of foreign aid to Africa is provided in Chap. 4.
7. UN Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*, (New York, NY: UNDP, 2005).
8. Meredith Woo-Cummings, "Introduction: Chalmers Johnson and the Politics of Nationalism and Development," in *The Developmental State*, ed. Meredith Woo-Cummings (Ithaca, NY: Cornell University Press, 1999).
9. Ibid., 1.
10. See, Justin Yifu Lin, *The Quest for Prosperity: How Developing Countries Can Take Off* (Princeton, NJ: Princeton University Press, 2012); Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective* (London: Anthem Press, 2003); Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975* (Redwood City, CA: Stanford University Press, 1982).
11. Woo-Cumings, "Introduction," 4.

12. Thandika Mkandawire, "Thinking About the Developmental States in Africa," *Cambridge Journal of Economics* 25, no.3 (2001): 29 (italics, my emphasis).
13. Acemoglu and Robinson, "Why is Africa Poor?"; Ali A. Mazrui and Francis Wiafe-Amoako, *African Institutions: Challenges to Political, Social, and Economic Foundations of Africa's Development* (Lanham, MD: Rowman & Littlefield, 2016); Basil Davidson, *The Black Man's Burden: Africa and the Curse of the Nation-state* (New York, NY: Times Books, 1992).
14. Walter Rodney, *How Europe Underdeveloped Africa* (London: Bogle-L'Ouverture Publications, 1972); Daron Acemoglu, Simon Johnson and James Robinson, "The Colonial Origins of Comparative Development: An Empirical Investigation," *The American Economic Review* 91 no. 5 (2001): 1369–1401.
15. Acemoglu, Johnson and Robinson, "The Colonial Origins of Comparative Development".
16. World Bank, *World Development Indicators* (Washington, DC: World Bank, 2015).
17. UN Millennium Project, "Investing in Development".
18. Ibid.
19. William Easterly, *Reinventing Foreign Aid* (Cambridge, MA: MIT Press, 2008); 24.
20. UNCTAD, *World Investment Report, 2015* (Geneva and New York, NY: UNCTAD, 2016).
21. Ibid.
22. Representative of the criticism is a statement credited to the former US secretary of state, Hillary Clinton who was reported as advising African countries to be wary of countries that only "…come in, take out natural resources, pay off leaders and leave." See, Andrew Quinn, "Clinton Warns Against 'New Colonialism' in Africa," *Reuters*, June 11, 2011. http://www.re- uters.com/article/us-clinton-africa-idUSTRE75A0RI20110611.
23. D. Brautigam and X. Tang, "African Shenzhen: China's Special Economic Zones," *Journal of Modern African Studies*, 49 no. 1 (2011):27–54.
24. China-Africa Development Fund, official website: http://www.cadfund.com/en/NewsInfo.aspx?NId=48. Accessed on December 1, 2017.
25. Deborah Brautigam, *Will China Feed Africa?* (Oxford: Oxford University Press, 2015); and M.J. Davies "Special Economic Zones: China's Developmental Model Comes to Africa", in R.I. Rotberg, ed. *China into Africa: Trade, Aid and Influence* (Washington, DC: Brookings, 2008), 137–54.
26. Robert Calderisi, *The Trouble with Africa: Why Foreign Aid isn't Working* (New York, NY: Palgrave Macmillan, 2006), 85.
27. George Kieh and Pita Agbese, eds. *Reconstructing the Authoritarian State in Africa* (London: Routledge, 2014), 202.

28. See Dambisa Moyo, *Dead Aid: Why Aid is Not Working and How There is a Better Way for Africa* (New York, NY: Farrar, Straus and Giroux, 2009).
29. Calderisi, *The Trouble with Africa*.
30. Moyo, *Dead Aid*.
31. Calderisi, *The Trouble with Africa*.
32. Collier, *The Bottom Billion*.
33. United Nations Millennium Project, *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* (New York, NY: United Nations, 2005), 4.
34. Ineke Boerefijn and Jenny Goldschmidt, *Changing Perceptions of Sovereignty and Human Rights: Essays in Honour of Cees Flinerman* (Antwerp/Oxford: Intersentia, 2008).

Bibliography

Boerefijn, Ineke, and Jenny Goldschmidt. 2008. *Changing Perceptions of Sovereignty and Human Rights: Essays in Honour of Cees Flinerman*. Antwerp/Oxford: Intersentia.

Brautigam, Deborah. 2015. *Will China Feed Africa?* Oxford: Oxford University Press.

Brautigam, Deborah, and Xiang Tang. 2011. African Shenzhen: China's Special Economic Zones. *Journal of Modern African Studies* 49 (1): 27–54.

Chang, Ha-Joon. 2003. *Kicking Away the Ladder: Development Strategy in Historical Perspective*. London: Anthem Press.

Davidson, Basil. 1992. *The Black Man's Burden: Africa and the Curse of Nation-State*. New York: Times Books.

Davies, M.J. 2008. Special Economic Zones: China's Developmental Model Comes to Africa. In *China into Africa: Trade, Aid and Influence*, ed. R.I. Rotberg, 137–154. Washington, DC: Brookings.

Johnson, Chalmers. 1982. *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975*. Redwood City: Stanford University Press.

Kieh, George, and Pita Agbese, eds. 2014. *Reconstructing the Authoritarian State in Africa*. London: Routledge.

Moyo, Dambisa. 2009. *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa*. New York: Farrar, Straus and Giroux.

UNCTAD. 2016. *World Investment Report, 2015*. Geneva/New York: UNCTAD.

Woo-Cumings, Meredith. 1999. Introduction: Chalmers Johnson and the Politics of Nationalism and Development. In *The Developmental State*, ed. Meredith Woo-Cumings. Ithaca: Cornell University Press.

World Bank. 2015. *World Development Indicators*. Washington, DC: World Bank.

CHAPTER 4

The Structure of Foreign Aid to Africa Since the 1960s

Foreign aid and other forms of development assistance have been a permanent feature of the political economy of postcolonial Africa. For the purpose of this analysis, foreign aid includes financial and material assistance in grants and aids, as well as technical support provided by private donors, foreign countries and multilateral agencies. The perennial developmental challenges faced by African states have turned the continent to a fertile ground for the display of "humanitarianism" by the rest of the world. The unfortunate reality, however, is that several decades of foreign aid and other forms of external development assistance to African countries, and hundreds of billions of dollars transferred to the continent in grants and aid have done little to generate real growth and development in most of the continent. It is estimated that Sub-Saharan Africa (SSA) received $848.4 billion in official development assistance in the period from 1960 to 2013.[1] This is in addition to several other bilateral supports and assistance from private donors that are not captured in the World Bank data. Despite this volume of foreign aid, poverty has persisted across most of the continent. Africa's high levels of poverty, despite the huge aid flows, indicates, at least in part, that foreign aid has not been successful in curbing poverty.

Although poverty has persisted in Africa, it would be an overstatement to conclude that foreign aid has not helped African countries in one way or another. Irrespective of how one chooses to analyze the international aid system during these past five decades, one cannot ignore the contributions

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_4

of aid, especially in the area of public health. Public health initiatives to check the spread of preventable diseases such as smallpox, polio, and meningitis in African states have been made possible largely with the generous support of bilateral and multilateral donors. In addition, most of the recent successes in checking the spread of HIV/AIDS in the continent have been at the back of massive international support in financial and material resources towards combating the epidemic. While foreign aid has not, and cannot, produce sustained growth and development on its own in Africa or elsewhere, one cannot dismiss foreign aid as adding no value to the lives of Africans.

The major forms of foreign aid and international development assistance have included monetary transfers in the form of grants which are not repayable by the receiving countries, technical support in the form of skills deployed for the benefit of the recipient country at no cost, and material support, which have included the transfer of commodities such as anti-retroviral drugs for the fight against HIV/AIDS, and treated mosquito nets designed to help reduce the incidence of malaria, among other such materials. The following sections provide an overview of the evolution of foreign aid in Africa from the time of political independence to the present day, highlighting major changes that have taken place in the politics and economics of foreign aid during these past five decades.

The Evolution of Foreign Aid in Africa

Most countries in Africa emerged from European colonial rule in the 1960s (Ghana gained political independence in 1957). The period of colonial rule was a time of intense contestation between the colonial powers and Africans. The colonial political and economic systems focused exclusively on serving the interests of colonial Europe, with little or no emphasis on building the African state in ways that would enable the state to initiate and sustain economic growth and development. From Belgium Congo to Portuguese Angola, and from French West Africa to all of British Africa's colonies, colonial rule was highly exploitative. Acemoglu et al.[2] conclude that the European colonists in Africa did not have any long-term interest in most of African colonies because of the high settler mortality rates in the region. Consequently, the colonists developed *extractive* institutions which barely helped them to extract and send away Africa's natural resources for use by European firms. This lack of long-term interest in African colonies meant that the colonial government failed to develop the right hard and soft infrastructures that could sustain growth and development in the continent. This contrasts with the situation in the settler colonies where the European colonial officers and merchants decided to settle for the long term.[3] Given the nature of colonial administration in the continent, African countries lacked both the physical infrastructure and the requisite institutional environment necessary to achieve sound political and economic development after the attainment of political independence. Stagnation and despondency stared the new states in the face, and the emerging African leaders faced daunting challenges on how to take their states onto the path of stability and development.

The development paradigm of the 1960s was that of government controls and national planning. For Africa, it included building the basic infrastructures on which the modern state thrives. Consequently, the newly independent states were saddled with the challenge of building the basic hard and soft infrastructure necessary to restructure their economies and to create the right environment for Africans to enjoy the fruits of political independence. Investment in physical infrastructure such as electric power plants, dams, paved roads, and the establishment of industries modeled after the industrialized nations became the key priorities of the emerging African leaders. As expected, African countries did not have enough financial resources to embark on these important national development projects. The response of the international community was to support the newly independent states with grants, loans and other forms of technical support. Along these lines, most foreign aid to Africa in the 1960s were geared towards supporting the implementation of the national development plans of that era. In addition to loans, African states also received foreign aid and technical support towards industrialization and the implementation of national development plans designed to unleash economic growth in the countries. The multilateral financial institutions, most notably the World Bank, was an important channel for these forms of support. Bilateral supports also came from advanced nations, including, in many cases, the countries' former colonial administrators.

In addition to the aid inspired by the need to support industrialization, bilateral donors had been very active in the continent in various ways. In pursuit of ideological battle, the two Cold War superpowers – the United States and Russia (with their respective allies) – began to play very active roles in the continent since the end of the Second World War. However, aid and grants given to African states during the Cold War era were inspired by the desire of each of the superpowers to spread its own ideologies and recruit new converts. While the United States supported states or elements within the state that were predisposed to the free market, the USSR at that time supported countries and revolutionaries that were sympathetic to communist ideals.[4] Intrigues of the Cold War era made Africa the center of contestation between the America-led free market enthusiasts and the USSR, which promoted communism.[5] American foreign policy and the international aid system in Africa at that time focused on curtailing communist influence in Africa and spreading the free market ideology. This goal was often pursued to dizzying levels, including supporting anti-government forces within the countries, for as long as the US government believed that such support would undermine the influence of Russia and promote capitalism.[6]

At the dawn of independence, African countries received foreign aid principally to support industrialization and infrastructure development in the new nations, and to support the spread of the donor's ideologies and beliefs – or, conversely, to check the spread of the opposing ideology. Odd Ann Westad noted that American foreign policy and international assistance at that time was in part driven by the tacit principle of "my enemy's enemy is my friend".[7] Consequently, some foreign aids – at least, those inspired by Cold War objectives – were not actually based on any objective desire to generate growth and development or to improve the living standards of the citizens, but were mainly directed at supporting forces that were seen as sympathetic to the ideology of the donor nation. Foreign aid was readily available to African leaders depending on the perceived beliefs and ideological leaning of the leader. At that time, it did not matter to the donor whether or not the government was a dictatorship or whether or not it was pursuing welfare-enhancing reforms. The major consideration of the US and its Western allies at that time was to ensure that communism did not make an inroad into Africa. On the other hand, the USSR and its allies, including China and Cuba – within the limits of their economic might – were always ready to support African leaders that pandered to communism. It was along these lines that the USSR supported the government of Prime Minister Patrice Lumumba in the Democratic Republic of Congo, as well as those of Mozambique and Ethiopia, amongst others that were inclined to communist ideas. In the same vein, the United States and its European allies supported any opposing forces that countered communism. The beginning of the crisis in the Democratic Republic of Congo under Prime Minister Patrice Mulumba and the rise of General Joseph Mobutu with the overt support of Western allies was one of the clearest displays of this form of ideologically-inspired support. The benefits of the ideologically-driven aid to Africa is not clear. But it is most likely that the superpowers' Cold War activities in the continent created more problems for the region by strengthening opposing forces, deepening domestic crises, and institutionalizing instability and a violent political culture.

From the period of independence to the early 1970s, national development planning was held as a credible path to growth and development.[8] National development planning entailed extensive involvement of the government in designing plans to foster the economic development and social stability of the nation. The respective African states invested directly in every sector of the economy, from manufacturing to agriculture, banking, energy, aviation, railways, and, of course, health, education and other social services. For the newly independent countries, this can be explained because the countries were starting at a near-zero level due to the system of colonial administration that laid no foundations for the real development of the colonies. Again, the national development plan was globally accepted and actively promoted by the World Bank and other development institutions as well as the developed countries.[9] Perhaps the spectacular successes of the Marshall Plan[10] which was designed to rebuild Europe after the devastation of the Second World War gave credence to national development planning. However, national planning failed to produce desired growth and development in Africa. Instead, poverty persisted after decades of national planning, as Africa's economy experienced stagnation and retrogression in a number of countries.

By the middle of the 1970s, the development paradigm anchored on government controls and national development planning had come under serious critique. In the case of Africa, most of the critics averred that development planning gave too much powers to a tiny group of people within government circles.[11] It was argued that granting such powers to government officials limited the freedom and scope of choice available to private investors and other agents outside the government. Such government officials with enormous powers over the direction of the economy were said to be predisposed to rent-seeking behavior. In 1973 Ronald McKinnon[12] and Edward Shaw[13] published influential papers which attacked government controls over the financial sector, and brought the practice of government controls over the sector to disrepute. McKinnon and Shaw argued convincingly that government controls over financial sector variables such as interest rates, banks' credit allocation and investment decisions lead to *financial repression*. They show that financial repression leads to less than optimum growth at best, or economic retrogression for the most part. On the other hand, financial liberalization, which subjects the financial sector and all the relevant variables to the dictates of market forces were seen as capable of producing *financial development*, which is a prerequisite for real economic growth and development. Part of the results of this argument was an intellectual movement towards the dismantling of government controls and the elevation of market forces above government interventionism. In addition, a constellation of global events during the late 1970s and early 1980s provided favorable atmosphere for the elevation of free market principles over government planning. Specifically, the election of conservative President Ronald Reagan in the United States in 1981, and the rise of Prime Margaret Thatcher in the United Kingdom heralded a global shift to the free market.

The unimpressive results of national development planning in the 1960s and early 1970s, and the rise in poverty levels across Africa led the multilateral development partners to shift the focus of aid from supporting industrialization and investment in infrastructure to programs designed to ameliorate poverty in the general population. Foreign aid from the middle of the 1970s began to focus on health and sanitation, and immunization and vaccination against deadly diseases became a major program of some United Nations agencies such as the United Nations Children's Fund (UNICEF) and the United Nations Development Program (UNDP). Similarly, bilateral support from Western nations took a renewed focus on curbing poverty instead of giving money to governments to pursue industrialization. For example, the United States passed its International Development and Food Assistance Act in 1975 to direct more aid towards curbing hunger and extreme poverty in the poorest countries. Foreign aid to Africa went into education to improve primary school enrollment and thereby enhance literacy rates in the continent. The overall goal of the shift towards social programs was to help curb the rate of poverty which was on the increase. The shift of focus for foreign aid to health and social programs produced successes, especially in reducing infant mortality rates in African countries. Despite these successes, African states failed to move towards a discernible path to progress and prosperity in the 1980s. Rather, news from Africa was dominated by hunger and misery, political crisis, military dictatorship and dizzying levels of official corruption. Foreign aid had proven not to be the catalyst for growth and development, but had served as a palliative – that is, in cases where aid funds were properly utilized for their intended purposes. By the end of the 1970s, the uninspiring results from the continent in terms of economic decline and associated poverty in the general population, as well as the prevalence of political crises, military dictatorship and regional and ethnic conflicts indicated that economic development and social stability were a long way off for the continent.

The rest of the world watched Africa's dismal performance on all measures of wellbeing, and donors felt there was need to change the direction and strategy for foreign aid. In response to the development failures in the continent up to the end of the 1970s, African heads of states under the auspices of the Organization of African Unity (now the African Union) converged in Lagos to craft the Lagos Plan of Action for the Economic Development of Africa 1980–2000.[14] The document, which was popularly referred to as the Lagos Plan of Action, contained Africa's diagnosis of the continent's challenges. It specifically blamed the continent's poor economic performance on its *overdependence on the West*, the heavy reliance on the export of primary commodities, and the exploitation and racism perpetrated by Europe and its allies during several decades of colonialism. The Lagos Plan of Action noted that the structure of Africa's economy, including the significant dependence on the export of primary commodities, leaves Africa vulnerable to external shocks. The implication was that African countries, although independent, were not in control of their economies. The plan also lamented the various forces of neocolonialism, noting the harmful effects of some of the policies of the industrialized nations on Africa's development.[15]

Based on its diagnosis of Africa's predicament, the Lagos Plan of Action contained series of recommendations that should form the basis of Africa's development strategy over the course of the next two decades, from 1980 to 2000. Specifically, African heads of states emphasized the virtues of self-reliance and the need to cut down on the continent's dependence on the West for most of its economic development programs. It also highlighted the need for structural changes to diversify Africa's economy from heavy reliance on the export of primary commodities, often without even the basic form of initial processing. In addition, the plan emphasized the virtues of economic integration and closer ties between African countries, and the need to look inwards for local solutions before running cap in hand to the West for aid, grants and loans – some of which had actually exacerbated the continent's development problems. The plan was clear in emphasizing that it does not advocate cutting off the continent from the rest of the world, but its emphasis was on the need to cultivate Africa's solution to Africa's challenges, with outside support as mere supplement. Perhaps one of the most pertinent recommendations of the plan was the need for inclusive growth and shared dividends of the fruits of growth and development. Accordingly, the plan enjoined all African countries to "pursue all-embracing economic, social and cultural activities which will mobilize the strength of the country as a whole and ensure that both the efforts put into, and the benefits derived from development are equitably shared."[16] In simple terms, the Lagos Plan of Action advocated for *inclusive economic and political systems* – and this is the principal thesis of this book. Development assistance that would help to produce real and sustainable development in the continent is one that would help to restructure states and institutions to promote inclusiveness and shared prosperity.

Inclusive political and economic institutions have not been a feature of Africa's societies in early modern history. Given Africa's sordid history of political and economic exploitation and expropriation, it is little wonder that the continent's extant institutions remain exploitative, with disproportionate opportunities and resources withheld by a very tiny elite who have privatized the state and its resources, converting public offices into private assets. Like the prescription of the Lagos Plan of Action, I do not believe that real progress can be made in Africa without a significant restructuring of the state and its institutions. There are clearly perverse institutions and restricted economic opportunities in a country where the daughter of the head of state is the richest person in that country because of her involvement in all major deals involving the exploration and sale of the country's natural resources.[17] Neither is there inclusive institution in a country where the president appropriates over 90 percent of the nation's public expenditure to his office.[18] And certainly there is no inclusivity where there is widespread corruption in the polity and the personalization of public office and its resources, as in the case of Nigeria[19] and a number of other African countries. It is these forms of state characteristics that cause widespread poverty for the general population. Those who seek to eradicate poverty need to commit to changing these often deeply rooted perverse political and economic arrangements that have so far made mockery of every development effort in the region. Where the head of government and other public officials are preoccupied with selfish aggrandizements instead of the pursuit of developmental programs, every effort at real development would have little or no effect. In such situations, poverty will persist, and, with it, there would be perpetual need for foreign aid.

The Lagos Plan of Action was right in calling for the enthronement of inclusive political and economic systems and the change in focus for African countries from always seeking external support to looking inward for sustainable development. The plan represented Africa's diagnosis of African development challenges and Africa's prescriptions on how to tackle those challenges. There are some salient points in the diagnosis and the prescriptions of the plan that needs highlighting here: First, the plan did not emphasize that Africa's problems stemmed from insufficient foreign aid or development assistance from the West. To the contrary, the injunction was for Africa to cultivate the virtues of self-reliance and to work on solving its own problems first, before seeking external support when necessary. Second, the plan did not place much of the blame on Africa's inept and corrupt political leaders and government officials. The Lagos Plan of Action acknowledged the devastating impacts of colonialism and neocolonialism, racism and other forms of exploitation against Africa's peoples and resources, and called on Africans to rise up with the same determination exhibited by Africans across the continent during the independence struggles.

As soon as the Lagos Plan of Action was released, the international development community reacted, perhaps in a predictable manner. The World Bank commissioned a study on Africa's economy under the leadership of Elliot Berg. The study and its report literally dismissed the Lagos Plan of Action as a grand design by thieving African despots to continue with large governments, corruption and other forms of rent-seeking behavior. The World Bank report, popularly called the "Berg Report", placed Africa's predicament wholly and entirely on wrong policy choices, unwieldy and inept government, and public sector corruption.[20] Granted that the postcolonial African leaders could have done much better, the Berg Report failed to acknowledge the devastating impacts of colonialism, especially the legacies of extractive institutions, which cannot support real growth and development and the perverse state–society relations. It was the continuation of state structures where African citizens are treated like subjects by the state that sustained exploitation by the succeeding African leaders. Far worse than the brutal exploitation of Africa's natural resources, the legacy of extractive institutions and perverse notions of the relationship between the state and its people have been the most debilitating consequences of colonialism. Restructuring of these perverse institutions, not an increase in foreign aid, present a credible path towards inclusive growth and structural transformation of the continent.

Following its diagnosis of Africa's predicament as the result of bad policy choices and inept government, the Berg Report recommended "the right" policies for African countries. The report recommended "three major policy actions that are central to any growth-oriented program: (a) more suitable trade and exchange rate policies; (b) increased efficiency of resource use in the public sector; and (c) improvement in agricultural policies".[21] These recommendations generally translated to structural reforms of the economy from government controls to market determinism. It must be noted that the 1980s also coincided with the era when the neoliberal orthodoxy was promoted globally as the new world order with President Ronald Reagan of the United States and Prime Minister Margaret Thatcher of Great Britain as the arrowheads. Both the World Bank and the International Monetary Fund (IMF) latched on to the report and changed the structure of its facilities and financing to African states to conditionality-based funding. Structural adjustment facilities riddled with conditionalities became the prime instrument with which the World Bank and the IMF hoped to use to direct the economies of African countries.

It would be recalled that African states had come under severe debt repayment burden by the late 1970s. Across the continent, debt repayment had reached unsustainable levels. As at 1982 Africa's debt service commitment had reached a high of $8 billion from about $2 billion in 1975.[22] A myriad of economic challenges, including reduction in public sector revenue following the fall in commodity prices during the 1980s made it likely that many African countries would default on debt payment obligations. Consequently, it was in the interest of these countries to work with creditors towards refinancing and debt restructuring. However, both private and public sector creditors wanted assurance that each country was following "the right" economic policies as a condition for debt restructuring. In the views of Africa's creditors, a country's participation in IMF Structural Adjustment Program (SAP) became associated with the adoption of the right policies.[23] Countries that have signed on to the IMF Structural Adjustment Facility were assumed to be pursuing the right policies, and were able to reschedule their debt.

SAP included a broad range of reforms that focused on reining in the government and opening up Africa's economy to private sector. In effect, the World Bank and the IMF's structural adjustment facilities were the principal mechanisms for the transmission of neoliberalism into Africa in the 1980s. Foreign aid in the 1980s were therefore attached to the condition of structural reforms along the lines of market determinism. The World Bank, multilateral donors and creditors became reluctant to work with any African country that was not following the recommended structural adjustment. Consequently, by the end of the 1980s, most of Africa had implemented SAP to various degrees – and with varying levels of success. However, the overwhelming evidence is that SAP created great difficulties for African countries and exacerbated the continent's development challenges.[24] The emphasis on small government entailed cutting down of the public service in some countries, with severe consequences for the livelihood of the people. It also entailed the removal of subsidies on education and a number of other social services, and the privatization and commercialization of public corporations that were originally managed by the government. Needless to say, these changes created severe difficulties on the populace and led to social unrest in some countries.

Increased foreign development assistance from the World Bank, IMF and other development partners were given to countries seen to be keeping to the conditionalities of the SAP. The London Club and the Paris Club of creditors were also unwilling to restructure the debt of countries that were not following SAP. These conditions forced many African countries to adopt SAP, even where an alternative framework would have produced better results. The need to obtain debt restructuring, combined with the desire for more foreign assistance, became the overriding reason for the adoption of the SAP in the average country. It is disheartening to realize that with a single report by the World Bank (the Berg Report), the extensive work done by all African heads of state in developing the well-thought-out Lagos Plan of Action was brought to nothing, and prescriptions of the plan discarded in its entirety. Perhaps, this is where African leaders and its intelligentsia must take some blames for failing to stand by the plan or at least, to pursue and realize some aspects of its prescriptions. Having identified overdependence on the West as a major problem making development difficult in the continent, African leaders needed to engage more constructively with the then agents of global capital – the World Bank and the IMF, who were the transmission mechanisms for neoliberal ideas. There is no doubt that economic strength goes a long way in determining the relative power and influence of different actors in the global political economy. Without doubt African countries were poorer than their American and European benefactors, and so it was easy for the West to sell economic policy ideas to African countries. Perhaps the precarious economic and social conditions of African countries, combined with the need to obtain new facilities from the IMF and the World Bank, and other creditors at that time, made it convenient for African leaders to abandon the Lagos Plan of Action for the promised quick fixes. In retrospect, the rush to embrace IMF and World Bank's conditionalities against standing by the Lagos Plan of Action did not produce the promised improvements in economic and social conditions. In its place, SAP produced crises, discontent, failed hopes and worsened an already frail social system that provided so little to the citizens.[25] The outcome was more social, economic and political crises in the majority of the African continent during the 1980s and early 1990s to the extent that the 1980s became the lost decade in Africa's development.[26] Although one may not blame SAP entirely for the devastation of most of Africa in the 1980s and early 1990s, but being the principal economic policy template of that era, SAP is certainly a candidate for some of the economic development failures of that period. Although the World Bank and the IMF blamed the failure of SAP largely on the manner in which African states implemented the program – often labelled incorrect implementation and incorrect sequencing of the reforms[27] – it is important to note that the World Bank needed to assess the capacity of African states to successfully implement the reforms before recommending such sweeping structural changes, especially given the nature of institutions prevalent in the continent at that time.

It may seem logical to argue that African states failed to implement the reforms as originally designed, and to that effect, the failure of SAP to produce intended economic growth was not necessarily a problem of the policy itself. While this argument may seem logical, it needs be noted on the contrary that the "incorrect" implementation or the poor sequencing of the reforms in many countries should have been anticipated at the design stage due to the nature of initial conditions or institutional characteristics prevalent in the countries at the time of the reforms. Pushing this argument further, Datta-Chaudhuri argued as follows: "... one often hears people talking about 'a good plan implemented badly'. This dichotomy between the formulation and the implementation of a plan is usually false. If a plan is supposed to be a feasible action program, then it must have been designed on the basis of realistic assumptions regarding the expected behavior of economic agents. Difficulties regarding implementation should arise only from unanticipated exogenous shocks."[28] It is a sign of failure to introduce a policy in an environment without first assessing the feasibility or workability of that policy in that environment. For the SAP, the World Bank and the IMF needed to consider the nature and dynamics of Africa's political and economic institutions. For example, what value would it be to the society if public assets being privatized were sold at ridiculously low prices to incumbent political officeholders and their cronies, and where such incumbents also use state's money to buy the assets? What then becomes the real gain of privatization to the society? Recommending policies in given environments without first evaluating the workability of such policies in those environments may produce unintended results, and that was the case with SAP in most of Africa.

Financial and technical support from the World Bank and the IMF to African states from the 1980s to the early 1990s were mainly linked to the implementation of structural reforms, ostensibly designed to open up African markets to the world and to de-emphasize government controls. Specifically, the reforms generally involved cutting down the size of the civil service, employment and wage freezes, removal of government subsidies on petroleum products, health and education, and privatization of public corporations, among others.[29] The freeze in public sector employment and the removal of subsidies on most social services led to violent demonstrations across African cities. The unfolding economic crisis exacerbated instability in an already tense political arrangement. Military coups became more commonplace in the 1980s, as the military accused the politicians of corruption, and blamed the actions of the politicians for leading their countries astray. Between 1980 and 1989, there were 20 military coups that led to changes in government in African countries, and another 25 failed military coups.[30]

Despite the structural adjustment facilities and the debt rescheduling which African countries were able to get from the West, these countries failed to achieve the promised growth, and poverty persisted. Had African leaders focused more attention on implementing the Lagos Plan of Action rather than following the dictates of the World Bank and the IMF, perhaps this would have been more beneficial for the continent. A combination of structural adjustment facilities, debt rescheduling and bilateral support to African countries did not amount to rapid economic development or did it reduce the level of poverty in the land. Instead of achieving economic growth, most countries faced retrogression and there was an increase in the rate of poverty. One can argue, and quite rightly, that the performance of the economies of African states during the 1980s provides one of the greatest experiential critiques against the present regime of foreign development assistance. Foreign aid in the 1980s involved much more than the transfer of cash to African countries; it also included a dose of policy-focused conditionalities perhaps unprecedented in the history of development assistance. In the 1980s, the West not only gave money, but also prescribed how African states should use the money provided, and how governments should organize their economies and social programs. The Washington Consensus, which prescribed a set of economic policies anchored on neoliberal thoughts, and which was faithfully pursued by the World Bank and the IMF, turned out not to be the magic wand to take Africa out of the woods. It is important to note that conditionalities were focused mostly on the economic side of things, which represents the true interests of Africa's development partners of that era. Had the conditionalities included coherent steps to restructure the predatory states to promote inclusive institutions and disband a corrupt political culture that thrives on patron–client networks, the result may have been different.

Foreign Development Assistance in the Post-SAP Era

By the 1990s, the hope that structural adjustment would "adjust" Africa's economy out of underdevelopment and onto a path of sustained growth had faded. The unimpressive results out of Africa had humbled World Bank economists and other "experts" who supposedly had all the answers to Africa's development challenge. These experts had to find explanations to the "abnormality" that emerged from the experiment of the 1980s. Explanations ranged from the "bad sequencing" of reforms, to corrupt political leadership and poor-quality institutions.[31] But the conditions of poor quality political leadership and inefficient institutions were not a new phenomenon in the 1980s and 1990s; this had been the situation in Africa before the Bretton Woods institutions imposed structural adjustment on African countries. The problem was more of the neoclassical economics tradition of assuming that markets, on its own, would solve all of society's problems. Structural adjustment had paid no attention to the critical roles of institutions in ordering the actions of economic agents in the society. Consequently, policy recommendations under SAP were based on the experiences of the West, especially those of America and Western Europe, which were and remain advanced market economies. A deeper exploration of African countries at that time would have shown deep structural deficiencies that would make market-based approaches problematic. For example, in the majority of African countries competition laws are not well developed and property rights institutions are not as well defined as is the case in the West. In addition, there was little capacity in the private sector to take over some of the services that were under government controls. As the various governments privatized public utilities, it turned out that political leaders sold those public corporations to themselves and their cronies at ridiculously low prices.[32]

Foreign aid did not cease in the 1990s, but the focus of aid and the demands of donor agencies changed as donors began to emphasize, for the first time, on governance and institutional strengthening. Prior to the 1990s, the World Bank and the IMF, donors and other development partners had apparently taken governance as a given. But most African states were, and still are, stuck in governance arrangements and political institutions that are essentially anti-development. In the 1990s, donors began to demand good governance and proper accountability for a number of reasons. First, the unconditional delivery of cash in the form of grants and concessionary loans had failed to generate development. Second, the structural adjustment of the 1980s, which tied development assistance to specified policy packages along the free market principles had also recorded even a more catastrophic fall. Perhaps the failure of structural adjustment programs in Africa contributed to demystifying the free market ideology and gave stronger impetus to institutional theory. The unimpressive results from Africa's adjustment experience, in addition to the failure of the "shock therapy" recommended for the Eastern European countries emerging from communism, rightly gave credence to the position of institutional economists, i.e., that institutions are critical in shaping the direction of any society.[33] Third, the ideological rivalry was over as the Cold War came to an end following the fall of the USSR in the early 1990s. With the fall of communism, the paranoia of keeping the developing world outside of Kremlin's influence came to an end. Consequently, the United States and its allies were no longer worried of the probability that radical leaders and revolutionaries in Africa would court Russia and, in the process, lead their countries unto communism. With the end of the fear of communism, it was easy for the United States and other donors to begin to demand governance and political accountability from African leaders.

The persistent demands for accountability from donors helped in some ways to change the nature of political leadership in Africa in the 1990s, from mostly military dictatorship to some form of electoral democracy. However, it needs to be noted that although elections were taking place across the continent, the political space remained riddled with challenges, including the suppression of popular opinion, and the victimization of opposition. In a number of countries, political parties are organized along ethnic/tribal or religious lines, and these identities, rather than party manifestoes or platforms, determine the success or failure of a party at elections.[34] However, it is a fact that the 1990s witnessed an impressive wave of electoral democracy in Africa, despite the observed shortcomings. With a rising wave of democracy and marginal signs of improvements in governance across the board, there was renewed hope that perhaps the African renaissance was finally just over the horizon. But many African states were still bogged down by huge debt burdens in the 1990s, thus complicating the difficulty of achieving growth in these states. As at 1995, Africa's debt stood at 119 percent of the region's gross national product.[35]

By the 2000s, African leaders were vocal in their complaints about the devastating impacts of debt service obligations on the economic survival of their countries. In most countries, public debt had reach unsustainable levels, such that the meagre social services and other government programs could grind to a halt if nothing was done to help the continent out of the debt burden. The loud cries of African leaders reached international audiences in the year 2000 when a coalition of activists under the *Jubilee 2000* banner campaigned for debt cancellation for the very poor countries at the G7 meeting in Cologne, Germany.[36] Following the global campaigns against Africa's huge debt payment to wealthy creditors, debt relief became an important topic in the global development assistance movement. The United Nations came up with the Millennium Development Goals (MDGs), which contained a list of specific goals at the heart of human development that African developing countries must commit to achieving over the next 15 years (from 2000 to 2015). Countries were asked to use part of the proceeds from debt relief to address the goals outlined in the MDG, such as increased primary and secondary school enrollment, improvements in maternal and child health, and such other services directly related to human well-being. Debt reliefs significantly reduced the debt repayment burdens of countries and freed some funds supposedly for commitment into poverty reduction programs needed for the attainment of the MDGs.

Along with the demands on African countries for governance improvements, donors also became increasingly concerned about aid effectiveness in general. An increasing wave of criticisms about the poor performance of aid in terms of achieving desired objectives, and heightened pressure for increased accountability of aid organizations from taxpayers in donor nations exerted a movement for reforms in the administration of the global aid system. In order to achieve enhanced effectiveness of foreign aid, donor countries, aid agencies, non-governmental organizations and international development agencies came up with the Paris Declaration on Aid Effectiveness in 2005. Three years later, the Accra Agenda for Action was developed in 2008.[37] These were landmark documents which contained broad-based initiatives for donors, including multilateral and bilateral donors to promote aid harmonization and integration with the receiving country's systems, and to articulate steps for monitoring performance. The Paris Declaration and Accra Agenda were conceived, at least in part because aid recipients were becoming increasingly critical of the aid agencies and donors. Most of the critiques revolved around the practice of many donors to undermine national systems and institutions and to set up parallel mechanisms supposedly to deliver aid projects. The preference for parallel project delivery systems instead of using existing national systems are largely seen as capable of killing the already weak national systems. This is because those parallel programs tended to draw scarce human resources away from the national public service because the donor projects offered higher pay and better working conditions. In this way, instead of helping to strengthen national institutions to support good governance, foreign aid became an instrument that weakens local institutions,[38] and in the process, undermine national development efforts. Drawn to an extended conclusion, foreign aid then becomes more of a problem than a solution.

As the push for governance reforms continued, donors began to adopt direct interventions on specific programs instead of channeling aid through government agencies in the receiving countries. Emerging challenges, such as the decimation caused by HIV/AIDS and the rampaging devastation of malaria in Africa, created avenues for donors to intervene directly by providing assistance in addressing specific challenges. Although official assistance and some form of budget support continue in some countries, the 2000s saw an increase in the number of direct humanitarian interventions where donors set up structures in a country and directly provide services to the citizens. More details on some of the major direct interventions in the prevention and treatment of HIV/AIDS, malaria, tuberculosis and associated diseases are provided in the next chapter.

Conclusion

African countries began the journey to nationhood on the back of highly extractive and exploitative political and economic institutions that are not conducive for broad-based development. African leaders who assumed political power at independence did little to dismantle the exploitative structures of government, and thus failed to make governance inclusive enough to harness the abilities of the citizens for economic development and social stability. The rest of the world has responded to Africa's development challenges mainly through foreign aid and other forms of development assistance. Despite the influx of donor funds and programs to Africa over the course of these past five decades, poverty has persisted in the continent and most African states have not found a credible trajectory to real growth and development.

Perhaps inspired by the stellar success of the Marshall Plan in rebuilding Europe after the devastation of the Second World War, the industrialized nations had thought that cash transfers would work to bring about development in Africa. The 1960s and 1970s were the period when donors and international development institutions supported African countries in grants and loans to implement national development plans, which included plans for industrialization and building infrastructures. Despite the national development plans, the first two decades of independence witnessed a spike in the poverty and misery index across most of Africa. It need be noted that there are several fundamental differences between Europe after the Second World War in 1945 and Africa after political independence in the 1960s. In 1945, Europe already had long-established functional and inclusive political and economic institutions that worked for all Europeans. Property rights were well defined in Europe, and the political system was not one where the head of government treated the common wealth as their personal estate. Europe had institutionalized political checks and balances and a functional judicial system. The Second World War merely brought about collapse of physical infrastructure, but had no impacts on the institutions or soft infrastructures on which the modern state depends. Therefore, all that Europe needed, for example, was to rebuild the courthouses for a fair and efficient judicial system to recommence, or to rebuild the parliamentary chambers for free political debates to resume. Given this condition, all that Europe needed after the war was financial support to rebuild physical structures.

The case of Africa in 1960 is different compared to the situation in Europe in 1945. In general, most African countries had neither the physical infrastructures nor the right institutions to support economic development. The physical infrastructures were missing, as the colonists were not concerned with the broad-based development of African colonies. On the other hand, the institutions in place in Africa were those that do not support inclusive growth and development because the colonial political and economic institutions in Africa were designed principally to facilitate the exploitation of Africa's resources for use by colonial Europe. The political arrangement was neither inclusive nor designed to promote political accountability. Until the last days of colonialism, Africans had no role in the government of the colonies, and citizens merely took whatever was handed to them from the colonial government. While there were certainly oppositions and protests during colonial rule, such protests were roundly contained and suppressed by the colonial forces. Instead of being treated as citizens, Africans were subjects who basically took orders from the colonial authority. Based on these political arrangements, all organs of the colonial state, including the civil service, the police and every other public office operated with a philosophy anchored on intimidation and exploitation of the masses. On the economic front, property rights were not well defined, and most Africans did not have property rights over their lands. European colonists designed Africa's economies to be mere producers of a limited number of cash crops for export to Europe. In the economic arrangements, Africans were mere producers, and they had no control over the export of their commodities. These were the foundations on which African countries started the journey to nationhood. There were faulty foundations that needed fundamental restructuring before any meaningful development could take place. Unfortunately, at the time of independence there were no attempts to restructure the colonial economic and political institutions in ways that would make them inclusive and that would support real development of African countries.

