

*Full Length Research*

# Africa beyond Aid: A Political Rhetoric or an Agenda For Growth and Development in Ghana?

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Foreign aid has been criticized for being ineffective in helping countries develop in Africa. The debate on how these aids can be effective and contribute to development is, however, still ongoing without any clear way forward. There are high volumes of literature on the impact of foreign aid on development in Africa, yet not many have recognized all the factors that contribute to aid failure. The focus is often on macro-economic indicators that do not fairly represent the realities of poverty and suffering in many African countries, particularly Ghana. This paper sets out to examine the impact of foreign aid on development in Africa using recent policy pronouncements by the President of Ghana. Is 'Ghana beyond aid' pragmatic or mere rhetoric? Drawing on documentary and empirical analysis, the study argues that foreign aid in itself is not necessarily the problem in the developing states but the management of these aids determine success or failure, and that, Ghana cannot do without foreign aid due to the state of the economy and the nature of the political system practice in the country. The paper recommends that for Ghana to go beyond aid (do without aid); it has to build its institutional capacity, strengthen its ideologies, and invest a lot on its financial resources.

**Keywords:** Foreign Aid, Political Rhetoric, Agenda, Growth, and Development.

## 1. INTRODUCTION

It is not biased to argue that the development of most African countries is financed through foreign aid and grants (Lloyd et al., 2001). Though politically independent, most African countries, especially Ghana remain colonized by international financial institutions (IFIs) with regards to foreign aid for development. Regardless of this intertwined relationship, there is a growing concern about how effective foreign aid to Africa has been concerning its impact on the continent's economy (Wamboye et al., 2013). Aid to Africa has been criticized wrongly by many scholars for being ineffective in bridging the gap between the continent's development and that of the developed states.

Most scholars believe that aid has done little in transforming the developing states and that, the developed states are using it as an incentive to increase the dependence of the developing states. Moyo (2010) validated this fact and remark that foreign aid has only increased dependence, laziness, and corruption in the developing states and for that matter, if foreign aid did much, then, the African continent would have matched up with the developed states. This implies that the intention behind aid to the developing states is unfavorable. Meanwhile, there are indications that decades of foreign aid inflows have done much in changing the destinies of many African states, most of which are

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currently experiencing fast growth rates. What is the cause? Well, that is what most of the scholars fell short on. The focus is always on condemning foreign aid without assessing properly the leadership qualities and the socio-economic environment in which aid is applied.

In his seminal study, Akonor, (2008) observed that the west has spent about \$600 billion on foreign aid to Africa so far, yet underdevelopment is widespread, while at the same time some states are considered to have collapsed (eg. Somalia). Foreign aid is targeted at promoting development and Ghana has gotten lots of aid from several countries. Why is the country not developed? Why do the leaders speak well of the state when in reality the citizens are suffering? Do we understand what development entails? For this purpose, development will be considered as progress, be it economic, social or cultural that serves the basic needs of people in a country (Karras, 2006). These needs include Sen (1999) five interconnected freedoms— economic opportunities, political freedoms, social freedoms, transparency, and protective security. This, therefore, suggest that under-development occurs when these basic needs and freedoms are not evenly available to all people. Let us ask ourselves, is everyone in Ghana enjoying these freedoms? Is Ghana well operational to be able to provide these freedoms? Well, this study seeks to find answers to these puzzles.

The conflict over what constitutes (under) development has coerced most scholars to investigate whether aid has succeeded in making Africa, particularly Ghana better or has undermined progress in the country. This paper argues that without a perfect understanding of the customs of the people that aid seeks to promote, no positive benefits ought to be envisaged. Meanwhile considering the natural resources available to Ghana, one can deduce that the state is rich enough to finance most of its developmental budgets, hence, Ghana can do without foreign aid, but, the paper proposes that a better appreciation of the internal dynamics of the recipients of aid is more likely to ensure aid contributes to development than the mere focus on GDP. For example, the fight against the Coronavirus which is declared a pandemic by the World Health Organization (WHO), the money (\$100M) the president allocated to the finance ministry was borrowed. The state could not generate it internally, how then can we say Ghana can do without foreign aid. This is, therefore, a clear indication that the 'Ghana Beyond aid' agenda is, of course, a mere rhetoric. The test kits were equally donated to the state, we could not procure them.

Meanwhile, in most cases, people have certain important customs that influence their perceptions about what constitutes development. If these values are overlooked, the knowledge about the dynamics of aid and development in Africa will be incomplete (Tuffour, 2005). This paper examined drawing on existing literature on whether foreign aid should be blamed for the under-development of the African countries and test base on whether Ghana can do without foreign aid. Furtherly, it evaluates whether an improvement in a country's GDP is enough reason to declare a state "aid free." The study is structured into four parts. The first two deal with the complication of unearthing the theoretical debate of aid and development in Africa, as well as the effectiveness of foreign aid. The second section discusses the aid situation in Ghana and the complications of internal revenue generation. The last section contains the cultural argument (what we call the 'reality') from the results and discussion and the conclusion reiterates the main points in the paper.

## **Methodological Approach**

The study depended on documented sources- primary sources, such as journal articles, government publications, monographs, and published research reports. Also, other primary sources such as newspapers and magazines were used. These were supplemented with requisite secondary sources such as encyclopedias, reviews of literature and other books. A survey—questionnaire and brief interviews—was conducted as well. The data collected from these sources were analyzed based on the current circumstance (realities). Selected figures were obtained to give an arithmetical illustration of the results of the study.

