Experts Question Africa's Ability To Use More Aid Effectively

Senate panel reviews commission for Africa's recommendations

Former U.S. senator Nancy Kassebaum had served as chairman of the Senate Subcommittee on African Affairs (AP photo)

By Jim Fisher-Thompson
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Washington -- Several development experts recently praised a report by the British government that recommends, among other things, massive increases for development assistance to Africa. But they questioned whether social and economic conditions are right for such funding.

Nancy Kassebaum, the only American on the 17-member Commission for Africa (CfA), told a May 17 Senate Foreign Relations Committee hearing on Capitol Hill that she believed the report, entitled *Our Common Interest*, would "make a difference" in helping "break the cycle of [economic] loss" on the continent.

But, she added, "as a total package of inter-related recommendations, as well as the price tag, the commission's report seems overwhelming" for a continent still marked by official corruption and wasted resources.

In addition to a call for massive debt relief and an end to Western farm subsidies, a key recommendation by the commission would have the donor community double the approximately $25 billion it gives to Africa over a three-year period, with a further doubling for another two years.

Kassebaum, a former senator from Kansas and a development expert who served as chairman of the Senate Subcommittee on African Affairs, said the report incorporates many good ideas, but she cautioned that "many Africans would say, 'We have heard all of this before. We know what the problems are, so why are the proposals any different from the many other plans that have been developed in good faith over the years?'"

The report at least "recognizes that we must improve the 'quality of aid,'" Kassebaum told lawmakers. And once that is done, she said, she believes "the American people -- and people throughout the developed world -- will support increases in assistance if they know the money will make a difference in improving the lives of Africans."

Released in March, the report was timed to influence the Group of Eight (G8) nations' meeting in July in Gleneagles, Scotland, where British Prime Minister Tony Blair has promised to make development in Africa a top priority item. The G8 includes Canada, France, Germany, Italy, Japan, the United Kingdom, the Unite States and Russia.

Blair established the CfA in spring 2004 to spur development in Africa through increased foreign aid and greater debt relief in concert with governance reforms by the African nations.

Senator Dick Lugar of Indiana, who chaired the hearing, praised the CfA report, calling it "an ambitious blueprint for harnessing the efforts of the G8 and other nations on behalf of African development and reform." He pointed out that with nine of the 17 members of the commission coming from Africa, "there has been considerable effort to include in the report the input of African civil society, as well as the private sector."

But he, too, expressed reservations about the continent's ability to absorb increased funding effectively, noting, "More work needs to be done to provide incentives for private investment in Africa, to ensure that the revenues from Africa's oil boom will go to all of its citizens, and to relieve Africa's international debt burden."

As for donors, the lawmaker cited other issues that undercut the promotion of agricultural development in African nations. "Wealthy countries must modify their own farm subsidies, so that Africans can both feed themselves and compete in a fair world market for exports," he said.

Kassebaum said she "was particularly struck by the arguments coming from the African commissioners, who emphasized the importance of Africans themselves demonstrating the necessary leadership to address the weakness of governance and the absence of an effective state.

"Without this leadership, Africa cannot progress -- no matter how much money we provide," she stressed.

Nancy Birdsall, president of the Center for Global Development, also told the Senate panel she believed "there are risks in rapid infusions of new aid" as outlined in the CfA report.

She explained, "My concern is not with the amount recommended in itself, but with the timing, with our limited understanding of the risks in the aid community, and with the resulting need for much greater attention to minimizing and managing those risks."

Like Kassebaum, Birdsall emphasized the risks of flooding nations with aid money before they are ready to use it properly, such as:
-- "reducing the receiving country's ability to compete in export markets, if aid puts upward pressure on exchange rates or induces people to leave productive private business to work in government- and aid-financed public programs;
-- "overwhelming fragile preventative health efforts and road maintenance programs as attention shifts to new investments; and
-- "in the worst case, creating new pressures for corruption and patronage as procurement and expenditure management break down."

Kassebaum also said she had a problem with "the method of delivery" of aid to the continent, telling the panel: "I have long been frustrated by the uncoordinated, highly bureaucratic ways we provide foreign assistance in Africa. Every donor seems to have his or her pet scheme, with little effort to consolidate approaches."

Tidjane Thiam, a commission member and former minister of planning and development from Cote d'Ivoire, added that financial institutions have also been too bureaucratic in their development programs. "The IFIs [International Financial Institutions] give roughly USD 11 billion to Africa every [year]. Three to four billion of that amount is spent on experts, bureaucrats, and controllers. For every dollar of aid, 70 to 80 cents goes straight back to developed countries," he said.

With that in mind, Kassebaum left the panel with words of caution: "We must be careful that we don't promise more than we can deliver, and we must fund what we promise."

Created: 20 May 2005 Updated: 20 May 2005