Perhaps in a bid to atone for the exploitation and extraction meted out to African societies during the colonial period, or out of a sense of charity and altruism, the West has been generous with financial support in the form of aids and other forms of development assistance to Africa. Unfortunately, financial support is not a panacea for Africa's development challenges. The continent's development partners, who erroneously believe that financial and material supports would help to produce real development, may be holding such beliefs due to incorrect understanding of the political economy of development. The less than impressive results recorded from several billions of dollars in foreign aid should be a clear testament that financial support on its own cannot solve Africa's development challenges. While monetary supports may have helped, in some cases, to alleviate some of the challenges that are symptomatic of institutional failure (like helping to provide vaccination against killer diseases, so that the African child does not die from preventable diseases), cash transfers can only be likened to throwing good resources into faulty foundations. The frustrations that often arise when aid evaluations show that progress have been minimal at best, are misplaced. An appreciation of the principal role of the state and its institutions in activating and sustaining real development would show that Africa needs much more than cash transfers if the continent must make the turn to real development. It is that institutional transformation that should be the principal concern of Africa and her development partners, and not financial transfers in aid and grants.

During the past five decades, foreign aid to Africa has taken different forms and the delivery of aid has also evolved during these periods. In the immediate postcolonial periods, donors supported national development plans and the pursuit of industrialization. By the 1970s, development planning had lost currency, as the Washington Consensus and its free market ideas were becoming the new darlings of development economists at the World Bank and the IMF. Consequently, donors became weary of supporting national development plans that traditionally placed a number of important business decisions on the shoulders of government officials. By the 1980s, the Bretton Woods institutions had successfully designed conditional grants and structural adjustment facilities that were sold to African countries. SAP contained a number of conditionalities that essentially revolved around the need for governments to hands off the economy, privatize public corporations, reduce subsidies on most essential commodities, cut down on public sector employment, liberalize the banking sector and generally subject the economy to the dictates of market forces, instead of the decrees of government officials. SAP did not produce the exact results expected by Africa's development partners. The Bretton Woods institutions blamed the failure of SAP to produce expected results on Africa's poor implementation of the reforms, and incorrect sequencing of the prescriptions of SAP.[39] However, critiques point to the failure of the Bretton Woods institutions to take cognizance of the initial conditions, in terms of the type and quality of institutions in Africa at the point of foisting the reforms on the continent.[40] According to this view, Africa's precarious institutions and weak economies in the 1980s should have shown the World Bank and the IMF that SAP would not produce the intended benefits.

The next phase of foreign aid, beginning from around the 1990s, witnessed direct interventions by donors through the use of international and local NGOs. This practice has worked mostly in the area of public health, where donors have directly provided services designed to eliminate malaria, provide vaccinations, or to support the prevention and treatment of HIV/AIDS. The rationale for direct interventions by donors was the feeling that governments sometimes divert aid funds to other activities that are not welfare-enhancing. Donors felt that by delivering services directly through the use of NGOs, the risk of mismanagement of donor funds would be reduced, and in the process, foreign aid would be more efficient and effective in achieving its objectives. Some of the major direct interventions during the past decade include the US President's Emergency Plan for AIDS Relief (PEPFAR), and the Global Fund to Fight AIDS, Tuberculosis and Malaria. These programs provide huge sums of money that are managed outside of the regular national budgets in the countries in which they operate. Targeted aid in the public health arena has produced results by saving lives, according to the objectives of the respective programs. However, targeted aid delivered as directed interventions outside of the government systems have also been accused of weakening public institutions by poaching competent staff from the public service through the offering of higher salaries and better working conditions. Such programs end up creating parallel systems, duplicating efforts and generally undermining the system building roles that foreign aid should help to accomplish.

Beginning in the 2000s, calls for a review of the global aid system for more effectiveness became loud and persistent. Under the auspices of the OECD, donors came together to draw up the Paris Declaration for Aid Effectiveness in 2005, and the Accra Agenda for Action followed in 2008. The rationale for these initiatives was to design a framework for effective collaboration and harmonization of the disparate aid projects spread across the developing world. The Paris Declaration and Accra Agenda also emphasized the need for better effort at creating bottom-up approaches and encouraging the ownership of donor projects by the receiving communities. At least the Paris Declaration and the Accra Agenda represented some form of acknowledgment by donors that there is need for reform of the aid system in order to improve aid effectiveness. The next chapter will consider in some detail how foreign aid has fared in Africa during the past five decades.

Notes

1. World Bank, *World Development Report* (Washington, DC: World Bank, 2014).
2. Daron Acemoglu, Simon Johnson and James A. Robinson, "The Colonial Origins of Comparative Development".

3. Australia, Canada, New Zealand and the United States are good examples of former "settler" colonies that the British imperialists built up to become "Neo-Europes". South Africa is the most notable exception in Africa, where Europeans chose to settle and develop proper infrastructure in areas where the whites settled, while leaving the rest of the country in a terrible state.
4. Westad, *The Global Cold War.*
5. Schmidt, *Foreign Interventions in Africa*.
6. The case of the American government's overt support of General Mobutu against the elected government of Prime Minister Patrice Lumumba in Congo in the 1960s readily comes to mind here.
7. Westad, *The Global Cold War*, 399.
8. Tony Killick, "Development Planning in Africa: Experiences, Weaknesses and Prescriptions," *Development Policy Review* 1, no. 1 (1983): 47–76.
9. Ibid.
10. See Richard Mayne, *The Recovery of Europe, 1945–1973* (Garden City, NY: Anchor Books, 1973); Charles Mee, *The Marshall Plan: The Launching of the Pax Americana* (New York, NY: Simon and Schuster, 1984).
11. World Bank, *Sustainable Development in Sub-Saharan Africa*.
12. Ronald McKinnon, *Money and Capital in Economic Development* (Washington, D.C: Brookings Institution, 1973).
13. Edward Shaw, *Financial Deepening in Economic Development* (New York: Oxford University Press, 1973).
14. Organization of African Unity, *The Lagos Plan of Action for the Economic Development of Africa*. (Addis Ababa: OAU, 1980).
15. Ibid.
16. Ibid., p. 7.
17. This is the case in Angola, where the president's daughter, Isabella Dos Santos, was quoted by *Forbes* as Angola's richest person with estimated wealth of $3 billion in 2013; acquired through her involvement in all major oil transaction in the oil-producing nation. Forbes, Africa's Richest Woman Appointed as Head of Angola's State Oil Firm. http://www.forbes.com/sites/mfonobongnsehe/2016/06/03/africas-richest-woman-appointed-as-head-of-angolas-state-oil-firm/#6b4769886cef. Accessed December 2, 2016.
18. This was the case in the Democratic Republic of Congo under Mobutu Sese Seko. See, William Reno, *Warlord Politics and African States* (Boulder, CO: Lynne Rienner, 1998).
19. See Richard Joseph's insightful work on prebendalism in Nigeria: Richard A. Joseph, *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic*, (Cambridge: Cambridge University Press, 1987).
20. Berg, *Sustainable Development for Sub-Saharan Africa*.

21. Ibid., 3.
22. Moyo, *Dead Aid*.
23. Bird and Rowlands, "The Pattern of IMF Lending".
24. See Howard Stein, Olu Ajakaiye and Peter Lewis, eds. *Deregulation and Banking Crisis in Nigeria: A Comparative Study* (New York, NY: Palgrave, 2001); Mkandawire and Soludo, *Our Continent, Our Future*; Julius Ihonbvere, "Economic Crisis, Structure Adjustment and Social Crisis in Nigeria," *World Development* 21, no. 1 (1993): 141–53.
25. Ihonbvere, "Economic Crises, Structural Adjustment".
26. Robert H. Bates, John H. Coatsworth and Jeffrey G. Williamson, "Lost Decades: Postindependence Performance in Latin America and Africa," *The Journal of Economic History*, 67 no. 4 (2007): 917–43.
27. World Bank, *Adjustment in Africa: Reforms, Results and the Road ahead* (Washington, DC: World Bank, 1994).
28. Mrinal Datta-Chaudhuri, "Market Failure and Government Failure" *Journal of Economic Perspectives* 4, no. 3 (1990): 28.
29. Mkandawire and Soludo, *Our Continent, Our Future*.
30. Habiba Ben Barka and Mthuli Ncube, "Political Fragility in Africa: Are Military Coups d'état a Never Ending Phenomenon?," *AfDB Chief Economist Complex*, September 2012.
31. World Bank, *Adjustment in Africa*; International Monetary Fund, *Nigeria: Experience with Structural Adjustment* (Washington DC: IMF, 1997).
32. See Stein, Ajakaiye and Lewis, eds. *Deregulation and Banking Crisis in Nigeria*, on the liberalization of Nigeria's banking sector, where it was reported that top military officers acquired most of the new banking licenses.
33. For a detailed analysis of the role of institutions in economic performance, see Douglas North, *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990).
34. Van de Walle, "Presidentialism and Clientelism".
35. Jonathan E. Sanford, "Africa's Debt Burden: Proposals for Further Forgiveness," *CSIS Africa Notes* 189 (1996), 1–10.
36. David Roodman, "The Arc of the Jubilee," *Center for Global Development Essay*, October 2010. www.cgdev.org/content/publications/detail/1424539.
37. See "The Paris Declaration on Aid Effectiveness and the Accra Agenda for Action". http://www.oecd.org/development/effectiveness/34428351.pdf. Accessed on November 12, 2013.
38. Birdsall, "Seven Deadly Sins: Reflections on Donor Failings"; Todd Moss, Gunilla Pettersson, and Nicolas van de Walle, "An Aid–Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa," in *Reinventing Foreign Aid*, ed. William Easterly (Cambridge, MA: MIT Press, 2008).

39. International Monetary Fund, *Nigeria: Experience with Structural Adjustment*.
40. Mrinal Datta-Chaudhuri, “Market Failure and Government Failure” *Journal of Economic Perspectives*, 1990, 4 no. 3, 25–39; Mkandawire and Soludo, “Our Continent, Our Future”.

Bibliography

Bates, Roberts, John H. Coatsworth, and Jeffrey G. Williamson. 2007. Lost Decades: Postindependence Performance in Latin America and Africa. *The Journal of Economic History* 67 (4): 917–943.

Datta-Chaudhuri, Mrinal. 1990. Market Failure and Government Failure. *Journal of Economic Perspectives* 4 (3): 25–39.

Ihonbvere, Julius. 1993. Economic Crisis, Structure Adjustment and Social Crisis in Nigeria. *World Development* 21 (1): 141–153.

Joseph, Richards. 1987. *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic*. Cambridge: Cambridge University Press.

Killick, Tony. 1983. Development Planning in Africa: Experiences, Weaknesses and Prescriptions. *Development Policy Review* 1 (1): 47–76.

Mayne, Richard. 1973. *The Recovery of Europe, 1945–1973*. Garden City: Anchor Books.

McKinnon, Ronald. 1973. *Money and Capital in Economic Development*. Washington, DC: Brookings Institution.

Moss, Todd, Gunilla Pettersson, and Nicolas van de Walle. 2008. An Aid–Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa. In *Reinventing Foreign Aid*, ed. William Easterly. Cambridge, MA: MIT Press.

Organization of African Unity. 1980. *The Lagos Plan of Action for the Economic Development of Africa*. Addis Ababa: OAU.

Reno, William. 1998. *Warlord Politics and African States*. Boulder: Lynne Rienner.

Sanford, Jonathn. 1996. Africa’s Debt Burden: Proposals for Further Forgiveness. *CSIS Africa Notes* 189: 1–10.

Shaw, Edward. 1973. *Financial Deepening in Economic Development*. New York: Oxford University Press.

World Bank. 1994. *Adjustment in Africa: Reforms, Results and the Road ahead*. Washington, DC: World Bank.

———. 2014. *World Development Report*. Washington, DC: World Bank.

CHAPTER 5

Foreign Aid to Africa: How Far and How Well?

As shown in the previous chapter, foreign aid to African countries have evolved during the past five decades. Africa's development partners have experimented with different forms of aid, and different modes of aid delivery have been used at different periods. Proponents of foreign aid had erroneously assumed that increasing the flow of funds to poor countries would check poverty and reduce the number of poor people globally. For example, Jeffrey Sachs, in his book *The End of Poverty: Economic Possibilities for Our Time*, suggests that additional funds to African countries would go a long way in helping the world to end poverty in the continent. According to him, "the new Sustainable Development Goals will not only set the goal of ending poverty but provide a general framework for doing it as well… Success in ending Africa's extreme poverty can be summarized in four broad categories: infrastructure, social services, industrialization, and environmental sustainability."[1] It is interesting that Sachs' *four broad categories* do not explicitly include institutions and governance reforms in a region known for perverse state institutions that hinder, rather than encourage, growth and development.

Similarly, the United Nations Millennium Development Account suggested that poverty in the least developed countries could be eradicated if poor countries put in place *good policies* and if rich nations increased aid flows to the poor countries.[2] This optimism displayed by proponents of more foreign aid and the generosity often shown by the rich countries are commendable, even if on humanitarian grounds. However, a number of

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_5

studies question the effectiveness of foreign aid, suggesting that increasing the flow of cash and technical assistance – which have been the most common form of foreign aid – cannot reduce the incidence of poverty.[3] Poverty in Africa, as in other poor societies, is a multifaceted problem that needs much more than foreign aid to abate. Donors can build schools, but they are not likely to develop and implement national education curricula that would guide instructions in the schools. It is this form of asymmetry or disconnect between input and outcome that Daron Acemoglu and Simon Johnson[4] alluded to, when they noted that despite the aid flows to Liberia, in 2012 every student who sat for entrance examination into the University of Liberia failed the test. Cash transfers or the building of new schools by donors did not create the conditions for good academic performance in Liberia. Similarly, foreign aid can help to raise the enrollment numbers in schools, but aid will not likely create the inclusive institutions that would help high school or college graduates to find gainful employment or to set up their own businesses.

Foreign aid has been misconstrued as a tool to fight poverty, instead of focusing on its appropriate role which is to soothe or ameliorate the pains of poverty. In practice, an effective way to eradicate poverty is to address the principal causes of poverty. The dominant regime of foreign aid does not have the capacity to eradicate poverty, and the world needs to think differently about how to assist African countries towards economic growth and structural transformation. This by no means suggests that cash and material transfers to poor countries have all been in vain – foreign aid has certainly helped in many cases to address some of the pains of poverty. For example, foreign assistance to eradicate killer diseases such as polio or cholera, and the provision of anti-malaria drugs, and antiretroviral drugs for the treatment of HIV/AIDS in the poor countries have certainly served useful purposes. A number of studies have concluded that despite their relative ineffectiveness in inducing growth, foreign aid has been useful in targeted programs in the public health arena, and has helped developing countries to address some public health challenges.[5] It is indeed probable that there have been cases where foreign aid has not been efficiently and effectively delivered or where aid has fueled corruption and bad governance. However, even where there is demonstrated prudence in aid administration, foreign aid can only soothe the pains of poverty. It cannot actually curb the incidence of poverty.

The focus of this chapter is on how foreign aid has so far performed as a tool for eradicating poverty or, more broadly, how foreign aid has aided economic growth and development in Africa. The literature on the political economy of development in Africa is unambiguous on the inability of the present configurations of African states and public institutions to be truly developmental. Africa's "big man" rule, with its institutionalized clientelism and partrimonial networks, has thrived on the back of pervasive corruption and the perverse privatization of public offices by successive rulers and politicians.[6] It is this form of anti-developmental state structures and extractive public institutions that have been the biggest drawback to growth and development in the continent. The question then is whether foreign aid has the capacity to address the institutional and leadership challenges that have been identified as the biggest obstacle to growth and development, and the major cause of widespread poverty in the region. Is there a possibility that doubling the volume of aid to African countries, as has been recommended in some quarters, would help to improve governance institutions and change the mindset of corrupt leadership in these countries? Is it possible that doubling of aid would help transform extractive public institutions and make such institutions more inclusive and able to support real development? In effect, can the rest of the world use foreign aid to procure developmental states for Africa?

Foreign Aid and Institutions

During the past five decades, Africa has received more foreign aid than any other region of the world.[7] Despite the huge aid flows, Africa remains the poorest continent, and in 2014 it became the region with the highest number of poor people on Earth,[8] following the impressive transformation in Southeast Asia during the past decades. Perhaps one can conclude that Africa receives huge aid flows because a majority of the population is poor. Conversely, one can also argue that poverty has become widespread because African countries have been aid-dependent. But the huge aid flows to Africa have not been successful in improving the governance institutions and/or enhancing the Human Development Index across the countries.[9] In addition, evidence of poor-quality political leadership characterized by pervasive corruption and unaccountable governments continue to be the defining features of many African states. These features are incompatible with the characteristics of developmental states where the preoccupation of the state is to foster broad-based development.

The question that is often asked is whether foreign aid can help in the transformation of public institutions or lead to improved governance in

African states. How, for example, would an increase in the flow of external funds help to transform the state and its institutions to focus on developmental programs, rather than satisfying the selfish desires of state officials? Or is it possible, as has been suggested in the literature,[10] that foreign aid could weaken national institutions and exacerbate unaccountable political leadership, leading to more development failures? Nicolas van de Walle[11] has argued that foreign aid provided to bad governments actually causes more problems for the poor in those countries. Foreign aid may be viewed as "unearned income", which can have distortionary effects as it creates disincentives to build social contracts between the state and its citizens. This disincentive arises where the government receives most of its revenues from sources other than taxes. In such a situation, the government can expend the resources as it desires, without due consideration to the needs of the citizens. Because the citizens have not contributed to the public revenue, they do not have strong incentives to hold the government accountable for improper use of aid funds. When citizens do not hold the government accountable, state institutions can deteriorate and the state becomes more detached from its citizens.

Given the importance of inclusive institutions in the achievement of growth and development, one way that foreign aid can help to produce development is for aid to be targeted as a form of "subsidy" designed to achieve long-term goals such as enhanced "revenue collection, investment in physical and human capital, and the establishment of the institutions of a developmental state."[12] This form of targeted aid has proven helpful in some areas such as public health initiatives where measures of success are fairly more straightforward than, for example, institutional reforms or improvements in governance arrangements. It is perhaps the difficulty associated with institutional reforms that often makes it convenient for donors to focus on social programs, whose impacts are more amenable to objective quantitative measures. Foreign aid delivered as subsidy targeted at the achievement of specific goals is more likely to produce developmental benefits, as has been demonstrated in Botswana and South Korea, where foreign aid was used to facilitate the development of long-term institutions for development.[13] In assessing the role of foreign aid in producing the institutional reforms that facilitated growth and development in the two countries studied by Moss et al., it is important to examine the existence of complementary factors that made it possible for aid to serve as the "subsidy" for institutional reforms in these countries. Foreign aid delivered to countries with corrupt political leadership may end up providing more funds for the private enjoyment of politicians and their cronies, than in building the institutions that would facilitate growth and development. It is the importance of developing the initial conditions of good governance and accountable political leadership that has made foreign aid less successful in generating enough positive impacts on the development trajectory. Because many aid-receiving states are also under the yoke of extractive political institutions, majority of evidence shows that aid has not been very successful in building the institutions necessary for growth. In predatory states with high levels of government corruption, foreign aid would largely be ineffective, whether delivered as a short subsidy or as long-term program support.

Because institutions are critical determinants of the nature and quality of economic growth and development, any assessment of the role of foreign aid in economic development in Africa should interrogate the aid–institution relationship in order to ascertain how foreign aid has impacted the evolution of governance institutions in African countries. As noted by Deborah Brautigam and Stephen Knack,[14] theory does not provide a clear direction between foreign aid and institutions. For one, aid can lead to improvements in the quality of institution by making funds available to national governments to address funding needs related to capacity building and physical infrastructure. Similarly, aid can provide expatriate skills that could help strengthen the local civil service and other key institutions. At the other end, aid may make it difficult and almost impossible for the receiving countries to develop national institutions. This can happen in cases where donors set up parallel systems that compete with the national system for the limited human resources available in the country. In addition, large amounts of aid to a country can create moral hazards where the aid-receiving government fails to provide essential services because the government believes that donors will step in to provide those services. In the same vein, government officials may adopt profligate actions and misappropriation of funds because of the belief that donor funds will be available to address funding gaps.

In a study of the impacts of foreign aid delivered as supports for specific projects in Sub-Saharan Africa, Elliot Morss[15] found that foreign aid produced unintended negative effects by destroying public institutions in the receiving country. This happens where donors make demands on the country, such as the provision of project coordinators, domestic monitoring and evaluation officers and other resources necessary for the implementation of the donor project. Morss used the example of Malawi to buttress the institution–destruction consequence of foreign aid. In this case, Malawi had a total of188 projects supported by 50 different donors – and the Ministry of Agriculture alone was managing 44 different projects.[16] Supporting these different projects became an enormous burden for the Malawian government, and the country could not find domestic capacity to manage its national operations and these disparate projects. Apart from allowing foreigners to take up positions in government ministries and departments, the country could not effectively coordinate the multitudes of aid projects. The result was confusion and wasteful duplication of efforts, as different donors were sometimes providing similar services.

In countries that receive foreign aid as budget support – where aid goes into government budget as part of revenues for implementing government programs in a given fiscal year, aid funds are susceptible to mismanagement and corruption that are often associated with government expenditure. Where there is systemic weakness in the public finance system, there is virtually no way to isolate aid funds for separate and more transparent accountability mechanisms. In effect, aid delivered as budget support under weak institutions would likely suffer the same fate of mismanagement that apply to government finances. Given that many African countries are still burdened by perverse governance institutions that reinforce or condone corruption, it is often convenient for donors and aid agencies to explain poor result of aid programs on Africa's weak state capacity, poor accountability mechanisms and a general lack of orientation toward state provision of public goods.[17] While weak institutions and government's predilection for corruption and bad choices constitute credible impediments to development, the question that should occupy the minds of aid agencies and donors, according to Moss et al., are: "Why has the large volume of aid devoted to capacity building not had a bigger impact on improving these public institutions, and transforming them into… more rational bureaucracies?"[18] This question should undoubtedly be a concern to those who believe that doubling foreign aid would take African countries closer to achieving real development. During the past five decades, bilateral and multilateral donors have invested huge amount of aid funds towards capacity building and other programs that should have helped the countries along the path of institutional strengthening and capacity building. However, existing evidence shows that despite the huge volume of aid, most of these countries have not experienced significant improvements in their public institutions.

Moss et al. identify several routes through which foreign aid can have negative impacts on institutions in aid-receiving countries. First, is the potential impacts of large aid flows on a country's real exchange rate and on the competitiveness of its export sector. In this regard, volatility in aid flows could create difficulties in the management of a country's exchange rate. In addition, large volumes of aid could predispose a country to the same "resource curse" or "Dutch disease" associated with natural resources revenues – where a country receives large inflows of foreign exchange without meaningful value addition, and such "free funds" create disincentives to investment in other sectors of the economy. These macro-effects could create institutional weaknesses and undermine "the ability of the state to make the transition from patrimonialism to a more developmental path."[19]

In addition to the negative macroeconomic effects of aid flows, aid recipients have often complained of other challenges associated with donor policies and practices that tend to create more problems for the local systems than it can solve. On the other hand, donors sometimes complain of weak capacities, and institutional rigidities that create impediments to successful implementation of aid projects. From the point of view of the aid-receiving countries, donors' high demands on the time and resources of the receiving government create tensions between the donor and recipients, and negatively affect the success of aid programs. Nancy Birdsall[20] note that complying with the demands of multiple donors takes a substantial toll on the recipient's time and resources, often leading to the beneficiary's inability to keep up with their regular mandate. This problem is more acute in areas where there are different donors working on similar projects and making demands on the limited time and other resources available to the host government agency or community. In an attempt to satisfy the demands of each donor, the host government often run into difficulties providing the coordination and oversight necessary to ensure the success of aid programs.

Our fieldwork in Nigeria, which will be discussed in full in the following sections, revealed that US-supported PEPFAR programs and the Global Fund's interventions on HIV/AIDS, tuberculosis and malaria constituted a heavy burden on the government agencies that were supposed to help in the coordination of these public health initiatives. The proliferation of aid projects in African countries, with many donor agencies often working on the same projects, have impacted negatively on the success of some of these projects. The interventions of different donors on the same projects create difficulties in management and coordination. In the area of public health – which currently receives huge attention from donors – each donor is interested in counting its own numbers, in order to justify its work to its funders. In the process, the quality of service often deteriorates and donor projects become susceptible to the same challenge often faced by receiving government's regular programs.

Public Health Interventions in Nigeria: PEPFAR and the Global Fund

Since the 1990s, the global HIV/AIDS pandemic has remained one of the greatest public health and developmental challenges facing the world. With the Sub-Saharan African region as its epicenter, the global AIDS response has witnessed a massive injection of foreign aid to address the pandemic's multifaceted social, economic and human security challenges. While progress has been made in reducing the negative impacts of this pandemic, the health systems in most of Africa remain a shambles. In a meeting convened by the National Agency for the Control of AIDS (NACA) in Abuja, Nigeria on October 30, 2013, participants from the United Nations agencies, United States Centers for Disease Control and Prevention (CDC), US President's Emergency Plan for AIDS Relief (PEPFAR), the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund), the international NGOs implementing most of the health sector interventions, Nigeria's Federal Ministry of Health, and NACA reviewed the widely disparate HIV/AIDS services provided by agents of PEPFAR and the Global Fund in Nigeria. The participants explored the potential mechanisms for harmonization of services for the greater benefits of Nigerians.

The precursor to this "aid harmonization" meeting was the widespread rejection of services by clients in HIV treatment facilities funded by one donor, and the migration of these clients to facilities funded by another donor. The reason: one donor provided more than antiretroviral drugs, and invested in other soft infrastructures such as the refurbishment of treatment facilities and the provision of incentives for health workers. On the other hand, the other donor provided just the antiretroviral drugs and a few basic essentials needed to ensure that drugs are dispensed to clients. In this case, although the donors were working on the same project, they had different approaches, and their different methodologies and strategies created conflicts and confusion amongst health workers, government officials and the clients for whom the services were provided. Across many African countries, fragmented interventions by several aid agencies are producing suboptimal results, creating confusion in the communities and weakening local institutions by poaching staff from the national health system into ad hoc and unsustainable donor projects.

As in most things, Nigeria is an interesting case with regard to the public health interventions by aid agencies. Given Nigeria's huge population, an outbreak of public health epidemic in the country could be catastrophic for the entire West African subregion. Consequently, donors have often been willing to provide Nigeria with support in different areas of public health. There are a number of public health programs which have been funded by donors on a continuous basis in Nigeria. In this sections we provide a summary of the results of our fieldwork covering two major donor-funded public health programs in Nigeria – the US President Emergency Plan for AIDS Relief (PEPFAR) and the Global Fund to Fight AIDS, Tuberculosis and Malaria (the Global Fund) programs.

President George W. Bush launched the PEPFAR in 2003. This is the US government's initiative to save lives by providing resources for the prevention of HIV/AIDS, as well as the treatment, care and support for people living with the virus around the world. The program also helps to alleviate the challenges posed by other diseases around the public health spectrum.[21] PEPFAR makes huge investments in its chosen focus, and it is by far the largest single commitment by any nation to combat a single disease.[22] The US government notes that the PEPFAR is America's landmark program in the US president's Global Health Initiatives. Given its sheer scale and depth, PEPFAR merits more than passive attention when analyzing foreign aid in Africa.

By its structure, PEPFAR operates as an off-budget initiative, which means that the funds are not organized as budget support to the receiving countries. PEPFAR funds are expenditure outside the national budgets of the receiving countries. Operationally, the receiving countries have no hand in managing PEPFAR funds, because the program relies heavily on the use of NGOs. In many cases the governments have no knowledge of where or how PEPFAR funds and associated projects are delivered.[23] While the lack of government involvement in the delivery of PEPFAR programs does not necessarily imply that the program is not achieving its results, it could pose significant challenges in coordination, and could lead to the wasteful duplication of services. A major issue with PEPFAR program's independence from the national system is the sheer size of PEPFAR's interventions.

Melissa Lee and Melina Izana noted that “PEPFAR aid is also large in magnitude relative to the size of recipient countries’ health sector budgets, sometimes accounting for more than the total amount of government health spending.”[24] According to the authors, PEPFAR accounts for more than 100 percent of the total government health spending in a total of 14 country-years in countries including, Ethiopia, Kenya, Mozambique, Rwanda, and Uganda.[25] One can imagine the level of dislocation that a program of that magnitude could have on the national system, especially where the program is delivered as a stand-alone initiative distinct from the national health system. Currently, PEPFAR operates in almost all Sub-Saharan African countries. As at 2012 the program had committed approximately $37 billion in bilateral support towards HIV/AIDS program, $7.4 billion in contribution to the Global Fund to Fight AIDS, Tuberculosis and Malaria (GFATM), and $1.4 billion to Tuberculosis programs.[26] Over 90 percent of PEPFAR’s direct bilateral funding goes to Africa. Between 2004 and 2012, PEPFAR’s direct intervention in South Africa was about $3.4 billion, $3 billion in Kenya, and approximately $2.8 billion in Nigeria; with Ethiopia, Tanzania, Uganda, and Zambia each receiving an average of $2 billion in direct funding during the period.[27]

The Global Fund is a multilateral funding mechanism set up to harness resources to tackle the three diseases of HIV/AIDS, tuberculosis and malaria. According to its official website, the Global Fund is a partnership between governments, the private sector, civil society and people affected by the three diseases. The Global Fund raises funds to support efforts to fight the three diseases.[28] Like PEPFAR, the Global Fund is a major player in the public health sector of many African countries. From its inception in 2002 to 2015, the Global Fund has signed grant agreements totaling $37.7 billion, out of which it has committed a total of $34 billion, while actual disbursement stood at $33.3 billion as at end of 2015.[29] Again, African countries are by far the highest recipient of Global Fund grants. As at 2015, Nigeria was the biggest single recipient of the Global Fund grant, with grant agreement totaling $2.2 billion for Nigeria alone, which represents about 6 percent of the Global Fund total portfolio. Other big recipients include Tanzania at $1.8 billion, Malawi and Rwanda both at $1.2 billion; with Zambia and Zimbabwe, each signing grants totaling $1 billion and $1.1 billion, respectively.[30]

Interestingly, PEPFAR is also active in all the countries that receive huge grants from the Global Fund. As one may expect, the combination of grants from these two sources amount to more than the health budget of most of these countries, making PEPFAR and the Global Fund very important players in the health sectors of many African countries. However, despite the fact that PEPFAR and the Global Fund are focused on addressing the same public health challenge – HIV/AIDS (in addition to malaria and tuberculosis for the Global Fund), there is little collaboration between the two funding organs. Our fieldwork in Nigeria provides empirical support for some of the argument in the literature regarding the wasteful proliferation of similar projects, with some projects often conflicting and creating confusion in the host communities.[31] Perhaps because each of the funding organs have different targets and different reporting responsibilities, there is little in the way of collaboration to enhance efficiency and to reap benefits from economies of scale. In Nigeria, PEPFAR and the Global Fund maintain separate sites for the provision of the same services. In some instances, the two organizations operate in the same health facility, but with each organization providing its services according to its program of work and operational plans. Each funding body has its own list of clients and takes credit for services rendered to those clients.

One intriguing part of this service arrangement is that some of the NGOs who deliver these services work for both PEPFAR and the Global Fund at the same time. Although these organizations claim to maintain separate records for each funding body, a recurring issue with this rather confusing and inefficient arrangement is the problem of double counting where the same individual is counted as PEPFAR's clients and at the same time counted for the Global Fund. Specifically, in instances where the same person receives part services from PEPFAR and part from the Global Fund, there is the recurring issue of attribution – for example, which organization should take credit for client "A" who receives a laboratory test from PEPFAR and another part of the services from the Global Fund? This and many other avoidable sources of confusion characterize the public health programs funded by the Global Fund and PEPFAR in Nigeria. Unfortunately, this is also representative of the approach adopted in other African countries.

The creation of separate programs by different donors increases the total amount of money spent on overhead and administration, and reduces the amount spent on actual public health interventions. This is because every project has to recruit its own staff, pay rent, and procure project vehicles amongst other overhead costs. If these programs were better coordinated, both programs would record enormous savings on overhead, and service delivery will be more efficient. We found that the reporting needs of each donor seem to take precedence over the efficiency of the actual public health impacts of the respective programs. The service providers engaged by the Global Fund were more interested in reporting numbers, because, according to them, the grant is "performance-based", implying that continued receipt of funds is based on the performance of previous and ongoing funding. With this mindset, the NGOs were more interested in reporting numbers than on harmonizing the programs, identifying complementarities and developing a more holistic and effective public health program. In an interview with health workers in Nigeria, one respondent noted as follows: "we have to prepare separate reports for the Global Funds and another report for PEPFAR, each donor wants to see the number of clients counselled, tested and treated with the grant it provided. Sometimes it seems as if there is subtle competition between the donors. No donor wants to be seen as not producing enough results from its grant."[32]

The lack of harmonization of services by the two major donors created the scramble for numbers and the risk of double counting, as each donor tries to present reports that would make it look effective in discharging its responsibilities. The public health programs by PEPFAR and the Global Fund in Nigeria show unambiguously that there is ample room for efficiency gains through program harmonization and donor collaboration. It is simply wasteful to duplicate services that could be provided only once. For example, the cost of monitoring and evaluation could be significantly reduced if the programs were harmonized. In addition, a harmonized public health program would lead to uniform standards and avoid a situation where clients prefer one program to the other. Harmonization would also not create confusion in the communities where the services are provided. With different donors providing either the same or similar services, patrons are often confused and unsure of which one to patronize and even when they select a particular program, they are sometimes unable to identify the difference. In some of the health facilities, many clients really cannot distinguish between PEPFAR and the Global Funds. In the confusion, the same client could wrongly be registered in each of the program. This form of double counting distorts the whole picture of service provision and makes planning difficult.

Perhaps the biggest challenge with the two public health programs is that they run parallel to the government health program. It is helpful that the programs use government health facilities, as well as private clinics in some places. However, besides delivering its services in these facilities, every other major component of PEPFAR and the Global Fund are outside the government system. The procurement of drugs and other commodities are handled completely outside the government systems, and other major program delivery decisions are in reality outside government control. In this process, there is the missed opportunity of building the capacity of public servants and strengthening the national health system. The implementation of such huge public health programs outside of the government systems could actually weaken, rather than strengthen, the national health system.[33] What we observed in Nigeria is that health workers prefer to work with NGOs managing donor funds, because of the higher pay and better working conditions compared with salaries in the public sector. Although the services are mostly provided in the same health facilities built by the government, the NGOs delivering donor programs usually pay much higher salaries than the salaries of government employees. This disparity often creates significant challenges between civil servants and NGO staff implementing donor programs; and often leads to persistent demands for pay increases by civil servants who are unable to secure employment with the NGOs. The disparity in pay and working conditions often lead to an internal brain drain, where health workers migrate from the national system to donor projects, which have better remuneration. Such dysfunctionality can create negative effects on other components of the health system.[34]

Our fieldwork sets out to assess the impacts of the Global Fund and PEPFAR programs on Nigeria's health system. The proxy for health system is based on a study conducted by the US Center for Disease Control and Prevention, which highlighted six key ingredients for strengthening national health systems.[35] These ingredients are critical irrespective of the administrative structure adopted, and are relevant across space and time. They include:

(i) Availability of reliable health records and adequate epidemiological information.
(ii) Development of strong public health divisions, including the strengthening of the Ministry of Health.
(iii) Establishing strong public health laboratory networks.
(iv) Building a skilled and capable workforce that is responsive and accountable.
(v) Implementing key public health initiatives.
(vi) A system of high-quality and relevant operational research.

Specifically, we explored the contributions, if any, of the Global Fund and PEPFAR programs in Nigeria towards achieving the six ingredients of a public health system listed above. The major part of the fieldwork included interviews of key stakeholders in the HIV/AIDS sector in Nigeria, as well as visits to some health facilities where donors provide services to clients. Interviews were conducted in Abuja in the summer of 2016, and our fieldwork included visits to healthcare facilities in five states, plus the Federal Capital Territory. The selection of candidates for interview were based on the candidate's demonstrated involvement in the HIV/AIDS sector, either as a program implementer, policy maker, or civil society organization. Respondents were generally asked to identify how the PEPFAR and Global Fund programs have impacted on each of the six ingredients of the public health system listed above.

The impacts of each program were considered separately. In effect, the questions were specific to particular programs, so as to ascertain whether there are differences between the PEPFAR and the Global Fund programs in terms of system strengthening. For the Global Fund, respondents were almost unanimous in their assessment that the program has made, or is making, little or no impact on Nigeria's national health system. Indeed, one respondent noted that if the Global Fund ceases to exist today, it would have no identifiable legacy other than some people who may remember that the Global Fund once assisted Nigeria in the treatment, care and support of people living with HIV/AIDS. Although the Global Fund actually approved a grant – the Global Fund "Round 8" grant – specifically dedicated to health system strengthening, empirical evidence shows that the program did not produce appreciable results in terms of systems strengthening, at least, along the lines identified by the CDC's definition outlined above. One respondent noted that the Round 8 grant had incorrect understanding of what health system was all about. According to the respondent, the grant "basically provided some money for repainting of primary health centers, provided tables and chairs to these facilities and, in some cases, the grant provided electric generators to some health facilities."[36] For sure, the provision of antiretroviral drugs for the management of AIDS patients and the prevention of avoidable deaths is an important contribution of the Global Fund. However, it is also true that the volume of funds committed to the project could have produced wider health system benefits that would go a long way in strengthening the public health system and creating a healthier society. It was the need for better coordination of aid programs and the proper alignment of donor activities with the national systems for better results and sustainability that led to the famous Paris Declaration of Aid Effectiveness, and the Accra Agenda for Action.[37]

The operational modalities of the Global Fund and the PEPFAR programs in African countries generally do not comply with the Paris Declaration of Aid Effectiveness in terms of "ownership, harmonization, results and mutual accountability". The Paris Declaration specifically recommends as the following actions which is worth quoting:

(i) "Strengthening partner countries' national development strategies and associated operational frameworks (e.g., planning, budget, and performance assessment frameworks).
(ii) Increasing alignment of aid with partner countries' priorities, systems and procedures and helping to strengthen their capacities.
(iii) Enhancing donors' and partner countries' respective accountability to their citizens and parliaments for their development policies, strategies and performance.
(iv) Eliminating duplication of efforts and rationalising donor activities to make them as cost-effective as possible.
(v) Reforming and simplifying donor policies and procedures to encourage collaborative behaviour and progressive alignment with partner countries' priorities, systems and procedures.
(vi) Defining measures and standards of performance and accountability of partner country systems in public financial management, procurement, fiduciary safeguards and environmental assessments, in line with broadly accepted good practices and their quick and widespread application."[38]

Our findings with the Global Fund and PEPFAR programs in Nigeria suggest that these donors pay little attention to developing the national systems, but are concerned more with providing the required numbers or targets to the Congress, for PEPFAR; and the Executive Board for the Global Fund. Concerns with building and strengthening the national health system are secondary, if ever considered in the operations of these donors. The non-alignment of donor objectives with national development goals should be one of the factors to show that real national development could never be achieved through reliance on foreign aid. Donors generally have specific goals, often defined by the sponsors or aid administrators. In many instances, these goals are in contrast or at least non-aligned with the national development agenda.

