

**LONG TERM ASSISTANCE TO DEVELOPING COUNTRIES: THE  
MERITS, DEMERITS AND HOW THEY CAN SHIFT AWAY FROM  
RELIANCE ON AID**

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## **ABSTRACT**

Considering the fragility of most developing economies, long term assistance though of minimal benefit, is a vital element towards the economic stability that developing countries desire. While it is easy to assume that developing countries are responsible for their chronic reliance on foreign aid, by understanding the mechanisms through which long term assistance is extended, one can conclude that developing countries are trapped in an economic rat race against developed countries which are unwilling to let them break free. This however does not imply that developing countries are helpless to escape this repetitious cycle rather it means that they are victims of a '*strategic political oligopoly*' organized by a few nations whose intention is to keep developing countries in a subservient position. To conclude, however, that developing countries haven't contributed to their state of dependency on foreign aid is ludicrous and therefore this essay attempts to answer three questions; what are the merits of long term assistance to developing countries, what are the demerits of long term assistance to developing countries and what are the potential measures that could promote greater self-help efforts for developing countries.

By examining the impact of long term aid on developing countries within and outside Africa, this essay ascertains that extending assistance is neither a blessing nor a curse; and through answering and understanding the findings to the questions above, the essay challenges the notion that long term assistance is a cycle that developing countries cannot get rid of. Although there is plenty of evidence to suggest that the fate of developing countries is sealed in reliance on long term assistance, with a gradual shift in policy and strategic planning, developing countries can achieve remarkable levels of self sufficiency. There is ample evidence from archives and scholars from between 2010 to 2014, which indicates that long term assistance has had adverse effects on developing countries but there is also information which proves that it has been of great benefit. Long term assistance is therefore a necessary evil to the growth and sustenance of developing countries and it cannot be instantly cast away without doing significant harm to these economies.

## **LONG TERM AID TO DEVELOPING COUNTRIES: THE MERITS, DEMERITS AND HOW THEY CAN BREAK AWAY FROM RELIANCE ON AID**

### **Introduction**

Since time immemorial, individuals and societies have strived to improve their quality of life. I have come to realize that no single person or society singlehandedly achieved this goal without the help of other people or societies. This kind of help more often than not comes directly or indirectly. It may be in the form of material effects, food and all sorts of necessities that may be lacking but much needed. It may also take the form of financial help. This kind of help is extended to supplement what is already available to the person or society but is insufficient. So the assistance comes in to give the needed boost. With globalization and the constantly changing trends, the paces at which the various societies around the world have developed have varied diversely and for so many reasons. As such, it is to be seen that some societies are far better off than others in terms of development, governance, infrastructure, provision of necessities to citizens among so others. However there are those societies/countries that are in a far worse state than others and are in much need of assistance. These are called developing countries and the form of assistance given to them by the better placed and more developed countries is called '*aid*'. The word aid simply means to provide with what is useful or necessary in achieving an end/to give assistance.<sup>1</sup> Extending assistance to developing countries has proved to be both beneficial and detrimental in more ways than can be imagined.

### **The benefits of extending long term aid**

Long term assistance aids the creation and improvement of political relations between both developing and developed countries. Through extending long term assistance, political alliances are created which are necessary for the development of any country. Channels are created through which ideas are exchanged and political boundaries opened up for social and economic benefits to the citizens of both countries. China and Uganda have had good political relations since the 1980's and this has been mainly as a result of China extending long term assistance to Uganda. China's aid to Uganda has been mainly in the form of technical assistance, with emphasis on training in Chinese institutions; grants, interest-free loans, preferential loans that have an interest subsidy and debt relief<sup>2</sup>. Debt cancellation by the Chinese

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<sup>1</sup>[www.merriam-webster.com](http://www.merriam-webster.com) <http://i.word.com/idiictionary/aid>

<sup>2</sup>China's aid to Uganda has been mainly in the form of technical assistance, with emphasis on training in Chinese institutions; grants, interest-free loans, preferential loans that have an interest subsidy and debt reliefImpact of China-Africa Aid Relations:

government has led to an improvement in the welfare of Uganda's citizens, something that would have been harder to achieve if political relations between these two countries did not exist at all or if they were strained.

