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Styles of Foreign Assistance: Policy Transfer and Domestic Development in Sub-Saharan African States

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Abstract: *With the end of the Second World War in 1945, Official Development Assistance (ODA) mainly from the United States went to formerly industrialized European countries to help rebuild their war-torn infrastructures and societies. By the 1950s, Asian countries and societies such as Japan, South Korea and Taiwan became major recipients of US and other international aid as support for institutional and economic development. At that time, development in many African states was the responsibilities of the colonial powers that had political and economic management responsibilities in the colonial territories. With decolonization starting in 1957 and accelerating in the 1960s in sub-Saharan Africa, and at the height of the Cold War, foreign assistance to the region was mainly as support to governments on the basis of their ideological proclivities rather than for institution building and economic development. With the end of the Cold War, the use of foreign assistance as a tool of foreign policy has not changed, but countries like Japan, China and South Korea have joined the club of donor nations in the international system. The question becomes: to what extent are these new donors likely to change the game of foreign assistance to achieve better economic development results than Western aid donors in Africa? This paper examines the hypothesis that to the extent that Western and Asian donors continue the practice of policy transfers that use funding decisions and implementations based on Western and Asian experiences devoid of policy lessons from domestic realities, foreign assistance will remain ineffective as a significant tool for economic development and growth in Africa. The bulk of the paper will focus on a comparative analysis of foreign assistance and policy outcomes in Nigeria and Zambia.*

Introduction

After the end of the Second World War in 1945, the United States, through what came to be called the Marshall Plan, provided significant amounts of financial and in-kind aid for the rehabilitation of war-torn economies in Western Europe. By the mid-1950s, as Western Europe and the United States faced the threat of the spread of socialism from the Soviet Union and its satellite states in Eastern Europe, the United States turned its attention to aiding the reconstruction effort in post-war Japan, South Korea and Taiwan. These countries were considered frontline states for the fight against the spread of communism and the United States believed that strengthening their economies and helping them develop robust civil societies would make communist infiltration of these societies very difficult. Hence, U.S. policymakers considered development aid to this part of the world an important and effective way to fight what was considered the menace of socialism.

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Meanwhile, in the African colonies, economic and political development remained entirely in the hands of the European powers that had control of these territories. Nevertheless, the European colonizers were not able to effectively control the pace of decolonization as many African freedom fighters, some of whom had either participated in or were aware of the struggle for freedom in Europe during World War II, were launching bloody battles against continued European domination in the continent. Thus, by the mid-1950s, the decolonization project in the African colonies was going quite strong, albeit with significant and bloody opposition from the Europeans in some colonies such as French Algeria, Belgian Congo, French Cameroons, and the Portuguese colonies of Angola and Mozambique.

By the early 1960s, several African colonies had gained independence and the new countries were now facing a world split politically and economically into East (led by the Soviet Union) and West (led by the United States). This was the height of what came to be known as the "Cold War" and foreign aid to the new African countries, from both the East and West, was designed primarily to entice these countries to support either of the globally feuding parties (i.e., socialist East and capitalist West) in the international arena. Thus, foreign assistance to the African countries was mainly a tool in support of governments on the basis of the ideological proclivities of their leaders rather than for targeted institutional and economic development in the newly independent states. This approach to the allocation of development assistance forced many African leaders to engage in opportunistic, and to a certain extent, hypocritical behavior, in order to secure development assistance, including food aid from the West or East. The outcome was that development assistance was not granted based on domestic needs, as well as the efficiency with which the aid could improve the welfare of African societies, but on the willingness of national leaders to support either Soviet or American ideals at various global forums. For example, African countries that did not support U.S. objectives at the United Nations, and hence voted against them, were not likely to be granted U.S. aid even if such assistance was likely to have significant positive impact on the welfare of the poor country's citizens. For example, during the time the United States actively supported the apartheid government in South Africa, supposedly because of the regime's anti-communist posture, the frontline states, notably Zambia, suffered significantly, not only from South African attacks but also from U.S. neglect and denial of development assistance.

It is estimated that since 1945, the United States has provided the African countries with as much as $1,000 billion in development assistance. Unfortunately, there is little by way of actual development or actual positive economic and political transformation to show for this significant amount of money (see The Banker 2004) Why? This is because most of the Cold War period was largely characterized by foreign aid to authoritarian leaders in Africa without transparency in governance and financial accountability. In fact, a significant portion of this development assistance was granted to corrupt, opportunistic and authoritarian leaders in such countries as Egypt, Zaire (now Democratic Republic of Congo), Liberia, and Kenya, all countries that were critical in the U.S. effort to fight Soviet expansionism. While it is true that all these countries were and are still poor, and hence, needed the resources for economic development, the award of these funds was not based on the presentation, by these leaders of effective plans for domestic economic transformation. Most of these leaders, after all, were dictators who used the additional resources obtained through foreign aid

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to prop-up their regimes and not for economic development. Hence, most foreign aid was used to purchase regime security by, for example, co-opting competing elites and paying off others, especially those (e.g., military elites) who were capable of overthrowing the government.

The end of the Cold War and the subsequent disintegration of the Soviet Union brought about an era of accountability and transparency in Africa—first, was the demise of the apartheid regime in South Africa, and second, was the collapse of several authoritarian governments in the continent, and third, was the ushering in of many democratic governments throughout the continent. Suddenly, it appeared that genuine economic and political transformation, which many Africans believed would be the outcome of decolonization and independence would finally come to fruition. In addition to the political transformation that was taking place in the continent following the South Africa true independence, many African countries were also transforming their economies as they engaged in structural adjustment programs (SAPs) at the urging of the International Monetary Fund and the World Bank. For most Africans, the end of the Cold War was expected to usher in a new era of policy autonomy as well as political and economic liberalization. The new era was expected to be characterized by direct citizen participation in the design and implementation of policies affecting their lives. In other words, the top-down, elite-driven approach to public policy, which had been adopted at independence, was now supposed to give way to a more participatory, inclusive, bottom-up, and people-driven approach to public policy. Under the latter, all of each country's relevant stakeholders would be able to participate fully and effectively in the design and implementation of policies affecting their lives. Under this new approach, the African countries would still participate in global affairs—export and import goods and services, receive foreign aid, including food and military aid, and engage in other international transactions—but, the maximization of African values and objectives would now be the driving force behind any decisions taken by the African countries at both the domestic and international levels. Of particular interest here, is the fact that many groups in Africa believe that foreign aid in the post-Cold War era must be granted without any preconditions on the part of the donors and that the aid's disbursement and allocation must be undertaken in a transparent and accountable manner in order to ensure that it achieves the main objective of providing the wherewithal for self-actualization for the poor.

Unfortunately, most of the West has resisted this new approach to development aid and continues to use economic and development assistance as a foreign policy tool. While aid is no longer used as a tool to garner partners for the fight against communism, many developed countries, especially the developed industrial countries of the North, are using aid to gain access to Africa's emerging markets—they want to secure markets from which they can extract important and critical raw materials for their domestic industries and to which they can sell their excess output. These "new" objectives of foreign aid are exactly like those of colonialism and hence, the relationship between the African economies and the European countries is basically returning to what it was during colonialism.