Melissa Lee and Melina Izama[39] demonstrate the potential negative externalities that could arise from large donor projects like PEPFAR and the Global Fund that are targeted at a specific project or disease. Using a case study of PEPFAR programs in Sub-Saharan African countries during the period 2003 to 2009, Lee and Izama examined the unintended impacts of these programs on the receiving countries. The authors show that PEPFAR programs produce significant negative externalities on other health indicators, suggesting that the flow of a huge amount of money towards specific targets creates more problems for the public health system. They argue that its huge size (PEPFAR is the largest ever bilateral or multilateral aid program to target a single disease) and its highly specific targets, which was to "prevent 7 million new HIV infections, treat 2 million people living with HIV/AIDS, and provide palliative care for 10 million people affected by HIV/AIDS";[40] strongly predispose PEPFAR to a high probability for negative externalities. For one thing, the large volume of funds that flow from abroad into the program could distort national systems and create more problems than the program could resolve. Take, for example, the case of Uganda where the government spent approximately $160 million on the national health sector in 2007–2008. PEPFAR's commitment to HIV/AIDS in Uganda over the same period was $295 million, and funding from other donors amounted to about $90 million.[41] In effect, donor funds targeted at a specific disease accounted for multiples of the entire national health budget of Uganda during the same year. Yet the government of Uganda played no part in managing the donor funds, and the donors were under no obligation to align aid programs with Uganda's national health agenda. It is true that African countries need the support of foreign donors, but the way and the manner in which some of the funds are disbursed, in many instances create more problems and help to keep African countries perpetually in need of more aid.

PEPFAR and the Global Fund programs are designed in ways that do not give receiving countries any role in managing the program. Even where government departments and agencies are co-opted into program implementation, major decisions, including the program focus and operational frameworks are determined almost exclusively by the donor. The government agencies in the receiving country may be used to assist with program implementation and reporting. Key program decisions are dictated by officials from Geneva and Washington, and by "experts" hired by the donors to give directives. It is true that aid delivered as budget support could have its own challenges, such as being susceptible to corruption and mismanagement that often define public sector expenditure in many African countries. Targeted aid delivered outside of the national systems do not necessarily provide better alternatives. Lee and Izama's empirical investigation provide evidence that PEPFAR's interventions have produced unintended negative consequences on other public health outcomes. Specifically, they show that the existence of PEPFAR programs has led to a reduction in the progress towards reduction of neonatal mortality in the countries that receive huge PEPFAR funds.[42] This negative effect could be because PEPFAR programs divert resources and attention from one aspect of the public health system to another. It needs to be noted that the results of negative externalities do not suggest that PEPFAR has not achieved the targets which it set out to achieve. An evaluation of its performance against its set targets show that PEPFAR did justify its existence by saving the lives of people living with HIV/AIDS in the receiving countries.[43] However, a negative externality implies that in the process of achieving its own objectives, PEPFAR ended up creating difficulties in other areas of the health system.

It is noteworthy that PEPFAR incorporated changes to include health system strengthening, beginning in 2008. This period is outside the sample period used by Lee and Izama. It would therefore be interesting to examine how the result would change after the restructuring of PEPFAR to include health system strengthening as a component. While the expansion of the program could be a step in the right direction, the disconnect between PEPFAR's programs and the national system would continue to create disconnection and disparities between the huge bilateral public health program and the national system. We do not see how effective PEPFAR could be in strengthening national systems when the institutions that are to be strengthened do not participate in planning and implementing the programs. Our fieldwork in Nigeria shows that PEPFAR has helped to build a national laboratory system in Nigeria and has also contributed in refurbishing health facilities. These physical structures, important as they are, add little to the major ingredients of a national health system. Our assessment of the impact of PEPFAR on the identified proxies of health system shows that the program remains largely detached from Nigeria's national health system.

Those who suggest that foreign aid could end poverty are either being overambitious with regard to the potential impacts of aid, or have an incorrect understanding of the nature and causes of poverty in African states. Even within the health sector, the large inflow of funds through

PEPFAR and the Global Fund to Africa have not helped to build the respective countries' health systems. Available evidence shows that the health systems in these countries remain in crisis, with public health indices such as neonatal mortality and maternal mortality remaining at relatively poor levels compared to the position in developing countries from other regions. In many African states, the wealthy class continue to patronize health facilities in India and in Western countries. The billions of dollars in aid delivered by PEPFAR and the Global Fund have been unable to fix the public health systems, even in small countries where the donor funds are multiples of the national health budget. If foreign aid could fix dysfunctional societies, perhaps the public health arena should have been the right starting point for many reasons. First, enormous resources have been committed to addressing public health challenges in the most recent past. Second, donors have largely had a free hand in articulating and implementing aid programs with little or no interference from receiving governments. If giving donors a free hand to implement aid programs would increase the efficacy of foreign aid, it should have been a good omen for global public health initiatives. However, the evidence points to only marginal results in specific cases, and public health programs have failed to strengthen the health systems of African states despite the huge inflows in that sector. Third, public health outcomes are easily amenable to scientific evaluation and measurement, making it a good candidate for continuous measurement, monitoring and improvement. Despites these factors that should work in favor of public health interventions, the results of donor interventions in African countries have been less than spectacular. Although there certainly have been gains in terms of the number of lives saved, the institutional impacts of these interventions have been anything but impressive.

A major challenge with public health interventions by donors, like other forms of foreign aid, has been the misalignment of the goals of donors with national development agendas, as well as the proliferation of disparate donor projects often providing similar services. The result is that donors sometimes compete with one other to remain relevant, and, in the process, give little attention to the real impacts or outcomes of the programs. Other factors that have impacts on the effectiveness of donor projects include inefficiencies in aid administration, a lack of understanding of the local environment and outright mismanagement of aid funds. My field experience in Nigeria shows that many aid workers who were involved in getting pregnant women to embrace antenatal care in primary health facilities and to participate in HIV counselling and screening, and subsequently Prevention of Mother-to-Child Transmission (PMTCT) of HIV services, did not understand the local cultures in a number of communities. For example, in some rural areas, pregnant women generally visit traditional birth attendants instead of the orthodox health centers. Instead of taking their services to health centers only, aid workers needed to work with the traditional birth attendants who have access to the expectant mothers. This lack of understanding of the cultural practices and inability to adapt services to suite the peculiarities of the communities adversely affected the success of the PMTCT programs, resulting to wastage of donor funds.

In the public health arena, the duplication of donor efforts has been one of the recurring sources of inefficiencies.[44] In a number of communities where donors provide HIV/AIDS services, one can identify clear and avoidable duplication of effort and resources. There are no benefits, for example, for both the Global Fund and PEPFAR to maintain separate offices with computers and operational vehicles in a small city. But this duplication of effort and resources remains the practice with many donors working in the same communities and on similar projects. The autonomy usually given to donors by receiving countries have, in many cases, produced negative effects. Sometimes the government simply abandons its responsibilities to donors, in a way abdicating its responsibilities in favor of transient donor agencies and aid workers whose interest and attachment to the country is for as long as the funders continue to provide funds. Most objective assessment of the actual practice of aid delivery should question the expectation that foreign aid could indeed produce development and poverty eradication. Without accountable and inclusive political and economic systems that could initiate and sustain growth-enhancing choices, it is difficult to imagine how the transfer of funds to poor countries would build the system and engender inclusive growth and transformation.

In her "Seven Deadly Sins: Reflections on Donor Failings," Nancy Birdsall[45] provided a synopsis of some of the most common pitfalls of foreign aid. She rightly noted that many of the countries that failed to achieve growth and structural transformation during the 1990s have been heavy recipients of foreign aid for several decades. On the other hand, the impressive growth and tremendous transformations in Southeast Asia that have confounded development experts and hailed by all as growth miracles, were achieved through conscious and aggressive state industrial policies and actions not driven by foreign aid. The Asian "tigers" did not wait for foreign donors to increase the volume of donor funds in order to reduce the poverty levels in the general population, but these countries embarked on coherent national development strategies that unleashed the ingenuity and innovativeness of the people, and led to increased production and profitable engagements with the rest of the world. According to Birdsall,[46] the most common failings of foreign aid include the inability and lack of readiness to develop strategic national systems and institutions that could initiate and sustain growth-enhancing activities, collusion and coordination failures that produce negative outcomes for the aid-receiving communities, incorrect understanding of the local systems by aid workers and the failure of donors to exit at the appropriate time, failure to give proper ownership and participation to local communities at the appropriate levels and, at the right time, unreliable and inconsistent fund transfers that make it difficult for long-term planning, and the inability of donors to invest in long-term global and regional public goods that would produce real positive externalities for the communities.

All the points raised by Birdsall are in order and have been corroborated by other studies, including empirical investigations of aid programs across Africa.[47] However, donors have blamed Africa's institutional weaknesses and pervasive corruption for donors' insistence on direct implementation of aid projects by NGOs rather than government departments. African states are said to be incapable of managing successful aid projects due to historically weak institutions characterized by poor and dysfunctional public systems and lack of accountability. With fears that donor funds may be misappropriated if combined with national budgets, many bilateral and multilateral donors have generally shunned public systems in favor of NGOs for the delivery of aid projects. Although some aid funds, such as those attached to the Millennium Development Goals, were still routed through the national system, the majority of foreign aid has been delivered outside of the government system. With the practice of each donor following its own agenda, it is difficult to ascertain how the doubling of aid delivered in the same disparate fashion could help bring about real development and curb poverty in the aid receiving countries.

Conclusion

Africa remains the epicenter of poverty despite being the region that has received the largest amount of foreign aid in the world during the past five decades. Since the 1990s, donors have generally provided targeted support, which focus on specific sectors such as public health interventions or the enhancement of elementary school enrollment, among others. Targeted aid has come with advantages and disadvantages to the receiving countries. Some of the merits of targeted aid have included the relative success of aid programs in achieving the narrow targets set by funders. For example, during its first phase of operation, PEPFAR achieved its target of providing antiretroviral drugs to target a specific number of people and thereby save those lives.[48] Similarly, the Global Fund has been praised for being a successful mechanism for checking the spread of HIV/AIDS, for fighting the menace of malaria and tuberculosis, and ultimately for saving lives.[49] There is no doubt that these interventions have helped to reduce the potential adverse effects of these public health challenges that have tormented the poor in African countries in recent decades. For these contributions, it is proper to commend foreign aid and the donors.

However, targeted aid has also been fraught with several negative externalities. Targeted aid delivered by foreign donors and implemented, as is usually the case, outside the national system, weakens the national systems by drawing resources away from government programs. This institutional destruction effect sometimes arises when donor projects poach experienced workers away from the national systems because of higher remuneration and better working conditions. Furthermore, the implementation of large donor projects such as those of PEPFAR in the provision of HIV/AIDS services, could distort the system where the donor project crowds out national programs. Melissa Lee and Melina Izama[50] highlight the examples of Ethiopia, Kenya, Mozambique, Rwanda, and Uganda where the donor funds targeted at HIV/AIDS services alone, in each of these countries were multiples of the countries' national budget for the entire health system. The inflow of such funds for a particular disease relative to the entire health system led to distortion and crowded out effort and resources from other equally important health services.

Other commonly reported weakness of foreign aid has been the inefficiencies that arise from unnecessary duplication of effort and the sheer proliferation of services even where better coordination would have produced better results. Because aid agencies and program implementers are accountable to their funders and not to the recipient communities, the NGOs that implement aid projects focus on reporting the narrow results often defined as targets by the funding body. This narrow focus on specific targets often close the doors to useful collaborations that would have produced overall benefits to the recipient communities. In recent times, the area of public health has received the greatest interest by donors. In many African states, one can find several donors undertaking the same or similar services in the same communities, often incurring the same overhead for similar services and, in the process, create confusion on the part of the receiving communities.

The focus on a narrow definition of performance targets often defined by the donor usually lead to missed opportunities for the aid agencies in investing in the development of broader public good that could have larger positive externalities. For example, an aid agency whose donor-defined target is to reduce maternal mortality by working to increase the number of expecting mothers who use antenatal services in primary health facilities, discovers that the biggest challenge for most women in a certain village is the lack of an access road to the nearest facility. Because creating access road in the community is not within the so-called target defined by donors, the aid agencies would overlook the opportunity to develop this public good that could have wider public benefits. The pathological attachment to set performance targets has led to some form of myopia, with the results that donors miss a number of opportunities to generate more public goods for the communities they serve.

Generally, the verdict on the effectiveness of foreign aid in Africa can at best be described as mixed. Progress has certainly been made in some areas, especially in the public health arena where donor projects have helped to save many lives. Donors have been active in the provision of drugs and other services required to contain and manage some of the public health epidemics that have tormented many Africans. However, besides these areas, it is hard to point at other benefits of foreign aid to African states. Even the donor projects in the public health arena have not come without a cost. The largest interventions in the public health sector – PEPFAR and the Global Fund – have not helped to build strong public health systems in the participating countries. Instead the inflow of huge funds has often created distortions and sometimes led to weakening of the national health systems by poaching staff out of the government system and into the transient donor projects.

Even if foreign aid is properly delivered and wastages reduced to the barest minimum, it is unlikely that sustainable solutions to poverty and other developmental challenges in Africa will come from foreign aid. No country has ever achieved sustainable development by relying on foreign aid. The usual disconnect between the goals of donors and a country's national development agenda means that foreign aid should ordinarily not be considered a credible route for achieving national development. Foreign aid can, and do, help to soothe the pains of poverty in certain cases, but it has no capacity to eradicate poverty in the receiving countries. Doubling aid or getting the developed countries to commit 0.7 percent of GNI to assist developing countries would probably help to provide more social services for the very poor in poor countries, but donor funds alone cannot change the constellation of extractive institutions that have come to define Africa's political economy. Development assistance that would produce real development and help eradicate poverty must take a hard look at the root causes of poverty and underdevelopment in the Africa. Re-examining the structure of the state in Africa and the nature of political and economic institutions in the region should be the starting point.

Notes

1. Jeffrey D. Sachs, *The End of Poverty: Economic Possibilities for Our Time* (New York, NY: Penguin Books, 2015), x1.
2. UN Millennium Project, *Investing in Development.*
3. See, for example, Elliot Berg, *Rethinking Technical Cooperation* (New York, NY: United Nations Development Program, 1993); Tony Killick, *Aid and the Political Economy of Policy Change* (London: Routledge, 1998); Carol Lancaster, *Aid to Africa: So Much to Do, So Little Done* (Chicago, IL: University of Chicago Press, 1999); William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest have done so much Ill and so Little Good* (New York, NY: Penguin Books, 2006); among others.
4. Daron Acemoglu and Simon Johnson, "Why Foreign Aid Fails and How to Really Help Africa," *The Spectator*, January 25, 2014. http://www.spectator.co.uk/2014/01/why-aid-fails/.
5. See for example, Thomas Croghan, Amanda Beatty, and Aviva Ron, "Routes to Better Health for Children in Four Developing Countries," *Milbank Quarterly* 84, (2006): 333–58; World Bank, *The Role and Effectiveness of Development Assistance: Lessons from World Bank Experience* (Washington, DC: World Bank, 2002); Easterly, *The White Man's Burden* also acknowledges that foreign aid delivers results in the public health sector, but aid cannot produce growth and development.
6. Andrea Shleifer and Robert Vishny, "Corruption," *Quarterly Journal of Economics* 108, no. 3 (1993): 599–617; Joseph, *Democracy and Prebendalism*; Chabal and Daloz, *Africa Works*; van de Walle, "Presidentialism and Clientelism"; among others.
7. World Bank, World Development Report, 2014.
8. World Bank's poverty data, http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx. Last accessed December 6, 2016.

9. According to the UN Human Development Report, the 20 countries with the least human development index are African countries.
10. See for example, Todd Moss, Gunilla Pettersson, and Nicolas van de Walle, "An Aid–Institutions Paradox? A Review Essay on Aid Dependency and State Building in Sub-Saharan Africa" in *Reinventing Foreign Aid*, ed. William Easterly (Cambridge, MA: MIT Press, 2008): 257–81; Howard Pack and Janeth Rothenberg Pack, "Foreign Aid and the Question of Fungibility," *The Review of Economics and Statistics* 75, no. (1993): 258–65; Nicolas van de Walle, *Overcoming Stagnation in Aid-Dependent Countries* (Washington, DC: Center for Global Development, 2005).
11. van de Walle, *Overcoming Stagnation in Aid-Dependent Countries.*
12. Moss, Pettersson, and van de Walle, "An Aid–Institutions Paradox?," 259.
13. Ibid.
14. Debora Brautigam and Stephen Knack, "Foreign Aid, Institutions and Governance in Sub-Saharan Africa," *Economic Development and Cultural Change* 52, no. 2 (2004): 255–85.
15. Elliot R. Morss, "Institutional Destruction Resulting from Donor Project Proliferation in Sub-Saharan African Countries". *World Development* 12, no. 4 (1984): 465–70.
16. Ibid.
17. Brian Levy and Sahr Kpundeh, (eds), *State Capacity in Africa: New Approaches, Emerging Lessons* (Washington, DC: World Bank Institute, 2005).
18. Moss, Pettersson and van de Walle, "An Aid–Institution Paradox?," 260.
19. Ibid., 262.
20. Birdsall, "The Seven Deadly Sins".
21. PEPFAR official website: http://www.pepfar.gov/about/index.htm. Accessed November 20, 2016.
22. Ibid.
23. Melissa M. Lee and Melina Platas Izama, "Aid Externalities: Evidence from PEPFAR in Africa," *World Development*, 67, (2015): 281–294.
24. Ibid., 281.
25. Ibid.
26. See PEPFAR "Working Toward and AIDS-free Generation: Latest PEPFAR Funding". http://www.pepfar.gov/documents/organization/189671.pdf.
27. Ibid.
28. The Global Fund: http://www.theglobalfund.org/en/overview/.
29. The Global Fund: http://www.theglobalfund.org/en/portfolio/.
30. The Global Fund, *The Global Fund Grant in Detail* (Geneva: The Global Fund). Available at: http://www.theglobalfund.org/en/downloads/.
31. See, for example, D.A. Brautigam and S. Knack "Foreign Aid, Institutions, and Governance in Sub-Saharan Africa". *Economic Development and Cultural Change*, 52 (2) (2004): 255–85; Berg, *Rethinking Technical Cooperation;* Birdsall, "Seven Deadly Sins", among others.

32. Results of interviews conducted in Abuja in 2016.
33. See, for example, Moss et al., "An Aid-Institution Paradox?"
34. See, for example, Roger England, "Are we spending too much on HIV?," *British Medical Journal* 334, no. 7589 (2007): 344.
35. See "The Role of Public Health Institutions in Global Health System Strengthening Efforts: The US CDC's Perspective". Available at: http://www.cdc.gov/globalhealth/dphswd/pdf/global-perspective.pdf.
36. Interview respondent.
37. OECD, Parish Declaration of Aid Effectiveness and the Accra Agenda for Action. https://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm.
38. Ibid., 1.
39. Lee and Izama, "Aid Externalities: Evidence from PEPFAR in Africa".
40. Ibid., 284.
41. Ibid.
42. Ibid., 291.
43. Eran Bendavid and Jayanta Bhattacharya, "The President's Emergency Plan for AIDS Relief in Africa: An Evaluation of Outcomes," *Annals of Internal Medicine* 150, no. 10 (2009): 688–95. See also Committee on the Outcome and Impact Evaluation of Global HIV/AIDS Programs Implemented Under the Lantos–Hyde Act of 2008; *Evaluation of PEPFAR* (Washington, DC: The National Academy Press, 2013).
44. Elliot Berg, *Rethinking Technical Co-operation* (New York, NY: UNDP, 1993); Nancy Birdsall, "Seven Deadly Sins" in *Reform & Growth. Evaluating the World Bank Experience*, eds. Ajay Chhibber, Kyle R. Peters, and Barbara J. Yale (New Brunswick, NJ: Transaction Publishers, 2006), 515–51.
45. Birdsall, "Seven Deadly Sins".
46. Ibid., 516.
47. See, for example, Berg, "Rethinking Technical Cooperation"; Brautigam and Knack "Foreign Aid, Institutions and Governance in Sub-Saharan Africa," among others.
48. Bendavid and Bhattacharya, "The President's Emergency Plan for AIDS Relief in Africa".
49. Sachs, "The End of Poverty: Economic Possibilities of Our Time".
50. Lee and Izama, "Aid Externalities: Evidence from PEPFAR in Africa".

Bibliography

Bendavid, Eran, and Jayanta Bhattacharya. 2009. The President's Emergency Plan for AIDS Relief in Africa: An Evaluation of Outcomes. *Annals of Internal Medicine* 150 (10): 688–695.

Berg, Elliot. 1993. *Rethinking Technical Co-operation*. New York: UNDP.

Birdsall, Nancy. 2006. Seven Deadly Sins: Reflections on Donor Failings. In *Reform & Growth. Evaluating the World Bank Experience*, ed. Ajay Chhibber, Kyle R. Peters, and Barbara Yale, 515–551. New Brunswick: Transaction Publishers.

Brautigam, Debora, and Stephen Knack. 2004. Foreign Aid, Institutions and Governance in Sub Saharan Africa. *Economic Development and Cultural Change* 52 (2): 255–285.

Croghan, Thomas, Amanda Beatty, and Aviva Ron. 2006. Routes to Better Health for Children in Four Developing Countries. *Milbank Quaterly* 84: 333–358.

Easterly, William. 2006. *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*. New York: Penguin Books.

Lancaster, Carol. 1999. *Aid to Africa: So Much to Do, So Little Done*. Chicago: University of Chicago Press.

Lee, Melissa, and Melina Izama. 2015. Aid Externalities: Evidence from PEPFAR in Africa. *World Development* 67: 281–294.

Levy, Brian, and Sahr Kpundeh, eds. 2005. *State Capacity in Africa: New Approaches, Emerging Lessons*. Washington, DC: World Bank Institute.

Morss, Elliot. 1984. Institutional Destruction Resulting from Donor Project Proliferation in Sub Saharan African Countries. *World Development* 12 (4): 465–470.

Pack, Howard, and Janeth Rothenberg Pack. 1993. Foreign Aid and the Question of Fungibility. *The Review of Economics and Statistics* 75: 258–265.

Shleifer, Andrea, and Robert Vishny. 1993. Corruption. *Quarterly Journal of Economics* 108 (3): 599–617.

van de Walle, Nicolas. 2005. *Overcoming Stagnation in Aid-Dependent Countries*. Washington, DC: Center for Global Development.

World Bank. 2002. *The Role and Effectiveness of Development Assistance: Lessons from World Bank Experience*. Washington, DC: World Bank.

CHAPTER 6

Targeting the Fundamentals: Towards a New Form of Development Assistance to Africa

The combination of episodes of commodity booms – and there have been many during the past fifty years – and significant flows of donor funds through foreign aid have failed to transform Africa from that face of poverty and misery to a land brimming with hope and fulfillment. As shown in previous chapters, Africa's development partners and donors have explored different models of delivering aid to the continents. Donors have oscillated from supporting national development plans in the form of budget and program support to direct delivery of donor projects, where donors set up parallel structures for direct interventions in areas such as public health and education. With all the experimentations, subsisting evidence shows that foreign aid has largely failed to act as the stimulus for growth and development. The observed inability of foreign aid to activate Africa's development has rightly led to some form of frustrations both on the part of donor agencies and on the part of economists and development experts some of who have made a career of advising Africa or delivering all sorts of "support" to the continent.

Our thesis in this book is that foreign aid that focuses exclusively on providing financial or technical support to African states cannot set these countries on the path to real development. We argue that all the buzz about increasing international aid in order to combat poverty in Africa, including recent media and celebrity shows across the globe supposedly meant to lobby for more financial aid to the continent, are a misplaced effort if the aim is to engineer real and broad-based development that would reduce the incidence of poverty in the region. This argument does

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_6

not suggest that foreign aid has not had any positive impact on the lives of Africans. Financial and material support from the industrialized nations have been useful, especially in the public health arena and in other social programs. However, these supports, while useful, cannot produce the stimulus necessary for real development. The extension of grants and other supports to African countries is not a panacea for development. Otherwise, real development would have been achieved and poverty rates in Africa would have been reduced several decades ago.

Development assistance that would truly assist African countries to get on to the path to real development must target the real causes of underdevelopment in the continent. Otherwise, every effort in the form of cash or material transfers would either be a wasted one or perhaps only serve as a palliative for the devastating effects of underdevelopment. Foreign aid, as presently structured, tends to be serving the latter, albeit in an inefficient way. It is now established that Africa's precarious economic and social conditions are direct results of the predatory state and extractive political and economic institutions prevalent in the region.[1] Africans, like citizens of other regions, desire to lead a decent live and are equally interested in the pursuit of happiness. However, what is different is that many African countries are locked in economic and political arrangements that do not support inclusive development. These arrangements, otherwise referred to as institutions, provide both the platform and also define the rules of engagement in every society.[2] They provide incentives and define the basis of interactions of agents in any society. We argue that the type of foreign aid or development assistance that would help curb poverty in Africa must, of necessity, focus on restructuring the nature of the African state and its institutions in order to make the state able to support developmental objectives.

In a discussion of the postcolonial African state, Odd Arne Westad noted the following: "the whole entity that the new leaders were trying to fill with their own content was a colonial construct: its borders, its capital city, its official language… The problem, of course, of the new leaders was their sense that the empires had not only been oppressive and unjust, but that they had failed in bringing the kind of modernity to the Third World that local elites aspired to. The colonial state, which they had inherited, was therefore a symbol of failure to many of them, and constrictive in terms of the new and bold programs that they had envisaged."[3] Westad captures the true position of the postcolonial state. It was a construct not designed to result to the sort of development and modernity that was the case in

Europe and the rest of the First World. The foundations of modern Africa were such that they could not support the type of modernity that produces growth and development. Specifically, the postcolonial state that emerged was not one that had the capacity or systems to advance the welfare of the average citizen. As was the case during colonial rule, the postcolonial state remained an instrument of exploitation. Given that the typical African state was not designed to be an agent of development, it is unlikely that the transfer of cash in the form of foreign aid would bring about development in a state whose institutions are anti-development.

While foreign aid has been useful in some cases, in assuaging some of the pains of poverty, the reality is that aid cannot produce development. Even among the strongest proponents of more aid to Africa, there is an emerging consensus on the need to reform the aid system. For example, the UNDP, while noting that "international aid is one of the most effective weapons in the war against poverty", also added as follows "today, that weapon is underused, inefficiently targeted and in need of repair".[4] Although the UNDP's conclusion that the current system of aid could be an effective way to fight poverty is faulty, at least it is instructive that it agrees on the need to "repair" the system. The UN is not alone in recognizing the need for reforms of the aid system, William Easterly reports that other major aid agencies, such as the UK Department for International Development (DFID), also acknowledge the need for changes to the international aid system to make foreign aid more effective.[5] Such calls for reforms reflect the frustration of donors and international aid agencies about the failure of foreign aid to produce development. But a careful review of the nature of foreign aid and the real causes of poverty and underdevelopment should show that foreign aid, as presently delivered, does not have the capacity to generate development, and increased volume of aid certainly cannot eradicate poverty.

Although proponents of aid continue to press for more aid to the poor countries, subsisting evidence after five decades of foreign aid to Africa shows that the world needs to rethink development assistance to Africa. In recent years, calls for reforms of the aid system has become louder, and has recently begin to attract the attention of world leaders such as former British prime minister David Cameron who noted that ending poverty in the developing world requires more than financial assistance from the industrialized nations, but must include the "golden thread" of good governance, inclusive political and economic systems, and basic freedoms in the poor countries.[6] The prime minister is right: financial transfers alone cannot bring about development. The "golden thread" includes the set of institutions and governance arrangements that define the type of governments in place, the relationship between the state and its citizens, the nature of constraints on the powers of political leaders, and the type and efficacy of state structures to combat corruption and exploitation. In order to be an effective instrument for development, foreign aid and development assistance needs to focus on strengthening the golden thread.

It is true that Africa is in need of foreign aid and other forms of development assistance, but such external support needs to focus strategically on addressing the real causes of poverty. Paul Collier identified a number of "traps", which, according to him, have been the bane of development of the *bottom billion* countries. He went on to propose a set of interventions ranging from military interventions, international laws and statutes, trade policies and, of course, aid, to help the poor countries come out of the traps and unto the path of real growth and development.[7] Collier's contribution, impressive as it is, fails to target the fundamental causes of poverty, at least in Africa. While Collier's set of instruments mark a break from mainstream aid proponents and international stars who seem to be preoccupied with asking countries to increase aid budgets, it fails, for example, to recognize that the "resource trap" and the "conflict trap" and the "trap of bad governance" are all symptoms of a predatory state with extractive, rather than inclusive institutions.

Douglas North made a clear distinction between a "predatory" theory of the state and a "contract" theory of the state.[8] According to North, the predatory state is simply an instrument for the extraction and transfer of state resources for the selfish interests of a few. Because the predatory state focuses on transferring resources from one group to the privileged group, all institutions of a predatory state are extractive by design. On the other hand, under the contract theory of the state, the state provides enabling environments to facilitate political and economic engagements by all agents in an inclusive manner. Economic and political institutions under the contract theory of the state are by nature inclusive, and such institutions provide the necessary checks and balances against exploitation of the common wealth for the enjoyment of a privileged few. Predatory states perpetuate their hold on the common wealth by creating conflicts – *the conflict trap* – in different forms and shapes. The conflict trap would be removed if the state were restructured to move from an instrument of predation to a purveyor of inclusive political and economic institutions.

Furthermore, the "natural resource trap" exists because of the existence of extractive institutions that fail to create an open space for the conscientious participation of all agents in creating wealth and for equitable distribution and enjoyment of the common wealth. Collier indeed provides a useful response to the complex of his "resource trap", albeit rhetorically, when he asked: "Oil has been fine for Norway, so why not for Chad?"[9] The answer is simple: Chad is a predatory state with a set of extractive institutions that do not support development irrespective of the volume of foreign aid and irrespective of the revenues from sales of crude oil. Let us digress a little and compare Norway and Chad in order to provide answers to the question posed by Collier. Norway is a European country that dissolved its erstwhile union with Sweden on June 7, 1905. Norway operates a parliamentary constitutional monarchy that has stood the test of time. The CIA World Factbook describes Norway as "a stable economy with a vibrant private sector, a large state sector, and an extensive social safety net… Norway saves state revenue from petroleum sector activities in the world's largest sovereign wealth fund, valued at over $800 billion as of early 2016."[10] Despite Norway's strong government regulation, political and economic institutions are inclusive and the state discharges its responsibilities to her citizens with an array of extensive social services that are not available even in many industrialized nations. Now, let us look at Chad. Chad gained political independence from France on August 11, 1960. Like all other African colonies, Chad suffered extreme levels of exploitation during the colonial rule. Consequently, Chad's movement to modernity was based on the exploitative colonial institutions that the country inherited from imperial France in 1960. The same CIA World Factbook noted that Chad's economic situation is dire "due to limited infrastructure, a lack of trained workers, and extensive government bureaucracy, and corruption."[11] Unlike Norway, which has held regular free and fair elections with constitutional changes of government, Chad's president, Lt. Gen. Idriss Derby, has been in power since 1990, after overthrowing Hissene Habre in a military coup. After his constitutional two terms in office, Derby changed the constitution to remove term limits, thus paving the way to perpetuate himself in office. Needless to say, Chad has seen perpetual conflicts since independence and Derby's government is noted for high levels of official corruption and systemic patronage systems that reward perceived loyalists at the expense of the general population.[12] Oil revenue serves the people of Norway because Norway has an accountable political system and an inclusive economic institution, while

Chad does not. In 2006, Forbes ranked Chad as the most corrupt country on earth, before the country moved down to no. 7 in 2007.[13] With this synopsis of two resource-rich countries, but on different institutional paths, it should be fairly predictable how oil revenue flows to Chad would be used, versus what the situation would be in the case of Norway.

The poor countries in Africa are poor not because the citizens do not desire to live a good life, nor because of inherent lack of financial resources. Poverty has persisted in African states because of the precarious institutions that make it difficult for the average citizen to succeed. Acemoglu et al. gave the stunning example with the apartheid regime in South Africa where wealth and poverty existed side by side in the same nation, having the same climate and vegetation. The problem is that apartheid institutions granted opportunities to the whites and blocked the economic and political spaces against the black. According to Acemoglu et al.: "In 1913, the South African government declared that 93 per cent of South Africa was the 'white economy', while 7 per cent was for blacks (who constituted about 70 per cent of the population)."[14] The system created institutions that did not give access to the blacks. Such extractive institutions are the reasons most of Africa have remained poor, and this explains why oil revenue serves the citizens of Norway and not so well for those of Chad.

This book proposes a redefinition of foreign aid and development assistance to Africa. This book calls for a complete transformation of the whole idea of aid and development assistance to Africa. Our principal recommendations for such transformation are anchored on four fundamental premises. First, Africa's development failures are principally the result of predatory state–society relations and extractive economic and governance institutions prevalent in the region. Second, this form of state–society relations and extractive institutions are legacies of Africa's historical path, resulting from several centuries of institutionalized exploitation and expropriation. Third, domestic actors in Africa, on their own, cannot change the status quo which has historically conferred undue privileges to a tiny elite that has continued with the exploitation and sleaze that characterized the continent over the past several centuries. Fourth, audacious and coordinated international coalition and support is necessary to fundamentally transform the utterly extractive institutions on which most of Africa rests. In effect, development assistance that would help to eradicate poverty in Africa must be directed principally at restructuring Africa's states and institutions. The gift of cash or material assistance, or sending multitudes of "experts" to help in policy design, would have no poverty-reducing impact for as long as these supports are made within existing state structures and institutions.

The recommendation for the transformation of development assistance to be elaborated in the sections that follow are based on the basic philosophy that in order to eradicate, or at least reduce poverty to its barest minimum, development assistance must target the root causes of poverty. Africa's poor development outcomes are not the result of insufficient financial resources, but reflects the nature of the African state. As Wong noted, "the African state mainly serves the practical purpose of eating, not for the service of the people or improvement of the welfare of its population."[15] By focusing primarily on satisfying the inordinate desires of a very tiny elite, the state is unable to generate an effective development program, and cannot even support development initiatives initiated by foreign development partners. While there is no intention to generalize on the conditions of the African state, I present below an overview of a few African states whose fundamentals in terms of natural resource rents should ordinarily help to put the states ahead of their current standing in the Human Development Index. These countries have been consigned to high levels of poverty due mainly to the predatory nature of the state and the concomitant actions of political leaders.

Angola: Additional Cash Disproportionately Serves a Few Families

Like most of Africa, Angola has had a tortuous postcolonial history. Perhaps the difficult political landscape of Angola began with the reluctance of its former colonial masters, Portugal, to grant independence to the Southern African country after many other countries in the region gained independence. Portugal had held on to its African colonies as a last effort to remain relevant in the changing global power structure, which increasingly pushed Portugal to the fringes during the Cold War era. However, combined pressures from Angolan freedom fighters such as the National Front for the Liberation of Angola (FNLA), the Popular Movement for the Liberation of Angola (MPLA) and the National Union for the Total Independence of Angola (UNITA), among other smaller freedom fighter groups, exerted enormous pressures on the colonial government. Angola finally gained political independence on November 10, 1975.

Almost immediately after independence, Angola entered a period of protracted political crises, conflicts and civil wars. The major political organizations that existed at the time of independence could not at first agree on a single head of state. Consequently, both the MPLA and the

FNLA, in alliance with UNITA, proclaimed different heads of state and different names for the country. While the MPLA called the country People's Republic of Angola, the FNLA-UNITA alliance christened the country, Democratic People's Republic of Angola. Thus, the seed of disagreement was sown, and each faction held different sections of the country – the UNITA armies controlled Southern part of the country, while the FNLA was in charge of the north. President Eduardo dos Santos has ruled Angola since 1979. By the time his current tenor expires in 2018, dos Santos would have ruled Angola for almost 40 years. During the 1990s elections were often postponed or cancelled with the common excuse of trying to avoid the eruption of violence. As in many other African countries, President dos Santos has perfected one-man rule in the former Portuguese colony. Hazel Macpherson[16] reports that the government is highhanded, giving no regards to the rights of the citizens. The Human Rights Watch also reports that the forceful taking away of private property is high in Angola as many residents do not have secure titles to their properties, and the procedures for compensation in case of evictions are not well spelt out.[17] In effect, Angolans are prone to a high risk of government expropriation, despite the country being reported as one of the world's fastest growing economies since the end of the civil wars in 2002.

At the back of increased oil production and high oil prices, Angola's economy recorded average growth rate of 10 percent during the ten-year period, from 2003 to 2013. However, despite these high growth rates, the United Nations reports that poverty persists in Angola on a large scale, with about 36 percent of the population living below the poverty line.[18] This high growth rate and high poverty rate indicates that Angola's GDP growth has not been transformational in a way to curb poverty and destitution in the country. It also shows that the growth in Angola is producing more wealth for a few families. While there is inequality even in the developed world, the levels of inequality in many African countries are extreme and scandalous. In developed societies, wealth is usually concentrated in the hands of entrepreneurs, inventors or investors, and these wealthy people pay taxes to the government. In most of Africa, wealth is mostly concentrated in the hands of those who have direct or indirect links with the government. The example of Angola is instructive here. Forbes Magazine reports that the richest woman not only in Angola, but also in the entire African continent is Isabella dos Santos (with a net worth of $3 billion in 2013). Isabella dos Santos is the daughter of President Eduardo dos Santos of Angola.[19] While there is nothing wrong with the President's daughter being rich, Forbes' enquiry into the wealth of Isabella dos Santos is instructive, as according to the magazine: "For the past year FORBES has been tracing Isabel dos Santos' path to riches, reviewing a score of documents and speaking with dozens of people on the ground. As best as we can trace, every major Angolan investment held by dos Santos stems either from taking a chunk of a company that wants to do business in the country or from a stroke of the president's pen that cut her into the action. Her story is a rare window into the same, tragic kleptocratic narrative that grips resource-rich countries around the world."[20]

Angola is a classic case of state's brutal exploitation that saps resources and with it, opportunities from the people. It concentrates wealth in a few hands who actually add no value to the society either through job creation or real production of goods and services that could generate growth. Despite the huge oil wealth, public infrastructures in Angola is decrepit. The UN reports[21] that only about 37.8 percent of the population have access to electricity, and safe drinking water is only available to about 50 percent of the population in the city, and 34 percent for those who live outside the urban areas. If money was the problem, Angola's oil receipts from 2010 to 2014 should be enough to transform the country of 21 million people, diversify the country's economy into different sectors that would create jobs, provide better infrastructures and generally lift more Angolans out of poverty. But the situation is different because the state does not see the oil revenues as truly belonging to every Angolan. Angola's oil wealth has been regarded largely as the exclusive preserve of the president, his billionaire daughter and a few close associates. Given these realities, one wonders how foreign aid can help eradicate poverty within Angola's present state structure that gives undue privileges to the president's daughter and other family members. The UN report noted that three major problems facing the Angolan economy include heavy dependence on oil, corruption and the absence of diversified job market.[22]

For Angola and other countries with huge natural resource rents in the face of pervasive poverty, one suggestion is to alter the institutional structures that make it possible for those in power to convert state's resources to private use. The institutionalized authoritarian political culture, and the huge mineral deposits in Angola with its potential revenues are the major causes of conflicts and wars that ravaged the country from the time of independence to the 2000s. When political actors realize that whoever controls the state also has unrestricted access to state revenues, the contest over political office becomes more intense and often violent, as has been the case during the past decades. If political leaders were made to be accountable to the populace and if state institutions were inclusive, public resources would be used to serve public interests, and political contests would not be as intense as they are in Angola.