Gaps in socio-economic progress are often covered through long term assistance. Developing countries usually suffer a deficit in social and economic progress due to a shortage in funds and use of obsolete technology. Extending long term assistance to developing countries helps to boost infrastructural development which is fundamental to the social and economic progress of these countries. Presently, China is constructing a \$350-million toll road linking Uganda's only international airport and its capital Kampala<sup>3</sup>. To date, Uganda has had one major road carrying all the traffic to and from the air port. Before the population in Kampala became overwhelming this road was just enough. However as the number of people living in and around Kampala increased over the years and as the number of people who flew into the country for various reasons increased, this one road became a glaringly derisory example of Uganda's lacking infrastructure. As a result of the already existing good relationship between Uganda and China, plans to construct more and better roads with the help of China were underway and when this new road is commissioned, Uganda is definitely going to get a boost in its import and export trade as well as in its tourism industry.

Disaster relief aid helps save lives in addition to rescuing economies that would otherwise be left in shambles without assistance. In 2013, Japan donated \$10 million to the Philippines in the aftermath of typhoon Haiyan and also offered to send about 1000 troops to help support the Philippines government in managing this disaster.<sup>4</sup> The Haitian government has seen gradual recovery of its economy mostly because it has received long term assistance from developed nations and aid agencies. The union of South American nations pledged US\$300,000,000 to help rebuild Haiti in the long term and a meeting was held in Quito to determine how this money would be spent.<sup>5</sup> Without long term assistance Haiti would be unable to effectively manage the crisis that arose from the magnitude 7.0 earth quake that it was struck by.

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A Case Study of Uganda by Madina Guloba, Nicholas Kilimani, Winnie Nabiddo. Economic Policy Research Centre (EPRC), May 2010.

<sup>3</sup>Presently, China is constructing a \$350-million toll road linking Uganda's only international airport and its capital Kampala. <http://www.reuters.com/article/2012/04/27/>

<sup>4</sup>Japan donated \$10 million to the Philippines in the aftermath of typhoon Haiyan and also offered to send about 1000 troops. <http://www.huffingtonpost.com/2013/11/14/j>

<sup>5</sup>The union of South American nations pledged US\$300 000 000 to help rebuild Haiti in the long term and a meeting was held in Quito. [http://en.wikipedia.org/Humanitarian\\_response\\_to\\_the\\_2010\\_Haiti\\_earthquake](http://en.wikipedia.org/Humanitarian_response_to_the_2010_Haiti_earthquake)

Assistance in the form of education, agricultural subsidization, debt relief and technology transfer helps in capacity building. Boosting agricultural production helps to significantly reduce the hunger and starvation problem that has for long plagued many developing countries all over the world. In addition to this, extending interest free loans helps reduce the tax burden on poor people and facilitates more saving in domestic households. In July 2013, Kenya was facilitated with a \$250 million interest free loan from the World Bank to help fight extreme poverty by setting up a potentially transformational national social safety net program.<sup>6</sup> The safety net is meant to knit together several existing government programs into a better coordinated and more efficient system and aims to reach up to 3.3 million of the country's poorest people by 2017.

Extending aid helps to generally improve the lives of impecunious people and to relieve them from the burden of heavy taxes that are imposed to cover the gaps within the budget. In essence, aid has played a major role in attempts to eradicate poverty in developing countries.<sup>7</sup> In Tanzania, majority of the citizens barely earn enough to survive. This is also true for Kenya<sup>8</sup> and Uganda<sup>9</sup> where a significant number of the population is too poor to afford the basic necessities of life such as food and water. With this nature of poverty, long term assistance does more than relieving these people from high taxes, but also provides access to good medical care, education and clean water, which in essence means that lives are saved. In June 2013, Tanzania received a \$10 million loan from the Arab Bank for Economic Development in Africa.<sup>10</sup> The loan was given as part funding for the rehabilitation of water supply facilities in the Mara Region Project. The project aims to improve and develop water supply to meet current and future demand in the area, and ultimately improve the health of the population and stimulate other development sectors.