But, the question is what about Japan and the emerging economic superpowers of South Korea and China? What types of foreign aid regimes do these countries, which themselves have, at one time or another, been recipients of foreign aid, have? These countries, which are now major

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international aid donors, have declared their intent to follow a different path to the disbursement of their aid resources to Africa. The question then becomes, to what extent will the foreign policy objectives of these countries inform their foreign aid decisions? As Peter Hall (91-92) argues:

> In technically complex fields of policy, such as macroeconomic policy-making, decision-makers are often guided by an overarching set of ideas that specify how the problems facing them are to be perceived, which goals might be attained through policy and what sorts of techniques can be used to reach those goals. Ideas about each of these matters interlock to form a relatively coherent whole that might be described as a policy paradigm. Like a gestalt, it structures the very way in which policy-makers see the world and their role in it (Hall 1995).

Indeed, ideas are the basis for setting policy agendas, debates, formulation and implementation. In that respect, what the decision-makers perceive as attainable are often reflected in their worldviews. It is often the willingness to look again at the familiar sets of ideas and institutions whose outcomes have been less than expected that result in policy change for transformative outcomes. Thus, to the extent that Western and Asian donors continue the practice of *policy transfer*, defined as "a form of decision making by analogy, using another entity's experience as a source of ideas and evidence," (Mossberger and Wolman 2003), for policy in another setting where most of the funding decisions and implementations are based on Western and Asian experiences devoid of policy lessons from domestic realities, actors and institutions in sub-Saharan African states, foreign assistance whether new or old will remain ineffective as a tool for significant economic development and growth in Africa (see Hulme 2005) . Basically, if the new Asian donors—South Korea, China and Japan—adopt approaches to development assistance that are similar to those utilized by the United States and Western Europe—that is, allowing donor foreign policy objectives to determine the scope and nature of aid—the latter will fail to have positive impact on economic and political transformation in Africa. For aid to have the effect of helping improve living conditions in Africa, as well as creating within the African countries, environments for the development of democratic cultures, the advancement of aid from the developed countries to the African countries must be based on the development needs of each African country.

While data and references across sub-Saharan Africa are used in the analysis in this work, we will pay particular attention to the extent that ODA has yielded significant economic development in Nigeria and Zambia. The paper begins with an introduction that delineates prevalent issues regarding ODA in sub-Saharan Africa. This is followed by a description of selected current economic data in the region with closer focus on ODA to Nigeria and Zambia; and a discussion of the nature of aid transfers and their relevance as a policy tool for alleviating poverty and promoting economic development. The paper concludes with specific suggestions on how best to deploy aid transfers as a tool for significant economic development in sub-Saharan Africa.

In this paper, I advance the argument that Africans and others (e.g., donors) engaged in and/or interested in the economic development of Africa should think big, but implement their thoughts in measured incremental steps in specific sectors of the African economies with a view to achieving transformative and tangible outcomes. Consequently, the emerging donors' (i.e., Japan, South Korea

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and PRC) alternative approach is likely to succeed if they use their human capital and material resources for investment in Africa in ways that directly engage domestic political actors, and civil society organizations (especially those belonging to historically marginalized and deprived stakeholders—women, rural inhabitants, ethnic minorities, and the urban poor) within a highly decentralized institutional environment that targets a single issue at a time rather than attempting to solve all development problems in one swoop and perhaps, more importantly, assures that design and implementation of development programs is bottom-up, participatory, and people-driven. Such an approach is likely to make a positive difference in the lives of Africans because it will enable foreign assistance to focus on issues that are critical to the people (e.g., institution building for economic and political governance, capacity building for entrepreneurship, as well as conflict resolution, etc.) and enhance the ability of governments to focus on high public priorities. For example, a foreign project that focuses on helping domestic entrepreneurs seek and discover opportunities for profit maximization (e.g., gaining access to new markets for locally-produced products through effective utilization of new information technologies) can promote wealth creation and significantly increase the local tax base. Increased generation of wealth locally should significantly minimize the need for governments to depend on external debt as a way to secure resources for the provision of public goods and services. Helping local people finance their own governments, instead of relying on foreign subventions, will enhance civic responsibility and ensure that governments are accountable to the governed. In addition, these types of interactions between the people and their government should significantly improve the legitimacy of the government and the willingness of Africans to see their government as their own creation and not a foreign imposition.

Current Economic Conditions in Sub-Saharan Africa

Comparatively, states in the sub-Saharan region are burdened by low per capita income, high debt rates, and lack of basic communication resources such as telephone lines, fax machines and computers that are necessary for effective participation in today's information-dominated global economy. In general, the African economies, almost without exception, lack the scientific and technological infrastructures that are necessary for successful and gainful participation in what is essentially a very competitive global economy. For example, a 1992 study found that in terms of scientists and engineers per million populations, Africa had 53 compared to 3,548 for Japan, 209 for Latin America, and 202 for Arab states (Kennedy 1993, 216). A more recent study that examines the relationship between innovation and absorptive capacity and economic growth found that, relative to other regions, Africa continues to lag behind. Based on gross domestic expenditure on research and development as a percentage of world expenditure on research and development, while the figure for developing countries is 15.6%, for the developed countries, it is 84.4%. The regional variation is even more insightful. For Asia, the figure is 27.9%, Latin America & the Caribbean, 3.1% and for sub-Saharan Africa (excluding the North African states), the figure is 0.5% (Onyeiwu 2011, 16). The expenditure column is reflected in the actual proportion of African researchers in science and technology compared to other regions. Thus, while the number of researchers as a percentage of world totals for the developing countries is 28.4%, it is 71.6% for the developed countries. And, for

Asia, the number is 34.5%, Latin America & the Caribbean, 6.7% and sub-Saharan Africa, the number is 1.0% (ibid) of world total researchers in science and technology. The consequence of the foregoing is that, the regional distribution of scientific and technical publications (2000 to 2005) reflects the low trend in advancing scientific and technical knowledge in Africa as a foundation and support for economic growth. For the period, average scientific and technical publications for East Asia & Pacific is 29,998 with a growth rate of 119%; Latin American countries, 17,497, and a growth rate of 36%; Middle East & North Africa, 4,839, with a growth rate of 69%; South Asia, 12,845 with a growth rate of 42%; and sub-Saharan Africa, 3,413, with a growth rate of 6% (ibid, 18). What the data reveal is the absence of the use of scientific and technological knowledge as tools to enable a focused and strategic approach to development in sub-Saharan Africa. The data also point to the declining nature of research and publication of scientific and technical knowledge necessary for African states to engage in sustainable economic development projects. With a low knowledge base in science and technology, producing value-added goods that are globally competitive in both price and quality and which can be consumed locally, as well as exported, is quite challenging and in many instances, not possible. The direct consequence is poor economic growth and development characterized by persistent problems of high unemployment, low access to healthcare, poor infrastructure, and low level of citizens' engagement in the socio-economic environment, especially in education. This low attention to science and technology education is evident in the high costs of transportation, energy and access to information technology through the Internet—all costs that put constraints on new entrepreneurial activities and pressures on existing business concerns. Sub-optimal technologies in the power sector and transportation, coupled with high costs of energy imports for some countries and other logistical problems associated with economic development result in high transaction costs of what is produced, frequently making them less competitive in the international market (see IMF 2010). And, with the emigration of competent African scholars and professionals to Europe, North America and Asia—economies that provide their citizens and residents with technological environments that maximize their productive efforts—the creation of the technologies that are relevant to problem solving in the African economies in general and wealth creation, and hence, poverty alleviation, in particular, is likely to suffer. This vicious cycle is bolstered by Africa's continuing reliance and dependence on the export of raw materials and partly explains rampant poverty in the general population, as well as structural violence and opportunistic behaviors on the part of civil servants and other government officials in the region (Mukum Mbaku 2007, see chapter 4).