Cameroon: Abject Poverty Despite Abundant Resources

Cameroon gained political independence from France in 1960. As in most of Africa, the colonial state in Cameroon was utterly exploitative, and no real effort was made to change the structure of the state at independence. Cameroon's first indigenous leader, President Ahmadou Ahidjou, elevated himself to the status of a demigod, promoting himself as the Father of the Nation and the supreme guide who would lead his country to development.[23] Political authorities were concentrated exclusively in the office of the president and all decisions were made by him. His government was described as completely personal, and government actions were not guided by bureaucratic procedures.[24] With the discovery of crude oil in the country in the early 1970s, oil revenue helped to strengthen President Ahidjo's hold over the country, as he embarked on a pattern of patron–client arrangements and appointed close associates to lucrative government positions; and these appointees in turn supported his rule over the country. With the president's men appointed to all the key positions of government, the role of state focused on serving the head of state and his cronies, and the misappropriation of government revenues and lack of financial accountability became the norm in the country.[25] President Ahidjou maintained this patron–client networks throughout his 22-year rule, from 1960 to 1982, when he was tactically edged out of office.

In Cameroon, the citizens and government officials have a unique idea of the state as a tool to extract resources for the selfish ends of those in power and their cronies. Orock and Mbuagbo's[26] survey of what Cameroonians think about payment of taxes to the government shows that the citizens largely do not think it makes sense to pay taxes to the government. This is largely because of the monumental corruption in government, as well as the state's abysmal failure to provide public services. In countries like Cameroon, with perverse institutions that legitimize government extraction and expropriation, it is unclear how the state can rightly be considered a facilitator of growth and development. On the other hand, it is hard to conceive of the type of development that could happen without the state because the state has a central role to play in the economic life of the society, irrespective of the economic model being practiced.

After the resignation of President Ahidjou in 1982, Paul Biya – the then prime minister – assumed control of Cameroon. If the world thought that the removal of Ahmadou Ahidjou would bring positive changes to the people of Cameroon, events of the last 35 years have proven otherwise. Like his predecessor, Paul Biya has continued with the sleaze and expropriation associated with the patron–client style of government, and the people of Cameroon have been badly decimated by decades of economic hardship and excruciating poverty. Paul Biya has perfected the art of perpetuating himself in office, while at the same time seeking to earn international legitimacy as a self-styled democrat. Under Paul Biya, Cameroon has held general elections from time to time, but the elections have always had predictable outcomes. The Cameroonian government is known for suppressing opposition through the use of threats, intimidation and violence, while the citizens continue to suffer the pains of poverty, hunger and deprivation. The Fomunyo Foundation[27] reports that Paul Biya has systematically undermined state institutions and processes in order to perpetuate himself in power. After 34 years as the president of Cameroon, Paul Biya has overseen the near collapse of the economy of the country. The World Bank now ranks Cameroon as one of the poorest countries on earth. Cameroon is considered very poor, even by African standards. Power is centrally coordinated at the president's office, and it is said that the president makes all government appointments, up to the level of village police officers.[28]

One of the defining features of the government of Cameroon has been the high level of official corruption and government's irresponsibility in terms of social service provision. Despite its oil revenues and good agricultural potentials, Cameroon has failed to provide basic services to its people. The World Bank reports that poverty rate stood at 37.5 percent of the general population in 2014,[29] and the rate is much higher for the rural population. State corruption assisted by the one-man rule of President Biya blocks the chances of many Cameroonians from reaching their potentials. An accountable state with inclusive institutions would have produced different results as the role of the state under such arrangements would transcend the satisfaction of the personal desires of the President and his cult of loyalists.

Chad's Natural Resources: A Curse Rather than a Blessing

In recent years, Chad has been another example of the "resource curse" in Africa. The "resource curse" is generally used to describe the tendency for countries that are heavily dependent on natural resource revenues to achieve relatively poor social and economic development outcomes.[30] The resource curse is technically associated with the "Dutch Disease," a term which used to refer to the tendency for high revenues from natural resources to have multiple long-term negative effects on an economy. For example, high revenues from crude oil could potentially crowd out interest and investment in other sectors of the economy, and make a country wholly dependent on a single resource for most of its revenues. Economies that depend on a single commodity or a narrow set of commodities for export earnings are highly vulnerable to shocks that could emanate from the commodity market. Most of Africa's resource-dependent countries are unable to produce other goods, and government revenues are unfortunately tied to the market of one or a narrow set of commodities. Mono-product economies are not able to pursue export-led growth due to dependence on export of the primary resource.[31]

Writing in *African Affairs*, Scott Pegg observed that the negative effects of natural resources on Africa's political economy is widespread. According to him, "while the resource curse is a global phenomenon, its manifestations appear particularly stark in Sub-Saharan Africa's oil states."[32] Postcolonial African leaders have basically presided over state institutions that often legitimize some of the forces that produce results associated with "resource curse". Resource curse would not likely be strong in states with accountable government where there is transparency in the use of government revenues. The predominance of one-man rule and associated corruption has made the state in Africa some kind of cult that focuses efforts in serving those in power to the exclusion of the general population. There is abundance of oil in other regions of the world, including Canada, Norway, the UAE, the United States and several other non-African countries. The question that must be answered is why the "resource curse" has made African countries its permanent home. The answer again lies in the state structure and the constellation of institutions that define how government revenues are spent and whether or not there are institutions that enforce political accountability. Where there is a near common understanding that the state is a tool for the satisfaction of the selfish desires of state actors, natural resource revenues would not serve citizens' interests, but would instead become a curse on the nation.

Michael Ross[33] noted that when governments generate most of its revenue from natural resource rents or from other external sources such as foreign aid, such governments have no incentives to levy taxes on its citizens. Because the citizens do not pay taxes, they become passive and are unable, or have no incentive, to demand accountability from their government. The end result is a rentier state that is largely oblivious of its social contract with its citizens. Pegg summed up this perverse relationship by identifying the dynamics as follow: natural resource booms lead to less accountability, which in turn leads to increased corruption; which produces misallocation of resources, and finally poor social, political and economic outcomes.[34] These explanations for poor economic and social outcomes in otherwise resource-rich countries, as interesting as they may sound, do not provide all the explanations. Granted that some oil-producing countries in other regions of the world, such as Venezuela, have not made the best use of oil rents to achieve real development, most cases of resource curse that come with extreme poverty are localized in Africa. Why is Africa more prone to resource curse than other parts of the world? The Council on Foreign Relations (CFR) provides an important analysis that should rightly point to alternative explanations for Africa's "resource curse" and persistent poor economic performance. According to the CFR, "resources do not automatically lead to poor outcomes. For instance, North America produces more oil than Africa, but it has the lowest resource rents as a share of GDP and has good governance ratings. Canada remains among the top ten world oil producers, according to the US Department of Energy, but has one of the least corrupt governments in the world, according to the World Bank. Norway is one of the top ten exporters of crude oil in the world, while maintaining its stature as a perennial leader of the United Nations Human Development Index."[35] How come Norway or Canada or the United States is not under the so-called resource curse? Why is it that from Angola to Congo, and from Equatorial Guinea and to Nigeria, none of these countries have been able to escape the resource curse? The reason that the so-called resource curse is most prevalent in Africa is because of the existence of other factors that predispose the African state to the resource curse. Those other factors, which basically revolve around the structure of the state and its institutions, must be comprehensively resolved in order to avoid the resource curse, and finally achieve real development in the region.

While dependence on natural resources have negative effects, and may make countries susceptible to the negatives of rent-seeking such as the misapplication of public resources and outright corruption, there are a number of other factors that must be present for resource revenues to lead to increased corruption and poor economic and social outcomes. These factors include the absence of any institutionalized system of political accountability, the existence of a predatory state–society relations where the state's primary concern is to sap the common wealth for the selfish enjoyment of a few and no regards for the welfare of majority of the population, a lack of inclusive political and economic institutions or the unwillingness to liberalize the political and economic spaces in a way that encourages every citizen to actualize their potentials in a supportive atmosphere. Predatory states focus on the expropriation of state resources for the enjoyment of those in power, while states that take their social contract seriously embrace mutually beneficially relationships with the citizens. The average state in Africa is structurally detached from its citizens, and exists principally to serve as instrument for rapacious accumulation by those in power. The African state does not take the provision of public infrastructure as a primary responsibility of government, and political authority is highly concentrated in the hands of one or a few big men. In Canada, Norway, or the United States, there are institutionalized systems of political accountability, and rule of law is held supreme. On the other hand, the position in most of Africa is rule by man, rather than rule of law. In advanced societies, political authority is not concentrated in the hands of one omniscient leader, and government expenditure and programs are not based on the whims and caprices of the head of state. Predatory state structures with the extractive institutions they support are the main reasons behind the so-called resource course. It is this form of political arrangements that also helps to make little sense of foreign aid.

By the nature of its political arrangements, Chad is a prime candidate for resource curse. Chad has been under the leadership of General Idriss Derby since 1990, when he toppled another military leader, Hissene Habre. The country has its share of unsavory characteristics defined by high levels of government corruption. President Derby is known to be dictatorial, and political power is heavily concentrated in the hands of the president. In the most recent general elections, which saw the re-election of Derby for a fifth term, the government shut down internet and text messaging throughout the country for many days around the time of the election.[36]

Chad became an oil-exporting nation in 2003 after the construction of the $3.72 billion Chad–Cameroon Petroleum Development and Pipeline Project funded by a consortium of oil exploration companies and supervised by the World Bank.[37] The World Bank had to be involved in the project in order to provide some form of comfort and guarantee to private investors against political expropriation, as well as to monitor the use of the revenues that would accrue to the government of Chad from the project.[38] The Bank was also interested in ensuring that oil revenues are primarily used to target social programs that would help to check the extreme poverty that has been the situation for majority of the citizens of the former French colony. Perhaps the revenue management guidelines for Chad's crude oil receipts is the most comprehensive and specific fiscal guidelines for natural resource revenues of any country in the world. Under the guidance of the World Bank, Chad developed its Law/001/PR/99, which specified a set of guidelines for the management of the oil proceeds so as to ensure that much of the revenue is targeted at poverty reduction initiatives. The law also set up the Petroleum Revenues Oversight and Control Committee (the College), which is charged with the responsibility of monitoring the use of oil revenues by the government of Chad. The laws specify percentage of direct and indirect revenues that must be applied to specific social programs in the country.[39] If laws alone could solve the problem of bad government or extractive states, Chad's revenue management laws designed for the Chad–Cameroon Petroleum Development and Pipeline Project would have been the answer.

However, given that absolute powers in the country reside in one man, there has been consistent and flagrant violation of the rules on the part of the government of Chad. President Derby has been known to divert funds that should otherwise go to social programs into military spending. Government officials have also failed to follow the guidelines stipulated in the revenue management laws.[40] The World Bank noted that in 2006 "technical experts from Chad and the Bank, IMF, EU, and other bilateral partners carried out an assessment of budget expenditures and needs. They reported serious gaps both in meeting urgent needs as well as problems in the management of resources."[41] These flagrant violations led the World Bank to take extreme measures against Chad. According to the World Bank's president, Paul Wolfowitz, "Even before recent developments, the people of Chad were among the poorest of Africa, with the bleakest prospects. Our aim has always been to help the Government improve the basic services Chad's people desperately require, from

HIV/AIDS projects to schools and roads. Suspending aid was a difficult decision but one the Bank had to take given developments that undermined the original agreement to ensure that resources went to benefit the poor people of Chad."[42]

Despite the agreement signed between the World Bank and Chad, President Derby continued to undermine the laws on revenue application. First, he canceled the Future Generations Fund, which set aside a proportion of revenue for the future – a kind of savings for the rainy days. Again, the president reallocated some of the revenues designated for social programs into security and military spending. Consequently, the World Bank had to pull out completely from the project in 2008 on the grounds of government corruption and flagrant violation of the terms of the project in the use of oil proceeds.[43] In effect, despite the elaborate laws designed to ensure the proper management of the natural resource revenues accruing to Chad, large-scale diversion of funds from poverty alleviation programs into the personal desires of government officials persisted. The authoritarian arrangement where the president has absolute powers and the corrupt political institutions in Chad have also blocked the opportunities of the ordinary citizens to enjoy the full benefits accruable from the country's crude oil revenue. Again, one wonders how this outcome would have been different if funds going into Chad had been in the form foreign aid from donor nations, instead of oil revenue. If revenues from crude oil could not produce the poverty-alleviating impacts on the lives of the citizens, aid funds would certainly not do much better. The type of assistance that would help Chad and countries suffering under the same form of predatory state is to fundamentally restructure the state, deconstruct extractive institutions and subject the government to public scrutiny.

The Democratic Republic of Congo: More Cash Equals More Crisis

Throughout its colonial and postcolonial history, the Democratic Republic of Congo has been associated with elevated forms of exploitation of the common wealth in favor of those in power. During its colonial history, the Congo Free State, as it was called under King Leopold II, was a horrible example of crass exploitation, intimidation and oppression by the colonial rule of King Leopold II. Even by the colonial standards, the level of exploitation in the Congo Free State was at the extreme.[44] From King Leopold II, the DRC was placed under the administration of the Belgium government at the beginning of the 20th century. Like many African countries, the DRC gained its political independence from Belgium in 1960. However, from the date of independence, the country entered a series of protracted crises, conflicts and civil wars. Eleven days after the country's independence, a factional group broke out and declared independence of the Katanga province from the country on July 11, 1960.[45] This meant that the joys and celebrations that should follow political independence was short-lived. The crises led to the assassination of the country's first prime minister, Patrice Lumumba, and the assumption of office by Colonel Joseph Mobutu at that point.

Joseph Mobutu rode on the back of overwhelming support from the West, especially Belgium – the country's erstwhile colonial masters – and the United States.[46] Unlike Prime Minister Patrice Lumumba who was derided by the West for his alleged communist leanings, Mobutu knew how to play the cards and consequently he won the support of the West. Even up to the very last years of Mobutu's dictatorship, his government continued to receive huge amounts of money in grants and aid from the West.[47] However, instead of using aid funds to target infrastructure development and other social programs, donor funds went to serve the president's personal interests and service his ostentatious lifestyle. Hazel McPherson noted that the DRC remains one of the most corrupt and chaotic countries in the African continent.[48] Needless to say that development and stability has eluded the vast country, as poverty and devastation continue to define the lives of the average citizen.

Amidst consistent regional insurgencies and rebellions, Mobutu renamed his country, Zaire in 1971. Mobutu redefined the meaning of personal rule as he concentrated all powers in his office, transforming himself to the "Grand Patron" of Zaire, and the "Messiah" of the country.[49] As if to prove the persistence of institutions or to prove the path dependence of institutions, Mobutu's rule followed similar patterns as the brutal exploitation of the Congo Free State under King Leopold II. Although Mobutu embarked on the symbolic renaming of the country and its constituent provinces and units, the fundamentals of government by one man and for the benefits of one man remained the case. Pak Nung Wong noted that Mobutu's tactics by renaming the colonial units and changing the number of provinces from six to twenty-one gave the false impression of decentralization of power. But "in actuality, all nomination, allocation of resources and promotion of ranks hailed from the absolute power of Kinshasa, i.e. President Sese Seko Mobutu; the name that Mobutu gave to himself as a symbolic act of 'decolonization.'"[50] Mobutu's symbolic "decolonization" did not mean much for the people of Zaire, as the government continued to block opportunities for the citizens, while at the same time protecting the interests and investments of Western countries in exchange for "international recognition of Mobutu and Western foreign aid for his legitimacy engineering."[51]

Besides receipts from sale of Zaire's mineral deposits, President Mobutu received enormous financial support in aid and loans from the international community, especially during the Cold War when he strategically positioned himself as the authentic Western ally in the region. In 1986, he received a total of $448 million in foreign aid from Western donors; and between 1983 and 1988, the country received $1.3 billion in loans from the IMF and other lenders.[52] This is in addition to other forms of support that were coming in from Belgium and the United States. Alec Russel noted that Mobutu's Zaire received nearly half the aid budget of President Jimmy Carter for black Africa.[53] The disturbing part of this narrative is that despite the enormous resources available to Zaire, the quality of life of the citizens continued to deteriorate by the day. The meagre physical infrastructures built by colonial Belgium deteriorated, regional conflicts escalated and poverty and misery became the defining features of life in Zaire. However, President Mobutu embarked on outlandish and ostentatious lifestyle that contrasted sharply with the situation in his country. Mobutu made no pretensions and no effort to hide his ill-gotten wealth from the public. It is reported that in 1984, Mobutu went as far as boasting on American television program, *60 Minutes,* that he was the second-richest man in the world.[54] With the level of exploitation at the highest level of political office, the entire country became a theatre of the absurd – from junior police officers to senior military officers, and from village chiefs to provincial governors – Zaire was a country where corruption and exploitation was state policy. President Mobutu was quoted as declaring to a party congress as follows: "If you steal, do not steal too much at a time. You may be arrested. Steal cleverly, little by little."[55] This advice by Mobutu to his party, reflects a case of "do as I say, not as I do". This is because Mobutu's personal style was not to "steal cleverly, little by little." His was a grand case of pillage and brazen display of wealth and ostentation. As William Reno[56] reported, Mobutu's conversion of the state to his private estate can be illustrated in the allocation of up to 95 percent of government's expenditure to the president's office in 1992. This indicates that almost all of the government spending was undertaken by the president and his closest aides. Needless to state that he had to fight many revolutionary groups and insurgencies in various parts of the country, as worsening social and economic conditions led to more expressions of discontent. While DRC may be an extreme case of a predatory state, it somehow illustrates the enormity of the challenge of bringing real and sustainable development to most African countries, where gross abuse and extreme levels of exploitation have been a permanent feature of the state.

As Mobutu's pillage of Zaire continued, insurgency was raging in different parts of the vast country and it seemed clear that Mobutu could not control the entire country despite mechanisms for corruptly buying supporters in a form of institutionalized patron–client relationships. In 1997, Laurent Kabila garnered enough support from Congolese militias and neighboring countries to successfully remove Mobutu from office. The emergence of Laurent Kabila evoked a sense of hope for peace in the county. But just like the euphoria of independence in 1960, that hope for peace in the country following the exit of Mobutu was short-lived. As Kabila consolidated power around his office with a view to bringing back stability to the crisis-ravaged country, many other insurgent groups emerged, and political crises continued. In 2001, Laurent Kabila was assassinated and his son, Joseph Kabila, succeeded him. Despite DRC's huge size, enormous mineral deposits that include crude oil, copper, cobalt, uranium and others, and despite billions of dollars in foreign aid and grants, the country remains very poor. In the 2015 UNDP Human Development Report, DRC ranks at 176 in HDI out of a total of 188, placing the country in the group of countries with low human development.[57] The history of the Democratic Republic of Congo shows the difficulty in bringing stability and development to that country. It is not clear how additional foreign aid in cash transfers, technical assistance or liberal international trade policies would help bring growth and stability to the country, without a real hard look at the structure and organization of the state and its institutions.

Equatorial Guinea: Huge GDP Per Capita, but Poor HDI

Equatorial Guinea represents a classic example of how financial resources or GDP numbers mean little in terms of real development and poverty alleviation, especially in a predatory state. The UNDP reports that Equatorial Guinea is the country with the highest gap between its GDP per capita ranking and its HDI in the world. In 2011, the GDP per capita of Equatorial Guinea placed the country at the top 46 of countries in the world. On the other hand, the Human Development Index – which measures practical aspects of society's wellbeing – placed Equatorial Guinea at number 136.[58] In effect, the huge revenue from the sales of crude oil has little impact on the quality of lives of the citizens.

The political and economic institutions in Equatorial Guinea are not inclusive, but restrict opportunities to the president and his cronies. President Teodoro Obiang Nguema has ruled Equatorial Guinea since 1979 after overthrowing his uncle, Francisco Macias Nguema. The country presents one of the most difficult ironies of the African predatory state. Given its small population and relatively huge earnings from mineral deposits, Equatorial Guinea should have been a different story. But the legacies of state predation and lack of political accountability have held down an otherwise rich country, consigning most of the population to a life penury in the midst of plenty. With a population of about 820,900 in 2014 and a GDP of $15.53 billion, mainly derived from sales of crude oil, Equatorial Guinea has one of the highest per capita income in the world.[59] Consequently, the World Bank officially ranks the country as "high income non-OECD" country.[60] Despite this good macroeconomic picture, abject poverty has been endemic in Equatorial Guinea. The African Development Bank sums up the situation in the country in its Economic Outlook of 2012 as follows: "Management of public finances has performed poorly because investment spending is inadequately planned. Even if the economy has picked up, social indicators remain well below the means available to the country. Equatorial Guinea has the characteristics of a low-income country while having one of the highest per capita GDPs in Africa. About 75% of the population live below the poverty threshold and get no benefit from the oil economy."[61] Commenting on the inconsistency between aggregate macroeconomic data and the real life experiences of the people of Equatorial Guinea, Alicia Campos-Serrano noted as follows: "What aggregated data cannot show is the differentiated ways in which individuals suffer the scarcity and degraded public services or enjoy the profits generated by the oil industry."[62] The majority of the population are actually suffering the degraded public services and living in poverty and destitution despite the huge dollar inflow from crude oil sales.

Why should a country like Equatorial Guinea with so much resources and huge earnings have three quarters of its tiny population below the poverty line? Is it because the country is not getting enough foreign aid to complement its already huge revenues? Is it because the people of Equatorial Guinea are under a "resource curse"? None of these seems a plausible explanation. A look at the 2004 US Senate hearing on Riggs Bank of Washington, might begin to reveal where the wealth of Equatorial Guinea goes. The US Senate hearing found that Riggs Bank opened accounts in the name of President Nguema, his son, and some of his closest relatives. The bank was receiving large deposits of various sums of money from the sale of Equatorial Guinea's crude oil into the personal bank accounts of the president, his son and those of his closest relatives.[63] The Senate Hearing Report noted that bank accounts associated with President Ngemo and his family represented the largest deposit in Riggs Bank.[64] Given this evidence is there any need looking too far to understand why the citizens of Equatorial Guinea are not enjoying the fruits of development? It would not matter if the international aid community succeeded in doubling aid or increasing the volume of aid by several multiples. Once the structure of the state permits the usurping of state resources by a few individuals, chances are that additional resources would also disproportionately serve a few elites.

The world is well aware of the looting and corruption happening in Equatorial Guinea and other such predatory states. The international community sometimes only passively asks Africa's corrupt leadership to embrace good governance and use more of the state's resources for pro-people programs. But the world needs to do more, moral suasion does not change long-established institutions that have been designed to extract society's resources in favor of the privileged few. Change can only happen through a coordinated global effort to restructure the African state and reform state institutions to make them inclusive. For example, President Nguema and his family may have been subjected to international condemnation given the way they have converted the country's resources into private wealth, but such passivity has done little to change the status quo. In a testimony given in a South African court, Teodoro Nguema, the president's son, admitted that: "Cabinet ministers and public servants in Equatorial Guinea are by law allowed to own companies that, in consortium with a foreign company, can bid for government contracts … A cabinet minister ends up with a sizeable part of the contract price in his bank account".[65] With this form of institutionalized expropriation of state resources, neither economic policy nor liberal trade agreements could do much for the citizens. This is because the benefits of any additional resources may not add much to the overall wellbeing of the general population, but would instead enhance the bank balances of a few families. Apparently determined to perpetuate his hold on the country even after his demise, Nguema appointed his son as vice president, clearly in a bid to prepare him to take over the country at some point. It is this form of "trap" – the trap of the predatory state – that the international community should be most concerned about.

Nigeria: Huge Oil Revenue, Heightened Sleaze

With an estimated population of over 170 million people, Nigeria has the largest population in Africa. The country is best known as a major producer and exporter of crude oil, ranking in the top 5 net exporters of crude oil in the world in 2014.[66] The Nigerian Bureau of Statistics (NBS) reported that crude oil accounted for 96.4 percent of Nigeria's export in 2003 and 80 percent in 2014.[67] In effect, Nigeria is a mono-product economy, with crude oil as the major source of government revenue. Although the country has large deposits of natural gas, copper and limestone, and other solid minerals, crude oil is the mainstay of the economy. The economy's overdependence on crude oil means that changes in the international market for crude oil means changes in Nigeria's economic, political and even social life in exact magnitude as the changes in the oil market. Periods of booms in the international oil market have always meant periods of boom in the Nigerian economy, and downturns in the crude oil market have always resulted in difficulties for the country. Despite several episodes of booms and busts in the oil market, the country has failed to diversify its economy into other sectors. This failure to diversity the economy can be attributed to the poor quality of political leadership and pervasive corruption in the public sector, among other factors.

After gaining political independence from Britain in 1960, Nigeria suffered a series of political crises, including military takeovers and a civil war within the first decade of independence. By January 1970, when the Nigeria–Biafra civil war ended, Nigeria's polity had been deeply ruptured. Nigerians had stronger allegiances to the multiple ethnic groups in the country than to the Nigerian state itself. In effect, members of one ethnic group exhibit loyalties to their ethnic lineage than to the nation in general. The challenge of this form of "conflicting loyalties," as Richard Joseph noted, is at the root of some of the difficulties associated with Nigeria's political system, because political contestation often "becomes one of individuals seeking to monopolize State power on behalf of particular subnational communities…"[68] This form of ethnic cleavage hampers true national development as state actors focus on choices that would be of benefit to their ethnic groups first, before any consideration for national interest. Ethnicity has been a big issue in the Nigerian political system since independence, but perhaps it took a more menacing stature after the Nigeria–Biafra civil war.

From the period of the first civilian administration to the era of military rule, and to the present experiment of multi-party democracy, ethnicity has remained a major feature of Nigeria's political system. Undue emphasis on ethnicity has fueled corruption, created avoidable inter-tribal conflicts and given political officeholders some form of cover to make socially inefficient choices, for as long as one's ethnic group receives some benefits. Joseph maintains that there is little or no difference in principle between ethnicity and clientelism. According to him: "Although ethnicity is a 'group phenomenon', it is also one which is manifested through the behavior of individuals. The individual strategies… which involve attachment to patron, can become generalized into the attachment of kinship group, depending upon the composition and structure of the society in question."[69] In this sense, ethnicity and clientelism have the same principle and the same negative effects on the polity. While clientelism involves the solidarity and attachment of agents to a patron for political and economic benefits, ethnicity involves attachment to a group, usually bound by common ethnic identity.

Since the discovery of crude oil in commercial quantity, the Nigerian state has been a center for contestation, with the contest revolving around how the various constituent units or ethnicities should share oil revenues (usually referred to as the "national cake"). With a centralized political structure where the government is involved in several sectors, the Nigerian state has become so powerful that political contests to control the instrument of the state has become intense and often violent. As Claude Ake noted, "the Nigerian state appears to intervene everywhere and to own virtually everything including access to status and wealth. Inevitably, a desperate struggle to win control of state power ensues since this control means for all practical purposes being all powerful and owning everything. Politics became warfare, a matter of life or death."[70] The existence of very powerful central government, huge revenue flows from the sale of crude oil, deep-rooted problems associated with ethnicity, and an unaccountable government could only produce disaster for the political and economic development of Nigeria. Consequently, Nigeria has been associated with several uncomplimentary features that seem to define the political economy of the African giant. Despite Nigeria's huge potentials, the country has been unable to find a credible path to real development.

One of the major challenges that the country has faced during the last few decades has been the challenge of corruption, especially in the public sector. Public offices are personalized in Nigeria, and those who hold public office rarely make any distinction between the public office they occupy and their private enterprise. In *Democracy and Prebendal Politics in Nigeria*, Richard Joseph presented vivid accounts of the challenge of "prebendalism" in Nigeria. According to him, prebendalism is simply the conversion of public office into private possession to be used and exploited for the benefit of the officeholder and his or her cronies.[71] Explaining the difference between prebendalism and other patronage systems, Joseph noted as follows: "a prebendal system will be seen not only as one in which offices of state are allocated and then exploited as benefices by the officeholders, but also as one where such a practice is legitimated by a set of political norms according to which the appropriation of such offices is not just an act of individual greed or ambition but concurrently the satisfaction of the short-term objectives of a subset of the general population."[72] Writing in 1987, Richard Joseph's characterization of prebendalism in the Nigerian state is even more apt today, where holding public office is seen as the most lucrative occupation in the nation. In some kind of weird political and fiscal arrangements, elected representatives, appointed public officeholders and senior civil servants control state resources as if such resources were their personal properties. Even aside the booties that come from corruption, official budgetary allocations to service the government and its officials (recurrent expenditure) is in multiples of the allocation for social programs and other capital projects. The situation in Nigeria seems to reflect a system of government where the state belongs to those in government positions, and not to the general citizens.

In Nigeria, elected representatives, political appointees, government officials and senior civil servants are like the kings and emperors of old who rule over their kingdoms as they wish. The situation in Nigeria reflects appropriately Daloz's[73] conceptualization of government absolutism where those in top government positions become highly influential elements within the polity, and the people (the citizens) consequently place their trust in these individuals rather than in state institutions. The personalization of public resources has reached scandalous levels in Nigeria, as most of the government revenues and budget end up in the pockets of public officials.

For example, Nigerian lawmakers (members of parliament) are reputed to be the highest-paid lawmakers in the world, although these lawmakers operate in a country where the public infrastructure is decrepit and where poverty is pervasive in the general population, with about half of the population living on less than $1.90 per day. Kunle Amuwo[74] reported the damning disclosure by Nigeria's former Central Bank governor on the way Nigerian lawmakers appropriated a large chunk of the national budget to themselves in 2010. It was reported that Nigeria's 469 lawmakers (360 members of the House of Representatives and 109 senators) appropriated a quarter of the country's total Overhead Budget to themselves in 2010, and the balance of 75 percent to the rest of the country. This scale of exploitation could only exist in a society that shares the same features as did slave societies where hundreds of slaves labored under inhuman conditions for the enjoyment of a few masters. It is this form of perverse political and fiscal arrangements that has crowded out investment in productive sectors, as many citizens want to secure a political office in order to enjoy unfettered access to state resources. And this is the real drawback to the achievement of real development in Nigeria and in other African states with similar institutions. Those who hope that increasing foreign aid would help these countries to generate growth and development show a misunderstanding of the political economy of the typical African state.

The allocation of a high proportion of the national budget to a few lawmakers in Nigeria in 2010 is not an isolated case, but has become the norm in the country. This form of exploitation is not restricted to elected representatives, but almost all institutions of the state seem designed to give undue privileges to the very few in positions of authority at the expense of ordinary citizens. This perverse arrangement has accounted for much of the irony of a country brimming with abundance of human and material resources, yet perpetually consigned to the lowest rung of human development. Despite its huge receipts from sale of crude oil, Nigeria ranks in the lowest bracket of the United Nations Human Development Index, scoring 0.514 in HDI in 2015 and ranking 152, just ahead of Cameroon (at 153) out of 188 countries.[75] Nigeria's huge but untapped potentials and misdirected energies are consequences of the faulty state structures and faulty foundations of that European contraption of a country, which has undoubtedly become one of the worst disasters of British colonial rule in Africa. But Nigeria's postcolonial leaders have also failed woefully to critically re-examine the precarious colonial structures, instead, successive leaders have in many cases expanded the limits of corruption and avarice. That Nigeria has been unable to stand on its feet despite all variables that suggest enormous potentials for rapid growth and development, often lends credence to calls for restructuring of the African colonial state. Today, calls for restructuring the Nigerian state have remained loud, as different ethnic and tribal groups who feel they are not getting their fair share of the "national cake" contend that the only way forward is a restructuring of the state, which has proved unworkable in several respects.

Despite its massive oil and gas deposits, the country is unable to provide stable electricity to its population. At an average of 2,000 megawatts of power generation in 2015, Nigeria generates less than the power needs of the average midsize American city. The intriguing part about the Nigerian political situation is the seeming acceptance of prebendal politics by the masses. It seems acceptable for public officeholders to convert public resources to personal assets and allocate same to satisfy the personal needs of the incumbent and his cronies. As the government fails to provide infrastructure and social services, public officials with access to state resources become the hope of the citizens. Justifying the disproportionate allocation of state funds to the National Assembly, members of the legislature argue that legislators have constituents who depend on the legislators for livelihood. In effect, this confirms the view that individuals and communities tend to place their trust and expectations on their patrons, and not on state institutions.[76] Although Nigeria also receives huge volume of aid, as has been demonstrated in the case of public health interventions by donors, the country is not so dependent on foreign aid because of its massive receipts from sale of crude oil. Even if foreign aid constituted a high proportion of government revenues, it is not clear how a doubling of foreign aid will bring about development and poverty reduction where oil receipts failed to do so. Sustainable development in Nigeria and in other countries in Africa would come only when the governance arrangements are reorganized and state institutions reformed to focus on developmental priorities instead of serving a few masters.

Conclusion

The postcolonial African state has generally been unable to produce real development for its citizens. Although there have been a few bright spots, such as in Botswana and Mauritius, these spots pale in significance to the huge poverty and disaster that have defined most of the continent. The most perplexing part of the African story is the colossal failure of some countries like Angola, the Democratic Republic of Congo, Chad, Equatorial Guinea, Nigeria, among others, whose natural resource endowments should ordinarily put these states on a fast track to development. Instead of generating currents for national development, natural resources in these countries have created few “big men”, while the majority have been condemned to a life of misery and despondency. The world has responded to the plight of the continent with foreign aid in cash and material transfers. But foreign aid has proven to be the wrong instrument to tackle the perverse state structures that have made corruption and bad governance the rule, rather than the exception. The futility of sending cash to Africa to curb poverty has been demonstrated clearly with different shades of aid, from bilateral to multilateral supports. The MDGs, which came to an end in 2015, has again demonstrated the futility of conventional thinking that increasing funds at the disposal of poor African countries would help check poverty. The MDGs have failed to be the poverty-eradicating template touted by the UN and the aid industry. Smarting from the failure to realize the “end of poverty” after 15 years of the MDGs, the United Nations has again come up with another fancy coinage, “Sustainable Development Goals (SDG)”, that extends and expands the now-expired MDGs.[77] If designated components of the SDGs do not focus on addressing the root causes of poverty in African states, its results predictably would be similar to what the world has seen during these past decades of foreign aid.

The critical question then is how can the world help to transform Africa’s highly extractive political and economic institutions that have foisted poverty and misery on majority of Africans during these past decades? To attempt this question, I would like to first address the philosophy and the principles that should guide development assistance before attempting specific instruments that could be used. The starting point for an effective regime of development assistance to Africa should be to define the principles first, that is, to define what development assistance should focus on, and why. With the initial questions answered, a range of possible instruments can be explored to provide the right form of development assistance. Foreign aid and development assistance to African countries should focus on restructuring the African states in a way that redefines the state–society relations that exist in the region. State–society relations in most of Africa are marked by predation and exploitation, with the state treating its citizens as subjects. African states are largely neopatrimonial, with the head of state and a crop of big men exercising absolute controls over the allocation of state resources, using a corrupt patronage system that rewards a few and blocks the opportunities of many.[78] Even in countries where regular elections are held, as in Cameroon, Chad, or Nigeria, the African state has shown little regard for its citizens. The relationship between the average state and its citizens is one of mutual mistrust, and state actors have generally treated state resources as personal properties. This implies that the provision of public goods is not the priority of the typical African state, and the formulation and implementation of credible development policies that would enhance citizens' welfare do not form part of the focus of state actors.

It is the state's poor treatment of its citizens that has reinforced extractive institutions. For example, if the state has no real intention to provide efficient services to its citizens, public officials and the entire government bureaucracy would adopt behavioral traits that alienate the citizens from the government. The consequence is that critical public institutions such as the civil service would operate with a rather perverse anti-citizen philosophy. This is unlike the situation in an inclusive state where the government bureaucracy understands that its primary role is to serve the interest of the people and not simply to attend to the wishes of the head of state and top politicians. Extractive states misappropriate state's resources and redirect such resources to satisfy the selfish desires of a very narrow elite. From issuing oil exploration licenses in Nigeria or Angola to the award of mining rights in Rwanda or the Democratic Republic of Congo, state actions are principally geared toward serving the few in positions of authority, while leaving the population to a life of want and misery.

It is the predatory state structure that blocks the citizens from access to meaningful economic opportunities and creates poor economic outcomes. It is not financial constraint that causes poor economic performance, as the aid enthusiasts have wrongly assumed. Rather, the lean financial resources of the average African citizen are direct result of poverty caused by the perverse political and economic arrangements that kill the ingenuity and innovation of the people, and effectively disenfranchises majority of the citizens from playing meaningful roles in the economy and polity. Let us discount foreign aid for a second and focus on national earnings from commodity sales in Angola, Chad, Congo, Equatorial Guinea and Nigeria during sustained periods of commodity booms in the 1970s, 1990s and during the last decade – up to the recent decline in commodity prices in 2014. These countries did not make spectacular progress in terms of the Human Development Index during these periods of sustained inflow from commodity sales. Paul Collier noted that huge windfalls from sale of crude oil actually did make economic reforms harder in Nigeria because the politicians were all interested in getting a bigger share of the increased revenue.[79] If relatively high oil earnings in Nigeria or in Angola or elsewhere in the continent did not produce appreciable real growth and development, one wonders how increase in foreign aid would make the difference that would eradicate poverty in these countries.

Apart from its devastating effects on the economy, the perverse state–society relations that exist in most of Africa is also a primary cause of the intense political contestation in the continent. Because holding political office is never a call to service, but an assured route to wealth and privileges, political contestation is often intense and most times violent. It is also the scandalous levels of privileges that accrue to public office that has made many an African head of state to adopt a "sit-tight" mentality, leading to a corrupt political system where opposition is gagged, and basic freedoms are denied to citizens. As James Wunsch and Dele Olowu noted, many African heads of states "either declared themselves Presidents for life, legislated other political parties out of existence or proscribed other institutions of dissent and social criticism, such as the media, legislatures, or even interest groups."[80] Across the continent, many heads of states have presided over their countries for up to three decades, unleashing hunger and terror on their people, while embarking on a patronage system that is antithetical to economic development. Commenting on the postcolonial African state, Crawford Young observed that: "Five turbulent decades have followed, producing an African political landscape in which there was strikingly little change in the set of state actors …"[81] The principal political actors in Africa have largely remained the same, and what has defined these economies during the postcolonial period has been scandalous levels of official corruption, poor choices driven by greed and an anti-citizen mindset. Foreign aid, defined as gift of cash or other materials, can certainly not eradicate poverty in a state where most of state resources are cornered by a few, while the majority watch helplessly.

Except Africa's development partners choose to dismiss the state as a passive or unnecessary variable in the development equation, it is unlikely that real progress can be made under the present structure and institutions of the average African state. Again, there is no attempt to ignore the obvious institutional differences that exist across most of Africa. It is true that even within the different subregions from the West to the South, and from the East to Central Africa, differences abound. Despite specific institutional differences, the fundamental character of the states and the accompanying institutions are generally similar. As succinctly captured by Young, "Africa, as a whole, more than any other world region save possibly, Latin America, lends itself to a broadly comparative approach, owing to similarities among the countries on numerous fronts."[82] Perhaps that is why there is a "sit-tight" syndrome and associated governance challenges from Zimbabwe in the South to Uganda in the East; and from Chad in the West to Cameroon in Central Africa, amongst others. Again, one must always recall the historical origins of the African state as we know it today. Africa's unique predatory state–society relation is a direct product of the continent's colonial history. Although European colonial systems also differed across the continent, the underlying principles of colonial absolutism, authoritarianism and crass exploitation of Africa's resources remained largely the same across the colonies. Authoritarian states that emerged in the postcolonial period maintained the omniscient stance of the departed colonists, whose attitude was that of "modernizing" the colonial subjects.