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<sup>6</sup>Kenya was facilitated with a \$250 million interest free loan from the World Bank to help fight extreme poverty by setting up a potentially transformational national social safety net program. <http://www.worldbank.org>

<sup>7</sup> Back in 2000 world leaders agreed that aid should be targeted to reduce poverty and established the Millennium Development Goals (MDGs) for development. In 2005, they agreed a series of targets for making aid more effective in achieving these results, as well as to sharply increase aid. Though these targets have not all been met, they have increased the volume and the quality of aid.<sup>16</sup> Moreover, the MDG framework with its social sector focus has helped make sure aid benefits poor people. Real aid is the kind of aid that helps support dramatic decreases in aid dependence. . (Action Aid Report on Real Aid; Ending Aid Dependency @ pg 14 (<http://www.actionaid.org/eu/news/real-aid-reducing-aid-dependency>)) [www.actionaid.org](http://www.actionaid.org)

<sup>8</sup> [www.ruralpovertyportal.org](http://www.ruralpovertyportal.org); Rural Poverty In Kenya; "...While Kenya is on the path to economic growth, however poverty alleviation remains a challenge. Nearly half of the country's 43 million people live below the poverty line or are unable to meet the daily nutritional requirements."

<sup>9</sup> [www.ruralpovertyportal.org](http://www.ruralpovertyportal.org); Rural Poverty In Uganda; "...The vast majority of Ugandans live in fragile, dry and sub-humid regions where the vulnerability of rainfall and soil fertility means that farming presents a challenge. Household-level production often falls short of minimum household needs rendering families particularly vulnerable to food security"

<sup>10</sup>In June 2013, Tanzania received a \$10 million loan from the Arab Bank for Economic Development in Africa. African infrastructure Review 09-2013, Pg. 19.

Infrastructural development and technical training helps to diversify the labor force; provide employment and helps to build a more taxable population. Majority of the population in developing countries is uneducated, unemployed and unproductive youth.<sup>11</sup> With long term assistance in the form of education, these young and very vibrant people have been able to contribute significantly to their countries through contributing creative ideas and paying taxes. The Republic of southern Sudan is a nation which has greatly benefited from this kind of aid. In December 2012, the United States of America through the United States Agency for International Development signed a \$260 million grant with the government of Southern Sudan to assist in areas of peace and security, good governance, health and education, economic growth and humanitarian assistance.<sup>12</sup>

Continued aid in the form of real aid<sup>13</sup> has empowered poor women and men to realize their rights and has fostered the reduction of inequality. Real aid has come in different forms, directly and indirectly. Directly, it has come in the form of supporting small holder farmers, empowering women or building schools. Indirectly, it has come in the form of support to tax systems, improved governance and economic development. Real aid has supported developing countries to make their own decisions. In Rwanda, real aid has helped transform the country from the skeletal state of genocide to a nation of economic possibilities. Aid as a percentage of government spending dropped from 85% in 2000 to 45% in 2010. “We have shown donors that when we are in the driving seat – deciding how to allocate aid money ourselves – we spend donor money more effectively. Donors have responded to the results we have delivered by giving us more and more say over how we use their aid,” Ronald Nkusi, Director of the External Finance Unit in the Finance Ministry, Rwanda.<sup>14</sup>

### **The shortcomings of long term aid to developing countries**

Providing long term assistance to developing countries is not necessarily the ‘*hand of God*’ as it often appears to be. This is due to the fact that it comes laden with plenty of consequences more often than not which adversely affect the recipients more than they help them. Despite the fact that it cannot just

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<sup>11</sup><http://www.ilo.org/global/research-reports/global-employment-trends/youth/2013/lang--en/index.htm>; ILO Global Unemployment Trends for Youth 2013; Informal, poorly paid and unemployed: The reality of work for most youth in developing countries; “Two thirds of working age youth in some developing countries are either unemployed or trapped in low-quality jobs..., ...surveys also show that when unemployment counts those who are not actively looking for work, the unemployment rate is much higher than published figures suggest.”