Indeed, dependence on external resources such as ODA, debt, and other forms of external assistance (e.g., military and food aid), has created within African governance institutions a set of highly opportunistic individuals who use the aid industry as a scheme to extract extra-legal income for themselves. These are civil servants and politicians who use government structures under their control as instruments of plunder, and design and implement only public policies that provide them personal benefits and not necessarily those that enhance the national welfare. Such elites are most likely to steer donors into areas that may not produce positive benefits for society but which, will allow the state custodians to significantly enrich themselves. In fact, it is unusual for such an opportunistic civil servant or politician to approve a "development" project that would generate

enormous positive benefits for both the state custodian and his or her foreign benefactor but impose enormous environmental and ecosystem damage in the domestic economy. Since such political opportunism often occurs in an environment where leaders do not actively interact with citizens, the latter are usually not aware of it—such leaders are usually quite susceptible to manipulation by foreign actors. In fact, in the 1980s, many of these African leaders were easily railroaded into undertaking so-called structural adjustment programs, which devastated domestic economies, impose severe social costs on the poor, but provided a few elites with extra-legal income. Thus, while these elites benefited from these programs, poverty rates increased significantly and perhaps more important is the fact that the intensity of poverty and the levels of material deprivation among many Africans rose substantially. Thus, in addition to the fact that many African economies lack the types of institutional arrangements that adequately constrain civil servants and prevent them from engaging in the various forms of opportunism, these economies do not possess the necessary economic infrastructures to allow them to participate effectively, fully and gainfully in the modern global economy. As a consequence, Africa continues to remain, as it was during the colonial period, on the economic periphery, serving primarily as a source of raw materials for the industries of the developed North and dumping ground for excess output, as well as ill-fitting ideas and technologies, from the Western industrial countries.

This tendency toward mass consumption without the requisite productive capacity is reflected in Benjamin Berber's argument that even though Africa may be falling off the world's economic chart, it is home to an over 600-million person soft-drink market featuring warm climates, youthful populations and governments moving toward market economies (Berber 1995). Indeed, the interconnectedness that contemporary global political economy portends is one in which Africa's assigned role is continued peripheral status in the global centers of power. Its consumerism is reflected in the lucrative mobile phone business in Nigeria where almost everyone now carries a mobile phone whether they can maintain it or not. In terms of the Human Development Index (HDI), a UNDP global study shows that 22 of the 24 countries in the "low human development" category are African states. Given sub-Saharan Africa's total external debt at $195.7 billion—21.2% of its GNI—and the focus of globalization on information and communications technologies and biotechnology, the prospects for African states' full participation in the global economy remain gloomy (UNDP 2009). External debt as a percentage of GDP is another indicator of the extent to which economic activities in sub-Saharan Africa remain unable to meet the challenges of domestic needs and external responsibilities, which are tied to the region's current incapacity to innovatively transform from the post-colonial to the service/information economy of the 21st century that demands attention to scientific and technological knowledge bases and production.

For example, with regard to overall investment, government fiscal balance in the region is generally negative. Specifically, however, overall investment in Nigeria compared to Zambia remains mostly positive. A snapshot of growth patterns during a period of relative stability reveals that resource-rich sub-Saharan African states have better economic growth numbers compared to non-resource-rich states. For the region, average real (GDP) growth for sub-Saharan Africa for 2004-2008 was 6.5 percent and declined to 2.5% in 2009. For Nigeria, real GDP growth for 2004-

2009 was 7.0% compared to Zambia which grew at 5.8% for the same period and increased to 6.3% for 2009. For non-resource rich states like Kenya and Senegal, where infrastructures are relatively better, but which are characterized by poor attention to knowledge production in the areas of science and technology, low value-added economic activities are reflected in the average real GDP growth for 2004-2008 at 6.2% for Kenya with 2.4% decline for 2009; while Senegal on average grew at the rate of 4.4% from 2004-2008 but declined to 2.2% in 2009 (ibid, see Table SA1, 72).

For the sub-Saharan Africa region, total investment as a percentage of GDP for the period 2004-2008 was 21.1% with slight increase to 22.8% in 2009. Specifically, for Nigeria, average investment as a percentage of its GDP for 2004-2008 was 23.1% with relative increase to 28.0% for 2009; for Zambia, it was 22.7% for the period 2004-2008 with a slight increase to 23.5% in 2009. For the region, the gross national savings as a percent of GDP was 21.5% for 2004-08; while for Nigeria it was 38.8% with increases to 42.1%; and Zambia 16.3% with increases to 20.3%. In 2009, the region suffered a slight decrease of less than .01%. For Nigeria and Zambia (see Table 4), the increases are largely explained by the infusion of investment from China in the natural resources and infrastructural sectors that helped to boost the economies. But if we examine the overall fiscal balance, including grants, the numbers are not encouraging. For example, for 2004-08, overall fiscal balance for sub-Saharan Africa was only 1.8% of GDP with a significant decline by 2009 to -5.7%. For Nigeria, the balance for the same period was 5.3% but by 2009 it declined to -10.3%; while Zambia registered an overall balance of 2.4% in 2004-08 with a value of -3.2% of GDP in 2009 (ibid, see Tables SA6, 77; SA7, 78; SA8, 79). However, while the numbers for Nigeria do not change if grants are excluded, the argument about low attention to value-added production through science and technology education becomes more important for Zambia and the region as a whole if grants are absent. For 2004-08, Zambia without grants experienced an overall fiscal balance of -6.8% of GDP and -7.3% for 2009; for sub-Saharan Africa, the numbers are -0.1% and -7.2% respectively (ibid, see Table SA9, 80) .

Similar to other indicators above, government debt in 2004-2008 for the region was 41.1% of GDP but with significant decline to 33.3% in 2009; and for Nigeria, it was an average of 23.5% of GDP in 2004-2008 declining to 15.5% in 2009. The decline is explained by the massive debt forgiveness negotiated under the second Obasanjo regime (2003-2007) by the former Finance Minister, Ngozi Okonjo-Iweala. However, Zambia's average external debt as a percentage of GDP for 2004-2008 was 63.8% with significant decline to 27.7% in 2009 (ibid, see table SA 12, 83). The decline for Zambia is largely explained by international financial institutions and Chinese government debt forgiveness programs as well as Chinese direct investment in Zambia. And, as a consequence of the debt forgiveness for the region generally, external debt to official creditors also declined as is shown in the data for SSA during 2004-08 which stood at 18.5% of GDP declining to 11.9% in 2009. During the same period (2004-2008), Nigeria's external debt declined from 12.3% of GDP, reaching 2.6% in 2009; while Zambia's declined from 39.0% in 2004-08 to 12.3% of GDP in 2009 (ibid, see table SA24, 95). And as Table 1 indicates, Chinese foreign direct investment stock has been increasing in Africa—resulting in the generally observed improved economic performance in the region as well as in specific countries and sectors of the economies.