A restructured development assistance is one that must target the African state and its institutions as a primary focus. It is not simply about "encouraging" African leaders to embrace democracy and good governance. The 1990s witnessed what many felt was renewed hope in the continent following a massive wave of democratic elections after decades of military dictatorship and civil wars. Today, the world should know better. Elections have been held in Cameroon, Chad, the Democratic Republic of Congo, Equatorial Guinea, Uganda and Zimbabwe, just to mention but a few, yet those elections have failed to bring real changes in political culture and leadership. Even where such elections have resulted to changes in the individual who occupy the highest political office as in Nigeria, there has been little or no material change in the structure of the state and in the governance arrangements that have led to poverty and destitution for the majority. Africa's development partners who wish to assist the continent unto the path of real growth and development must focus on joining hands to restructure the anti-development state which the continent inherited from colonial Europe, and which have constituted the biggest threat to development and structural transformation of the African society.

Notes

1. Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty* (London: Profile Books, 2012); Young, *The Postcolonial State*; Bratton and van de Walle, "Democratic Experiments in Africa"; Joseph, *Democracy and Prebendal Politics*; and Nicolas van de Walle, *African Economies and the Politics of Permanent Crisis, 1979–1999* (New York, NY: Cambridge University Press, 2001).

2. Douglas North, *Institutions*.
3. Westad, *The Global Cold War*, 90.
4. UNDP, *Human Development Report 2005: International Cooperation at a Crossroad: Aid, Trade, Security in an Unequal World*, (New York: UNDP, 2005), 7.
5. Easterly, *Reinventing Foreign Aid*.
6. Speech by Prime Minster David Cameroun on "Development and Poverty" delivered to the United Nations on May 15, 2013. https://www.gov.uk/government/speeches/david-camerons-speech-to-un.
7. Collier, *Bottom Billion*, 99–157.
8. Douglas North, *Structure and Change in Economic History*, (New York, NY: Norton, 1981).
9. Collier, *Bottom Billion*, 50.
10. CIA World Factbook; https://www.cia.gov/library/publications/the-world-factbook/geos/no.html.
11. Ibid, https://www.cia.gov/library/publications/the-world-factbook/geos/cd.html. November 29, 2016.
12. Transparency International: Q & A on Chad; http://www.transparency.org/whatwedo/answer/overview_of_corruption_and_anti_corruption_in_chad.
13. David A. Andelman, "In Pictures: Most Corrupt Nations," *Forbes*, 2007. http://www.forbes.com/2007/04/03/corruption-countries-nations-biz-07caphosp-cx_da_0403corrupt_slide_8.html?thisSpeed=undefined.
14. Daron Acemoglu and James Robison, "Why Foreign Aid Fails – and How to Really Help Africa," *The Spectator*, January 24, 2014.
15. Pak Nung Wong, "Discerning an African Post-Colonial Governance Imbroglio: Colonialism, Underdevelopment and Violent Conflicts in the Democratic Republic of Congo (DRC), Liberia and Sierra Leone," *African and Asian Studies* 11 (2012): 66–94.
16. Hazel M. Macpherson, "Governance and Hyper-Corruption in Resource-Rich African Countries," *Third World Quarterly* 30, no. 8 (2009): 1529–47.
17. Human Rights Watch, "'They pushed down the houses" – Forced Evictions and Insecure Land Tenure for Luanda's Urban Poor," May 15, 2007. http://www.hrw.org/en/reports/2007/05/14/they-pusheddown-houses-0.
18. http://www.un.org/africarenewal/magazine/august-2014/inequality-clouds-growing-economy.
19. Daddy's Girl: How an African 'Princess' Banked $3 Billion In A Country Living On $2 A Day. http://www.forbes.com/sites/kerryadolan/2013/08/14/how-isabel-dos-santos-took-the-short-route-to-become-africas-richest-woman/#34114c5979fe.
20. Ibid.
21. Inequality Clouds Growing Economy, http://www.un.org/africarenewal/magazine/august-2014/inequality-clouds-growing-economy.

22. Ibid.
23. Michael Schatzberg, "Introduction," in *The Political Economy of Cameroon*, eds. Michael Schatzberg and William Zartman (New York, NY: Praeger, 1986), 1–19.
24. Jurg M. Gabriel, "Cameroon's Neopatrimonial Dilemma," *Journal of Contemporary African Studies* 17, no. 2 (1999): 173–96.
25. Rogers T. Orocka and Oben T. Mbuagbob, "Why Government Should not Collect Taxes: Grand Corruption in Government and Citizens' Views on Taxation in Cameroon," *Review of African Political Economy* 39, no. 133 (2012): 479–99.
26. Ibid., 495.
27. The State of Democracy in Cameroon. http://www.tffcam.org/foundation/democracy.htm.
28. Wallechinsky, *Tyrants*, 289.
29. World Bank, *World Development Report*, 2014.
30. Michael L. Ross, "The Political Economy of the Resource Curse," *World Politics* 51, No. 2 (1999): 297–322.
31. Jeffrey D. Sachs, and Andrew M. Warner, "The Curse of Natural Resources," *European Economic Review* 45, no. 4–6 (2001): 827–38.
32. Scott Pegg, "Can Policy Intervention Beat the Resource Curse? Evidence from the Chad–Cameroun Pipeline Project," *African Affairs*, 105/418 (2005): 1–2.
33. Michael Ross, "The Political Economy of the Resource Curse," *World Politics* 51, no. 2 (1999): 297–322.
34. Scott Pegg, "Can Policy Intervention beat the Resource Curse?," 4.
35. Council on Foreign Relations, *Beating the Resource Curse in Africa: A Global Effort*. http://www.cfr.org/africa-sub-saharan/beating-resource-curse-africa-global-effort/p28780.
36. The New York Times, President Idriss Déby of Chad, in Power Since 1990, Wins 5th Term; April 21, 2016. Available at: http://www.nytimes.com/2016/04/22/world/africa/president-idriss-deby-of-chad-in-power-since-1990-wins-5th-term.html?rref=collection%2Ftimestopic%2FChad&action=click&contentCollection=world&region=stream&module=stream_unit&version=latest&contentPlacement=6&pgtype=collection&_r=0.
37. World Bank, *Chad–Cameroon Petroleum Development and Pipeline Project*, Report No. 36569-TD. Available on: http://documents.worldbank.org/curated/en/821131468224690538/pdf/36569.pdf.
38. Scott Pegg, "Can Policy Intervention beat the Resource Curse?," 8.
39. Ibid., 11.
40. Ibid., 14.

41. World Bank; World Bank, Chad Reach Interim Agreement on Funding, Oil Revenue Management. Press Release No. 2006/383/AFR. http://reliefweb.int/report/chad/world-bank-chad-reach-interim-agreement-funding-oil-revenue-management.
42. Ibid.
43. The Guardian, World Bank Cancels Pipeline Deal with Chad after Revenues Misspent. https://www.theguardian.com/world/2008/sep/12/world-bank.oil.
44. Young, *The African Colonial State*.
45. Westad, *The Global Cold War*.
46. Alec Russel, *Big Men Little People: The Leaders Who Defined Africa* (New York, NY: Endeavour Press Ltd, 2013).
47. Ibid.
48. Hazel M. McPherson, "Governance and Hyper-Corruption in Resource-rich African Countries," *Third World Quarterly*, 30, No. 8 (2009): 1529–48.
49. Robert Jackson and Carl G. Roseberg, *Personal Rule in Black Africa: Prince, Autocrat, Prophet, Tyrant* (Berkeley, CA: University of California Press, 1982), 172–73.
50. Wong, "Discerning an African Post-colonial Governance Imbroglio," 76.
51. Ibid., 76.
52. Pak Nung Wong, "Discerning an African Post-Colonial Governance Imbroglio: Colonialism, Underdevelopment and Violent Conflicts in the Democratic Republic of Congo (DRC), Liberia and Sierra Leone," *African and Asian Studies* 11 (2012): 66–94.
53. Russel, *Big Men, Little People*.
54. Ibid. (Kindle edition, location 333).
55. Ibid.
56. William Reno, *Warlord Politics and African States* (Boulder, CO: Lynne Rienner, 1998); reproduced in Wong, *Discerning an African Post-colonial Governance Imbroglio*, 78.
57. United Nations, *Human Development Report 2015* (New York, NY: United Nations, 2015).
58. UNDP *Report on Human Development: Equatorial Guinea, 2011* (New York, NY: UNDP, 2012).
59. Based on data from the World Bank, http://data.worldbank.org/country/equatorial-guinea.
60. Ibid.
61. AfDB, African Economic Outlook 2012: Equatorial Guinea. http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/Equatorial%20Guinea%20Full%20PDF%20Country%20Note.pdf.
62. Alicia Campos-Serrano, "Extraction Offshore, Politics Inshore and the Role of the State in Equatorial Guinea," *Africa: The Journal of the International African Institute*, 83, no. 2 (2013): 313–334.

63. US Senate, Minority Staff of the Permanent Subcommittee on Investigations (2004) "Money Laundering and Foreign Corruption: Enforcement and Effectiveness of the Patriot Act, Case Study involving Riggs Bank," Washington, July 15.
64. Ibid.
65. See Chris McGreal and Dan Glaister, "The Tiny African State, the President's Playboy Son and the $35 m Malibu Mansion," *The Guardian, 2006.* http://www.theguardian.com/world/2006/nov/10/equatorial-guinea.danglaister.
66. International Energy Agency, Key World Energy Statistics, 2016. https://www.iea.org/publications/freepublications/publication/KeyWorld2016.pdf.
67. Nigeria Bureau of Statistics, *The Nigerian Economy: Past, Present and Future* (Abuja: NBS, 2016).
68. Joseph, *Democracy and Prebendal Politics*, 43.
69. Ibid., 59.
70. Claude Ake, "Presidential Address to the Nigerian Political Science Association in Kano" (Excerpts), *West Africa* (May 25, 1981); cited in Joseph, *Prebendal Politics*, 75.
71. Joseph, *Democracy and Prebendal Politics.*
72. Ibid., 67.
73. Jean-Pascal Daloz, "Nigeria: Trust your Patron, not the Institutions," *Comparative Sociology*, 4 no. 1/2 (2005): 129–46.
74. Kunle Amuwo, "Beyond Prebendal Politics: Class and Political Struggles in Postcolonial Nigeria," in Wale Adebanwi and Ebenezer Obadare, eds. *Democracy and Prebendalism in Nigeria: Critical Perspectives* (New York, NY: Palgrave Macmillan, 2013), 121–46.
75. United Nations, *Human Development Report 2015* (New York, NY: United Nations, 2015).
76. Daloz, "Nigeria: Trust your Patron, not the Institutions," 129–46.
77. United Nations, *Sustainable Development Goals: 17 Goals to Transform Our World* (New York, NY: United Nations, 2015).
78. Michael Bratton and Nicholas Van de Walle, "Neopatrimonial Regimes and Political Transitions in Africa," *World Politics,* 46, no. 4 (1994): 456; Robert Jackson and Carl Rosberg, *Personal Rule in Black Africa: Prince, Autocrat, Prophet, Tyrant* (Berkeley, CA: University of California Press, 1982).
79. Collier, *Bottom Billion*, 116.
80. James Wunsch and Dele Olowu, *The Failure of the Centralized State: Institutions and Self-governance in Africa* (Boulder, CO: Westview Press, 1990), 7.
81. Young, *The Postcolonial State in Africa*, 3.
82. Ibid., 5.

Bibliography

Acemoglu, Daron, and James Robinson. 2012. *Why Nations Fail: The Origins of Power, Prosperity and Poverty*. London: Profile Books.

Amuwo, Kunle. 2013. Beyond Prebendal Politics: Class and Political Struggles in Postcolonial Nigeria. In *Democracy and Prebendalism in Nigeria: Critical Perspectives*, ed. Wale Adebanwi and Ebenezer Obadare, 121–146. New York: Palgrave Macmillan.

Bratton, Michael, and Nicholas Van de Walle. 1994. Neopatrimonial Regimes and Political Transitions in Africa. *World Politics* 46 (4): 453–489.

Campos-Serrano, Alicia. 2013. Extraction Offshore, Politics Inshore and the Role of the State in Equatorial Guinea. *Africa: The Journal of the International African Institute* 83 (2): 313–334.

Daloz, Jean-Pascal. 2005. Nigeria: Trust Your Patron, Not the Institutions. *Comparative Sociology* 4 (1/2): 129–146.

Gabriel, Jurg. 1999. Cameroon's Neopatrimonial Dilemma. *Journal of Contemporary African Studies* 17 (2): 173–196.

Jackson, Robert, and Carl G. Roseberg. 1982. *Personal Rule in Black Africa: Prince, Autocrat, Prophet, Tyrant*. Berkeley: University of California Press.

Macpherson, Hazel. 2009. Governance and Hyper-Corruption in Resource-Rich African Countries. *Third World Quarterly* 30 (8): 1529–1547.

North, Douglas. 1981. *Structure and Change in Economic History*. New York: Norton.

Orocka, Rogers, and Oben T. Mbuagbob. 2012. Why Government Should Not Collect Taxes: Grand Corruption in Government and Citizens' Views on Taxation in Cameroon. *Review of African Political Economy* 39 (133): 479–499.

Pegg, Scott. 2005. Can Policy Intervention Beat the Resource Curse? Evidence from the Chad Cameroun Pipeline Project. *African Affairs* 105 (418): 1–2.

Reno, William. 1998. *Warlord Politics and African States*. Boulder: Lynne Rienner.

Ross, Michael. 1999. The Political Economy of the Resource Curse. *World Politics* 51 (2): 26–322.

Russel, Alec. 2013. *Big Men Little People: The Leaders Who Defined Africa*. New York: Endeavour Press Ltd.

Sachs, Jeffrey, and Andrew M. Warner. 2001. The Curse of Natural Resources. *European Economic Review* 45 (4–6): 827–838.

Schatzberg, Michael. 1986. Introduction. In *The Political Economy of Cameroon*, ed. Michael Schatzberg and William Zartman, 1–19. New York: Praeger.

UNDP. 2005. *Human Development Report 2005: International Cooperation at a Crossroad: Aid, Trade, Security in an Unequal World*. New York: UNDP.

———. 2012. *Report on Human Development: Equatorial Guinea, 2011*. New York: UNDP.

United Nations. 2015a. *Human Development Report 2015*. New York: United Nations.

———. 2015b. *Sustainable Development Goals: 17 Goals to Transform Our World*. New York: United Nations.

van de Walle, Nicolas. 2001. *African Economies and the Politics of Permanent Crisis, 1979–1999*. New York: Cambridge University Press.

Wong, Pak Nung. 2012. Discerning an African Post-Colonial Governance Imbroglio: Colonialism, Underdevelopment and Violent Conflicts in the Democratic Republic of Congo (DRC), Liberia and Sierra Leone. *African and Asian Studies* 11: 66–94.

Wunsch, James, and Dele Olowu. 1990. *The Failure of the Centralized State: Institutions and Self-Governance in Africa*. Boulder: Westview Press.

CHAPTER 7

Development Assistance Redesigned

During the past five decades, Sub-Saharan Africa has received more foreign aid than any other region of the world. In 2013 alone, official overseas development assistance to Africa was $41.4 per capita, compared to just $5.34 for Asia, meaning that in that year the average African received almost eight times the amount of foreign aid received by his Asian counterpart.[1] However, while most parts of Asia have recorded remarkable progress in poverty eradication during the past three decades, the situation is different in Africa. Poverty has remained endemic in most of Africa, and all the symptoms of poverty, such as poor social services, weak infrastructure and a high prevalence of preventable diseases, have remained almost permanent in most of Africa. Africa's development partners, including its bilateral and multilateral donors, have been generous with financial and material support to ameliorate some of the pains of poverty. Foreign aid has been helpful, especially in the public health arena, where the devastation from malaria and HIV/AIDS have largely been contained. However, outside its impact in helping to soothe some of the pains of poverty, foreign aid has failed to foster real growth and development in Africa, and has also failed to eradicate poverty in the region. One must note, however, that this does not necessarily indicate that foreign aid has failed in its entirety, it simply means that foreign aid cannot procure growth and development, as such, it cannot eradicate poverty.

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_7

Donors, policy makers and academics have been concerned about the efficiency and effectiveness of aid delivery, and about the impacts of aid on the receiving societies. It was in a bid to strengthen the effectiveness of foreign aid that the Paris Declaration of Aid Effectiveness and the subsequent Accra Agenda were designed under the umbrella of the OECD. The Paris Declaration and the Accra Agenda specifically sought to bring donors together in order to work out ways to enhance the efficiency and effectiveness of foreign aid and increase "ownership" and "participation" by the communities that receive such aid.[2] In addition, in recent times there appear to be some form of unanimity within the donor community to introduce some reforms of the aid system. From UNDP to DFID, and from bilateral donors to private aid agencies, there have been calls for "reform" of the global aid system in ways that would enhance aid effectiveness and finally make foreign aid a catalyst for development.[3] We cannot agree more with such calls. However, this book proposes a complete restructuring of the entire structure and idea of development assistance in ways that would ensure that development assistance actually helps to bring "development" to Africa.

Our recommendations on how to redesign foreign aid are driven by four cardinal principles, which deserve repeating here. The first is that Africa's development failures are principally the result of predatory state–society relations and the extractive economic and governance institutions that are pervasive in the region. Second, this form of state–society relations and extractive institutions are legacies of Africa's historical path, resulting from several centuries of institutionalized exploitation and predation. Third, domestic actors in Africa, on their own, cannot change the status quo, which has historically conferred undue privileges on a tiny elite that has continued with the exploitation and sleaze that defined governance in the continent over the past several centuries. Fourth, audacious and coordinated international coalition and support is necessary to fundamentally transform the predatory state–society relations and utterly extractive institutions on which most of Africa rests. It is on the basis of these principles that this book recommends another form of development assistance to African countries. In order to help achieve the aim of reducing or eradicating abject poverty in Africa, development assistance needs to focus almost exclusively on restructuring the African state and its institutions.

Guidelines for State–Society Relations and Institutional Transformation

> Africans are poor because their leaders have chosen the part of corruption. One of the reasons why corruption thrives in Africa, is because African leaders are in the business of cannonising thieves, punishing the small ones and electing the big ones into offices – Patrick Lumumba, Kenya anti-Corruption activist.[4]

As the quote above indicates, poverty in Africa has largely been a result of exploitation, corruption and bad political leadership. These forces have been sustained by perverse political and economic institutions that seem to exist for the sole purpose of satisfying the selfish interests of the leaders. African states have not developed governance systems that thrive on the rule of law. In many cases, the extant laws are discriminatory – the laws respect individuals and offices and discriminate against the poor and those without an office. The state's failure to perform its developmental roles effectively has been the biggest impediment to growth and social transformation. Because of the central role of the state in driving growth and development, poverty will continue to torment the majority of Africans if the states remain almost completely hijacked by a few powerful men and women, with little or no accountability and checks and balances in the exercise of political power. Successive African political leaders have personalized the state and converted the common wealth to personal estates. This perverse political culture has weakened the state, undermined the principles of rule of law, and enthroned a culture of corruption that ultimately deadens innovation and blocks citizens' opportunities to play active roles in the economy. Foreign development assistance to Africa should focus on redefining state–society relations and transforming the economic and political institutions that foster corruption and bad governance across the continent. Consequently, this book proposes the use of multilateral mechanisms to set up and enforce a set of *coherent Guidelines* devoted primarily to redefining the relationship between the African state and its citizens. The principal aim of these Guidelines should be to emphasize that the modern state exists principally to serve the interests and promote the welfare of its citizens, rather than simply to attend to the primordial desires of the head of state and other state officials.

From the period of the Atlantic slave trade to the era of colonialism, African states have historically existed primarily to serve the interest of state officials and other authority figures. Institutions that are taken for granted in developed societies, such as the rule of law and the notion of equality of all citizens before the law, have different meanings in many African countries. In these countires most institutions have been configured to distinguish between the "master" and the "servant". Consequently, economic and other opportunities are available only to a tiny elite (the masters), while the majority of the population (the servants) are systematically excluded. These historical structures have sadly persisted and continue to define the culture, sociology and political economy of the African state. While pockets of opposition to the "big men" rule can be seen at different times and in different states, the sad reality is that majority of citizens seem to have somehow accepted this perverse arrangement as being "legitimate" characteristics of Africa's brand of politics, with the result that successive political actors continue to use the state as a vehicle for personal aggrandizement instead of as a facilitator of society's progress and wellbeing.

Writing on the political environment in Africa, Patrick Chabal and Jean-Pascal Daloz observed that: "The fact that all post-colonial states have been formally constituted on the model of the modern Western state is not in itself evidence of the degree of their institutionalization. Above and beyond the public display of the attributes of the modern state… the reality of the exercise of power on the continent points to a necessary caution when it comes to assessing the degree to which such formal bodies do amount to a modern (Weberian) state."[5] Continuing, they asked rather rhetorically: "Is the official proclamation of the rule of law, for instance, not often deceptive?[6]" Despite the outward appearance and form, in substance the principles of rule of law has little meaning in the average African state, where the law is actually a respecter of powerful individuals. In many African states the type of "democracy" that exists is that defined by, and anchored on the whims of, a few "big men" who thrive on an established network of patron–client relationships to perpetuate dictatorship, corruption and rule by the big men.[7]

The institutionalization of patron–client networks has meant that the citizens look up to individuals – those in positions of authority – to provide the safety nets and economic opportunities that should have been guaranteed by state institutions. It is important to acknowledge that in some countries, changes in political leadership have followed regular patterns based on constitutionally determined tenure. However, even in these countries where changes in leadership have occurred regularly, the state is dominated by the incumbent at any point in time, and what prevails are the true characteristics of the rentier state, in terms of corruption and the privatization of public offices. This tradition has such a strong hold that successive political leadership activates a new network of clients and perpetuates the tradition of patron–client arrangements that saps state resources in favor of the patron and his client. It is this perverse state structure, which rests on the dictates of one or a few "big" men that has alienated the African state from its citizens. The form of state–society relations that exists on the continent are those that perpetuate institutions that do not speak to citizens' needs or the concerns of the community. The citizens are therefore kept on the sidelines in matters of allocation and use of the national resources. This form of exclusion and the pursuit of parochial interests, rather than overall national development goals, are the major causes of poverty in Africa. Redefining the relationship between the state and its citizens and restructuring the institutions that have hitherto fostered exploitation is the very first step towards achieving broad-based growth and development on the continent. Otherwise, every effort at development will continue to produce the same results – disproportionate wealth for a tiny minority and poverty for the majority.

The Guideline should emphasize real engagement and mutual partnership between the state and its citizens. What currently obtains in the majority of the continent is a state detached from its citizens. Africa's ruling elite see the state as a personal estate that serves the primordial desires of the incumbent. Consequently, the state has no sense of its social contract with its citizens, but serves as a tool for rapacious accumulation by state officials.[8] Several years of exploitation and dictatorship have institutionalized this form of perverse state–society relations where the state and the citizens do not enjoy a mutually beneficial relationship, and where state programs often show little or no regard for the welfare of the citizens. This form of predatory state–society relations exists irrespective of the political arrangement – whether it be a military dictatorship, a one-party state or a multiparty arrangement. Because citizens' welfare is not a primary concern of the average African state, the provision of public goods does not form part of the state's priority. When citizens are fully engaged with state policy formulation and program implementation, the exploitative tendencies of state actions would be reduced. Mengisteab[9] has noted that the level of citizens' engagement in public policies and government programs can be gauged by the level of government expenditure effectively spent on social programs that provide direct benefits to the citizens. In a number of African states, the government has since given up on any meaningful investment in social programs, such as education and healthcare or public transportation. The analysis of public expenditure in the Democratic Republic of Congo, where President Mobutu allocated most of the country's budget to the Office of the President, or the case of Nigeria, where the parliament allocated a significant proportion of the country's budget to itself, are instructive. These examples reflect the type of state predation that has made most African states unable to initiate or support, development initiatives.

Across the continent, state policies and expenditure patterns have fostered poverty and destitution. Instead of developing and equipping health facilities, government officials routinely divert public resources to personal bank accounts and patronize health facilities in foreign countries. Because of the government's dereliction of its responsibilities in the area of healthcare services, donors sometimes step in to fill some of the gaps created by an irresponsible public sector. But the reality is that foreign aid cannot replace the state, and there is no evidence that any of the developed or middle-income countries have ever relied on foreign aid for the wellbeing of its citizens. The recent development miracle of Southeast Asia, for example, was not achieved on the back of trillions of dollars in foreign aid. This realization should guide Africa's development partners and donors to ask the important questions such as those posed by Justin Yifu Lin: "What are the conditions for the kind of structural change that allows low-income countries to become middle-income and then high-income economies? What are the most important determinants of growth (initial conditions, institutions, policies)?"[10] These types of questions should drive the actions of Africa's multitude of donors and development partners who desire to engineer growth and eradicate poverty in the continent. Without confronting the factors that lead to poverty, there is no possibility of eradicating or curbing poverty.

Summarizing the report of the Commission on Growth and Development,[11] Lin noted that one of the characteristics of those countries that performed well in the drive for economic growth and development is "committed, credible, and capable governments."[12] The report made no mention of an increase in foreign aid as a feature of those countries that had achieved growth and development. A credible and accountable government committed to its citizens is a prerequisite to achieving sustainable growth and development. It is only a committed and accountable government that would work to put in place credible rules and stable macro environment that support private investment. In the countries of Southeast Asia hailed as the growth miracles of this era, the state and its leadership were not only committed, but also adopted interventionist strategies that led to spectacular growth and transformation in those countries. In the case of developing countries in Africa, with notoriously corrupt and ineffective governments, the starting point to achieving real development must begin with restructuring and cleaning up of the state and its institutions. Otherwise, every policy or program introduced in a predatory state where state officials are preoccupied with the satisfaction of selfish ends would produce the same results of failure because state actors would sabotage such efforts. The former president of Tanzania, Benjamin Mkapa, alluded to the centrality of the state in the attainment of long-run growth and development when he noted: "In the long run it does not pay to build an economic mansion on a foundation of political sand."[13] Africa's predatory states and bad politics are definitely "political sand" that cannot support meaningful economic development. That is why the restructuring of the state needs to be the starting point to Africa's development, and a key segment of any mission to ending poverty in the region.

The promulgation and enforcement of the Guidelines, anchored within a multilateral platform like the United Nations or another body designed for that purpose, would mark the first real attempt at restructuring the state and its institutions. The general principle of the Guidelines should be to emphasize that every arm of government – the executive, legislature and the judiciary – have the same primary objective to promote and defend citizens' welfare. While the role of the different arms of government with respect to citizens' welfare may sound like an established fact in many societies, the reverse is the case in many African countries where separate rules exist for different classes of citizens. Unfortunately, due to consistent exposure to state intimidation and exploitation, the ordinary citizen in the average state seems to have accepted the myth that the state's primary role is to serve and defend the "big men", while the ordinary citizens fend for themselves. Multi-party democracy has not altered the relationship between the state and its citizens. Across the continent, it would appear that the principal aim of opposition parties is to oust the government in power in order to appropriate the perks and privileges of office for a new set of actors. In effect, the average opposition party – despite its political rhetoric – seeks political power not in a bid to change the status quo and liberate the citizens from decades of exploitation and misery, but for the selfish ends of members of the party and their cronies. It is because of this reality that what one sees in most of Africa is the movement from one dictator to another, while the general conditions of bad governance, exploitation and corruption persist. It is not clear how foreign aid can eradicate poverty under a governance arrangement where government officials focus primarily on transferring state resources to serve parochial interests.

Although designed under an international platform, the essence of the Guidelines is to restructure the African state in its entirety, and, for the first time in Africa's modern history, to place the state where it belongs – in the hands of African citizens. Right from the time of colonial conquest, the African state has treated its citizens with contempt, and the fundamental principles of the social contract between the state and its citizens are largely absent. This transformation must take place for development to be achieved because the African state, as it currently exists – with extractive institutions – cannot produce broad-based development; indeed it cannot even sustain broad-based development in cases where it is imported from elsewhere! The expectation that a substantial increase in donor funds would help to eradicate poverty in the region is fundamentally wrong because, historically, additional cash to failing states has never helped to generate real economic development and poverty reduction. The Guidelines being proposed in this book go beyond the "governance conditionality" that donors have often used to encourage changes in specific areas of governance. The Guidelines offer a guide for the transformation of the state and its institutions from the authoritarian predatory state to a modern inclusive state alive to its social contract with its citizens.

According to Daron Acemoglu and James Robinson: "To generate sustained economic development requires not just the formation of centralized polities, but also the removal of the absolutist and patrimonial tendencies of such polities."[14] Acemoglu and Robinson noted that it was this form of transformation that took place in Western Europe during the Glorious Revolution of 1688,[15] which led to the end of absolute monarchy and the transformation to constitutional monarchy in England – with more powers resting on the people instead of the absolute monarch. In the same vein, Collier[16] noted that the type of transformation that happened in Europe many centuries ago, which effectively opened up the government of that era to more scrutiny and increased representation – effectively giving the citizens more power – need to happen in those "bottom billion" countries, where authoritarian regimes still hold sway and where extant institutions block the majority from access to meaningful economic opportunities. In the case of Europe during the seventeenth century, external pressures in the form of threats of war forced the governments of that era to make required changes. In the case of African countries, the proposal is for the international community and, yes, domestic actors, to engender the changes needed to transform the predatory state to an inclusive one. Working on the strategies to initiate and execute such transformations should be the main focus of Africa's development partners who desire to see transformational changes that would eradicate poverty in the region.

Perhaps it is pertinent at this point to emphasize that the principal concern of this book is not with the particular set of instruments to be used, but the intended outcome. In effect, there is no suggestion whatsoever that the international Guidelines being recommended in this book are *the right* tool to generate the needed transformation. Rather, the principal message here is to emphasize that foreign aid, in whatever form and in whatever volume, delivered to African countries under the existing predatory state structures cannot generate the poverty eradication objective that donors have often promised. There is no empirical evidence from Africa or elsewhere to suggest that foreign aid delivered to predatory states produces any real development. On the contrary, subsisting evidence actually suggests that aid delivered in failing states at best fails to produce the intended outcomes, and at worst bolsters dictators and exacerbates the levels of poverty and misery among the general population.[17] On the other hand, there is almost a broad consensus that good governance (where the state is not an instrument of exploitation and where the state strives to implement sound macroeconomic policies) and inclusive political and economic institutions are prerequisites for real economic growth and development.[18] This book calls on the international community, donors and aid agencies to consolidate the disparate and often-uncoordinated interventions in Africa and refocus development assistance on the real issues that have undermined all development efforts over the past five decades. Many may dismiss the utility of this call with the usual aphorism that Africa should develop its homegrown solutions to its domestic problems. But Africa's problem is actually the world's problem too. How else can one explain the several billions of dollars currently given to African countries by the developed nations in foreign aid? Instead of the continued transfer of dollars, most of which have not only failed to produce intended outcomes, but have often provided additional resources to dictators, this book calls for a more coordinated and results-oriented international effort to confront the root causes of poverty in Africa, which is essentially the structure of the African state and the extractive institutions that make real development and social transformation impossible.

Enforcement

It is important to note that some donors currently require aid recipients to reform public institutions, reduce corruption and improve governance arrangements as a condition for the continuous flow of aid. Receiving countries have the opportunity to adopt suggested reforms (the reforms are often not defined in coherent actionable terms and are tied to specific projects) or miss out on the donor's fund. The current regime has relied principally on moral suasion, and, as demonstrated in various studies, moral suasion has failed to engender the right reforms necessary to transform extractive institutions.[19] Consequently, aid tied to a set of policy conditionalities, as practiced during the structural adjustment era of the 1980s and 1990s, failed to produce desired results. Many countries often presented a long list of "on-going reforms" to donor agencies, in return for additional funds. But most of these "reforms" usually end as soon as additional funds were received, and the reforms rarely go beyond the meeting rooms where donors and African leaders negotiate more funding.

The Guidelines for state–society relations and institutional transformation being proposed should come with a broad set of enforcement instruments. The instruments are such that should extract compliance, and, in those situations where compliance is not forthcoming, unleash consequences beyond cancelling aid flows. Similar to Paul Collier's recommendations in the *Bottom Billion*, the instruments should include an international review and monitoring organ, a pool of funds to support reforming nations, the use of multilateral military interventions to protect reforming administrations from being pushed out of government, and international sanctions to force recalcitrant nations to implement needed reforms. As we will see in the following sections, these instruments have already been used in different forms. The only difference is that the instruments have been used in the past for reasons other than to enforce changes in state–society relations and institutional transformation.

International Review and Monitoring Panel

In order to monitor the compliance of countries with the requirements of the Guidelines, there should be an international review and monitoring panel to monitor the compliance of each country to set Guidelines. Because the Guidelines need to be all-encompassing, there should be review panels in a broad range of areas, ranging from the rule of law to governance arrangements, and from to economic opportunities and access, as well as executive privileges, among others. The review panel would assess the level of compliance of each country to broad and specific sections and demands of the Guidelines. Multilateral review panels have been used extensively in the international system. During the recent past, the United Nations have set up international review panels to monitor how nations either comply or fail to comply with international agreements – as occurs in the area of nuclear non-proliferation, for example. The IMF has also consistently established panels of experts to examine how countries implement the Fund's Policy Support Instruments. It is in this fashion that the international review panel should examine how African states abide by dictates of the Guidelines and for state–society relations.

Within the African region, there have been attempts to set up peer review mechanisms to help enthrone good governance that would facilitate broad-based development. While the international review panel proposed in this book is not the same as the African Peer Review Mechanism (APRM), the principles are similar. In 2003, African countries set up the APRM as one of the cardinal organs of the New Partnership for African Development (NEPAD) – an initiative supported by the United Nations Economic Commission for Africa. The APRM was designed to monitor progress being made by member countries towards improving democratic culture, reforming institutions, curbing corruption and accelerating general progress in areas that should produce inclusive development for the benefits of the society. Each country was expected to submit a National Plan of Action (NPoA) that would specify the country's proposed actions towards achieving the goals of improved democratic culture and economic development. The APRM was set up to monitor the progress of each country towards the attainment of the goals defined in the NPoA. It was an African initiative set up by African countries, and the items being monitored are, at best, nebulous goals set up by each country. In a review of countries that signed up for the APRM, Bing-Pappoe[20] conclude that the APRM has largely failed to engender change towards the goal of good governance and economic reforms. In addition, the review concluded that many countries have failed to submit their country report to NEPAD's Secretariat for evaluation. It must be noted that the APRM is different from the international monitoring panel being proposed. For one, the NPoA, which is the basis for the work of the APRM, does not contain clear rules on what countries must achieve and at what time. Again, both the NPoA and submissions to the APRM by each country are voluntary. Any country that chooses to participate is under no real obligation to keep to whatever goals it sets out to achieve. In addition, a participating country faces no sanctions for failing to either submit its report or to act according to its NPoA. It is perhaps this vague structure of the APRM that has made it ineffective and almost irrelevant in the region.

Pool of Funds

The enforcement instruments should include a centrally coordinated pool of funds designed to support countries that are making progress towards achieving the goals set out in the Guidelines. It would also provide funds for investment in programs that will contribute to improving the lives and chances of every member of the society. What has been the case in most of Africa is an institutionalized dual society between urban and rural areas. This creation of colonialism where the society is made up of urban areas with a semblance of infrastructure for modern living, and rural communities, where there are no attempts whatsoever to provide infrastructure like roads, clean water, electricity or healthcare facilities, has been one of the structures that has sustained poverty and inequality. During the colonial period, European colonial officials and European merchants lived in the urban centers. The rural communities were the primary sources of the raw materials and revenue for the colonial government. However, the rural communities had no amenities for decent living – in effect, rural dwellers were given the impression that their lives and wellbeing did not matter to the state. This meant that rural dwellers were mere hands that produced the cocoa or the coffee that were usually collated by buying agents and moved to the nearest seaports for transfer to Europe.

The pool of funds can be likened to the Marshall Plan that was set up to rebuild Europe after the devastation of the Second World War. It would be centrally planned and administered with the broad aim of improving access and creating opportunities for every member of society. The international pool of funds is already being used within the current system of aid delivery. The World Bank has generally served as a multilateral platform coordinating and disbursing funds for reconstruction and development. In addition, the Global Fund was recently set up as a multilateral funding mechanism to source funds from different countries and non-state donors and to channel such funds towards fighting the three diseases of

AIDS, tuberculosis and malaria. The pool of funds proposed in this book would take the place of the current disparate financing mechanisms that have formed the bulk of the international aid system.

In many cases, donors have demanded certain reforms and improvements in governance arrangements as a condition for the continuation of aid. The Millennium Challenge Account, for example, outlined needed actions and reforms that countries must adopt to remain eligible for the funds. One of the rationales for conditional aid is the realization that donor funds given and expended under a corrupt and unaccountable system would hardly be effective. Unfortunately, it is usually the poor countries that have the weakest set of institutions, and these are also the countries that need the most aid. Critics of conditional aid may argue that conditional aids have often been used to promote or preserve the ideology and selfish interests of donors, and such critics can readily point to the failed Structural Adjustment Facilities, which required African states to adopt a set of reforms. The reality is, however, that this recommendation is different from aid-based conditionality, because it is a total package designed to transform the state and its institutions for inclusive growth and development. Financial transfers are designed as part of the total package that would encourage and force states to embrace the transformation necessary to dismantle the exploitative structures that have confined many Africans to misery and destitution.

Targeted Sanctions

Sanctions are generally used by governments and multilateral bodies to attempt to alter the decisions and actions of states, and sometimes non-state actors. In many cases, sanctions are imposed where it is viewed that a country's actions or policies violate international norms or, at least, threaten the interest of the body imposing such sanctions.[21] Targeted sanctions that would create little harm on the general population could be used to alter the choices of dictatorial leaders who show a reluctance to follow a path of state restructuring and institutional transformation. In this regard, targeted sanctions that do not generate highly negative effects on the citizens, but that can scuttle the opportunities of government officials whose actions undermine the principles of the Guidelines could prove useful. In the past, international sanctions have included cutting down on military support and other forms of aid, or freezing the bank accounts and assets of politically exposed persons in oppressive states. In addition, international sanctions could include cutting the revenue stream of an oppressive government by boycotting such country's commodities in the international market. For example, crude oil or diamonds from a country that has refused to embrace the stipulated institutional transformation could be boycotted in the international market. In order for this and other tools to be successful, there is need for collective agreement and coordinated action within the international community.

International sanctions have been used extensively in the past to express displeasure over the actions or policies of the target government. The international community has also used targeted sanctions to cut off the sale of diamonds for which proceeds have been linked to funding violence and wars. The Kimberley Process was set up as a check against the funding of rebel groups and other associations that contribute to global crises. The idea was to ensure that proceeds from sales of diamond in the international market were not being used to perpetuate violence or to prop up rebel groups that are working to undermine the authority of legitimate governments in Africa. The Kimberley Process which was set up by the United Nations General Assembly Resolution 55/56 in 2003 served to check the flow of money to rebel groups in conflict regions. Similar instruments have been used at different times to discourage undesirable practices such as child labor and poor working conditions in sweats shops. One way to ensure the governments follow the stipulations of the Guidelines is to impose targeted sanctions on state officials who fail to follow stipulated transformations.

Why International Instruments?

The initial response of some readers and analysts would be to place the responsibility for generating required changes at the door of Africa's domestic actors, such as civil society groups and opposition forces within each country. This is certainly a legitimate expectation. However, there are many reasons why it would be difficult, nay impossible, for domestic actors to generate the required momentum necessary to execute the fundamental transformation required to change the state. In most of the African continent, several decades of exploitation by the political elite have emasculated civil society groups, such that one would say with certainty that domestic civil society groups cannot generate the resources or even the staying power needed to confront an entrenched political elite who control both the financial resources and the monopoly of state violence. In recent years, the high rates of poverty in most of Africa have turned many civil society groups into tools for use by one political actor or the other. In the process, many groups have forgotten their core mandate and have become some form of appendage to, or propaganda machinery for, some political actors.