<sup>12</sup>United States of America through the United States Agency for International Development signed a \$260 million grant with the government of Southern Sudan to assist in areas of peace and security, good governance, health and education, economic growth and humanitarian assistance. <http://www.gurtong.net/ECM>

<sup>13</sup> Real aid is the kind of aid that helps support dramatic decreases in aid dependence. . (Action Aid Report on Real Aid; Ending Aid Dependency @ pg 8 (<http://www.actionaid.org/eu/news/real-aid-reducing-aid-dependency>)) [www.actionaid.org](http://www.actionaid.org)

<sup>14</sup> Supra 12

be done away with, the negative effects of extending long term assistance to developing countries almost make its benefits negligible. Extending long term assistance has been detrimental in the following ways among others:

*"Day and night we are watching over your welfare. It is for YOUR sake that we drink that milk and eat those apples. Do you know what would happen if we pigs failed in our duty? Jones would come back Yes, Jones would come back! Surely, comrades," cried Squealer almost pleadingly."* George Orwell, *Animal Farm*.<sup>15</sup> These words by George Orwell resound in almost all arguments for extending assistance to developing countries. And true to their hidden sentiments, long term assistance fosters corruption<sup>16</sup> in many developing countries. A lot of the help whether monetary or in kind, goes through a thick sieve of corruption that the little which trickles through is not sufficient to serve the purpose for which it was given. On some occasions this happens with full knowledge of the donor country or organization. Findings from *transparency International* indicate that as of July 2013 Uganda ranked as the 9<sup>th</sup> most corrupt country in Africa and the 140<sup>th</sup> in the world with a perceived corruption index of 26<sup>17</sup>. Even with this knowledge financial assistance is still given to the corrupt National Resistance Movement regime. From these discoveries it is not wrong to conclude that this aid is a payoff to the politicians of developing countries to give way to the imperialistic tendencies of developed countries.

Extending long term aid creates a state of dependency<sup>18</sup> which has come to be called aid dependency.<sup>19</sup> This kind of dependency creates stagnation in the dependent countries' own ability to cater for their social, economic and political progress. It is not unusual to find unfair depletion of natural resources from developing countries whenever aid is extended to them. According to Hans Singer and Raúl Prebisch who first coined the dependency theory, well to do countries deliberately create a state of dependency in poorer nations so that they can become wealthier by having access to cheap resources; and among the methods employed to achieve this is extending long term loans often backed a heavy

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<sup>15</sup> Chapter 3, para 14; *Animal Farm* by George Orwell, 3<sup>rd</sup> Ed

<sup>16</sup> "It is undeniable that there has been poor governance, corruption and mismanagement in Africa..." Action for Southern Africa, June 25, 2002 <http://www.globalissues.org/article/35/foreign-aid-development-assistance>

<sup>17</sup> Uganda ranked as 140<sup>th</sup> most corrupt country in the world with a perceived corruption index of 26. <http://www.transparency.org>

<sup>18</sup> Dependency is a condition which shapes a certain structure of the world economy such that it favors some economies to the detriment of others and limits the possibilities of the subordinate economies....a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy to which they are subjected. *"The structure of Dependence."* By Theontonio Dos Santos. OR. Dependency is a condition in which resources flow from a "periphery" of poor and underdeveloped states to a "core" of wealthy states, enriching the latter at the expense of the former. [en.wikipedia.org](http://en.wikipedia.org)