Table 1: Chinese Investment in Africa

FDI Stock (US$, in millions)	**1990**	**2005**
Africa	49.2	1595.3
North Africa	3.4	618.4
Other Africa	45.9	976.9
Total World	1029	57200
FDI flows (% of total Chinese FDI flows)	..	3
FDI flows (US$, in millions)	1.5	369

Source: UNCTAD, 2007, "Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Countries" United Nations Publications

Indeed, as Table 4 below shows, most Chinese FDI in loans and grants targeted sectors of the economies that require some form of advanced technology that most African countries do not have. The expectation of advocates of technology transfer has been that with increased foreign direct investment across Africa, technological transfers as well as other skills sets would enhance the capacity of African states and citizens to develop their own resources to enhance economic and social wellbeing.

However, overall, the Chinese approach, which utilizes exclusively Chinese citizens and resources in implementing aid programs in Africa merely, continues the existing pattern of Western engagement with Africa—without legacies of capacity building and measurable sustainable economic improvement. The low level of scientific and technological knowledge creation within certain parts of the world, notably, Africa, is reflected in the direction of FDI and portfolio investments across the globe. Table 3 reflects the extent to which foreign economic interests, and to some extent, Africans themselves, lack confidence in the socio-economic environment across various states in the continent. Without a strategic vision to change the perception and reality of many African states as either conflict ridden or ravaged by disease and hence, not suitable for investment, it is likely that the direction of investments toward regions assumed to be politically safe with low economic uncertainties will continue at the expense of regions such as sub-Saharan Africa where these investments are really needed. The lacuna in effective investment as a strategy of economic growth can be filled by emerging donors through changing their foreign aid strategies from ODA to investment as discussed later in the paper.

Table 2: Sectoral distribution of China's FDI flows to Africa, 1979-2000

Sector	Number of projects	Investment Value (US$, in millions)
Agriculture	22	48
Resource extraction	44	188
Manufacturing	230	315
Machinery	20	16
Home appliances	36	25
Light industry	82	87
Textiles	58	102
Other manufacturing	34	86
Services	200	125
Others	3	6
Total	499	681

Source: UNCTAD, 2007, "Asian Foreign Direct Investment in Africa: Towards a New Era of Cooperation among Developing Countries" United Nations Publications

Using global resource flows as a measure of benefits from the contemporary global economy within the framework of free trade, Table 3 shows that most African states are marginalized, neglected and under-invested. Empirically, the data on direct foreign investment (FDI), which occur when foreigners acquire a controlling interest (stock ownership of 10 percent or more) in a business enterprise in another country (Carbaugh 1995), are quite revealing compared to direct investment in other regions, which, although are developing countries, are strategically located with regard to the global marketplace. From Table 3, total FDI in selected sub-Saharan African countries in 2008 was $14.3 billion compared to FDI of $9.5 billion to Egypt, $60 billion to Hong Kong and $75 billion to Russia in the same year! Furthermore, compared to $11 billion FDI for Singapore, $10 billion for Argentina, $40 billion to India and $24.3 billion for Mexico in the same period (see World Bank 2010), total FDI that went to selected sub-Saharan African countries reveals the marginal status of most African countries from the interests of global investors and states.

Table 3 - Global Resource Flows to Selected African Countries, 2008 (Kieh and Agbese, 2012)

Countries	**Net foreign direct investment flows (US$ millions)**	**Net portfolio investment flows (US$ millions)**	**Net official development assistance (US$ millions)** (ODA 2009)	**External debt as % of GNI**	**Debt service ratio as % of exports of goods and services**
Angola	1,678.9	--	368.8 (0.5)	21.3	2.5
Burkina Faso	137	--	997.9 (12.6)	21.2	--
Burundi	3.8	--	508.5 (43.9)	124.7	28.1
Cameroon	38.2	-1.2	524.6 (2.3)	12.1	--
Central African Rep	121	--	256.4 (13.0)	48.7	--
Ethiopia	108.5	0.00	3,327.4 (13.0)	10.9	2.8
Ghana	2,111.5	0.00	1,293.2 (8.6)	31.3	3.2
Ivory Coast	402.4	78.8	616.5 (2.7)	56.0	9.2
Kenya	95.5	5	1,360.4 (4.5)	21.7	4.5
Malawi	37	--	912.6 (21.2)	22.7	--
Mali	127	--	963.8 (11.4)	25.8	--
Mozambique	587	0.38	1,993.7 (22.0)	39.4	1.2
Niger	147	--	605.3 (11.3)	18.1	--
Nigeria	3,635.5	-4,684	1,289.7 (0.7)	5.7	--
Sudan	2,600.5	-0.05	2,383.5 (4.8)	37.5	2.5
Tanzania	744	2.8	2,330.7 (11.7)	29.9	1.2
Uganda	787.8	-32	1,656.7 (11.8)	15.8	1.7
Zambia	938.6	-5.6	1,085.9 (8.4)	23.0	3.2

Source: World Bank, *World Development Indicators Database*. The data in parentheses represent the net Official Development Assistance (ODA) as a percentage of GNI for 2008. Also, while for 2008 Foreign Direct Investment was $14.3 billion, Portfolio Investment total was $-4.6 billion.

Similarly, portfolio investment, which is defined as an investment in a state by foreigners in which debt or stock ownership is involved, is as bad, if not worse, than FDI. Here, it is significant to note that while portfolio investment results in claims on resources, quite often, no participation in managing the company or asset is involved (Lairson and Skidmore 1997, 448). To that extent, portfolio investment can be socio-politically interpreted as a measure of the confidence that foreigners have in a state and its economy. And, while portfolio investments are generally not the preferred option for most investors, the *World Development Indicators 2008* database reveals the concentration of portfolio investments to be mostly in the high and medium human development categories of states. For example, while total portfolio investments for the selected sub-Saharan

African states given in Table 3 was $-4.6 billion, portfolio investment for the United Kingdom was $70 billion, the United States was $126 billion and $17 billion for Hong Kong (see World Development Indicator 2010). Clearly, for African countries to develop sustainable economic growth patterns that are sufficient to mitigate poverty and increase access to education, healthcare and other public and private services, there is need to increase foreign direct investment, not traditional ODA. The argument for direct investment as an external engine of economic growth is specific. Foreign Direct Investment

> . . . provides probably the most important and cheapest channel of direct technology transfer to developing countries. . . . FDI is associated with the transfer of capital, technology, and knowledge from the home to host countries. The potential to generate considerable technological spillovers is explained by the propensity of foreign firms to conduct research and development as well as their relatively superior technology compared to that available in developing countries (see Ogbu et.al 2009, 105-152).