Even where the citizens and civil society groups have the capacity to confront the state, there still remains the collective action problem. For example, who would take the first shot – who would initiate the action? The collective action problem arises because the cost of the confrontation would likely be disproportionately high for those who would initiate the process, while the benefits would spread equally to the citizens once the confrontation succeeds. Opposition politicians and leaders of vibrant groups who often take issues with state policies are sometimes seen by state actors as enemies of the state, and are routinely hounded and intimidated by government forces. However, when such groups succeed in getting the government to embrace people-oriented programs, the benefits are enjoyed by all. The collective action problem remains one of the major impediments to mass movements.[22]

One reason for the use of international platform to force state transformation is because it is in the self-interest of the rest of the world, including developed countries, to confront poverty in Africa. Extreme poverty breeds a number of social and environmental ills. Preventable diseases that sometimes first emerge from very poor communities often find their way to rich countries. It is therefore in the interest of the wider world to work towards eradicating poverty and curbing the potentials for diseases that could also affect those living in rich countries. As Obijiofor Aginam noted: "Because communicable diseases do not respect the geopolitical boundaries of nation states, and state sovereignty is an alien concept in the microbial world, all of humanity is now vulnerable to the emerging and re-emerging threats of communicable disease."[23] Consequently, ignoring the very poor in poor countries could pose a threat to the stability of the rest of the developed world. This corresponds to saying that the poor stays awake at night because they are poor and hungry, and, on the other hand, the rich also keeps vigil and cannot sleep because the poor are not asleep. Consequently, it is in the self-interest of rich countries to ensure that the incidence of extreme poverty is reduced to the bare minimum. Apart from appeals to morality, it is in the interest of the capitalist world to expand Africa's economies in an inclusive way. If Africa's markets are developed, it would certainly expand the depth of overall global market, create additional markets for goods from the industrialized world, and add more products and services from Africa to the world market. For this potential effect of market expansion, it is in the interest of the world to support Africa's development.

Sovereignty

Perhaps the biggest challenge to the use of international instruments to enforce changes in the domestic political or economic environments is the often-expressed concern about violating the principles of national sovereignty. The principle of sovereignty is often taken to suggest that every country has a prerogative over its internal affairs, and no international entity has the right to dictate for another sovereign on matters of domestic policy. This approach to international law has often been the response of dictators and other domestic actors who desire to maintain the status quo because of the elite privileges enjoyed by those in positions of power. Dictators find it convenient to invoke the notion of sovereignty when it suits their selfish desires, but are quick to run to foreign donors for aid and other forms of assistance in times of need. At this time it is important to emphasize to African rulers that authority needs to be matched with responsibilities – the responsibility to provide social services to the citizens and to develop inclusive institutions that would ensure fair opportunities for the average citizen. The aim of the international Guidelines is not to undermine the sovereignty of African states, although European colonial conquests actually undermined the rights of Africans in the most brutal ways and for the wrong reasons. Enforcing the international Guidelines should be seen for what it is – international assistance to liberate majority of Africans from poverty and depravation.

It is important to examine the position of international law on conditions that would justify foreign interventions in a country's domestic affairs. According to Boerfijn and Goldschmidt,[24] there is often the need to resort to international instruments and mediation in order to ensure that the state respects citizens' human rights. The exploitation and oppression of Africans by an inconsiderate political elite, which has consigned many otherwise well-meaning and hard-working citizens to a life of perpetual misery and poverty is nothing other than human rights violation. Due to the actions and inactions of the state, the average citizen does not have access to education and health facilities. In some states, even the basic freedoms guaranteed by the United Nations Declaration of Human Rights are unavailable to the citizens. Conflicts and wars that arise from the tussle for political power have led to serial abuses of men, women and children in Liberia, Rwanda, Burundi, the Democratic Republic of Congo, Somalia and many other independent African states during the past decades. When viewed with the proper lenses, the right of the African citizen has been perpetually violated by irresponsible political leadership. International interventions, although present, have often been passive. Perhaps the need for political correctness has made it convenient for Africa's development partners to find it convenient to simply drop financial resources in the form of aid to Africa. But political correctness cannot help the continent to confront the challenges of corruption and bad governance. Political correctness cannot get African dictators who have misruled their countries for several decades to give way for institutional reforms. What can help improve the lives of the citizens is bold and concerted efforts to address the main causes of poverty and underdevelopment in the region. International interventions have been used severally for many causes that are not as laudable as helping to restructure the predatory structure of the African state and transforming its institutions for inclusive growth and development.

Conclusion

Foreign aid to African states has often focused on providing financial and material resources. Donors have erroneously assumed that more financial resources in aid and grants would set the countries on the path to economic development and eradicate poverty in the general population. But the evidence shows that foreign aid, as presently structured, has failed to activate growth and development in the region, and has failed miserably to eradicate poverty. In many cases, targeted foreign aid has been helpful in checking or sometimes eradicating deadly diseases such as smallpox, yellow fever, and the treatment and management of malaria and HIV/AIDS. Many countries have benefited from the enormous amount of resources that have gone into, and continue to go into, the public health sector from donors. Where properly delivered, aid has been helpful to ameliorate the pains of poverty. However, this book argues that foreign aid, as presently configured, does not have the capacity to generate growth and development in the receiving countries, neither can it eradicate poverty now or in the future.

Aid advocates have wrongly assumed that doubling aid would generate the needed stimulus for growth. To these supposedly good friends of Africa who want to eradicate poverty in the continent by getting donors to double their giving, we refer to the disastrous results from Africa's oil-exporting countries that received so much in revenue from the sale of crude oil and other commodities during the period 2004–2014, but were unable to significantly reduce poverty or unleash sustained growth and development in their countries. In Africa's oil-exporting countries, from

Angola to Nigeria and to Equatorial Guinea, Chad or the Democratic Republic of Congo, increased revenue flows did not result to better lives for the masses, but increased the bank balances of a few political leaders, their immediate families and cronies. In a sense, it is not necessarily the shortage of resources that causes poverty, but poverty in the region has been caused by the prevalence of predatory states and extractive institutions that block the opportunities of the people. Our main thesis is that, in order to bring about development and reduce the incidence poverty, foreign aid to Africa should focus first on helping Africa to restructure the utterly perverse states and the extractive institutions prevalent in the continent. Until the state is alive to its responsibilities to its citizens, sustainable and inclusive development would be difficult, if not impossible.

African countries have remained poor because of the predatory nature of the state and the extractive institutions that block the opportunities of majority of Africans to play meaningful roles in the economic and political spaces. Foreign aid, defined as cash or materials transfers, or technical assistance in any field, cannot change the predatory state structure that conferred undue access privileges to state officials, while consigning the majority to a life of poverty. This book recommends a complete redefinition of foreign aid and development assistance. In order to actually generate growth and development and finally begin to address the endemic poverty that has defined the continent during these past decades, development assistance need to focus on transforming the African state. Specifically, there is need to redefine the nature of the relationship between the state and its citizens. The principal role of the state must be emphasized – to promote the interests and advance the welfare of its citizens, and not just to be avenues for wealth and privileges to a narrow set of elites.

In order to achieve this transformation, we recommend the promulgation and enforcement of coherent Guidelines for state–society relations and institutional transformation in the continent. We reiterate that the emphasis is on the principle, rather than on the instrument. In effect, we support any other set of instruments or mechanisms that would achieve the desired goal of transforming the African state from an instrument of exploitation to a facilitator of broad-based development – a state that takes its social contract with its citizens seriously. Alongside the recommended Guidelines, this book suggests a set of enforcement instruments necessary to compel nations to embrace the required transformation. This set of instruments include an international review and monitoring panel to monitor and report on how countries are implementing the set rules and programs, a pool of funds to support compliant nations to invest in programs that would enhance social welfare and expand economic opportunities for every citizen, and a set of international sanctions to compel non-conforming government officials to embrace inclusive state policies.

The form of transformation envisaged in this book is fundamental and comprehensive. It would need a huge dose of capacity and staying power to succeed. Domestic actors such as ordinary citizens and civil society groups in African countries are unlikely to muster the resources necessary to initiate and sustain the level of pressures necessary to transform the state from the instrument of predation to an enabler of inclusive growth. International support and coordination under a multilateral platform is therefore necessary to engender the type of change that would be transformational. This is because several years of dictatorship and exploitation have emasculated civil society across most of the continent, with the result that successive governments continue to undermine the citizens with impunity. The rest of the world is already making enormous contributions towards assuaging the pains of poverty and misery in African countries. But international efforts in the form of aids and grants have largely failed to, and indeed do not, have the capacity to eradicate poverty in Africa or elsewhere. Foreign aid has merely served as palliatives for the devastating symptoms of institutional failure and bad governance. In order to make progress towards poverty eradication, the world must rethink the idea of development assistance to African states.

One major critique of a multilateral coalition to redefine the structure of the state could be the fear of undermining the independence of sovereign states and the freedom of such states to make decisions on domestic affairs.[25] While a genuine concern, one must note the position of international law and norms in handling cases associated with human rights violation. When evaluated appropriately, the continuous exploitation and corrupt transfer of state resources and the scandalous levels of official corruption that have impoverished the lives of majority of Africans is nothing different from human rights violation of the citizens. This is because the bad choices of state actors have unleashed hardship, poverty, diseases, and despondency on the people. Therefore, when these forces of misery that torment most of the continent is rightly framed as human rights violations of the citizens, there is considerable scope for supernational intervention to reform the system and check the human rights abuses that have persisted from the era of slavery, to the time of European colonial conquest, and up to the postcolonial period.

Notes

1. World Bank, *World Development Indicators* (Washington, DC: World Bank, 2015).
2. OECD, *Paris Declaration*.
3. Easterly, *Reinventing Foreign Aid*, 2–5.
4. Speech of Patrick Lumumba, Kenya's Anti-corruption at Anti-Corruption Workshop organized by Nigeria's National Assembly, *Thisday Newspaper*, October 19, 2016.
5. Chabal and Daloz, *Africa Works*, 5.
6. Ibid.
7. See Patrick Chabal, "The Quest for Good Governance and Development in Africa: Is NEPAD the Answer?," *International Affairs* 78, no. 3 (2002); 447–62.
8. Claude Ake, *Democracy and Development in Africa* (Washington, D.C: The Brookings Institutions, 1996).
9. Kidane Mengisteab, "Globalization and State–Society Relations in Africa," *Africa Development* 34, no. 2 (2008); 37–65.
10. Lin, *The Quest for Prosperity*, 77.
11. World Bank, *The Growth Report: Strategies for Sustained Growth and Inclusive Development* (Washington, DC: World Bank, 2008).
12. Lin, "The Quest for Prosperity," 83.
13. Benjamin Mkapa, Leadership for Growth, Development and Poverty Reduction: An African Viewpoint and Experience," *Working Paper 8; Commission on Growth and Development*, Washington, DC. Quoted in Yin *The Quest for Prosperity*, 84.
14. Acemoglu and Robinson, "Why is Africa Poor", 23.
15. Ibid.
16. Collier, *Bottom Billion*, 110.
17. Pack and Pack, "Foreign Aid and the Question of Fungibility"; Collier, *Bottom Billion*.
18. Johnson, *MITI…*; Lin, *The Quest for Growth*; Chang, *Kicking Away the Ladder*; Acemoglu and Robinson, *Why Nations Fail*; among others.
19. Craig Burnside and David Dollar, "Aid, Policies and Growth," *American Economic Review* 90, no. 4 (2000): 847–68.
20. Adotey Bing-Pappoe, *Africa Peer Review Mechanism: A Seven Country Survey* (Ottawa, ON: Partnership Africa Canada, 2010).
21. Council on Foreign Relations, "What are Economic Sanctions". http://www.cfr.org/sanctions/economic-sanctions/p36259.
22. For a detailed treatment of collective action problems, see Mancur Olson, *The Logic of Collective Action: Public Goods and the Theory of Groups* (Cambridge, MA: Harvard University Press, 1965); Elinor Ostrom,

Governing the Commons: The Evolution of Institutions for Collective Action (New York, NY: Cambridge University Press, 1990).

23. Obijiofor Aginam, "International Law and Communicable Diseases," *Bulletin of the World Health Organization*, 80, no. 12 (2002): 946–51.
24. Boerefijn and Goldschmidt "Changing Perceptions of Sovereignty".
25. Kenneth Kalu, "State–Society Relations, Institutional Transformation and Economic Development in Sub-Saharan Africa," *Development Policy Review*, 35 no. S2 (2017): O234–O245.

Bibliography

Aginam, Obijiofor. 2002. International Law and Communicable Diseases. *Bulletin of the World Health Organization* 80 (12): 946–951.

Ake, Claude. 1996. *Democracy and Development in Africa*. Washington, DC: The Brookings Institutions.

Bing-Pappoe, Adotey. 2010. *Africa Peer Review Mechanism: A Seven Country Survey*. Ottawa: Partnership Africa Canada.

Burnside, Craig, and David Dollar. 2000. Aid, Policies and Growth. *American Economic Review* 90 (4): 847–868.

Chabal, Patrick. 2002. The Quest for Good Governance and Development in Africa: Is NEPAD the Answer? *International Affairs* 78 (3): 447–462.

Kalu, Kenneth. 2017. State-Society Relations, Institutional Transformation and Economic Development in Sub-Saharan Africa. *Development Policy Review* 35 (S2): O234–O245.

Mengisteab, Kidane. 2008. Globalization and State–Society Relations in Africa. *Africa Development* 14 (2): 37–65.

Olson, Mancur. 1965. *The Logic of Collective Action: Public Goods and the Theory of Groups*. Cambridge, MA: Harvard University Press.

Ostrom, Elinor. 1990. *Governing the Commons. The Evolution of Institutions for Collective Action*. New York: Cambridge University Press.

World Bank. 2008. *The Growth Report: Strategies for Sustained Growth and Inclusive Development*. Washington, DC: World Bank.

CHAPTER 8

The State and Economic Development

There are several opinions on the appropriate role of the state in economic development. One school of thought often supported by the neoliberals sees a limited role for the state. According to this school, the state should focus on putting in place enabling environment for private enterprises to drive the economy and champion economic growth and development.[1] Under the free enterprise and market-based model, the state is not expected to play active roles in the economy, but it should serve as an enabler to facilitate the reign of market forces and private enterprise. The enabling environment, according to this school, involves the maintenance of law and order, the setting up of appropriate and well-functioning institutions that would support private enterprise, including efficient property rights, enthronement of the rule of law and maintenance of an efficient judiciary for prompt dispensation of justice.[2] Besides the provision of these institutions or soft infrastructures, the state is expected to leave the organization of the economy in the hands of private businesses. According to this view, market forces, or the interplay of demand and supply, would be sufficient on its own to guide the economy to its natural equilibrium. At this natural equilibrium, growth is maximized and the gains from economic growth will trickle down to all segments of the society.

The other school of thought sees an expanded role for the state beyond the provision of institutions for private enterprises. According to the statist school, the state should play active roles in the economy through the

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_8

provision of physical infrastructure that serve as the backbone on which modern commerce thrives. The state is also expected to be actively involved in formulating industrial and general economic policies and programs that would help steer the economy in the right direction. The recent successful economies of East Asia have in some ways lent credence to the idea of the developmental state.[3] Developmental states have a critical role to play in shaping the direction of the economy, especially in the early stages of economic development.[4] Emphasizing the role of the state under any form of economic model, Justin Yifu Lin noted as follows: "Although firms generally can control their production costs, they have little latitude over most of their transaction costs, which are largely determined by the quality of their soft and hard infrastructure, mostly provided by the state. Therefore, a crucial observation in the analysis of development dynamics is the fact that most hard infrastructure and almost all soft infrastructure are exogenously provided to individual firms and cannot be internalized in their production decisions."[5] The implication is that the state is central to successful economic growth and development, whether the economy is anchored more on market-based principles or driven by state interventionist principles.

The ability of the state to perform its roles in the provision of the soft and hard infrastructures determines whether or not private firms would be competitive in the international market. As Yifu Lin[6] rightly argued, the productivity of the average worker in a labor-intensive industry may be the same whether such a worker is operating in an industrialized country or is based in a developing country. However, the difference is that the firm in a developing country with weak infrastructures will not be competitive in the global market because it has higher transactions costs resulting from poor infrastructure such as erratic electricity supply, poor-quality and unreliable transportation networks, difficulties with customs and clearing, and difficulties with obtaining licenses, among others. In effect, although labor costs may be much lower in a low-income country, the advantage of low labor costs is more than offset by higher transaction costs. One would note that the hard and soft infrastructures are clearly outside the control of an individual firm, but these infrastructures significantly affect the firm's competitiveness. In many African countries where electric power is unreliable, firms need to provide their own electric power in order to maintain operations. The private provision of what should otherwise be a public utility often comes at a ridiculously exorbitant cost, making firms that operate under such an environment less competitive.

Because the state should ideally work for the good of every member of society, it is in a better position to develop a business climate that would be inclusive and offer every citizen equal opportunities to thrive in the marketplace. The success stories of Japan and the recent East Asian miracles – which relied heavily on state industrial policies and programs – are seen as lending credence to the role of the state as a critical driver of the economy.[7] Proponents of state's active interventions in the economy argue that private enterprises will not pursue national economic development goals effectively because of the profit motives of private investors. The state is believed to be in a better position to design and implement economic policies and programs that would liberalize access to wealth, create inclusiveness, reduce poverty and facilitate the attainment of national development goals.[8] The statist approach was the major economic ideology in the immediate post-independence Africa, up to the mid-1980s.[9] During this period, the average African state was involved in every facet of economic activities. The government owned and managed several businesses in different sectors of the economy. From agriculture to aviation, and from banking to manufacturing, the average African state played an active role in the economy, often driven by the extant national development plans. However, state's active involvement in the economy did not produce expected economic growth and development in Africa. Studies show, in fact, that the state's economic activities were fraught with difficulties ranging from inefficiency in service provision, lack of innovation, rent-seeking by state officials and general economic stagnation or decline in some cases.[10] One of the major critiques of state interventionism was that government involvement in the economy gave enormous powers to a few individuals, mostly government officials. Such critics argue that government officials could not possibly be more knowledgeable than the rest of the country and as such, government officials should not make economic decisions that should otherwise be left to market forces. These critiques of state controls, combined with the failed development plans and economic crises of the 1970s and 1980s in Africa, almost legitimized the enthronement of neoliberal economic ideologies through the Structural Adjustment Program (SAP) recommended by the World Bank and the IMF throughout the 1980s.

Although we will elaborate more on this point in subsequent sections, it needs to be noted here that the results of state interventionism in Africa is largely different from the recent experiences of countries in Southeast Asia, especially China, Malaysia, Singapore and others, where the state has played critical roles in generating the spectacular growth and broad-based development experienced in these countries during the past few decades. The relative successes of East Asia with state controls and government interventions in the economy compared to the failure in African states suggests that the problem with Africa is not necessarily that of economic model or the credibility of the economic policy adopted, but something more fundamental than the economic model practiced.

While this chapter does not intend to go into the merits or otherwise of the tenets of the different schools of thought, it seeks to establish at least three distinctive points. First, both the neoliberal and the statist schools have clear roles for the state – in effect, the state is relevant irrespective of the economic ideology in place. Second, Africa's experiences with state interventionism in the immediate postcolonial period, as well as the results of Africa's liberalization experience beginning in the 1980s, are just about the same – none produced sustained economic growth and none brought about major improvements in the living standards of the average citizen. Third, given the principal role of the state under each economic ideology, perhaps it is important for Africa's development partners to take a closer look at the African state – its structure and institutions, and its relationship with its citizens – before suggesting specific economic development models. If the state is an important variable in economic development, it follows that development would be almost impossible if the structure of the state and its institutions are anti-development in nature.

State Interventions in Africa's Economy

Drawing essentially on the colonial economic model, independent African countries had a predictable path to economic management. State controls over the economy were the natural economic management model because the colonial economy had been wholly controlled by the imperial government, and there was little or no effort to either develop Africa's market or to groom African entrepreneurs during the colonial era. The colonial economy wholly relied on the export of a narrow set of primary produce, and most of the processes were wholly controlled by European merchants, as Africans were mere producers of the commodities.[11] Through the marketing boards set up by European colonial officials, African commodities were traded in the international market without the involvement of the actual producers of the commodities. Because Africans were not largely involved in the marketing of the produce in the international market, they had little or no knowledge of the value chain or marketing dynamics for their products. Consequently, there were no vibrant indigenous private enterprises to support market-based economic system at the time of independence.

Governments of independent African countries continued with statist economic ideology, and the state played active and direct roles in the economy. The independent African state invested in almost all sectors of the economy as a way to jumpstart economic activities in the nascent countries and to work towards the promised "economic independence" after the attainment of political independence. There are several factors that favored the adoption of statist economic policies at the time of independence. First, state control was about the principal economic ideology open to the independent nations as a result of the immediate colonial past, as state structures inherited from the colonial government favored state controls. In effect, Africa's independence leaders really did not have many options at the time of independence.[12] The institutions to support a market-based economy, such as well-defined property rights, competition laws, and an efficient system for the settlement of commercial disputes were largely non-existent. Second, state controls and development planning were the prevailing economic development ideas of that time. Statism was actively supported by the World Bank and other international development agencies.[13] The ascendency of national planning as a credible route to economic development had been legitimized by the stellar successes recorded in rebuilding Europe from the ruins and devastation of the Second World War. The success of the Marshall Plan in rebuilding post-war Europe created an entire new intellectual framework that contributed to the emergence of development economics as a brand new academic discipline. Consequently, the development thinking of that era supported national planning as an effective way to achieve rapid development.

State interventions in the economy is sometimes seen as critical, especially for countries at the initial stages of industrial development. According to Ha-Joon Chang,[14] all of the industrialized nations in Europe and the Americas passed through the stage of state determinism, despite the new sermons of globalization and neoliberalism. He argues that in the early stages of development, the United States – the current principal vanguard of neoliberalism – had adopted strong measures of protectionism in favor of local industries. According to Chang, through the use of tariff protection and several other instruments such as subsidies and price guarantees, the United States actively protected and supported the growth of local US manufacturing firms against foreign competition.[15] In addition, the newly industrializing economies of Southeast Asia leveraged on, and continue to leverage on, state might to produce the impressive growth that has altered the global economic equation during the past few decades, and promoted China to an important economic powerhouse.[16] Ha-Joon Chang noted that the directives often given by the industrialized countries to developing countries to imbibe the often-glamorized free market as against national protectionism can be likened to the proverbial "kicking away of the ladder" or a conspiracy to deny the developing countries the opportunity to achieve high level of industrialization.[17]

By playing active roles in the economy, the state is expected to guide the society to a credible development trajectory that would produce the highest possible benefits for the highest number of its citizens. Through various instruments, including industrial policies, targeted investments, subsidies and tariff protection among others, the government defines the roadmap for industrial development and provides enabling environment for relevant stakeholders to participate meaningfully in the economy. Although globalization and free trade advocates argue against instruments to protect local industries, there is the counter-argument that globalization represents the national aspirations of the already industrialized nations.[18] In effect, the principles of globalization, and the free market that it espouses, are strategies to achieve the national aspirations of the major Western capitalist nations of America and Western Europe with their well-developed industrial capacity. Unfortunately, the unequal power status between the West and the rest of the world often makes it possible for the developed world to promote their national development strategies and interests as universal ideals. An objective assessment of the chances of the developing countries to succeed under a completely free market regime would show that countries at different levels of industrial development cannot effectively compete on equal terms. In effect, globalization could not possibly produce the same benefits for Africa's developing country with little capacity for production, as it would for an industrialized country.[19]

State-owned enterprises are a common feature of several economies at different stages of the development process. In the immediate post-independence era, the average African state was involved in different businesses across various sectors of the economy. Although most government businesses or public enterprises failed to produce the desired results, that failure may not be blamed entirely on the form of ownership or management structure of the enterprises. Rather, it reflected the overall culture of failure that characterized African polities. The recent examples of China, Malaysia, and Singapore, among other successful developing countries, show that industrial policy and state's active participation in the economy on their own, do not always result in failure. Indeed, some capital-intensive industries are better left to the state, given the state's relatively huge capacity relative to private investors. The development of major infrastructures such as the generation of electricity and the building of major highways and railways, which are critical for the smooth flow of commerce have mainly been the responsibility of the state. These services are usually capital-intensive, and can sometimes be seen as public goods needed by every firm and every citizen in varying degrees. Given the profit-maximization motive of private firms, a number of important services may be priced out of the reach of the poor where there is no active involvement of the government. The state is expected to invest in the construction of roads and railways and other infrastructures necessary for the smooth flow of commerce. These infrastructures go a long way to determining whether or not a firm is competitive in the global marketplace. For example, firms that operate in environments where the critical public utilities such as roads and electricity are unavailable would have to privately provide these services to support operations. Such firms would have relatively higher costs of production compared to other firms in jurisdictions where such services are provided by the government. In a number of African countries, electric supply is generally erratic, and many firms that are unable to bear the cost of a private power supply have gone out of business. Government's role in providing these physical infrastructure is therefore an important catalyst for the growth of businesses.

In recommending an appropriate role for the state, there are a number of underlying assumptions in relation to the structure, capacity and intentions of the state and its principal actors. Those inspired by the statist ideology assume that the state has the capacity to make the required investment either in building the appropriate physical infrastructure or in investing in strategic industries that would create employment and support economic growth. The state and its principal actors are assumed to be guided by the principles and spirit of the social contract which binds the state and its citizens – where the state exists to promote the overall interest and welfare of its citizens, and the citizens pay taxes and obey legitimate laws and rules made by the state. This form of state–society relations where the state's primary role is to advance the welfare of the citizens is fundamental; the absence of which alters the significance of state interventions and undermines state developmental roles. If state officials decide for whatever reason to focus on pursuing parochial interests beside national development goals, such a state would be unable to effectively deliver development to its citizens irrespective of the economic model adopted. It is therefore difficult to generalize on the economic model that would produce the highest benefits to society. Developmental states that are characterized by accountable democratic systems and inclusive economic institutions would likely advance citizens' welfare more than pariah states that focus on satisfying the rapacity of the political leaders and their cronies.

The African State in a Neoliberal Economic Order

The failures of state interventionism in Africa during the 1960s and 1970s, and an increased profile for neoliberal ideas in the 1980s made free market economic ideas the model prescribed for African countries during the 1980s and 1990s. On a theoretical basis, Solow's growth model suggested the convergence of results for all countries practicing the standard neoclassical model, and provided intellectual justification for the preference of free market economy over statism.[20] The Solow model raised the optimism of both development experts and African leaders who were made to believe, as the theory suggests, that free markets in goods and services and unhindered flow of capital would bring the income per capita of every nation – both developed and developing countries – to par in the long run. The Solow growth model was obviously based on a number of assumptions, including diminishing returns to capital, that would make it possible for developing countries to achieve higher returns than is possible in advanced countries. The model also assumes the existence of fixed relations between labor force and capital, such that with the relatively higher rate of population increase in the developing countries, the quantity and quality of the labor force in these countries would increase relative to those of advanced countries. Based on its assumptions, the Solow growth model suggests that market forces alone would propel developing countries to converge to the level of growth in advanced countries.

In contrasts to Solow's growth model, Paul Romer[21] – inspired by the endogenous growth theory – constructed a model in which the stock of knowledge or human capital is the basic form of capital. According to this model, continued investment in human capital produces positive externalities or beneficial spillover effects on the economy, such that the diminishing returns to capital hypothesized by the Solow model does not hold. Romer argued that because of the positive externality associated with knowledge acquisition (research), firms may prefer to free ride instead of investing in research. As many agents chose to free ride, the outcome would be, overall, a suboptimal level of research. In order to avoid this unfortunate state of the economy (suboptimal level of research), the model suggests the need for government interventions to subsidize research so as to ensure the economy continues to produce at optimum levels. A closer look at the Solow model and the Romer endogenous model shows that even at the theoretical level, the state is an important variable in the growth process.

For Africa, the Berg report provided what became the basis for economic reforms that elevated markets above state controls. The Berg report concluded that Africa's economic decline was neither the result of declining commodity prices, nor due to other external shocks, but it stemmed largely from bad policy choices and inept political leadership.[22] The policy prescription that arose from these prognoses was for African countries to jettison state controls in favor of free markets and economic liberalization. Through the Structural Adjustment Program (SAP), the World Bank and the IMF led African countries to adopt market-based economic policies. The reason often given at that time was that extensive government involvement in the economy created enormous opportunities for rents, led to inefficiencies in the economy and, in many cases, produced suboptimal investment, low growth and stagnation. Again, the poor economic results emerging from most of Africa in the 1980s somehow legitimized this belief, thus justifying the need for alternative economic model. Economic liberalization was seen as the answer to Africa's economic challenges. The World Bank noted that SAPs would help to "unleash markets, so that competition can help improve the allocation of resources… getting price signals right and creating a climate that allows businesses to respond to those signals in ways that increase the returns to investment."[23] SAPs included a number of reforms designed to free the economy from government controls and to embrace the free market principles.

Struggling under the excruciating burden of huge public debt, economic stagnation and retrogression in some cases, and rising social unrest and discontent amongst the citizens, African countries found it convenient to follow the prescriptions of the Bretton Woods institutions. At the height of Africa's debt crises in the 1980s, debt servicing was a great burden for many countries, and creditors were unwilling to grant debt restructuring to these countries. Respite came in the way of IMF Stand-by Agreement (SBA), which enabled countries to implement a set of conditionalities prescribed by the IMF in return for adjustment lending and eventual debt restructuring by other creditors. At that time, a country that was under the SBA supported by the IMF was deemed as following good economic policies, and major lenders like the London Club and the Paris Club of creditors were willing to reschedule the debt of such countries.[24] The immediate consequence of adopting IMF prescriptions at that time was the ability of African countries to restructure national debts with creditors in order to reduce the growing penalties for default.

After many years of SAPs, the burden of underdevelopment persists in Africa. SAPs and free markets did not produce the expected results of stable economy and rapid growth and development. Although the World Bank insists that progress was recorded on some fronts,[25] a number of evaluations concluded that SAPs not only failed to generate the needed growth and development, but also caused retrogression in a number of countries.[26] The aftermath of SAP has been several directions of blames and criticisms around the sources and reasons for the failure or mixed results of the adjustment experience. Factors ranging from external environments, including a decline in commodity prices, poor policy design and weak domestic institutions, among others, have been identified as among the reasons for the inability of SAP to deliver on the promised high growth rate and associated economic development.[27]

It is important to emphasize that even under the neoliberal economic order, the state remains highly relevant in the development process. In order to thrive, markets must conform to rules and regulations, and market participants must abide by the rules of the game. Douglas North[28] emphasized the need for third-party enforcement mechanisms as one of the reasons institutions exist and are critical for the expansion of commerce and improvements in economic performance. Under the neoliberal economic order, the government is not expected to play extensive roles in the economy, but must provide enabling institutions or soft infrastructures that would support private enterprise. Once the right institutions are in place and functioning efficiently, equilibrium output and prices would be determined by the forces of demand and supply. Government interventions in the economy through direct ownership and/or control of businesses or through extensive regulatory oversight are seen as distortions that would take the economy away from what would otherwise be its natural equilibrium. Instead of relying on the impersonal rule of demand and supply, government controls are accused of placing enormous powers in the hands of government officials whose personal interests may shape the choices they make. In this process, government officials have the power to create gainers and losers by fiat, opening avenues for cronyism, an unequal playing field, and sometimes outright corruption.[29] Consequently, those inspired by free market principles argue that it is not in the best interest of society to give too much powers to government officials, as excessive government interventions can only be distortionary and does society no real benefit.

According to the free market ideology, economic agents are assumed to possess perfect information and are able to process such information accordingly to shape the choices they make. Armed with perfect information, agents are assumed to continuously make rational and informed decisions that would promote efficiency and ultimately enhance society's overall welfare. In the absence of perfect information, economic decisions are driven by guesswork and intuition, and competition would not be perfect because agent may not have complete information about the actions of competitors. The challenge with this assumption is that, in the real world, perfect information does not exist. Businesses thrive on intuition, informed guesses and imperfect information. In addition, transaction cost is a fact of life and the assumption of zero transaction costs exist only in the mind of economists. Because the market is filled with numerous forms of imperfections, there is a need for institutions to mitigate the harmful effects of imperfection in the market. Furthermore, the neoclassical assumption of rational self-interested agents always seeking to maximize returns at all times could be misleading, and has been contrasted with the more real-life situation of bounded rationality, where several factors shape the choices agents make, ranging from the imperfect and incomplete information, time limitations and other factors.[30]

Given the existence of imperfections in the real world, institutions are necessary to ameliorate the potential effects of imperfect information and to correct for market failures. As Douglas North argued, there is usually the need for third-party enforcement of contracts given the existence of imperfect information and other forms of market failures.[31] These third-party enforcement mechanisms are institutions designed to ensure that markets function properly and agents do not take advantage of one another. Douglas North noted that as business interactions become more complex, the need for third-party enforcement of contracts becomes more critical in order to give investors the confidence that parties to a contract would keep to agreements or be forced to pay penalty or restitution in the event that one party reneges.[32] Institutions smoothen the flow of the market by defining the rules of the game and ensuring that market participants conform to the rules. The courts for arbitration and settlement, the set of laws and statutes, including laws governing corporate competition, copyright and anti-trust laws are all examples of institutions that facilitate trade. Where these critical institutions are absent, or where they exist, but are inefficient, it would be difficult for businesses to thrive because the absence of these institutions always results in disorder and chaos, with one or a few strong players dominating the market and appropriating some of the benefits that would otherwise accrue to the society at large.

It is the state's responsibility to ensure that these critical institutions exist to support the flow of the market. In effect, the state still has an important role to play, even under the neoliberal free market framework. Under a statist ideology, the state plays direct roles in the economy by investing in the economy and by providing the enabling environment for the smooth operation of businesses. However, under the free market ideology, while the state may not be directly involved in economic activities, it acts as an enabler providing the platforms for private enterprises to thrive. Both its role in direct interventions in the economy and its role in providing enabling environment for private enterprise are important. This reality places the state as central to economic and social development of any society. In effect, however efficient the private sector may be, a weak state that is unable to discharge its responsibilities creditably could only be a drag on society's progress.

Given the important role of the state in any economic model, Africa's development partners must make the African state a central factor in any discourse on Africa's development. Foreign aid and any form of policy or technical support need an appropriate platform to work well for the citizens. While the mantra of private sector or market-led growth may mean more responsibilities for private enterprise, it does not remove the principal role of the state in the economic growth and development process. Because of its important role in the development process, the nature and structure of the state must feature prominently in any analysis of economic growth and development. In effect, Africa's development partners and donor agencies who have taken the laudable responsibility of eradicating poverty in Africa need to consider whether the African state can be a facilitator or inhibitor of growth and development. What is the structure of the average African state? How effective and efficient are the critical institutions that support private enterprises? What is the capacity of the African state and how prepared is the state to deliver on its mandate of fostering balanced growth and development? Can the African state be developmental in the sense of having a qualified and sufficiently experienced bureaucratic class with the zeal to pursue developmental goals without the distracting influence of the political class? These are critical questions for any potentially effective development program in any society.

Africa and the Developmental State

In his essay, *The Development State: Odyssey of a Concept*, Chalmers Johnson[33] used the term "developmental state" to describe the role of the Japanese state in the country's spectacular economic progress in the post-war period. Johnson noted that the "capitalist developmental state" is a model that is different from the American-led capitalist economies, and equally different from the communist economic ideas of the former Soviet Union.[34] The notion of the capitalist developmental state originally describes Japan's state-led industrial policies which unleashed unprecedented levels of growth in Japan in the immediate post-war period, and led to a transformation of the Japanese economy, including significant improvements in the living standards of its citizens. Through conscious strategic state planning and active industrial policy, Japan's spectacular economic successes confounded both the American-model capitalism and the Soviet-type communism in different ways. Commenting on the developmental achievements of Japan against the Western free market ideologies and the central command inclination of the communists, Johnson noted as follows: "The achievements of the Japanese developmental state were inconvenient for both sides in this debate. They illustrated to the West what the state could do to improve the outcome of market forces, and they illustrated to the Leninists that their big mistake was the displacement of the market rather than using it for developmental purpose."[35] One of the intriguing aspects of the Japanese miracle was that the spectacular growth and transformation was achieved using an economic model that differed markedly from the two major economic models of that era. In effect, calling to question received wisdom on the appropriate strategy for economic growth and development.

The developmental state is one whose legitimacy is anchored in the pursuit and achievement of development through conscious state policies that produce high growth, structural transformations of the productive systems and the enhancement of the citizens' welfare.[36] One would note here that the idea of the developmental state does not end with the mere achievement of economic growth, defined as higher GDP growth. While a high growth rate is certainly one of the characteristics of the developmental state, the idea transcends mere growth rates to real structural transformation that positively affect the living standards of the people.[37] The idea of the developmental state does not stand in opposition to capitalism or the free market principles, but entails the active participation of the state in designing and implementing growth-inducing policies that results in real development for the society. Along this line, Johnson argued that the "contrast between industrial policy and market forces is false and probably ideological. Industrial policy is not an alternative to the market but what the state does when it *intentionally* alters incentives within markets in order to influence the behavior of civilian producers, consumers, and investors."[38] The principal action word here is the state's intentional action directed at altering the incentives that shape the actions and choices of agents towards the achievement of growth and development. The developmental state is not in opposition to the free market principle, although some of the state's actions in its mission for achieving developmental status may appear contrary to some of the dictates of the neoliberal orthodoxy.

Besides the rise and transformation in Japan in the post-war period, the stellar economic performances of countries in Southeast Asia during the past three decades have shown that the capitalist developmental state can actually be replicated elsewhere, and not restricted to Japan. The recent growth miracles in China, Singapore, Taiwan and Malaysia, among others, were all achieved through active state-led industrial policies that took advantage of the opportunities in the global market to record high growth levels, economic transformations and significant improvements in the living standards of the people. Largely considered a poor country in the 1960s and 1970s, China's rise in the global economic equation is no longer in question. The question that is often asked is whether African states – some of which were better off in terms poverty levels and GDP growth rates than China and Malaysia in the 1960s – can indeed be developmental in the way that China, Malaysia and other countries in Southeast Asia have been. In order to answer this question, it is important to review the institutional characteristics of the developmental state and assess whether those conditions are present in the average African state. This is important because in the absence of the right characteristics, a state would not be able to achieve the economic growth and transformation to merit the developmental state status.

The first step for a developmental state is a clear objective of the state to commit itself to this role. In this regard, the state must be willing and able to design and systematically follow a set of policies that promote the type of productive investment, growth and development that results in significant improvement in the living standards of its citizens. Clearly, mere desire or expression of a desire to be developmental is not enough qualification for a state to be seen as developmental. There are a number of institutional characteristics that are critical for any state to pursue developmental objectives with a high chance of realizing the end results of increased productive investment, export growth, overall economic growth and improvements in the welfare of its citizens. Mkandawire[39] refers to these requisite institutional characteristics as the "state–structure nexus", which, in effect, distinguishes one state from another and which determines the trajectory and potential accomplishments possible in a given state. For example, in a predatory state where state institutions support the selfish privatization of public office and where state resources are routinely misappropriated by a few elite, it does not matter what the state or its officials declare as a state's objectives. Such a state cannot be developmental because its institutions are not designed to support developmental policies and programs.