<sup>19</sup> Aid dependency is the proportion of government spending that comes from aid. (Action Aid Report on Real Aid; Ending Aid Dependency @ pg 8 <http://www.actionaid.org/eu/news/real-aid-reducing-aid-dependence>, [www.actionaid.org](http://www.actionaid.org)

interest burden that poorer nations cannot pay off. The terms of trade for underdeveloped countries relative to the developed countries deteriorate over time and as a result the underdeveloped countries are only able to purchase fewer and fewer manufactured goods from the developed countries in exchange for a given quantity of their raw material exports. As a condition for aid money, many donors apply conditions to purchase products only from that donor. In a way this seems fair and balanced since the donor gets something out of the relationship as well, but on the other hand, for the poorer country, it can mean precious resources are being used to buy more expensive options, which could otherwise have been spent on a cheaper and similar; or perhaps even better option. And since the poorer countries are lured into spending more than they have, they are forced to fall back to aid. When this kind of aid is extended, developing countries have no choice but to agree to give away large amounts of their raw natural resources for little or no pay so that they can finance their debt.

Political manipulation and control (loss of policy autonomy); long term assistance often comes with an express political arm through which the givers dictate which policies are to be implemented in the nation receiving aid. Unrealistic demands are made on the recipient country to implement unfavorable and unsustainable policies to the detriment of its citizens. In essence, the interests of the donors are given priority over the interests of the recipients.<sup>20</sup> Aid dependent governments lose the space to design and implement their own home-grown development policies. This can occur as a direct consequence of aid, because donors insist, for instance, on recipient countries implementing the donors' policy priorities. It can also happen as an indirect consequence, when countries get so busy engaging with donors that they fail to develop their own alternative policies, or because aid distorts government spending towards a particular sector.<sup>21</sup> If at any point the recipient country resists this colonial type dictatorship, it is threatened with sanctions, a withdrawal of all aid and sometimes with military invasion. Enacting these policies and re-strategizing out of them by the developing countries is often responded to with a lot of hostility from disgruntled citizens and at times it requires military action to be quelled. A case in point is the recent anti gay law which has been passed in Uganda; the World Bank announced that it will delay a health care loan worth \$90 million <sup>22</sup>from Uganda and the United States of America has threatened to withdraw its aid to Uganda if this law is not repealed, the Dutch government

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<sup>20</sup> "Aid appears to have established as a priority the importance of influencing domestic policy in the recipient countries..." Benjamin F. Nelson, International Affairs Budget: Framework for Assessing Relevance Priority and Efficiency, (Washington, DC: General Accounting Office, October 30, 1997) <http://www.globalissues.org/article/35/foreign-aid-development-assistance>

<sup>21</sup> Supra 12 @ pg 17

<sup>22</sup> Uganda hit with foreign aid cuts over anti gay law. <http://america.aljazeera.com/articles/2014/2/27>

has suspended its aid to the Ugandan government, Norway is withdrawing at least \$8 million, and Denmark is restructuring aid programs worth \$8.64 million away from the Ugandan government.

When assistance is in the form of long term loans with high interest rates, debt financing becomes a generational burden and a stumbling block to economic growth in developing countries. Most developing countries do not command competitive prices for their raw materials and therefore binge on loans to cover the deficit in their expenditure. Uganda has steadily raised her debt ceiling to make room for more loans in order to finance her budget. Habitual reliance on external budgetary support and a willingness to give this aid by developed nations has crippled developing countries capacity to carry their own weight. Uganda's debt burden estimate currently stands at \$5.805 billion (approximately 15.1 trillion shillings), and this is too great for a country that is so poor<sup>23</sup>.