ODA to Nigeria and Zambia

For many years, ODA flows to Nigeria and Zambia did not have any significant measureable impact on economic growth and development in these countries. In fact, most of the funds reaching these countries as foreign development assistance, were easily swindled by unscrupulous civil servants and politicians. Given the extremely high levels of bureaucratic and political corruption in these countries and the failure of national institutions to hold the ruling elites accountable to the governed, it was inevitable that foreign resource inflows, in the form of foreign aid to governments, would be misappropriated. However, foreign financial flows in the form of FDI have had a significantly positive impact on economic growth in Nigeria and Zambia. FDI in commodities export for several African countries, and specifically, Nigeria and Zambia, have recorded measurable improvement in economic activities since China increased its economic interest in the region in 2000. The general assumption by UNDP and World Bank economists is that the fundamentals are good for continuing improvement in economic performance in sub-Saharan Africa for the future.

Recently, analysts have lauded the improvements in economic activities that have occurred in Africa in spite of the global financial meltdown and have attributed such improvements to the ability of policymakers in many African countries to provide their economies with the appropriate or enabling macroeconomic environment. What has been missing from this analysis is the role played by FDI in such economic performance. Indeed, a closer examination of the sources of improved economic performance in Nigeria and Zambia, for example, will show that cash infusion through FDI in specific sectors of the two countries' economies by Chinese firms and government subsidies for securing contracts for their companies have had a significant positive impact on recent economic performance in these countries. As Tables 2 and 4 show, China's investments and grants have generally targeted infrastructural construction and services sectors in Africa, and specifically, in Nigeria and Zambia. Such grants include investments in FM radio transmitters, security communications systems, construction of grain silos, rail lines and power stations. On the surface, the investments in the infrastructural sectors of the Zambian and Nigerian economies are quite laudable. Substantively, the sectors identified on Table 4 reveal a deeper problem of low science and

technology education/skills discussed previously. While investments are preferred to loans and outright aid without accountability and transparency, it would be even more effective if these investments are based on joint ventures that truly partner with African countries, citizens and corporations, and based on certain shared beliefs in the capacity of the investments to translate into economic growth and social progress.

Indeed, as explained above, in spite of the positive economic improvement, government fiscal balance remains negative largely because the FDI is not connected to any indigenously driven policy framework that insists on ensuring that savings in one sector offset higher costs in another. In order words, the savings generated by Nigeria and Zambia from increased investments from China and loan forgiveness from the international financial institutions have not been utilized to effectively ensure progressive improvement in other economic and social sectors of the state. Hence, the continuing negative fiscal balance. Thus, while it appears that Nigeria and Zambia and other African countries are reaping the rewards of increased Chinese attention in the continent through FDI, loans, grants and debt forgiveness, these efforts are not translating into technology and skills transfers to Africans. For African countries, the challenge is establishing enforceable policies to protect their states' interests against poor contract performance by Chinese firms. While Europeans have used unaccountable foreign aid to post-colonial dictators across the continent to maintain the legacies of poor infrastructure and bad governance which they bequeathed to the exploited and looted African countries they colonized, the Chinese, a non-former colonizer, uses a different brand of aid that is different in its transparency. Although Chinese government policy is not to interfere in the internal affairs of the African countries that it provides economic assistance, it is important to note that its aid policy is designed specifically to maximize Chinese national objectives and not those of the recipient countries. Hence, China's presence in Africa is not designed to enhance economic growth and development in Africa but to help the Chinese government, through Chinese multinational companies, extract critical raw materials (e.g., oil and minerals) for the country's home industries and to prepare the African countries to serve as receptacles for excess output from Chinese industries. In a way, then, China is not that different from the European and American capitalists who have, in the past, been condemned for exploiting African vulnerabilities to enrich their own citizens. In fact, without a change in strategy, the effect of China's development aid to Africa and potentially that of other emerging donors, will remain the same as those of the continent's traditional benefactors—the Western industrial countries. Without a fundamental change in the relationship between African countries and these new donors, the continent will remain, as it has since the colonial enterprise was first unleashed on unsuspecting Africans, as a source of raw materials for industrial production in faraway lands and markets for what are often technologically obsolete and dangerous products from those lands. The change in the relationship, of course, must come from and be dictated by African policymakers. After all, development in countries such South Korea, PRC and Taiwan, which are not major aid donors, was achieved only when these countries insisted on an aid scheme or strategy that not only took their specificities into account, but allowed them to determine the nature and scope of the projects to be pursued. In fact, it was the emphasis on partnerships and joint-ventures with companies located in the donor countries that enhanced development in these

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emerging aid donors and allowed them to import necessary and relevant technologies for rapid economic growth. Compare that with the situation in Africa where donors literarily force African economies to accept obsolete and ill-fitting technologies as well as products, which quite often, create health problems that these countries do not have the capacity to handle.

The concentration of global resources in regions that are considered politically safe and economically "profitable" shows that ongoing global processes are not new. Their intellectual traditions and policy prescriptions are similar to modernization arguments and neoclassical economic views of the existing liberal international institutions that advance the interests of industrialized countries. However, more troubling than the investment issue is the reliance of most African states on official development assistance as a significant form of national budget subvention. Table 3 reveals that ODA as a percentage contribution to most African states' GNI is in the double digits. Also, if the high debt service ratio is computed as a percentage of exports of goods and services, it becomes possible to see that the resources that African states receive in the form of ODA are used to pay interests on outstanding loans to external institutions. The question is: given the fact that efforts to use foreign aid to "help" African states develop their economies and stabilize their domestic political institutions and processes have not resulted in economic growth and political stability since independence, what alternative approach is likely to become a game changer for the region's need for economic development and political stability? The next section examines the argument for policy transfer within the context of emerging donors' assistance to sub-Saharan African states.

Policy Transfer and Emerging Donors Effective Engagement with Africa

The literature on official development assistance and the extent it has succeeded or failed to advance development, especially in Africa, is impressive. The core issue here is why ODA has failed to achieve its stated policy objective of economic development (Kalu and Kim, 2009) and the extent to which emerging donors like China, Japan and South Korea are able to adopt newer, more robust approaches to foreign assistance to achieve more effective and measurable economic development outcomes in sub-Saharan Africa.

According to Mark Evans, "policy transfer is a theory of policy development that seeks to make sense of a process or set of processes in which knowledge about institutions, policies or delivery systems at one sector or level of governance is used in the development of institutions, policies or delivery systems at another sector or level of governance" (Evans 2004, 10). In this sense, ideas and policies that have worked in one context and are assumed exportable to other societies or institutions can be copied and contextualized and implemented in another setting. Substantively, and as is evident in liberal democracy, policy transfer is not *sui generis* to Western societies and can therefore be exported or implemented in other regions of the world. However, in the contexts of educational and economic policies that have consistently been shown to be exportable (with due modification and sensitivity to cultural contexts) the idea of policy transfer is more verifiable from Western societies such as Britain and the United States to non-western states like India, Japan, South Korea and China. According to Richard Rose (1991), policy transfer is quite normal because "every country has problems, and each thinks that its problems are unique. . . . However, problems that are unique to one country . . . are abnormal . . . [because] confronted with a

common problem, policy makers in cities, regional governments and nations can learn from their counterparts elsewhere. . . " (cited in Evans 2004, 12). In this sense, I argue that policy transfer that targets science and technology education, managerial skills and collaborative projects in various African states will yield productive economic activities that will resolve problems of unemployment, poverty, access to healthcare and other socio-economic/cultural issues that tend to empower citizens and investors to have confidence in various African states. Such targeted policy environments must exist in a condition characterized by relative policy autonomy, enforceable rule of law, ODA as investment as well as a merit-based process for identifying human capital necessary for reforming state institutions, creating employment in the civil service and private industry.