An important characteristic of the developmental state is the relative independence and autonomy of state institutions to design and effectively prosecute growth-enhancing policies without undue interference from politicians. The autonomy and independence of state institutions is possible if such institutions are filled with competent and credible professionals who have the *capacity and authority* to design and implement developmental programs. In effect, a civil service that is merit-driven and professional is a prerequisite for the pursuit of developmental objectives. In predatory states driven by clientelism, as is the case in many African countries where appointment into top positions in the public service is based mainly on the political affiliation of the appointee or on the geographical origin of the candidate, it is difficult to develop a professional public sector that would have the level of expertise, autonomy and independence necessary for the state to be developmental. In a developmental state, state institutions do not pander to the parochial needs of sectional interest groups. However, state institutions do form strategic alliances with key social groups or segments of the society that help the state to achieve its developmental objectives.[40] The clear implication is that the state is not hijacked by any particular interest group, but state institutions work in alliance with groups that would help the state to achieve its defined developmental objectives.

The autonomy of state institutions is sometimes assumed to imply the imposition of the wishes of the state on citizens. This characterization became widespread given that most of the developmental states of East Asia are not particularly democratic in the Western definition of the term. Because of the peculiar political structure of these developmental states, the independence and autonomy of state institutions have also been likened to state autocracy, at least based on the standards of liberal democracies of the West. For example, Johnson[41] noted that the "soft authoritarian character" of the Japanese state facilitated its ability to shape the actions of agents and was an important feature and source of its autonomy. The potential conflict of a state's actions in terms of directing and often legislating the direction of industry are often seen as conflicting with the dictates of liberal democracy and free market principles. But Johnson again dismisses the argument that associates the developmental state with authoritarianism, arguing that there is necessarily no "connection between authoritarianism and the developmental state," although he does acknowledge that "authoritarianism can sometimes inadvertently solve the main political problem of economic development using market forces…"[42]

It is important to note that the autonomy and independence of state institutions from untoward political influence and the credibility of the institutions in terms of the determination, knowledge and skills necessary to design and implement development-enhancing economic policies is one of the most critical ingredients of the developmental state. Associated with this autonomy and competence of state institutions is the philosophy that economic growth and development must necessarily produce improvements in the living standards of the citizens. The emphasis on enhanced welfare for every member of the society in a way compensates for the potential "authoritarianism" that may be seen as the negative side of the developmental state. But it needs be noted, as was argued by Johnson, that there is nothing inherently associating authoritarianism with the developmental state. While the pursuit of the developmental state ideology may be more feasible within certain governance arrangements than others, the major consideration is the state's focus on driving industrial policy to produce growth and the type of transformation that enhances the living standards of the people. Accordingly, Gordon White noted that once a democratic government is able to work for the "alleviation of absolute and relative poverty; the correction of glaring inequalities of social conditions (between genders, classes, regions, and ethnic groups); provision for personal safety and security; and the tackling of looming threats such as environmental degradation,"[43] such a government can indeed be a democratic developmental state.

Do African states have the capacity to be developmental states? It does not appear that the political and institutional characteristics of the typical African state can be developmental in the manner of the East Asian developmental states. While authoritarian rule has been pervasive in most of Africa, authoritarianism in the average African state has been used almost exclusively for the satisfaction of the desires of the "big men" and their clientelist networks. In many African states, public institutions have not been independent of the political class. In most cases, state institutions seem to exist principally to serve the parochial needs of the incumbent. In order for the African states to be developmental, there is the need to review the structure of the state – specifically to dismantle the institutions and political culture that has turned the state to some form of personal property for those in power.

Conclusion

Irrespective of one's ideological standpoint – whether inspired by the neoliberal market determinism or the statist approach driven by industrial policy and state's involvement in the economy, or any strategy within these two extremes – the state has a principal role to play in the economic and social development of any country. Indeed, the state can rightly be described as the prime mover of any country's development program, and this is more so for countries at the initial stages of industrial development. Commenting on the chances of replicating the developmental strides recorded in Japan, Johnson noted that states wishing "to match the economic achievements of Japan must adopt the same priorities as Japan. It must first of all be a developmental state – and only then a regulatory state, a welfare state, and equality state, or whatever other kind of functional state a society may wish to adopt."[44] The state has a critical role to play and must adopt more of an activist approach, at least during the take-off stages of industrial development. Again, whether inspired by free market or driven by state interventionism, one constant amongst all developed nations is a formidable state structure that has the capacity to shape economic and social development, and the will to direct the fruits of development towards society's wellbeing. Important ingredients such as an efficient civil service, an accountable executive organ and a judiciary that is willing and able to interpret the laws of the land must be in place. Proper checks and balances, and enforceable constraints on executive powers, are also critical institutions of the modern state.

Given the primary place of the state in economic and social development, a pertinent question is: what remedial actions are necessary to equip the African state with appropriate tools to perform its developmental roles? In recent times, apostles of free market working through the Bretton Woods institutions urge African states to eschew protectionism and embrace free trade by opening their respective shallow and frail markets to the influx of foreign goods. But given the weak starting positions of these countries, one wonders how unfettered trade would help the poor countries to make progress towards the path to industrial growth and structural transformation. As many African countries import almost every item from the industrialized countries, the attainment of a favorable trade position is no longer in the cards for these countries. The result has been continuous dependence on foreign aid and other forms of development assistance. As Chang[45] noted, the most perplexing aspect of the recent push for free trade, even for the developing countries, is that all of the present-day developed and industrialized countries pursued a highly orchestrated regime of protectionism during their initial stages of industrial growth. The decrepit state of physical infrastructure in most of Africa and the open borders for import and dumping of manufactured goods, have heralded the total collapse for Africa's already weak industrial base. One of the major casualties of this development has been the textile industry. In the 1970s and 1980s, the textile industry was an active sector in many African countries. But the story is very different today, as the industry is comatose due to a combination of factors, ranging from official neglect, weak power infrastructure and the influx of cheaper alternatives from Asia.

In a bid to support African countries to tap into the huge market in the United States, the US government set up the African Growth and Opportunity Act (AGOA) to enable African countries export eligible products duty-free to the United States. AGOA was touted as a mechanism to achieve development through trade, instead of the traditional aid of dolling out cash to African states. However, almost all reviews show that AGOA has achieved at best only modest results as many African countries have failed to take advantage of the instrument because there is really nothing to export. The failure of AGOA to unleash the needed expansion in export from African countries to the United States shows that there is need for more introspection on the African situation. It has been suggested that the existence of trade barriers and export duties, which AGOA gracefully removed for a variety of eligible commodities, is not the major problem militating against the expansion of trade in African countries. Rather, the economies of many African countries are held down by a number of deep-rooted institutional impediments that undermine the productive capacities of agents, and hinder optimum production. These institutional constraints are the biggest impediments to the success of AGOA.[46]

How then can the African state be developmental, and hopefully begin to replicate the spectacular successes of East Asia? In the subsection on the developmental state, it was noted that one starting point is for the state to desire to be so developmental. This willingness is then supported by the requisite "institutional nexus"[47] to facilitate active and development-inducing industrial policy and transformation. One of the critical institutional requirements of the developmental state is a highly motivated, meritocratic and professional public service that is autonomous and independent of undue influences from politicians. In addition, the state institutions must be driven by a philosophy to advance industrial growth and development for the benefit of the society at large, and to not to satisfy the selfish desires of a few elites. These characteristics are critical if the state must be able to design and effectively implement active industrial policies that would produce the kind of industrial growth and structural transformation that has not only produced spectacular growth, but also led to significant reduction in poverty across the developmental states of Southeast Asia.

In addition to the modest successes recorded in Botswana and Mauritius, which have also adopted the developmental model, the scorecards of most African countries have been discouraging, and an assessment of the institutional characteristics of the average African states leads to an even greater sense of trepidation and hopelessness. In an essay, appropriately titled "Why is Africa poor?", Daron Acemoglu and James Robinson[48] concluded that Africa's uniquely extractive institutions, which are legacies of several centuries of exploitation through slavery and European colonialism, led to authoritarianism and a perverse political culture that has made poverty almost a permanent feature of the African continent. The postcolonial African state does not have the attribute of an independent public service that is insulated from undue influence of politicians and their cronies. Rather, what obtains in most of Africa is a political culture and institutional arrangements that reinforce authoritarianism, and that gives enormous powers to a few powerful elite, while consigning the majority to a life of destitution and misery. In a twist of perverse institutional characteristics, the African state seems to exist to serve the few "big men" who in turn maintain their powers through a network of patron–client relationships.[49] It was in reference to this institutionalization of rule by the "big men" in most of Africa, that Patrick Chabal and J.-P. Daloz noted "that civil servants consider the edicts of their political masters to override any regulation to which those selfsame masters may officially subscribe."[50] Given this characterization of the public service, it is not clear, indeed it is doubtful that the average African state can be developmental in the sense of the developmental trajectories of Southeast Asia. Because the big men in political leadership maintain absolute control of all state institutions, and because such controls have tended to be for the satisfaction of the parochial needs of those in positions of authority, the average African state – with the present state structure and institutional configurations – cannot be developmental.

A look at Africa's attempts at state controls and development planning in the immediate post-independence period did not yield much in terms of growth and development. With the benefit of hindsight, the failure of state planning in the 1960s and 1970s were not necessarily because there was something inherently wrong with state planning. The problem was most likely a lack of the institutional characteristics necessary to rigorously follow through with development plans in a fashion that would lead to industrial growth and the transformation necessary to enhance society's wellbeing. Again, the liberalization experiment beginning in the 1980s produced equally dismal results – meaning that Africa's developmental challenges have not been the result of applying the wrong development model, but rather a result of the structure of the typical African state. In the pursuit of state interventionism or in the experimentation with economic liberalization, one constant has been development failures across most of the continent. Africa's development partners have often erroneously assumed that the African state share the same or similar characteristics with states in Europe, Asia or North America. Consequently, the

African state has been treated as a variable with similar properties, institutions and functions as the state in other regions. Perhaps this assumption has always been made with the best of intentions, but in reality, the average African state needs a different treatment.

Decades of development failure and political crises have shown that the average African state seems to exist for reasons other than the advancement of citizens' welfare. There is enormous evidence of gross irresponsibility on the part of several African political leaders, such that the state in most of Africa has been more of a clog in the wheel of human development than a facilitator of development.[51] Many African countries have been captured by dictators and profligate leaders who have routinely ignored the social contract that should bind the state and its citizens. From dictators like Mobutu Sese Seko of the Democratic Republic of Congo to Idi Amin Dada of Uganda; and from Gnassingbe Eyadema of Togo to Robert Mugabe of Zimbabwe; and from Teodoro Obiang Nguema to Sani Abacha of Nigeria, among a long list of other dictators, African countries have had the misfortune of being ruled by dictators whose ideas of governance stand in contrast to the ideals of the modern state. What has happened and continue to happen in many African countries is elite capture of the state and its resources. Most African leaders have redefined political leadership to entail primarily the control of state's resources for the private benefits of the incumbents and their cronies. Richard Joseph[52] notes that holders of public office in Nigeria – Africa's largest country – are primarily concerned with the prebends they garner from holding public office. The political leaders generally make no distinction between the public office and private resources.

During the past three decades, almost all cases of rapid industrial growth, economic development and real transformation that have produced significant enhancements in society's welfare have been achieved at the back of active state industrial policies. It must be emphasized as did Chalmers Johnson that the capitalist developmental state is completely distinct and dissociates itself from communism, but its principal actions are anchored on capitalism, with the distinction being the existence of active state policies. If the state has been a principal actor in all recent cases of real industrial growth and economic transformation, one would expect that Africa's development partners who are interested in eradicating poverty in the continent should consider how such transformation has been achieved in other societies. To the best of my knowledge, there is no report or study that has associated the recent transformations and significant reduction in poverty levels achieved in China, Malaysia, Indonesia or elsewhere to increases in foreign aid to these countries. Economic growth and development has been achieved through conscious state effort aimed at designing and implementing industrial policies that have produced growth and transformed the societies. Based on this reality, this book argues that real development assistance to Africa need to focus on strategies to restructure the African state in ways that would make the state and its institutions able to initiate and execute the right policies for industrial growth, economic transformation and poverty reduction. Real and sustainable growth and development is not achievable through cash transfers or other forms of foreign aid.

Notes

1. This ideology largely derives from the pioneering work of Adam Smith, *An Inquiry into the Nature and Causes of the Wealth of Nations* (London: Methuen & Co Ltd, 1776); and Milton Friedman, *Capitalism and Freedom* (Chicago, IL: University of Chicago Press, 1962).
2. Ibid.
3. Meredith Woo-Cumings, ed. *The Developmental State* (Ithaca and London: Cornell University Press, 1999); Chalmers Johnson, *Japan, Who Governs? The Rise of the Developmental State* (New York: Norton, 1995).
4. Ha-Joon Chang, *Kicking Away the Ladder: Development Strategy in Historical Perspective* (London: Anthem Press, 2003); Justin Yifu Lin, *The Quest for Prosperity: How Developing Economies Can Take Off* (Princeton, NJ: Princeton University Press, 2012).
5. Lin, *The Quest for Prosperity* 109.
6. Ibid., 110.
7. Chalmers Johnson, "The Development State: Odyssey of Concept" in Meredith Woo-Cummins ed., *The Developmental State* (Ithaca and London: Cornell University Press, 1999), 32–60.
8. Ibid.
9. John Mukum Mbaku, "Ideologies and the Failure of Economic Development in Africa" in Toyin Falola, ed., *Africa: Volume 5* (Durham, NC: Carolina Academic Press, 2003): 391–416.
10. World Bank, *Sub-Saharan Africa: From Crisis to Sustainable Growth; A Long-Term Perspective Study* (Washington, DC: World Bank, 1989).
11. Richard Reid, "A History of Modern Africa"; Toyin Falola, ed. *Africa*.
12. It must be noted that the economic models were not the same in all countries. While most countries pandered towards state-led capitalism, others,

such as Tanzania and Ethiopia, experimented with some variants of socialism.

13. Thandika Mkandawire, “The Political Economy of Financial Reform in Africa,” *Journal of International Development* 11, no. 3 (1999), 321–342.
14. Chang, *Kicking Away the Ladder*.
15. Ibid., 25.
16. Lin, “The Quest for Prosperity”.
17. Chang, “Kicking Away the Ladder”.
18. Toyin Falola, *Humanities in Africa* (Austin, TX: Pan-African University Press, 2016).
19. Ibid.
20. Robert Solow, “A Contribution to the Theory of Economic Growth,” *Quarterly Journal of Economics* 70, no. 1 (1956); 65–94.
21. Paul Romer, “Endogenous Technological Change,” *Journal of Political Economy* 98, no. 5 (1990): 71–102.
22. World Bank, *Accelerated Development for Africa*.
23. World Bank, *Adjustment in Africa: Reforms, Results and the Road Ahead* (Washington, DC: World Bank, 1994), 61.
24. Graham Bird and Dane Rowlands, “Catalysis or Direct Borrowing”.
25. World Bank, *Adjustment in Africa*, 131.
26. Julius Ihonbvere, “Economic Crisis, Structure Adjustment and Social Crisis in Nigeria,” *World Development* 21, no. 1 (1993): 141–53; Mkandawire and Soludo, *Our Continent, Our Future*.
27. Mkandawire and Soludo, *Our Continent, Our Future*.
28. North, *Institutions, Institutional Change and Economic Performance*.
29. Mbaku, “Ideologies and the Failure of Economic Development in Africa”.
30. Herbert Simons, *Administrative Behaviour: A Study of the Decision Making Processes in Administrative Organisation* (New York, NY: The Macmillan Co., 1948).
31. North, *Institutions, Institutional Change and Economic Performance*.
32. Ibid.
33. Johnson, “The Development State”.
34. Ibid.
35. Ibid., 49.
36. Manuel Castle, “Four Asian Tigers with a Dragon Head: A Comparative Analysis of State, Economy and Society in the Asian Pacific Rim.” in Richard Applebaum and Jeffrey Henderson eds. *State and Development in the Asian Pacific* (Newbury Park: Sage Publications, 1992), 33–70.
37. Gordon White, “Constructing a Democratic Developmental State.” in Mark Robinson and Gordon White (eds), *The Democratic Developmental*

State: Political and Institutional Design (Oxford: Oxford University Press, 1998), 20–69.
38. Johnson, "The Developmental State" 48 (italics, my emphasis).
39. Thandika Mkandawire, "Thinking About the Developmental States in Africa," *Cambridge Journal of Economics* 25, no. 3 (2001): 289–313.
40. Peter Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton, NJ: Princeton University Press, 1995).
41. Chalmers Johnson, *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975* (Stanford: Stanford University Press, 1982).
42. Johnson, "The Developmental State," 52.
43. White, "Constructing a Democratic Developmental State," 20.
44. Johnson, *MITI and the Japanese Miracle,* 306.
45. Chang, *Kicking Away the Ladder.*
46. Kenneth E. Kalu, "Development Through Trade: AGOA as an Instrument of Trade and Development," in *The United States' Foreign Policy in Africa in the 21st Century: Issues and Perspectives,* ed. Adebayo Oyebade (Durham, NC: Carolina Academic Press, 2014), 41–53.
47. Mkandawire, "Thinking About the Developmental States in Africa".
48. Acemoglu and Robinson, "Why is Africa Poor?"
49. Chabal and Daloz, *Africa Works.*
50. Ibid., 8.
51. World Bank, *Accelerated Development in Sub-Saharan Africa*; Mbaku, "Ideologies and the Failure of Economic Development in Africa".
52. Richard A. Joseph, *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic* (Cambridge: Cambridge University Press, 1987).

Bibliography

Castle, Manuel. 1992. Four Asian Tigers with a Dragon Head: A Comparative Analysis of State, Economy and Society in the Asian Pacific Rim. In *State and Development in the Asian Pacific*, ed. Richard Applebaum and Jeffrey Henderson, 33–70. Newbury Park: Sage Publications.

Evans, Peter. 1995. *Embedded Autonomy: States and Industrial Transformation*. Princeton: Princeton University Press.

Falola, Toyin. 2016. *Humanities in Africa*. Austin: Pan-African University Press.

Friedman, Milton. 1962. *Capitalism and Freedom*. Chicago: University of Chicago Press.

Johnson, Chalmers. 1982. *MITI and the Japanese Miracle: The Growth of Industrial Policy, 1925–1975.* Stanford: Stanford University Press.

Kalu, Kenneth. 2014. Development Through Trade: AGOA as an Instrument of Trade and Development. In *The United States' Foreign Policy in Africa in the*

21st Century: Issues and Perspectives, ed. Adebayo Oyebade, 41–53. Durham: Carolina Academic Press.

Mbaku, John Mukum. 2003. Ideologies and the Failure of Economic Development in Africa. In *Africa: Volume 5*, ed. Toyin Falola, 391–416. Durham: Carolina Academic Press.

Mkandawire, Thandika. 1999. The Political Economy of Financial Reform in Africa. *Journal of International Development* 11 (3): 321–342.

Romer, Paul. 1990. Endogenous Technological Change. *Journal of Political Economy* 98 (5): 71–102.

Simons, Herbert. 1948. *Administrative Behaviour: A Study of the Decision Making Processes in Administrative Organisation*. New York: The Macmillan Co.

Smith, Adam. 1776. *An Inquiry into the Nature and Causes of the Wealth of Nations*. London: Methuen & Co Ltd.

Solow, Robert. 1956. A Contribution to the Theory of Economic Growth. *Quarterly Journal of Economics* 70 (1): 65–94.

White, Gordon. 1998. Constructing a Democratic Developmental State. In *The Democratic Developmental State: Political and Institutional Design*, ed. Robinson Mark and White Gordon, 20–69. Oxford: Oxford University Press.

World Bank. 1989. *Sub-Saharan Africa: From Crisis to Sustainable Growth; A Long-Term Perspective Study*. Washington, DC: World Bank.

———. 1994. *Adjustment in Africa: Reforms, Results and the Road Ahead*. Washington, DC: World Bank.

CHAPTER 9

Explaining Africa's Underdevelopment

The World Bank reports that Sub-Saharan Africa is currently home to the poorest people on the Earth. Based on poverty data derived from the World Bank, Africa has overtaken Asia and has thus achieved the unenviable record of having the largest number of poor people (defined as people living on less than $1.90 per day) in the world.[1] The World Bank data show that out of the world's total headcount of the poor at 768 million people in 2013, Sub-Saharan Africa alone has 388.72 million people, or about 51 percent of the world's poor; although the continent accounts for only about 13 percent of the world's population.[2] By most measures of wellbeing, African states lag behind other regions. Basic amenities such as electricity, safe drinking water, and decent roads are lacking in many African cities, and social services are not at their best across most of the states. The reality of poverty and despondency in most of the region has meant that Africa has become a burden to the world, or as the former prime minister of Great Britain, Tony Blair put it: "The state of Africa is a scar on the conscience of the world."[3] Global reactions to the sort of sentiments expressed by Tony Blair has included increased flow of foreign aid to Africa, with the expectation that cash transfers or other form of aid would somehow transform African societies.

In the opinions of rich nations, some multilateral development institutions, and those associated with the global aid industry, Africa's underdevelopment is a direct result of financial and technical constraints.

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_9

Consequently, getting benevolent nations to increase the amount of aid and other forms of assistance to African countries is seen in some quarters as the solution to poverty and misery in Africa.[4] Still others place Africa's underdevelopment at the door of the region's postcolonial leaders. This school of thought blames Africa's leaders in the post-independence period for bad policy choices and sheer corruption. It is argued that bad choices by inept and corrupt political leadership is the reason for underdevelopment in the continent. Therefore, the region would be on the march to growth and development if its leaders embraced good governance practices.[5] In addition, some studies point to several factors ranging from geography to Africa's culture and extensive ethnicity as some of the major factors making it difficult for the region to achieve sustained economic growth and development.[6]

However, recent studies by Acemoglu et al. have produced overwhelming evidence to the effect that neither geography nor ethnicity could explain Africa's precarious economic conditions.[7] Other regions of the world with climate similar to those of Africa, and with diverse ethnicity have made more progress than did Africa during the last few decades. Take, for example, India with its several ethnic groupings, or Thailand with an equally hot climate to what obtains in most of Sub-Saharan Africa, yet India and Thailand have made more progress in achieving development and moving the majority of their citizens out of poverty than has most African states during the past two decades. It is true that corrupt political leadership inhibit growth by channeling resources to non-productive sectors, creating disincentives to honest investment, blocking the opportunities for many, and generally distorting the flow of an economy. It is important to note that Africa's notoriously corrupt political leadership have endured because of the structure of the African state and the nature of institutions prevalent in these countries. Corruption thrives in many African states because state institutions condone, and in fact facilitate, such practices.

In recent years, the searchlight has rightly been focused on Africa's dictators, whose actions continue to undermine international efforts to support Africa on to the path of economic development and social stability. Dictators who have ruled African states for decades have suppressed political opposition, treated state resources as their personal property, and generally made choices that are opposed to development.[8] It is important to note here that some form of dictatorship or one-party rule is not necessarily bad for development. Many societies in recent history have made tremendous progress under one-party rule or some other form of dictatorship. The spectacular transformation of Singapore from a third world country to a first world nation was achieved under the one-man rule of Lew Kuan Yew. Again, Malaysia has made significant progress under the one-party state structure. China is not particularly a model of democracy, yet China has become an excellent study in economic growth and structural transformation over the past few decades.

The nature of Africa's dictatorship has been different. Instead of transforming their countries for the good of the population, Africa's dictators have generally pandered towards self-aggrandizement, rapacious accumulation and aggravated parochialism. The unique path taken by Africa's dictators perhaps reflects the path and nature of Africa's socialization, history, culture, and political development over the course of most of the continent's modern history. This is not to, in any way, justify the sheer sleaze and rapacity that characterize political leadership in most of Africa. The point, however, is that a deeper reflection of events in modern African history up to the present day shows a unique form of socialization, culture and institutional development in the continent from the 15th century to the latter part of the 20th century. Two critical and fundamental events – slavery and colonialism – have defined Africa's sociology, culture, and political economy. These two historical epochs also have one thing in common: crass exploitation of the common wealth for the enjoyment of a few, and state-sanctioned intimidation and subjugation of ordinary citizens.

Some would rightly argue that Africa was not the only region of the world to have suffered from the Atlantic slave trade, and was equally not the only continent to be colonized by an imperial power. This argument is true on the face of it, but requires further investigation. To date, every credible account of the Atlantic slave trade shows that slavery was more intense in Africa than in any other region of the world.[9] In addition, slavery lasted in Africa for several centuries. Even when the trans-Atlantic slave trade was abolished in the early 19th century, internal slavery persisted on the continent. Slavery was the pre-colonial origin of corruption, dictatorship and gross violation of human rights.[10] Its intensity in Africa meant that the characteristics of slavery – oppression, exploitation, expropriation, brute force, and dictatorship – became an integral part of Africa's socialization and, to some extent, its culture. The master–servant relationship that is the hallmark of slavery has often been described as Africa's "respect" for elders and authority figures. It is an aspect of African culture for subordinates not to question the judgement of superiors, even when it is clear that the superior is acting in error. It is often seen as tradition for subordinates to accept whatever is handed over to them from anyone in position of authority, even where the subordinate is being exploited.

Slavery shaped the mentality of the African in terms of the relationship between the master and the subordinate, between the old and the young, and between the authority figure and his followers. It defined the mode of agency between those who hold power of any type, and those on whose behalf power is held. Slavery influenced the mentality of the masters – those who owned the slaves – to the effect that all subjects are simply regarded as the property of the ruler/master. It also created a mindset of subservience on the part of the citizens, such that citizens take whatever is handed to them by the ruler as their fate. It is this form of mindset that has contributed to making popular uprising against unpopular governments difficult in many African states. The citizens have generally accepted or condoned the excesses of dictators. After the period of slavery, African countries entered another era of its very peculiar history – colonialism. With better tactics and superior military forces, European colonial forces conquered Africa and shared the region as properties to different countries that were part of the imperial system.

As was the case during the period of slavery, colonialism was characterized by crass exploitation of Africans and Africa's resources by colonial Europe. Because the primary motive of colonial conquest was to exploit and to expropriate Africa's resources, all of the governance structures and public institutions established at this time were designed to assist colonial Europe to take away Africa's resources by force. The consequence of Africa's almost perpetual exposure to exploitation of the majority by a few is that both the formal and the informal institutions of the average African state have become extractive, rather than inclusive. In addition, the crude exploitation of the common wealth for the enjoyment of a tiny elite has become almost a natural path for the average state. The constellation of extractive institutions has promoted a culture of official corruption and dictatorship, and these attributes are not amenable to broad-based economic development irrespective of the economic model in practice, and irrespective of the volume of foreign aid and other forms of development assistance.

The African State, Its Institutions and the Challenge of Development

We established in the previous chapter that the state is a critical enabler of development, whether under a neoliberal economic order or within a statist development model. Take away the state and its institutions, and we have a disorganized and chaotic assemblage of agents, each pursuing a parochial agenda often in destructive competition with one another. In such a situation, the society may become a theatre of the absurd, and the result would be an atmosphere of survival of the fittest, as expounded by the 16th-century political philosopher Thomas Hobbes. On a related matter, where the state is devoted primarily to serving state officials, with no regard for the social contract that should fundamentally bind the state to its citizens, the result would be an arrangement that cannot produce real development and social wellbeing for majority of the citizens. Where the state focuses on preserving the privileges of state officials, the result is a society where the common wealth belongs to a tiny privileged group, with poverty and misery for the larger population. Unfortunately, this form of state structure, in which the welfare of the citizens takes a backseat, has been the case with Africa from the era of slave trade to the present.

It is safe to assume that every society desires to lead a good life, to have access to the basic necessities of life, including an effective and efficient healthcare system, good-quality education and decent neighborhoods and food for the population. These natural desires are the same for all humans, irrespective of race or geographical location. In effect, Africans, like Europeans, Asians or Americans, aspire to lead a decent life, and to realize their dreams of prosperity and the pursuit of happiness. In real world, the chances of realizing these natural human aspirations are largely determined by the resources available in the society and by how the use of those resources is organized. Societies with inclusive institutions that harness the contributions of all agents towards advancing overall society's welfare are better candidates for real economic development than societies organized in ways that seek to exploit the collective good for the benefits of a few.[11] Societies with extractive institutions are unable to profitably harness the contributions of all economic agents to advance the collective interests of all. It is this institutional characteristic that has made it difficult for African states to achieve sustained growth and real development.[12]

As stated earlier, African countries developed a set of political culture and formal institutions that are not amenable to economic development. Bratton and van der Walle correctly presents the typical Africa's political arrangement in the following sentences, which is worth quoting in full:

> the right to rule in neopatrimonial regimes is ascribed to a person rather than to an office, despite the official existence of a written constitution. One individual… dominates the state apparatus and stands above its laws. Relationships of loyalty and dependence pervade a formal political and administrative system, and officials occupy bureaucratic positions less to perform public service… than to acquire personal wealth and status. Although state functionaries receive an official salary, they also enjoy access to various forms of illicit rents… which constitute… an entitlement of office. The chief executive and his inner circle undermine the effectiveness of the nominally modern state administration by using it for systematic patronage and clientelist practices in order to maintain political order.[13]

Most of Africa is locked up in political arrangements that is neopatrimonial and reflects, in all material respects, the description in Bratton and van der Walle quoted above. It is a political arrangement that ultimately presents the state as the property of the incumbent political officeholders, rather than a mechanism to advance society's welfare. This perverse political arrangement rooted in the history of the African state affected the development of political and economic institutions in ways that support and reinforce the exploitation of the masses in favor of a privileged few. Instead of supporting initiatives that harness the contributions of all agents toward economic development and social stability, governance institutions become instruments to intimidate and exploit the masses in favor of those in political leadership. This form of political arrangement has created what has now become generally seen as systemic and institutionalized corruption which has been the major cause of failure of development policies and programs in many African states.[14]

When the state has little or no interest in providing public goods, such as physical infrastructures that would support productive activities, the result is an unproductive economy defined by poverty and stunted growth. Across most of Sub-Saharan Africa, there is a shortage of good roads. In addition, reliable electricity – something which is taken for granted in developed societies – is absent in most African countries. The absence of these infrastructures is not necessarily a reflection of paucity of funds, but the failure of political leaders to utilize available resources judiciously. Take again the example of Nigeria, where it has been reported that the state spent about $16 billion between 1999 and 2007 on electric power generation, and yet failed to add a single unit of electricity to the country's limited generating capacity.[15] Or the case of Sierra Leone, where the political strategy was that of "winner takes all" and where every incumbent tried to retain power at all costs to the detriment of the country's overall growth and development. The result was a situation in which virtually no public good, such as roads or bridges, was provided in the country for several years.[16] Examples of similar irresponsible leadership abound in a number of African countries. One would expect that national institutions would not allow the scale of waste and misuse of funds and opportunities as seen in these countries, but the reality is that the perverse state structures and accompanying institutions fail to hold any of the executives to account. The absence of checks and balances, and official disregard for the rule of law means there are no constraints on executive powers.

With little or no constraints on the powers of those that occupy state offices, political leaders in many African countries have systematically privatized the state and its resources, and have perfected the perverse structure through systemic patron–client networks. Instead of serving their states, political leaders tend to focus exclusively on serving their narrow ethnic or religious groups. This focus on parochial interests often means that the provision of public goods is outside the priority of the state.[17] The form of political institutions that exist in Africa have contributed to the emergence of so many dictators across several countries in the continent. Changes that would produce real development in the region must first target the political institutions that stifle development, and dismantle the neopatrimonialism that essentially hands control of the state over to the incumbent and his cronies. The route to real development must be to build an inclusive society where all agents have a fair opportunity to contribute to national development and also to enjoy the fruits of development. A political arrangement that does not treat the citizens as the rightful owners of state's resources and as the main reason for the state's existence will continue to produce the failure and stagnation that has characterized most of the continent during the past several decades.

The biggest challenge to Africa's development is neither an insufficient amount of foreign aid nor inclement weather. It is not because of Africa's geographical location, nor because of its demographics; nor is it because of Africa's culture. Africa's development challenge is essentially a result of the unique state structure that was, and remains, utterly predatory and that reinforces highly extractive economic and political institutions, which cannot initiate or support development-enhancing growth and structural transformation. The predatory state is an inhibitor rather than a facilitator of development. This perverse political system has been sustained by some form of "absolutism," where the head of government has or exercises absolute powers not constrained by any institution or mechanisms.

Although modern political institutions such as parliaments have now been set up in most of postcolonial Africa, these institutions have largely been more of an avenue for access to privilege and state resources than credible instruments to place constraints on the excessive powers of the executive. Take the case of Equatorial Guinea, which has a two-chamber legislature with 175 seats. For many years, the two chambers have been filled with members of the ruling party, with each chamber having only one representative from the opposition party. In addition, President Teodoro Obiang Nguema appointed 20 members of the Senate.[18] The ruling party is largely under the control of the president who makes all major policy decisions, and simply uses the legislature as some form of rubber stamp to have a semblance of legitimacy. One wonders how such a parliament could credibly serve as a watchdog for the interests of the people of Equatorial Guinea against a president who controls the ruling party.

Perhaps the situation in Equatorial Guinea shows how modern political arrangements, including the so-called democratization of some African countries, have been of very little substance. As one of the largest exporters of crude oil in Sub-Saharan Africa, Equatorial Guinea earns enormous resources relative to its small population. On the basis of the country's GDP per capita, in fact, the World Bank ranks the country as a "high-income country". The 2014 *Human Development Report*[19] published by the United Nations calculates Equatorial Guinea's GDP per capita at $37,478.85, which is the highest per capita income of any African country, and one of the highest in the world. Unfortunately, however, Equatorial Guinea still ranks as one of the poorest places on earth, with a Human Development Index ranking of 144 out of 187 countries.[20] The question then is: what happens to the huge wealth generated from sale of Equatorial Guinea's crude oil? The result is simply that the nation's resources that should have gone into building roads, schools and health facilities; in developing electricity, creating employment and fighting poverty for the benefit of the country's less than one million people, are captured by Equatorial Guinea's absolute leader and his cronies. One wonders how foreign aid can help eradicate poverty in a country like Equatorial

Guinea, which should be a donor country, rather than a recipient of aid. And Equatorial Guinea is not unique in this respect. Take, for example, Angola. which has been under the rule of President Jose Eduardo dos Santos for 35-odd years? Despite Angola's huge resource rents, the country has remained a poor country with bad human rights records, including intimidation and suppression of opposition, cronyism and blatant corruption. The country's oil wealth has been known to serve mainly President Eduardo's family and close associates.[21] Again, it is unclear that the problem with Angola is a shortage of financial resources. The persistence of extractive institutions that continue to exploit the people for the benefit of the ruling family, hinder productive activities and undermine any development policy.

If one explains the absolute powers of political leaders in Angola and in Equatorial Guinea by pointing to the long rule of a single head of state in each of the two countries, what of the situation in other African countries that have been successful at changing the occupants of the office of head of state, but without a change in substance or without institutionalizing proper checks on the actions of the head of state? Nigeria, Africa's largest country, has been successful in replacing one president with another since the country's return to civil rule in 1999. Indeed, for the first time in the history of the country, an incumbent president lost to the opposition candidate in the 2015 general elections.[22] While this democratic "achievement" is a commendable one, the question is if the regular changes in government have had a significant impact in changing the focus of the state from one devoted to advancing sectional interests to one that embraces a developmental mindset in the form demonstrated by the successful Asian tigers. Nigeria's apparent successes in electoral transfers of power from one leader to another have done little to change the cronyism and corruption that have been the real drag on economic development. Other African states that have also regularly changed their president or prime minister have not fared any better in the area of good governance. It is the poor quality of governance pervading the continent that has made it difficult for development to take place. The Mo Ibrahim Prize for Achievement in African Leadership set up to recognize exemplary leadership by African head of states has often struggled to find a deserving African leader to merit the prize. Since its inauguration in 2007, the annual prize has been awarded only five times as at 2017. During the years, 2009, 2010, 2012, 2013, 2015 and 2016 the Prize Committee concluding that it could not find a deserving African leader to win the award.[23]

Africa's characteristic rule by "big men" and the clientelism that it supports does not necessarily suggest there is no regular change in political leadership. It is true that many countries, including Angola, Cameroun, Chad, the Democratic Republic of Congo, Equatorial Guinea, Uganda, Zimbabwe and a host of other African countries, have been unable to institutionalize regular changes in the political leadership. However, those states that have experienced such regular transfers of power according to the constitutionally determined presidential tenure have not produced better results in terms of the quality of political leadership. Rather, clientelism in Africa has meant that the incumbent, at any point in time, takes absolute control of state resources and appropriates such resources according to his will, rather than according to the dictates of the law. Sadly, all of the institutions of the state seem to support the activities of the incumbent. In this form of arrangement, political institutions such as the parliament and the judiciary see their primary role as that of serving the wishes of the absolute leader, in return for which they receive a huge share of the common wealth in the manner of a patron–client relationship.

Political and economic institutions in most African states have generally favored a tiny elite and resulted in hardship and despondency for many. In the African resource-rich countries, one can easily see a few stupendously rich individuals and families who have no other discernible businesses other than holding a government appointment or being connected with one state office or the other. In these predatory states, holding public office has become the surest way to riches, while the majority of the population suffer the pains of poverty and deprivation. It needs to be pointed out that this perverse conversion of public office into private estate is not necessarily a comment on the morality of the incumbent, but reflects a weird institutional arrangement which places the power to appropriate the common wealth solely on the shoulders of the incumbent. Given a lack of institutional checks and balances, political officeholders eventually abuse this absolute power and control over state resources. This political arrangement that systematically consign the state and its resources to state officials has been the greatest challenge to the real and sustainable development in the continent. As Patrick Chabal and Jean-Pascal Daloz rightly noted, the African state "is evidently weak in terms of the Weberian ideal-type: there are on the continent virtually no states able to meet the criteria of the Western, or for that matter of the developing Asian 'tiger', model. It is vacuous because the exercise of central political power has not been emancipated from the overriding dominance of localized and personalized political contests."[24]

One would expect that citizens in African states would rise against exploitation of the common wealth by the political leadership. However, the unfortunate reality is that the general population, while not pleased with the harmful impacts of the exploitation that characterize the political economy, seem to have become helpless and unable to confront the powerful elite who have both the instruments of power and the financial might to crush every potential opposition. Again, the antecedents of former opposition parties that eventually made it to the seat of political power have not given much hope. It would appear that the true mission of opposition parties is not necessarily to transform the state and its institutions for inclusive growth and development. Across the continent opposition forces seek to control the state and enjoy the privilege of absolute control over state resources. For example, in Nigeria, there is the cliché that political power and the holding of public office is "turn by turn"; indicating that opposition parties are in business to get a chance or their own "turn" to enjoy the "privileges" of office that has been the preserve of other parties. It is instructive that in states with relatively regular changes in political leadership, growth and development is still lacking and corruption persists. Again, whether under military dictatorship or under the current democratic dispensation, corruption and executive high-handedness have not abated across the majority of the continent. The institutions that foster exploitation of the common wealth in favor of state officials is deeply entrenched. Changing the individuals who occupy public offices does not necessarily change the institutions and the incentives created by such institutions. This is why changes in political leadership in most of Africa has been more of a vicious circle, indicating movement from one despot to another, in a manner that has brought no real change to the developmental trajectory.

What has sustained bad political leadership and its associated evils are political arrangements that do not emphasize true separation of powers and checks and balances. In many African countries, the head of state exercises enormous powers over all other arms of government. Even in countries that have an elected parliament, the executive has overbearing influence over the legislators, largely deriving from the executive's power to expend state resources. This centralization of power has meant that the head of state can buy the support of members of parliament, and such collusion makes a nonsense of the oversight function of the legislature. If there were proper oversight of one arm of government by another, the enjoyment of absolute powers and authoritarian controls would be reduced to the barest minimum, and the level of corruption and mismanagement of the common wealth would also be reduced. It is these forms of political institutions that have made the state an inhibitor, rather than a facilitator, of growth and development. Because there are no credible checks on executive powers, incumbents tend to make choices that often promote selfish and parochial interests, while blocking the chances of majority of the citizens.