Deliberate use of aid to keep developing countries in a subservient position to developed countries eventually hinders any substantial political, social and economic development in developing countries. Due to its stringent nature, long term assistance almost ceases to be aid and turns into barter exchange in which one party benefits more than the other; and it is often the giver. Developing countries begrudgingly trade off most of their autonomy for financial benefits and this creates avenues through which aid giving countries and bodies extend unchecked control into the political, social and economic spheres of these nations. Dictating development of specific sectors and policy implementation usually results in misallocation of resources to less urgent issues and ignoring pressing matters in response to the demands of the aid giving nation. When this trend is followed over long periods of time, developing countries sink deeper in the poverty trap.<sup>24</sup> This situation is created when an economic system requires a significant amount of various forms of capital in order to earn enough to escape poverty. When individuals lack this capital, they may also find it difficult to acquire it, creating a self-reinforcing cycle of poverty. In order to escape the poverty trap, it is argued that individuals in poverty must be given sufficient aid so they can acquire the critical mass of capital necessary to raise them out of poverty.<sup>25</sup> However, over time, it has been realized that simply giving hand outs to

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<sup>23</sup>Uganda's debt burden estimate currently stands at \$5.805 billion.<http://observer.ug>

<sup>24</sup> A Poverty trap is any self-reinforcing mechanism which causes poverty to persist. <http://economictimes.indiatimes.com/definition/poverty-trap>

<sup>25</sup> <http://www.investopedia.com/terms/poverty-trap.asp>

the states in need of aid without equipping them with the requisite knowledge with which they can devise mechanisms to combat their state of poverty is more detrimental than it is helpful as it fosters further dependency and casts the already staggering economies in a deeper economic trap. In addition to this, foreign aid can only contribute a small proportion of the investment needs of a developing country. The major growth effort has to be its own. It is, therefore, a risky strategy to depend upon foreign aid for growth, particularly because of the risks involved in the form of growing external indebtedness and other possible ill-effects. Critics claim that with a strong will and adequate effort, a backward country should be able to get out of its state of poverty and backwardness.

Commodity aid hampers domestic agricultural production and it further encourages laziness. People to whom food is handed become used to the free handouts and cease to take the initiative to cultivate their own crop with the hope of being given food whenever they need it. In addition to this, foods such as maize and beans when given for free or at very nominal prices affect the normal market prices within the recipient country. Program food aid which is normally grown in the donor country for distribution to countries that are in dire need of food support is typically government to government transfer; recipient countries are compelled to purchase the food with money borrowed at lower than market going rates. In this kind of arrangement local peasant farmers whose farms are not mechanized are pushed out of business and into abject poverty. Along with this problem sometimes comes the danger of genetically modified foods being dumped on famished unsuspecting people. What sometimes appears as a humanitarian cause is in fact an agribusiness venture. The United States of America has come under plenty of criticism for dumping its surplus of genetically modified corn on the African continent in countries like Zambia, Tanzania and Uganda through the United Nations Organization<sup>26</sup>.

Extending military support and provision of fire arms to war stricken developing countries often worsens a bad situation. It is a common characteristic for most developing countries to suffer from extended periods of armed conflict or repeated episodes of it. Because most of these countries are military dictatorships with very little or no democracy allowed to the citizens, rebel groups rise up to challenge bad government and this sometimes deteriorates into full scale armed conflict. Arming either one of these sides; the government or the rebels results in indiscriminate loss of life, destruction of crucial and expensive infrastructure as well re-allocation of vital resources that would otherwise have been invested

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<sup>26</sup>Zambia and Genetically Modified Food Aid. By Alexandra C. Lewin.

in a more lucrative sector. Long stay by foreign troops creates tension and suspicion of occupation and sometimes wealthy countries use these troops as a lever to open doors to occupy sovereign nations.

Human rights abuse has often followed long term assistance. This is mainly due to the fact that tied aid diminishes the power of the recipient country and creates room for assertiveness by the giving nation or body. Dictating which policies to implement normally results in negating crucial issues such as providing cheap and better medical facilities for poor people, in favor of more income generating ventures. Along with this is embezzling of funds which are then used to keep in power autocratic governments that have no respect for human rights. In Uganda, the autocratic ruling National Resistance Movement party is thriving on a vicious campaign of intimidation and embezzled donor aid<sup>27</sup>.