It is not strange that after political independence, most states in Africa lacked the capacity for designing and implementing economic development policies in the context in which decolonization occurred. Unlike most former colonizers of Asian and Latin American territories, colonial powers in Africa did not leave a legacy of infrastructure or effective governance institutions for managing the economies, independent of the metropolitan economies. Indeed, unlike the British legacy of effective civil service structure and education in India, many Anglophone states in Africa were left without adequate technical manpower and subsequently had to rely on advice from international institutions such as the World Bank and the International Monetary Fund, the Ford Foundation and other entities that were willing to second personnel and or "how to" documents for running the new nations.

Policy transfers are not, by themselves, problematic. It is often the contextual structure and implementation that determine the extent such policy/idea borrowing becomes useful. As Mark Evans states, "Public organizations in both developed and developing countries do not always possess the expertise to tackle the problems they confront and increasingly look outside the organization to other governments or non-governmental organizations for the answers to problems" (Evans 2004, 3). In the case of African countries, the absence of sufficiently trained technical manpower for running the civil service and the larger economies, coupled with a decolonization project that was severely constrained by the politics of the Cold War, produced poorly managed domestic economic institutions and states that came to depend very heavily on foreign resources from these countries' former colonizers—most of these resource flows came in the form of foreign aid. Unfortunately, these policy transfers were poorly articulated and managed and included economic development projects that were structured around five-year development plans—and funds for underwriting of these plans came from both the capitalist West and the socialist East. The most important constraint to the effective functioning of these funds for genuine economic, political and social transformation in the African countries was that, regardless of the source of the funds, the maximization of African values and objectives was not the purpose of the transfers. The socialist East transferred funds to Africa in order to bolster its ability to achieve global dominance; the capitalist West acted similarly, to elicit Africa's help in its struggle against the spread of communism. Hence, African economic growth and development rarely ever was considered a legitimate factor to be considered in aid negotiations.

Subsequently, policy transfers included structural adjustment programs (SAPs) that were

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implemented across Africa in the late 1970s, irrespective of their domestic relevance. The intensification of these policies in the 1980s and without measurable results led to the general conclusion that the 1980s was a lost decade for Africa. Dolowitz and Marsh (Dolowitz and Marsh 2000, 5-24) caution that when evaluating the relevance of policy transfers to African countries, it is important to consider the actors and stakeholders. Frequently, the external actors often referred to as political or economic consultants are not only private businesses but are sometimes recommended to be hired by policy-recipient countries as part of the package for aid from such institutions as the IMF and the World Bank. Thus, given the failures of previous policy transfers to Africa, as exemplified by structural adjustment programs, going forward requires paying attention to the role of policy consultants, their interests and expected outcome of transferred policy. According to Dolowitz and Marsh, the role of policy consultants

> . . . is particularly important because they tend to offer advice based upon what they regard as the "best practice" elsewhere, often paying little attention to the particular context in the borrowing political system…. For example, Policy Management Groups (PMGS) are being set up in numerous African countries, with little consideration of their appropriateness, simply because one particular consultancy firm has been pushing this model into … countries [such as] … Zambia and … Ghana and a number of other countries (ibid, 10).

In the case of African countries, policy transfers have occurred under conditions of desperation, such as during or immediately following civil unrest, economic crises or periods of negotiation involving an African state's need to pay external debts or secure loans that require certificates of financial health from the international financial institutions. Usually, the African state in question lacks a neutral and technically competent epistemic constituency to offer advice on alternative options. Clearly, international policy transfers under such conditions have not yielded transformative change in the socio-economic conditions of distressed African states. And, although, in some instances, the economic growth numbers may have changed in a statistically significant direction, the real story is that the actual impact on the citizens of such a state has often been either minuscule or actually negative. In many instances, some of these countries have suffered economic regression and citizens, especially those who historically have been marginalized and deprived (e.g., women, rural inhabitants, the urban poor, and minority ethnic groups), have actually seen their living standards deteriorate.

Consequently, exploring policy transfers within the context of indigenously-structured epistemic communities with adequate representation by technically competent experts from donor countries is more likely to result in effective and sustainable policies with measurable impact on economic growth and social progress. I use the concept of epistemic communities as conceptualized by Peter M. Haas and defined as ". . . a network of professionals with recognized expertise and competence in a particular domain and in an authoritative claim to policy-relevant knowledge within that domain or issue-area" (Hass 1992, 1-35). As an analytical construct and process, the logic of epistemic community assumes that "state actors are uncertainty reducers as well as power and wealth pursuers" (ibid, 4) who need untainted but useable technical advice of consensus-seeking experts unconstrained by bureaucratic tendency to protect existing budgets and roles in the government.

Acting as "channels through which new ideas circulate from societies to governments as well as from country to country" (ibid, 27), epistemic communities offer an excellent alternative vision and opportunity for an emerging donor to envision a viable approach to effective deployment of foreign assistance with measurable impact and outcome.

Indeed, the use of epistemic communities with technical expertise on development and financial policies was one of several components of effective management of aid in South Korea that transformed that country from poverty to wealth. South Korea's development was anchored by strong leadership, efficient and talented bureaucracy as well as the Economic Planning Board, a technically competent group of economic policy planners with shared paradigms and belief in the agenda of Korean national development (Kalu and Kim 2009, 29-52). When the United States reduced its aid flow to South Korea during the Kennedy Administration, "the World Bank assisted in the development of the International Economic Consultative Organization for Korea (IECOK). Through IECOK, international financial institutions and the South Korean government met regularly to discuss the nation's economic policies and effective use of foreign aid" (ibid, 44), an essential platform that helped to continue the work of the Economic Planning Board based on the shared belief and commitment in South Korea's economic development.

It is not the case that coordinating structures similar to IECOK have not existed in some African states. For example, in order to deal with a budgetary crisis and to implement a cash budget system in Chiluba's administration in Zambia in late-1992, "the Ministry of Finance and the Bank of Zambia created a joint committee to oversee virtually all checks going out of the Finance Ministry's accounts. . . . [It also created] the semi-autonomous Zambia Revenue Authority in 1994" (Rankner, Walle and Mulaisho 2001, 559) to retrain tax collectors and enhance revenue collection for development. However, beyond these ad hoc committees in Zambia, no sustained effort has been made to use human capacity to deliberatively engage the intractable issues of development to think through different policy options to make decisions that result in stable economic growth and social progress. Rather, the ad hoc nature of these committees and/or institutions in Africa makes it possible for leaders to cite political expediency as the reason for ignoring sound recommendations. This was the case under Kenneth Kaunda and later Frederick Chiluba in Zambia whose use of externally-derived one-size-fits-all policy transfers without attention to domestic relevance helped them to justify jettisoning policies that were unacceptable to their constituency.