Administrative institutions such as the civil service, which should be a machinery to implement government policies and programs, are, in most cases, structured in a rather perverse way. Public servants see their appointment as positions of power and influence rather than as a call to render service to the citizenry. This means that government services are not effectively administered to the people, because the civil servants do not see their office as platforms to serve the people. During the colonial era, Africans who had the privilege of working with the colonial government felt they were different from other Africans who did not have such opportunities. In many African colonies, it was reported that the African officials who worked for the colonial government were as oppressive to their fellow Africans as were the European colonizers. Working for the colonial government was a huge privilege which was enjoyed by only a very few Africans during the period of colonialism. As the colonial civil service served the interests of the colonial government by implementing the exploitative policies of that era, that institutional culture and operating philosophy of serving the political leadership became entrenched. It is in realization of the rather peculiar civil service structure in postcolonial Africa, that Odd Arne Westad noted that "there was the suspicion – quite correctly held that, in some cases – that the postcolonial bureaucracy still served the two masters, that the officials who had been appointed by the old regime served as agents for the political and economic interests of the former metropolis."[25] This culture of serving the interests of the masters became institutionalized in the civil service, such that government officials generally do not give priority to serving the ordinary citizens, but see their role as carrying out the orders of the "big man" in power.

One would recall that the colonial government created a dual society where government officials, including senior African officials, were given decent homes in the Government Residential Areas (GRAs) with all the facilities for decent living, while the rest of the population lived in slums and unhygienic environments. This state-sanctioned discrimination between government officials and the citizens created a unique relationship between the civil servants and "ordinary" citizens. In most of Africa, holding government positions continue to confer enormous privileges above and beyond what is available to the ordinary citizens. This institutional culture has persisted and significantly affects government policy formulation and implementation, as those who should design and implement development-inducing and people-centered policies are generally not driven by a call to serve, but see their positions rather as an avenue for privilege and selfish accumulation.

Property Right Institutions

In their essay, "Unbundling Institutions", Daron Acemoglu and Simon Johnson[26] explore the relative impacts of "contracting institutions" and "property rights institutions" and European colonization strategy on long-term growth and development. They define contracting institutions as those set of state structures, laws, and instruments that "regulate transactions between private parties, such as a debtor and a creditor."[27] By contrast, "property rights institutions are intimately linked to the distribution of political power in society because they regulate the relationship between ordinary private citizens and the politicians or elites with access to political power."[28] In effect, property rights institutions are related to state–society relations and encompass those rules, regulations and structures that help to protect the ordinary citizens against government expropriation. Where the property rights institutions are not well defined, the risk of government expropriation is high, and this discourages productive investments, because investors are not assured of the safety of their investment. Given the unequal relationship between the government and private citizens, well-defined property rights institutions that block the opportunities for government expropriation are important for economic growth and development.

In addition to the laws and regulations that grant private individuals clear titles and enforceable rights over their private property, property rights institutions include the rules and regulations, the political structures and the accountability mechanisms that ensures the common wealth is not unduly usurped by the few in power. It is the lack of, or the ineffectiveness of, these forms of institutions in most of Africa that has made it possible for politicians to disproportionately appropriate state resources to themselves and their cronies. The weak property rights institutions and the power this confers on the executive is the reason why patrimonialism and clientelism persist. If the politicians and the patrons do not have access to misappropriate the common wealth, they would not have the resources to service and maintain the network of clients that have sustained that perverse political arrangements. Acemoglu et al. document strong relationships between property rights institutions and the colonialization strategy adopted in the former European colonies. They show that in the former colonies where the mortality rates among European officials was high (as was the case in Africa), the colonial government adopted more of *extractive* strategies than *inclusive* ones.[29] In such colonies, European colonial administrations focused exclusively on the extraction and expropriation of the colony's natural resources. As the colonial government had no long-term interest in those colonies, it had no reason to establish efficient property right institutions that would constrain the powers of the government to expropriate society's resources without appropriate compensation.

Although some changes have obviously taken place in African states over the course of the postcolonial period, the reality is that such changes have generally been at the margins, and along the same path as the original institutions. The non-settler colonies have remained with their set of extractive institutions, while the settler colonies have also continued to build on the efficient and inclusive institutions which were set up during the colonial period. This institutional persistence has been explained by the path-dependent nature of institutions. Once a set of institutions are in place, such institutions produce unique costs and benefits, and thus provide incentives for agents to behave in a certain direction.[30] As economic agents adopt strategies and align their actions to respond to the incentives created by a particular set of institutions, those actions and strategies turn into norms and habits. Over time, the actions of agents somehow legitimize the institutions and the cycle perpetuates itself. As the institutions persist, changes to such institutions became increasingly difficult as fundamental changes would entail that agents must also revise their actions, strategies and habits that have persisted over time. This in part explains why institutional transformation are usually not easy.

In the case of African states, changing those perverse institutions that have kept the economies underdeveloped is even more complicated. This added complexity holds because the perverse institutions currently serve the interest of the ruling elite by granting those in power unfettered access to the common wealth. The political leaders and other elites who control the instruments of power have every incentive to maintain the status quo in order not to lose some of their elite privileges. That is why real changes have often been resisted by incumbents and other powerful interests. One would expect that citizens and civil society groups in these countries should be able to push for fundamental changes that would create more inclusive institutions. However, several years of oppression and associated poverty have emasculated civil society groups in most of Africa, making them incapable of generating the momentum needed for revolutionary changes. Again, politicians in African countries have been largely successful in manipulating vocal civil society groups through material enticement, intimidation and oppression, or a combination of such forces.

To emphasize the critical role of the property rights institutions – the overwhelming power of the state – in the developmental path or direction of any society, Daron Acemoglu and Simon Johnson noted that "… economies can function in the face of weak contracting institutions without disastrous consequences, but not in the presence of significant risk of expropriation from the government or other powerful groups."[31] Therefore, property rights institutions that regulate the way politicians or state actors relate with the society and state's resources are a critical determinant of the development trajectory of any country. Private agents can devise other means to deal with the failure of contracting institutions – such agents can factor in the cost of transacting in their private contracts, or choose a non-repeat clause in their private contracts, such that defaulting agents are ostracized from the industry. But there is very little that private agents can do to the state with predatory inclinations, where government expropriation is the rule. Where extant institutions fail to constrain the power of those who control the state and its organs, private actors are left at the mercy of politicians and public policy would lose its potency as a tool to direct the nation onto the path of sustainable growth and development.

In contemporary times, when the global economy is becoming increasingly integrated and where globalization has turned the world into a common market, each state must create its own strategy to take advantage of the opportunities in the global market. It is only states that have the capacity and willingness to generate growth and development for the benefit of its citizens that can position their citizens and firms in a competitive stead to reap the benefits of globalization. By contrast, states that are locked in the pursuit of primordial interests cannot develop the infrastructures necessary to compete in the global market. The case of Africa's resource-rich countries, which have generated billions of dollars in revenues but are unable to develop the basic infrastructures necessary to support industrial growth, provides a good example of how the state matters. Despite the huge oil revenues that accrue to Angola, Chad, Equatorial Guinea and Nigeria, among others, these countries have been unable to create the environment for individuals and businesses to thrive. Several years of huge receipts from the sale of commodities have not been used to develop the basic structures necessary to support a modern economy. These failures on the part of the government are the principal causes of poverty and underdevelopment. Such government failures cannot be corrected by injecting more funds into the faulty and perverse state structures. As long as the state remains central to the growth and development of nations, any successful initiative to generate that growth and development in Africa must, of necessity, start with taking a critical look at the nature of the African state.

Conclusion

The lack of any separation of powers and the absence of checks and balances among the various arms of government create room for the abuse of political power which has become a common feature of many African states. A combination of this perverse political arrangements and undefined property rights institutions exposes the society to abuse by political actors. Where the executive has unrestrained powers to expropriate public resources, and where there is no defined action against such expropriation, the result can be, and is, usually the type of mismanagement and corruption that defines a number of present-day African states. Absolute powers, untamed by institutional constraints, can produce dictatorship. Dictatorship that focuses exclusively on maintaining the incumbent's privileges cannot possibly produce broad-based development, even where there is some form of GDP growth. Again, if we use the example of Africa's major oil exporters, including Angola, Equatorial Guinea and Nigeria, one can point to the difficulties in generating real development even where orthodox economic fundamentals, such as high GDP growth rate, high foreign direct investment, an abundance of labor and fairly stable macroeconomic environment, are in place. At the height of the rise in international crude oil prices from 2009 to 2014, the national income of these countries grew and there was an increase in these countries' GDP. However, despite these relatively high growth rates, poverty in the general population remained high in these countries, implying that the increase in national income did not translate into more employment or an expansion of social services, but generally increased the wealth of influential state actors. This form of institutional arrangement, which essentially treats the state as the private property of the political actors, cannot support real development irrespective of both the amount of money in foreign aid to that country, and also the economic policy recommended by the World Bank and the IMF.

In many cases, Africa's development partners send "experts" to Africa to help with policy formulation program implementation. Such gestures, perhaps done with the best of intentions, cannot amount to much because technical capacity or human capital is not necessarily Africa's major challenge. To show that Africa's underdevelopment is not necessarily caused by any dearth of human capital, one can consider African immigrants across Europe and the Americas. Many African immigrants achieve tremendous successes as immigrants in the developed world because of the inclusive institutions in those countries which create room for the productive engagements of every agent in the society. In Europe and North America, many professionals who were trained in Africa are doing well and contributing to the growth of their adopted countries. Most of these professionals had to leave their home countries because the economic and political arrangements on the continent were not favorable and could not create the space for them to earn a decent living and contribute to the growth of their countries. Across the cities of North America and Europe, one would see successful African professionals, including doctors, engineers and professors, who are working and making important contributions to the growth of their adopted societies. Despite the problems often associated with racism and other cultural shocks, many of these immigrants often live a more meaningful life in their adopted countries than would have been the case had they stayed back in Africa.

The success of African immigrants in the developed countries show that there is nothing inherently wrong with the African culture and there is nothing in the makeup of the African that predisposes him or her to laziness and a life of unproductivity. Again, there is no evidence that the African has a higher propensity to disobey constituted authority than does the average person from other regions. The biggest obstacle to Africa's development is not a lack of ingenuity and innovativeness in the people; it is not because the countries lack natural resources that could be harnessed for the benefit of the society; neither is it due to a paucity of financial resources. Africa has remained poor largely because the countries are locked in weird political and economic arrangements (institutions) that make growth and broad-based development almost impossible. A political arrangement that keeps the state away and detached from its citizens creates institutions that would not harness the contributions and ingenuity of the people. Similarly, in states where power is vested in one or a few individuals, and where there are no real constraints on executive powers, state institutions would develop in ways that lead to exclusion of the majority in favor of the privileged few.

It needs to be pointed out that Africa and Africans did not deliberately choose to develop extractive institutions that would grant excessive rights and privileges to a few, while keeping the majority in perpetual poverty and misery. As in other societies, institutions in Africa evolved over several years, spanning several historical epochs. What is unique in Africa's history has been the continent's almost perpetual exposure to crude exploitation by both internal and external forces. While some may not cite the Atlantic slave trade and colonialism as the cause of Africa's present developmental challenges, it is a fact that these events shaped the development of Africa's political and economic institutions, as well as the culture and socialization of the peoples of Africa in very significant ways. The institutional characteristics of the African states have been largely defined by these major historical epochs. Unfortunately, this constellation of institutions is not conducive to growth and development. Real development that enhances the wellbeing of the average citizen would come only when Africa's historically predatory states and extractive institutions are significantly transformed to promote inclusiveness, dismantle authoritarian rule and associated corruption, and engender a new vista in state–society relations. These important tasks of dismantling the historical structures of exploitation should have been taken up by Africa's postcolonial leaders. Unfortunately, the institutional transformation did not take place, and the structures of exploitation have not only continued, but have, in many cases, been extended. In order to achieve sustainable development and create the environment that would reduce the level of poverty and destitution, African countries must retrace their steps, redefine the state and restructure state institutions to make them more inclusive.

Notes

1. World Bank's poverty data, http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx.
2. Ibid.

3. Speech of Prime Minister Tony Blair at the Labour Party Conference; October 2, 2001. https://www.theguardian.com/politics/2001/oct/02/labourconference.labour6.
4. Sachs, *The End of Poverty*; UN Millennium Project, *Investing in Development*,
5. Calderisi; *The Trouble with Africa*.
6. Jeffrey Sachs and Andrew Warner, "Sources of Slow Growth in Africa Economies," *Journal of Africa Economies* 6, no. 3 (1997): 335–76 argue that geographical factors, which impact health as well as agricultural products, are among the causes of slow growth and poverty in the region; William Easterly and Ross Levine, "Africa's Growth Tragedy: Policies and Ethnic Divisions," *Quarterly Journal of Economics* 112, no. 4 (1997): 1203–50 for the argument that Africa's relatively high ethnic fragmentation explain some of the negative attributes that hinder growth.
7. See Acemoglu, Johnson, and Robinson, "The Colonial Origins of Comparative Development"; and Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty* (London: Profile Books, 2012) for incisive analysis of the institutional basis of underdevelopment in Africa.
8. David Wallechinsky, *Tyrants, the World's 20 Worst Living Dictators* (New York, NY: Harper Collins Publishers, 2006).
9. Patrick Manning, *Slavery and African Life: Occidental, Oriental and African Slave Trades* (Cambridge: Cambridge University Press, 1990).
10. Ibid.
11. Daron Acemoglu and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity and Poverty* (London: Profile Books, 2012).
12. Ibid.
13. Michael Bratton and Nicholas van de Walle, *Democratic Experiments in Africa: Regime Transitions in Comparative Perspectives* (New York, NY: Cambridge University Press, 1997), 62.
14. World Bank, *Sustainable Development in Sub-Saharan Africa*; Joseph, *Democracy and Prebendal Politics*; and many more.
15. "Revisiting the Power Sector Probe: How Obasanjo's Men Paid $16 Billion for Darkness," *The Street Journal*, May 2, 2012. http://thestreetjournal.org/2012/05/revisiting-the-power-sector-probe-how-obasanjos-men-paid-16-billion-for-darkness/.
16. James A. Robinson and Ragner Torvik, "Endogenous Presidentialism," *Journal of the European Economic Association* 14, no. 4 (2016): 907–42.
17. Robert H. Bates, *Markets and States in Tropical Africa* (Berkeley, CA: University of California Press, 1981).
18. Human Rights Watch. *World Report 2015: Equatorial Guinea*. https://www.hrw.org/world-report/2015/country-chapters/equatorial-guinea.

19. United Nations, *Human Development Report 2014* (New York, NY: United Nations, 2014).
20. Ibid.
21. Tom Burgis, *The Looting Machine: Warlords, Oligarchs, Corporations, Smugglers and the Theft of Africa's Wealth* (New York, NY: Public Affairs, 2015).
22. In 2015, the President Goodluck Jonathan of the People's Democratic Party lost the presidential election to General Muhammadu Buhari (rtd) of the All Progressive Congress. This marked the first time in Nigeria's democratic history that an opposition candidate had defeated an incumbent president.
23. "Mo Ibrahim Foundation Announces No Winner of 2015 Ibrahim Prize for Achievement in African Leadership." Mo Ibrahim Foundation: http://mo.ibrahim.foundation/news/2016/mo-ibrahim-foundation-announces-no-winner-2015-ibrahim-prize-achievement-african-leadership/.
24. Chabal and Daloz, *Africa Works*, 1.
25. Westad, *The Global Cold War*, 90.
26. Daron Acemoglu and Simon Johnson, "Unbundling Institutions," *Journal of Political Economy* 113, no. 51 (2005): 949–995.
27. Ibid., 950.
28. Ibid., 952.
29. Acemoglu, Johnson and Robinson, "The Colonial Origins of Comparative Development".
30. Paul Pierson, "Increasing Returns, Path Dependence, and the Study of Politics," *American Political Science Review* 94, no. 2 (2000): 251–67; North, *Institutional, Institutional Change*.
31. Acemoglu and Johnson, "Unbundling Institutions," 953.

Bibliography

Acemoglu, Daraon, and Simon Johnson. 2005. Unbundling Institutions. *Journal of Political Economy* 113 (51): 949–995.

Bates, Robert. 1981. *Markets and States in Tropical Africa*. Berkeley: University of California Press.

Bratton, Michael, and Nicholas van de Walle. 1997. *Democratic Experiments in Africa: Regime Transitions in Comparative Perspectives*. New York: Cambridge University Press.

Burgis, Tom. 2015. *The Looting Machine: Warlords, Oligarchs, Corporations, Smugglers and the Theft of Africa's Wealth*. New York: Public Affairs.

Easterly, William, and Ross Levine. 1997. Africa's Growth Tragedy: Policies and Ethnic Divisions. *Quarterly Journal of Economics* 112 (4): 1203–1250.

Manning, Patrick. 1990. *Slavery and African Life: Occidental, Oriental and African Slave Trades*. Cambridge: Cambridge University Press.
Pierson, Paul. 2000. Increasing Returns, Path Dependence, and the Study of Politics. *American Political Science Review* 94 (2): 251–267.
Robinson, James, and Ragner Torvik. 2016. Endogenous Presidentialism. *Journal of the European Economic Association* 14 (4): 907–942.
Sachs, Jeffrey, and Andrew Warner. 1997. Sources of Slow Growth in African Economies. *Journal of Africa Economies* 6 (3): 335–376.
Wallechinsky, David. 2006. *Tyrants, the World's 20 Worst Living Dictators*. New York: Harper Collins Publishers.

CHAPTER 10

Conclusion

This book has explored the nature of the postcolonial African state and highlighted the evolution of the state and the nature of its relationship with its citizens. It has been noted that the average African state was not designed to facilitate real growth and broad-based development. State institutions are, for the most part, mere instruments of exploitation of the common wealth for the benefits of a tiny elite. These perverse institutional configurations have been attributable to the continent's colonial legacies. Postcolonial African leaders have not only failed to restructure the institutions of exploitation, they have also, in many cases, extended the frontiers of exploitation. The results have been opulence and ostentation for the ruling class and abject poverty, misery, diseases, destitution, crisis, and despondency for the majority of citizens.

Africa's political arrangements have unfortunately sustained the rapacity of the political leaders and created islands of a few "big men" in the mist of massive poverty for the majority of the population. Political arrangements, and the economic institutions that such arrangements produce and sustain, have resulted in low productivity, a lack of economic diversification, high levels of unemployment and associated social ills, pervasive corruption, a poor and deteriorating public infrastructure, and scandalous poverty levels across the population. The high poverty rates and associated misery characterized by diseases and delinquencies have attracted the attention of the industrialized world. Consequently, the

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3_10

international community has been generous to African states through extending various forms of aid and development assistance to the continent. Bilateral and multilateral support for Africa has come in different forms and often with different conditions.

From the time of the immediate post-independence period in the 1960s and 1970s, foreign aid mainly supported African states in implementing the various development plans of that era. However, the failures or limited successes of development planning in Africa, and the ascendancy of neo-liberal ideas to the status of global economic orthodoxy made the international development institutions withdraw support for development planning. African states were asked to adopt market-based economic policies, then encapsulated in the Structural Adjustment Program (SAP). Beginning in the mid-1980s, foreign aid, grants, and loans to African states were conditional upon each country implementing the adjustment programs. Designed and promoted by the IMF and the World Bank, SAP was expected to help restructure Africa's economies out of poverty and underdevelopment, and onto a path of growth and prosperity. Similar to the results from development planning, however, SAP could not produce the expected results of growth and broad-based development. To the contrary, many countries stagnated and the economic and social conditions became worse in some countries.

Results from development planning and structural adjustment led donors to begin to focus on governance reforms. Donors began to encourage African states to embrace democratic reforms, conduct multi-party elections and eschew military interventionism in politics. The 1990s therefore witnessed several multi-party elections in African states. Nicolas van der Walle[1] reports that between 1989 and 2000, there were 87 legislative elections convened in 42 countries. In effect, African states embraced multi-party elections, either because the leaders were convinced that multi-party democracy was the appropriate political system, or because they followed the recommendations of donors in order to continue to receive valuable grants and aid. Unfortunately, the return to democratic politics did not produce the expected institutional transformation and growth. Poverty persisted across the continent, and new challenges, including the spread of HIV/AIDS and the rise of regional conflicts and terrorism, created additional challenges across the continent.

Given the persistent development challenges in African states despite billions of dollars being given to the region in development assistance, scholars, donors and policy makers have rightly devoted enormous energies to assessing the effectiveness of foreign aid in curbing poverty. Most evaluations have either produced mixed results or dismissed foreign aid as ineffective. Consequently, both donors and pundits alike seem to agree on the need to reform the aid system. However, the proposed reforms have often focused on enhancing efficiency and accountability in the use of aid funds, harmonization and co-ordination between various donors, the involvement of aid recipients in the design of aid projects, and some form of moral persuasion for governance reforms in aid-receiving countries. The major development institutions, such as the relevant United Nations agencies, as well as a number of international celebrities and scholars, maintain the erroneous belief that foreign aid in the form of cash and material transfers to African states could help to eradicate poverty in the region. This is despite the overwhelming evidence to the contrary.

This book has argued that foreign aid – defined as the transfer of cash or other materials, including technical assistance – does not have the capacity to eradicate poverty in Africa. In effect, every exercise in evaluating the effectiveness of aid in curbing poverty is in itself a wasteful exercise. The evidence is clear – poverty has persisted in Africa; and Africa is currently the poorest region on Earth despite being the region that has also received by far the highest volume of aid per capita. This book has argued that the most effective way to fight poverty is to tackle the root causes of the problem. Poverty in Africa is largely the result of a constellation of highly exploitative governance arrangements and economic institutions that systematically block the opportunities of majority of the citizens; that stifle innovation and productivity; that encourage corruption and leadership irresponsibility; and that create incentives for agents to embrace poor and welfare-diminishing choices. These forms of institutions have led to the persistence of bad political leadership characterized by destructive patrimonialism, clientelism and prebendalism. Political institutions that give political leaders unfettered access to state resources, and that provide no credible checks on executive powers, can only produce the type of authoritarianism and perversion that has been the defining characteristic of the state in most of Africa.

The type of political and economic institutions prevalent in the region has led to the existence of predatory state–society relations, where the state effectively exists to exploit the common wealth in favor of the ruling elite, while leaving the populace in abject poverty and misery. States that are characterized by these forms of institutions are unable to support development, irrespective of the type or volume of foreign aid available to such states. In effect, instead of being a promoter of development, the typical African state – characterized by extractive political and economic institutions – constitutes a drag on, or an inhibitor of, development. Unlike the developmental orientations of Japan in the immediate post-war period and those of China, Singapore, Malaysia, South Korea, and others over the past few decades, the postcolonial African state, as currently designed, cannot be developmental. When state officials focus on appropriating state resources for selfish ends, real development would be difficult to achieve.

A review of the evolution of the state in Africa shows that Africa's extractive institutions and exploitative political arrangements are direct legacies of the continent's colonial past. European exploitation of the continent led to the establishment of institutions that supported the exploitative practices of colonialism. The operating philosophy of the colonial civil service, the master–servant frame that characterized the relationship between colonial officials and Africans; the economic arrangements that effectively blocked the chances of Africans from enjoying the benefits of their labor; and the overall culture of intimidation and harassment that characterized the relationship between colonial institutions and African citizens, formed the foundations of independent African state. A civil service whose primary focus was to serve the interest of the colonial government rather than to provide services to the country's population, and a colonial police force that was wholly an instrument of exploitation and intimidation of Africans, were both instruments that defined the colonial state. These institutions remained in place after African states attained political independence. At independence, European colonial officials were replaced by those few Africans who had received Western education at that time. These individuals stepped into the extractive institutions set up under colonial rule, and continued to exploit the state. In some cases, the emerging African leaders expanded the frontiers of exploitation, with the result that poverty has been endemic in postcolonial Africa.

In its present configuration, the average African state is not designed to be developmental, because the state has historically been an instrument of exploitation, rather than an agent for the enhancement of society's welfare. Africa needed to holistically restructure the political and economic institutions bequeathed to it by the colonial officials. It is disingenuous to expect the same set of institutions that treated Africans as subjects up to the middle of the 20th century, to turn around now and begin to treat the same people as citizens. Without significantly altering the configurations and operating philosophies of Africa's governance institutions, the exploitation, corruption, and bad politics that sustain poverty and underdevelopment will continue. The purpose of this review is not to apportion blame to any group of actors – whether European colonial officials or their Africa's postcolonial successors. The primary aim of this analysis has been to acknowledge the foundations of poverty and underdevelopment in Africa, that way, Africa's development partners would be able to think of more effective instruments to tackle these seemingly intractable challenges. Given this background, this book has argued that foreign aid, as it has been practiced over the past five decades, does not have the capacity to eradicate poverty in the continent. It can only help to soothe some of the pains of poverty.

One must note the position of an alternative school of thought which argues that African leaders should not blame European colonizers for Africa's current predicament. According to this view, most African countries gained political independence over fifty years ago, and, therefore, any negative effects of colonialism should have been completely erased through purposeful leadership by African leaders. Proponents of this view also note that colonialism also had many positive impacts that Africans often choose to overlook. Along these lines, Robert Calderisi noted as follows: "Without the new technologies, habits, ideas, and education introduced by foreigners, the continent would have started even later on the path toward modernization."[2] For sure, it would amount to shirking of responsibilities if Africans blamed colonial rule for all the present-day problems of the continent. Despite the devastating effects of colonialism, as well as the distractions of neocolonialism, African politicians have formally been at the helm of affairs in their respective countries long enough to chart credible paths for the long-term development of the countries. However, what obtains in most countries is poverty and underdevelopment, persistent tribal wars, dictatorship and political crises that continue to create a hostile environment for the citizens. The negative labels such as corruption, prebendalism, clientelism and neopatrimonialism, dictatorship and many other negative epitaphs that have come to be associated with Africa's politics only show that the postcolonial leaders have not played their own parts well. Even in the 21st century, a number of African leaders are yet to embrace term limits for the position of the head of state, despite the horrible performance of such leaders.

While the performance scorecard of most of the leaders in postcolonial Africa do not speak well of these leaders, given the persistent official corruption, nepotism, and sheer incompetence often reported across the continent, it would be improper to wish away the initial conditions on which these states began. Even if one chooses to ignore Europe's brutal exploitation of Africa's natural resources during the colonial era, it would be a mistake not to assess the long-term negative effects of the governance structures which colonial rule imposed on Africa. By defining incentives, institutions shape the actions and choices of agents in every society. Where the civil service is designed to unquestioningly obey the orders of the head of state, where national security agencies are designed as exclusive machineries to protect the head of state and other senior officials of government, and where state resources are at the disposal of political leaders and unaccountable, citizens are left at the mercy of the politicians. Modern government structures started in Africa during colonial rule. The colonial officials were on an imperial mission to conquer new territories and to exploit Africa's minerals for use by European industries. Given this mission in mind, the European colonialists designed the government machinery in ways that would help achieve the colonial objective. Consequently, there were no attempts to establish institutions of political accountability, as the European colonial officials were not accountable to African citizens who were regarded as mere colonial subjects whose labors were grossly exploited. In addition, property rights were not well defined, as such institutions would hamper exploitation and predation. The absence of a property rights institution, the failure of the colonial authorities to put in place mechanisms for political accountability, and the use of every government machineries such as the police and the public service as instruments of intimidation and exploitation of Africans laid precarious foundations for the African state. Those who chose to wish away these initial conditions seem to forget the path dependent nature of institutions.

Perhaps the most debilitating effect of colonialism is not the billions of dollars in Africa's resources that were carted away to Europe during the decades of imperialism, or on the lost revenues from wages that were not paid to African citizens who labored under intimidation from colonial officials. The most destabilizing effects of colonialism can be found in the nature of institutions which European colonial authorities set up in African states. The governance arrangements and institutions that treated state resources as the exclusive rights of those in power, and that laid no foundation for accountability and checks and balances, predisposed independent African leaders to dictatorship. The colonial state was systemically detached from the citizens. In all material respects, state officials belonged to a different "society or class," while the citizens were mere subjects whose duties were to carry out orders handed down from the government. This form of predatory state–society relations created tensions and mistrust, and further alienated the citizens from the state. African leaders who succeeded European colonial officials inherited the perverse governance structures. Little wonder the majority of Africa's postcolonial leaders became like little gods dominating their various societies and causing further havoc and devastation for the citizens. The choices of the leaders of postcolonial Africa have certainly contributed to the continent's current economic and political challenges. Besides blaming the postcolonial leaders for wrong choices, one cannot but call out these leaders for the failure to take concrete steps to dislodge the exploitative colonial state and its institutions. The transformation of African states from instruments of exploitation to developmental states that are able and willing to initiate, execute, and sustain programs that would generate broad-based development and create the environment for every citizen to have fair access to political and economic opportunities is the most credible way to "make poverty history." Increasing the volume of aid to African states cannot correct for the wrong political and economic institutions, and cannot create a fair environment for every citizen to realize their potentials. This book is about the need to redirect foreign developmental assistance to focus on the structure of the African state.

As demonstrated in the case studies focusing on Angola, Cameroon, Chad, Democratic Republic of Congo, Equatorial Guinea, and Nigeria, there are structural problems that make it difficult or impossible for these countries to achieve sustained development despite significant revenues from commodity sales. A pertinent question arises in this context: if countries with substantial national revenues from sale of commodities are unable to use such revenues to initiate and execute growth-enhancing infrastructure projects in their countries, how would such countries utilize cash from foreign donors to procure development? When the governance structures are designed in ways that foster corruption, and that create no room for effective checks and balances within the polity, throwing cash or other materials from donors to such societies will have the same, or even more devastating results as revenues from sales of the country's resources. The persistent failures of several externally-funded development projects across many African states should indicate the existence of some fundamental problems within these societies. There is no doubt that the average African citizen desires functional amenities such as a reliable electricity supply, safe drinking water, good educational opportunities, an efficient healthcare system, and good prospects for gainful employment. However, the reality is that the structure of these societies, including the political arrangements, the laws, economic institutions and the nature and motivations of key state actors, hamper the possibility of providing and maintaining these amenities that contribute to society's welfare.

It is important to acknowledge that Africa's development partners deserve commendation for the magnanimity so far displayed through various forms of assistance extended to the region over recent decades. However, it needs to be pointed out that the only way to curb poverty is to tackle the root causes of poverty. Regrettably, the world has done very little (or practically nothing) in this regard. What has been taken as moves to curb poverty, as demonstrated in the UN Millennium Project which called for a doubling of financial support, can only be regarded as treating the symptoms of poverty. In order to help fight poverty in Africa, the international development institutions and other donor agencies should work with local actors to restructure the African state and transform its political and economic institutions in ways that would make these institutions inclusive and effective instruments of growth and development. The African state must be transformed to develop the true characteristics of a modern state. Power cannot, and should not, center around one or a few big men, as is currently the case in a number of African countries. State resources must be used effectively to expand public goods, and should not be transferred to the private bank accounts of political leaders and their cronies. The relationship between the state and its citizens must be one of mutuality, and state actions should be devoted principally to create an inclusive society where every citizen has the opportunity to pursue their dreams without let or hindrance.

Restructuring Development Assistance

This book recommends complete transformation of the entire structure of foreign development assistance to Africa. Such restructuring must be anchored on the following basic principles. First, poverty in Africa is a result of predatory state–society relations and extractive economic and governance institutions prevalent in the region. It is this form of governance institutions that predispose the leadership to corruption and bad choice, and restrict the opportunities of the citizens for meaningful participation in the political economy of their countries. Instead of working to advance social progress and economic prosperity, predatory states create conditions of mass poverty, while diverting resources to non-productive ends. Second, predatory state–society relations and extractive institutions that block the opportunities of majority of the citizens are legacies of Africa's historical path, resulting from several centuries of exploitation, and effectively incorporated into state systems during the period of colonial rule. Firmly internalized by political leaders and their cronies, extractive institutions create underdevelopment. The results of these forms of institutions have been pervasive poverty for majority of the citizens and opulence for the ruling elite. Third, domestic actors in Africa cannot change the status quo of their own accord, because the perverse system has historically conferred undue privileges to a tiny elite, while disempowering the majority. In the domestic environment, those who may have the capacity to confront an irresponsible state are also those who are enjoying the benefits of a perverse system that thrive on exploitation of the majority. It is difficult, if not impossible for agents to dislodge a system that confers undue benefits to such agents. Fourth, audacious and coordinated international coalition and support is necessary to fundamentally transform the predatory state–society relations and utterly extractive institutions on which most of Africa rests. It is based on these principles that this book recommends another form of development assistance to African countries. In order to help achieve the aim of reducing or eradicating abject poverty in Africa, development assistance should focus almost exclusively on restructuring the African state and its institutions.

While recommending one of the ways in which a restructured development assistance could take, this book has maintained that the use of a particular instrument or a set of instruments is not as important as the rationale or desired end for such restructuring. In effect, any instrument or combination of instruments that the world could use to help transform African states and institutions from instruments of predation and exploitation to inclusive and developmental states, would have served the purpose. This implies that the book is not entirely concerned with the setting up of international Guidelines for the running of African states. While this may certainly be one of the useful options, the principal message here is that the current idea of foreign aid, which focuses on transferring cash and other materials to African states, does not have the capacity to make meaningful impact on the fight against poverty. Foreign aid, as presently designed, cannot change the orientation of the state from agent of predation to instruments of development. Even where aid funds are properly utilized, there is as yet no evidence to show that such funds can bring about the structural transformation that would enhance the opportunities of the citizens and make the state responsive to its social contract with her citizens.

Having laid this background, the book recommends a redesigned development assistance architecture to be anchored under a multilateral framework. A redesigned development assistance to Africa should focus almost exclusively on restructuring the African state and its institutions in ways that would emphasize that the principal purpose of the state is to serve the interests and to enhance the welfare of its citizens, and not to satisfy the rapacity of state officials and their cronies. Real development assistance that can help tackle poverty must focus on restructuring state institutions in ways that would promote inclusiveness, and end the undue privileges historically enjoyed by the elite, while impoverishing the majority. It is true that in medieval Europe and elsewhere, no society started out with a set of inclusive and development-focused institutions. But broad-based development became a reality only after institutional transformation took place. This necessary transformation has not yet happened in Africa.

It is important to emphasize that domestic actors alone do not have the capacity to initiate and successfully pull through with the kind of transformation that is needed to change the structure of the African state. Several decades of exploitation of the common wealth by the ruling elite have effectively emasculated the civil society, leaving the stage open for the elite to carry on the politics of exploitation with impunity. The concentration of both financial resources, political power and the instrument of force in the hands of the few who have historically been the beneficiaries of the perverse political arrangement makes it most unlikely that domestic actors on their own can initiate and sustain the process of transformation to its logical conclusion. Because domestic actors would not have the means to confront the ruling elites, an international coalition of Africa's development partners is in a better position to help the continent to address its biggest development challenge – restructuring the state and its institutions.

Some may argue that domestic civil society groups in Africa should rightly step up to the challenge and demand institutional reforms that would dislodge corrupt political leaders and other special interests, and bring about the institutional reforms necessary to put the state and its resources in the hands of the citizens. However, the reality is that many civil society groups in Africa do not have the capacity to effectively confront and generate meaningful changes from political leaders who are steeped in corruption, and who also have control over the instrument of force. In several African states, political leaders are known to harass and intimidate opposition and pressure groups that challenge state actions or demand accountability from incumbent political officeholders. The harsh economic and social conditions in most African states, and deliberate state policies to discourage and intimidate opposition have significantly weakened civil society groups. It is not uncommon for governments to torture, arrest, and sometimes imprison members of civil society groups whose positions are contrary to the government's stance on public policy.

Specific recommendation along the lines of state transformation include setting up and methodical enforcement of international Guidelines for state–society relations in Africa. The major focus here is to emphasize the citizens as the main reason for the existence of the state, and that all state actions should be rightfully geared towards enhancing citizens' welfare. State–society relations that acknowledge the primacy of the citizen would entail that all state institutions operate on the full understanding that their major role is to provide services to the citizens, and not to serve only the selfish interests of the ruling class. I have provided suggestions on how such Guidelines could be implemented, using a number of enforcement instruments, such as the setting up of international monitoring organs; the use of international sanctions to punish erring countries; and the establishment of a pool of funds to provide the needed financial help and incentives for countries making progress along the dictates of the Guidelines. It is important to emphasize that all of these instruments are already being used in different forms in the global political economy. However, the difference in this case is that these instruments have so far been used for different reasons, other than to restructure the state and its institutions in order to make them more inclusive and able to support growth and development. The recommendation here is not the same thing as "regime change", but a holistic program of transformation designed to change the status quo and enthrone new ethos. A concrete example of ways to transform the state from an agent of predation to one that promotes inclusive growth is by looking at the nature and composition of government expenditure. In countries like Nigeria, the Democratic Republic Congo and others, a large proportion of the government budget goes towards servicing government bureaucracy. In Nigeria, for example, more than 80 percent of the federal government budget is usually devoted to paying salaries and other running expenses of the bloated government bureaucracy. Again, the paltry fund budgeted for health and social services or infrastructure development is rarely released for these purposes. Going by this form of expenditure profile, it becomes clear that the state merely exists to serve the state officials. That is why in countries with these forms of perverse arrangements, holding public office has become the most lucrative profession. Apart from promoting corruption, using government resources to service government officials has a disincentive effect. Instead of using private resources to invest in production and create employment opportunities, private agents with resources would rather invest their "capital" in running for and capturing public office which promises quick payoff. A restructured state is one that would use state resources to create opportunities for shared prosperity, instead of merely servicing state officials.

One must acknowledge that perhaps the biggest challenge with international interventions in domestic politics and institutions may be related to the difficulties of enforcement and the questions of national sovereignty. Those who argue that foreign interventions would amount to undermining the sovereignty of independent states fail to acknowledge that international interventions in domestic affairs can be morally and legally acceptable where such interventions are designed to halt actual or potential human rights violations. The poverty, misery, despondency, diseases and avoidable deaths that characterize the experiences of the average citizen in Africa is clearly human rights violations by an inconsiderate state. When the pangs of poverty on the citizens are examined from the right perspectives, one would note that the African state has been a perpetual violator of the human rights of its citizens. On that basis, a well-designed and properly coordinated international program with the primary purpose of "rescuing" the citizens from the shackles of poverty and death should be well within the limits of international law and practices.

Donors have historically shied away from meddling in the hard and contentious issues of governance, besides the passive recommendations for African states to improve on domestic institutions. Perhaps this passive stance with regard to governance arrangements could be explained by the fear that foreign interventions in domestic political systems could be regarded as another form of imperialism. In order to avoid this label, Africa's development partners have largely used moral suasion to encourage the states to embrace reforms. But moral suasion has failed, and exploitation, poor choices, and corruption have persisted. African leaders and other domestic actors who derive benefits from the perverse governance arrangements are quick to resort to claims of sovereignty in order to ward off foreign scrutiny of the perversion that seem to have become the norm. Resentment against foreign interventions in domestic governance are either driven by the selfish desires of incumbents to continue with state plunder and thievery or are a result of nostalgia from the dark decades of colonial exploitation, which equally produced disastrous results for the citizens. Whatever the reasons against international interventions, the need for a critical re-examination of the African state and its institutions cannot be overemphasized if the state is to become an agent of development. Africa's foreign development partners have important roles to play in helping Africa to undertake the needed state transformation and institutional reforms.

Notes

1. Van der Walle, "Presidentialism and Clientelism".
2. Calderisi, *The Trouble with Africa*, 24.

Index[1]

[1] Note: Page numbers followed by 'n' refer to notes.

K. Kalu, *Foreign Aid and the Future of Africa*, African Histories and Modernities, https://doi.org/10.1007/978-3-319-78987-3