Long term reliance on donor aid has also undermined accountability and responsiveness to ordinary citizens, and hampered service delivery by government. When services are funded in considerable part by aid, this undermines the normal relationship whereby citizens hold their own governments accountable for delivering services such as education, health or water. This is because governments focus their attention on relations with aid donors rather than with their own people, and citizens focus attention on provision of services by donors or NGOs. As a result, there may be less pressure for budgets to be transparent and accountable.<sup>28</sup>

Inflation has become a common problem to countries receiving long term assistance. The projects selected for funding in developing countries tend to be those which do not immediately add to the supply streams of common consumption goods. These projects, however, add to the demand streams of such goods. This results in an imbalance which worsens the inflation problems many developing countries suffer from.

The use of capital intensive technology on most funded projects especially those to do with infrastructural development such as dam construction, and road construction does little for the employment needs of developing countries. Although these projects are often portrayed as potential aids for the unemployed, it is not normally the case. In fact, on some projects, all the labor force which is

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<sup>27</sup> Money intended to develop areas devastated by the Lord's Resistance Army allegedly stolen by the Prime ministers office. <http://www.aljazeera.com>

<sup>28</sup> On budget transparency issues see ODI (2010), Greater Aid Transparency: Crucial for Aid Effectiveness, Project Briefing No.35; as well as De Renzio, P. (2009), Taking Stock: What do PEFA Assessments tell us about PFM Systems Across Countries?; and Ramkumar, V. and De Renzio, P. (2009), Improving Budget Transparency and Accountability in Aid Dependent Countries: How Can Donors Help?, Washington DC: International Budget Partnership.

used is out sourced from the donor country with claims that the work requires input by expatriates and not ordinary lay men; room for training to obtain the requisite skills for the job by the nationals from the recipient country is not given either. Therefore some of the money from the donor ends up back in the giving economy.

### **Alternatives to long term assistance**

Considering the damaging effects of long term assistance such as political manipulation and control, developing countries must look for an alternative to this kind of aid if they are to build thriving economies and if they expect to stabilize their very unstable economies. Although the fate of most developing countries appears sealed in long term assistance, it is indeed possible for these countries to break free from reliance on aid and build stable self sustaining economies. The onus is on developing countries to adopt one or more of the self help measures below so that they can reduce dependence on long term assistance and in the process be weaned off it.

Installing true democracies in developing countries; at the root of most developing countries' problems is the evil of corrupt oligarchies. For the longest time these narrow governments of the privileged have been a stumbling block to developing countries' transitioning out of dependence on foreign aid to self-sustaining nations. The first step towards becoming autonomous is embracing a true culture of democracy and not a semblance of it; in which there are checks and balances for all government activities as well as freedom to criticize bad government and hold it accountable for all its actions. Since it is the government that mostly manages the help given, then it is pertinent to put in place governments that use the given resources wisely. What is currently experienced in most developing countries is leaders who practice a semblance of democracy when in fact they serve themselves first before the people who entrusted them with the power to handle the affairs of their nations. These leaders have no interest in developing their countries or assisting their nationals. They misappropriate the aid given to assist their nationals and most of the help in form of money is diverted to their personal use.

Donor nations and bodies should insist on only extending help to democratic and transparent nations whose governments can be held accountable for how aid is used. Misallocation and any form of embezzlement of aid should be punished severely by the donors; for example by withdrawing all donor support and demanding a refund of all aid extended. It is important for donors to be on board if aid to

developing countries is to be well utilized. This does not imply that they dictate how the aid is used but it means they monitor and ensure that it is used for the purpose which it was requisitioned.