While an epistemic community can exist with all its expertise at the disposal of leaders in Africa as elsewhere, it is up to the leaders to make the right decisions. Leaders must be open to the influence of relevant ideas in their public policy selections. In the case of South Korea, this approach worked out well, among other factors because of the firm commitment of the political leaders, assisted by a cadre of efficient and competent bureaucrats, and complemented by a knowledge-based expert group, the Economic Planning Board. The impressive economic outcome that is contemporary South Korea is evident and remains a possibility that emerging donors can and should entertain in their engagement with African countries. The concluding section suggests ways of engaging in targeted use of ODA in sub-Saharan Africa.

Concluding Remarks

In examining why aid succeeded or failed to improve economic performance in several African countries, one of the main conclusions from a World Bank study asserts that "in Zambia, policy failed to improve—and actually got worse—despite a long series of adjustment loans and a mounting volume of aid"(Devarajan, Dollar and Holmgren 2001,25). Not only did the international community fail to influence the government of Zambia, especially the Kaunda Administration, it learned an important lesson that "the conditionality mechanisms were unable to bring about policy change as these measures were at odds with the economic ideology . . . [of the regime] . . . and therefore were not supported by the political leadership. [Also], imperfect donor coordination further reduced the credible threat of the conditionality instruments" (ibid, 572). Consequently, official development assistance to Zambia experienced the "nonreform paradox" as more aid led to less accountability. Thus, while the donor community's focus on reform intensified, the recipient government's focus was on obtaining more money from the donor community, and the result across sub-Saharan Africa is inattention to viable strategies and poor outcomes for economic growth and development (ibid, 582). With regard to Nigeria, the finding is that

> Nigeria has received less foreign aid on a per capita basis than other countries in Sub-Saharan Africa. While average net real official development assistance (ODA) for African countries in 1990-1996 was US$52 per person, Nigeria received just US$2.20 per person. As a percentage of gross national production (GNP), net ODA for Sub-Saharan Africa averaged 14 percent, while for Nigeria it was less than one percent of GNP in the period. Debt rescheduling, including the rescheduling of private debt (again, unusual for Africa), has been as important as or more important than foreign aid flows during most periods of Nigeria's economic history. As a result, the power of the international financial institutions (IFIs) in relation to Nigeria comes from their unique ability to provide the "certificate of good health" that is a necessary element of private debt rescheduling" (Herbst and Soludo 2001, 647).

Furthermore, the authors conclude that with regard to Nigeria, "what is needed is to develop new ideas about how Nigerian politics should operate, something that the World Bank, the IMF, and the bilateral donors cannot provide. Only the Nigerians can do that" (ibid, 675). Indeed, while Zambia is a classic case of an aid-dependent nation, Nigeria is a classic case of resource abundant country under poor management. But, in either case, where Western interests have left, Asian interests are being welcome by the same leaders and structures that have failed to deploy ODA for economic development. Tables 5 and 6 show the involvement of Japan, South Korea and India in ODA activities in Nigeria and Zambia. As Table 5 indicates, Japanese, South Korean and Indian ODA to Nigeria over the past several years, especially since the early 2000 when Asian ODA emerged as an important force in Africa, are statistically insignificant to influence the behavior of Nigerian government officials. This is similar to the findings by the World Bank study referenced above. The core problem with economic development in Nigeria is poor governance and mismanagement of abundant resources. In a nutshell, Nigeria lacks institutional and human capacities to translate its human and natural resources into globally competitive assets. This is where the emerging donor community can invest in as discussed below.

Table 5: Investment and Aid to Nigeria, 2000-2009

Japan	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**
Loans, Gross disbursement (current US$, in millions)	..	..	..	..	..	87.52	..	..	..	..
Grants, Disbursement (current US$, in millions)	2.63	13.91	19.1	20.24	8.67	5.87	2120.6	26.84	28.96	28.88
Total ODA, Gross disbursement (current US$, in millions)	2.63	13.91	19.1	20.24	8.67	93.39	2120.6	26.84	28.96	28.88
Grants (% of Total ODA)	100	100	100	100	100	6.29	100	100	100	100
FDI Inflows (US$, in millions)	0.41	0.02	0.13	..	3.33	3.33	5.67	..	..	..
South Korea										
Loans, Gross disbursement (current US$, in millions)	..	..	..	..	..	..	..	..	..	..
Grants, Disbursement (current US$, in millions)	0.03	0.14	0.23	0.09	0.11	0.21	1.72	0.91	1.93	2.14
Total ODA, Gross disbursement (current US$, in millions)	0.03	0.14	0.23	0.09	0.11	0.21	1.72	0.91	1.93	2.14
Grants (% of Total ODA)	100	100	100	100	100	100	100	100	100	100
FDI Inflows (US$, in millions)	0.85	..	..	..	..	..	..	..	..	..
India										
FDI Inflows (US$, in millions)	0.79	1.05	4.09	1.36	6.14	21.3	12.61	..	..	..

Source (Japan, S. Korea): OECD.StatsExtracts
Source (India): Reserve Bank of India
Source (FDI Inflows): Nigeria Investment Promotion Commission

Table 6 shows Zambia as a classic case of an aid-dependent country—either on the ODA from the industrial West as explained previously or on Asia. Zambian authorities have come to rely on external resources for basic services to its citizens. And, as Table 4 shows, increased Chinese direct investment in Zambia is complemented by sustained ODA activities by Japan, South Korea and, more recently, India has joined the ODA train with lines of credit to the Zambian Government for the Itezhi-Tezhi hydro power project in 2010. It is important to notice that in spite of the sustained flow of both Western and Asian ODA to Zambia, especially since the 1980s, Zambia remains one of the poorest countries in the World. It is ranked 150 out of 169 countries in the Human Development Index (HDI) for 2010. While there are noticeable improvements since the 1980s, the report notes that overall, quality of life indicators such as health, knowledge and income deteriorated throughout the 1990s, but finds that "since 2000 all the components have improved; HDI increased by 14.5%. If such pace is maintained, Zambia will attain its vision of being a prosperous middle income country by 2030" (UNDP, Zambia Fact Sheet). What the report does not

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emphasize is that a significant reason for the observed improvement in Zambia is attributable to economies of scale due to Chinese direct investment in Zambia as Table 4 above indicates.

Table 6: Investment and Aid to Zambia, 2000-2010

Japan	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Loans, Gross disbursement (current US$, in millions)	..	..	24.38	..	..	..	..	..	..	..	-
Grants, Disbursement (current US$, in millions)	38.11	54.93	46.98	36	21.79	748.09	31.53	94.61	37.14	36.64	-
Total ODA, Gross disbursement (current US$, in millions)	38.11	54.93	71.36	36	21.79	748.09	31.53	94.61	37.14	36.64	-
Grants (% of Total ODA)	100	100	65.84	100	100	100	100	100	100	100	-
South Korea											
Loans, Gross disbursement (current US$, in millions)	..	..	..	..	..	..	..	..	..	..	-
Grants, Disbursement (current US$, in millions)	0.02	0.05	0.09	0.12	0.02	0.11	0.21	1.05	0.68	0.92	-
Total ODA, Gross disbursement (current US$, in millions)	0.02	0.05	0.09	0.12	0.02	0.11	0.21	1.05	0.68	0.92	-
Grants (% of Total ODA)	100	100	100	100	100	100	100	100	100	100	-
India											
Lines of credit to Gov't of Zambia (US$, in millions)	..	..	..	..	10	..	..	..	10	..	50
Purpose	..	..	..	..	General purpose	..	..	..	General purpose	..	Itezhi-Tezhi hydro power project

Source (Japan, S. Korea): OECD.StatsExtracts
Source (India): Reserve Bank of India

Similarly, Nigeria has not fared well. But, unlike Zambia, Nigeria's situation is not because of ODA; overall ODA to Nigeria is statistically insignificant as a complement to oil revenue. For Nigeria, ODA is simply a partial tool of engagement between the Nigerian authorities whose main interest remains a financial clean bill of health for purposes of accessing private sector loans. Thus, given the wealth that has been generated through oil revenue and crises-induced windfalls in petrol dollars as a result of series of conflicts in the Middle East since the 1970s, life expectancy of below 50 years and a general HDI of 142 out of 169 (UNDP, Nigeria- Country Profile of Human Development Indicator) for Nigeria are uninspiring. What these two countries and many sub-Saharan Africa countries have in common is the lack of indigenously derived commitment to put economic development on the policy agenda. In both countries, the donor community has been unable to focus on the substantive issue of economic development in disbursing ODA. A key part of the problem has been the nature of policy transfers in the form of ODA that have paid little or no attention to local involvement or domestic ownership of the policy to be implemented. The consequence has been

(unintended?) presence of active external "development experts" in their SUVs administering guidelines on reform policies to massively passive recipients of policy transfers and local consumption of the outputs. However, while the majority of the citizens are passive because of their non-involvement, government officials actively participate in the process of securing and disbursing external aid. The combination described above provides excellent opportunities for non-performance of policy reforms that are likely to increase opportunistic behaviors by civil servants, politicians and other administrators. Without condoning corruption, it is irrational to expect bureaucrats and other public servants to be motivated by public interest only while assuming entrepreneurs and the rest of the citizens to be motivated by private interests, especially under clear conditions of scarcity. Under such considerations, it is necessary to begin to (re-)activate epistemic communities across Africa. Such communities should be commissioned with the clear intention of mobilizing an excellent alternative vision as they provide necessary leadership on how to use human capacity to deliberatively engage the intractable issues of development, guiding citizens and leaders to think through different policy options to make decisions that will result in stable economic growth and social progress on the continent.

Suggestions

Clearly, it is self or national interests that motivate both Western and non-Western donors' activities in Africa and elsewhere. And, irrespective of the noted difference in its form of engagement with Africa, China's patterns of interactions are similar in approach and general outcome with those of the West. Given this conference's theme of *Styles of ODA* and the extent to which the Asian nations' ODA differ from Western ODA, there are specific ways to change the style and substance of ODA. Especially, the emerging donor communities' efforts should continue to aim for the desired objective of achieving economic development outcome of recipient states while securing economic and national interests of the donor community. If the patterns of interactions are changed to require that ODA be considered on the basis of targeted projects whose frameworks are linked to national policy for economic development that specifies strategies for whom, what, when and how the project is to be completed as precondition for aid, the outcomes are likely to be measurable improvements in economic growth and social progress in the target countries. Given that anyone can spend money or resources, but not necessarily in a wise way, ODA should be based on a clearly articulated proposal of what and how the aid will be used. The expected impact and outcome of each project should be clearly articulated and understood by both donor and recipient states. In that light, and given that aid donors and recipients are self-interested actors with expectations of advancing their own objectives, a neutral entity is both necessary and sufficient for making Asian ODA measurably different from the Western in at least three ways.

Although there is a need to change the general perception of official development assistance, what needs immediate and special attention is changing the notion of foreign aid. Based on existing experience and as demonstrated by the notion of "nonreform paradox," most of the recipients of foreign aid tend to treat it as *free lunch* or *free money* and consequently have not idealized the process of translating ODA into local/domestic economic development projects. In contrast to the

idea of aid as free money, South Koreans as aid recipients did not just hand out U.S. food aid to the hungry; rather, people had to work in order to receive the food. And, as painful as it may have been at the time, the consequence was that the government and the people invested in themselves and the outcome is a transformed society from abject poverty to reasonable wealth. Thus, theoretically, ODA should be changed to ODI—official development investment. When aid is treated as investment by the donor and recipient, both the investors and the target state will, as a matter of course, engage in feasibility studies to determine why resources should be invested in a particular segment of the economy or society and the mechanisms for accountability.

Secondly, one of the major constraints to economic development and social progress in sub-Saharan Africa is the poor state of science and technology education. From USAID to United Nations reports, only 9% of students in the region enroll in science classes, which explain the ratio of only 48 researchers for every one million people in sub-Saharan Africa. Official development investment in science and technology education that links science education in an African country with science education experts, departments and programs in the donor's country will benefit both donors and the recipients because such collaboration will build trust through joint research, publications, and mutual respect that comes from exchange of expert knowledge, especially if such exchanges result in setting the agenda for joint research programs. Such a shift in the style of ODA efforts will solve the problem of lack of ownership in the existing ODA programs that have resulted in non-policy performance.

In Nigeria, for example, joint research could become the basis for the award of construction contracts that could finally reactivate and enable the completion of old and unsuccessful projects like the Ajaokuta Steel Mill that has been under construction and different managements for the last 30 years without a pound of steel to show for the wasted billions. Such joint research could also become the basis for teaching science, mathematics, and technology from primary—to tertiary-school levels that will help strengthen the human and institutional capacities needed to engineer economic development in target states. At the same time, such joint efforts will create and enhance markets for the talents and products in the donor country. Rather than aid, investment is the transformational strategy for ensuring that ODA from Asia to Africa will be significantly different from ODA from the West to Africa.

Lastly, in addition to changing perceptions of ODA as free lunch to one of investment, serious consideration should be given to using indigenously derived projects in the development of collaboration strategies with donor countries. In addition to exploring indigenous knowledge bases in science and technology, other areas of need such as climate change, environmental sustainability and economic development in Africa would also benefit from such considerations. In many ways, emphasis on climate change and economic sustainability is about ensuring the availability of sufficient food to feed people. For many African countries, the existing pattern of ODA from the West has substantially undermined the capacity of Africans to grow food in the continent. Food-related development aid is one in which Western nations have consistently subsidized their own farmers, which depresses the price of agricultural products from Africa with the direct consequence that many African farmers have been rendered incapable of farming profitably because of the availability of cheap imported food from subsidized Western farmers, as well as, the unavailability of

appropriate and affordable agricultural technologies. One of the ways the Asian ODA can be different is by targeted regional engagement with African farmers—through appropriate consultations with these farmers, projects can be designed that help increase yield per acre, ensure that these farmers produce enough food to feed their populations and hopefully save some for export to earn the foreign exchange that these countries need to purchase technology for national development. The issue is whether emerging Asian donors will dare to be different in developing their styles of ODA from that of the Western donors, which has largely undermined genuine development efforts by the use of ODA as foreign policy tools without regard on its impact on African countries. Changing the style to development investment based on emerging donors' use of their human capital and material resources in Africa will directly engage domestic political actors, institutions and norms and result in jointly identified projects that will contribute to mutual strategic and economic development and social progress for donor and recipient states.

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