Developing countries can use the aid given to them to improve the tax collection and gradually wean themselves off aid, rather than allow aid to substitute for the mobilization of domestic resources. In Uganda for example where this has been done, tax revenue increased as a proportion of government expenditure from 55.2% in 2005 to 67.9% in 2010.<sup>29</sup> Domestic resource mobilization is potentially the biggest source of long-term financing for sustainable development and it is the lifeblood of all state governance, such as the provision of public goods and services.

Reliance on aid can be reduced through economy diversification. Developing countries must widen their economic base by investing in alternative sectors such as mining, technology and in education. Local manufacturing is also another path that can lead developing countries out of debt reliance and dependence since even a small increase in the share of manufacturing in GDP has a potential to facilitate an exit from donor reliance and dependence.<sup>30</sup> Investing in local manufacturing and education will in effect lead to the diversification of the labor force which is vital for building a more taxable population and exporting processed goods is essential for increasing earnings from both domestic and international sales. There should be consistent shift from a subsistence way of life to a more commercial way of life in all sectors of the economy.

Instilling and maintaining a culture of transparency in which the government's activities are checked and all monies, whether domestic or foreign are properly accounted for will help push developing countries into a state of greater self help and self sufficiency. It is the duty of all citizens in developing countries to demand for good governance and fair treatment as stake holders within their nation's political system. Governments and all other bodies entrusted with the welfare of the people must be held accountable for their activities and all inconsistency dealt with severely.

Negotiating for better agreements from donor countries or international bodies will provide a way out of reliance on aid. Developing countries must resist being bullied into signing agreements whose consequences are dangerous to their economies. For instance, Uganda should negotiate for better terms of trade for her exports to the United States of America and United Kingdom; she should also

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<sup>29</sup> Weaning Countries Off Aid; <http://www.theguardian.com/global-development/poverty-matters/2011/jun/28/weaning-countries-off-aid>

<sup>30</sup> Africa: Plea For Reducing Foreign Aid Dependency, [www.indepthnews.info/index.php/global-issues/1239-africa-plea-for-reducing-foreign-aid-dependency](http://www.indepthnews.info/index.php/global-issues/1239-africa-plea-for-reducing-foreign-aid-dependency)

negotiate for lower interest on loans and a longer pay back period to allow her pay her debts on time and avoid defaulting on her loans and the effects that come with it. In addition to this, recipient countries should make bold economic policies which protect the interests of their nationals and promote their development away from aid reliance and dependence.<sup>31</sup>

Solidarity and a combined effort amongst developing countries should be established so that they assist each other to break free from the vicious cycle of dependence on long term assistance especially from developed countries whose conditions on aid are normally exploitative. Uganda, Kenya, Tanzania, Burundi and Rwanda have embarked on a joint effort through the East African Community to assist each other to break from free poverty through creating more accessible markets for traders within the great lakes region. For example, through issuing the East African Passport, traders and tourists can now easily cross from one border to another without paying a visa fee. This has boosted trade within the East African region and helped to generate more income to these different countries and thereby lessened their dependence on long term assistance.

Developing countries should cut back more on their spending and save more money. There are budgetary items which can be foregone for the benefit of the people. Governments should spend less on unhealthy addictive substances such as alcohol and cigarettes and save that money for a time of crisis or invest it in more lucrative sectors such as mining and technology. Money saved or generated from within the country can be substituted for foreign aid.

### **Conclusion**

Long term assistance to developing countries is in fact a necessary evil. Although it bears several unfavorable consequences it also carries some benefits which cannot simply be ignored. For the longest time it has harbored exploitation of developing countries, yet without it, most developing countries would not be relevant in the 21<sup>st</sup> century. While it is the desire for all developing countries to achieve a state of greater self help and autonomy, a decision to just do away with long term assistance would be foolishly ambitious and extremely damaging to the progress of developing countries especially the poor people who desperately need this help. Therefore, a gradual approach to achieving greater self-help should be employed while moving towards self sufficiency. The goal of self sufficiency must be kept at the helm of all effort.

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<sup>31</sup> Ibid 33

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