## **FOREIGN AID AND DEVELOPMENT: SOME PERSPECTIVE**

The literature on foreign aid, especially amongst researchers, is habitually important about its failed accomplishment in terms of development. These scholars argue that the aid design in Africa portrays a sad story for about millions of dollars that have been donated to Africa, yet no significant change is achieved. Some states have developed even poorer than they were before (Harrigan and Younger, 2000). According to Acemoglu and Robinson, the failure of aid in Africa is not due to the vicious circle of poverty, but instead, poverty is there sult of institutions that steadily block the opportunities of deprived people to make things better for themselves. This implies that foreign aid neither goes to where it is aimed nor has it helped those expected.

The debate over whether foreign aid has boosted development in Africa is constantly growing tough. This debate is mostly categorized into two principal schools of thought; the *pro-aid* and the *anti-aid traditions*. They all have different perspectives on the issues of foreign aid and development. The Pro-aid scholars believe that foreign aid promotes development by bridging the savings-investment gap that characterizes the developing countries, especially Ghana, and helps in restructuring institutions that promote development. Contrarily, the anti-aid school of thought recognizes foreign aid as the major impediment to development. They implied that aid has crafted a reliance disorder that reveals all manners of peripheral tremors to the African countries.

The dilemma is, if aid has failed, then who ought to be condemned? Considering the miserable circumstances of development in Africa, the intellectuals have fallen into the tradition of condemning aid for being a failure. But Easterly (2003) submitted that aid is only good as the recipient's capacity to make use of it, hence, foreign aid is only a means, with good intentions behind it at least. The pro-aid scholars, therefore think that aid can bring about expected results when used effectively. This paper agrees with this declaration in that, in Ghana, the political institutions are weak and we are struggling to get things right- thus, we only make "sweet statements" just to convince the electorates for votes. Why blame aid for our underdevelopment when corruption and conflicts are on the rise.

Furthermore, the pro-aid scholar's arguments are highly symbolized in the preliminary report by Downer (1997), which detailed that foreign aid has a major influence on the promotion of political stability and democratic governance in third world countries, including Ghana. Effective governance, therefore, requires leadership that is accessible, inclusive and responsive to the needs of individuals. In general, across the African continent, donors fund civil society networks championing political reforms in developing nations. These civil society networks have been able to expand the spectrum of the mechanism of public debate and engagement in government through sponsorships and technical support (Robinson, 1995). With that, others think the low level of education has weakened development and to promote it, donors have committed considerable capital in supporting education and development among the African states (Tuffour, 2005). Foreign aid has helped increase access to free universal primary education in countries such as Ghana, Ethiopia, and South Africa. What is even insightful is the enhancement of girl child enrolment through the African Girls Education Initiative (Goldin, et al., 2002). Also, aid from donors has impacted the training of citizens from deprived regions with skills in areas of science and technology (Caldersi, 2006). Mkandawire et al. (1999) observed that one of the remarkable conditions of African countries is their relatively high dependence on economic performance on donor countries or institutions. Notwithstanding these freebies towards promoting education, its quality is questionable. This is because the curricula are designed to churn out job seekers hence worsening the unemployment situation. Until a conscious effort is made to retool, the education curriculum to train job creators, all these supports to enhance education will amount to pouring water on a stone to get it soaked.

Meanwhile, the anti-aid scholars argue that foreign aid has not influenced development and should be avoided. Famous scholars including Moyo (2009) and Addae-Boahene (2007) asserted that several years of aid offered to Africa, yet the continent has not achieved the desired development. Therefore, they call for a complete end to foreign aid in the continent. These scholars believe that foreign aid has strengthened an unparalleled level of corruption, particularly in Africa, in most of the aid recipient countries. They stressed, for example, during the cold war era, aid was used as a political mechanism to win people into capitalism or socialism, therefore little consideration was paid to effective governance. Given that, most of the rulers took advantage of the weaknesses of aid to become corrupt as the industrialized states remained prepared to support even the highly corrupt oppressor (Rajan, and Subramanian, 2005). Importantly, although, developing countries need foreign aid to enhance development by meeting the savings-investment gap that impedes development initiative in Africa. Nevertheless, the anti-aid tradition asserts that as much foreign aid is greatly crucial in promoting development, huge volumes of these aids can shock the country. Thus, overweight inflows (aid) can result in two main macro-economic encounters: "inflation" and "Dutch Disease" (Lynn, 2003). Concurrently, this could make the recipient country an unpleasant destination for investment.

Moreover, Moyo (2009) argues that the conditions often attributed to aid mostly benefit the donors rather than the receiver countries. Donors usually tie aid to the process of receiving so that the recipients of these aids are indulged to purchase goods and services. In most cases, even though donor goods and services become more expensive than they would otherwise have been, recipients have no choice but to buy from them as part of the conditions attached to the aid. For instance, china gives Africa aid to build infrastructure; roads, harbors, yet as a condition, China is to provide labor for the construction work. Hence, in the long run, the aid is being reversed through the payment of Chinese laborers and expertise. This confirms the fact that foreign aid purposefully builds dependence on technology, industries, culture, capital, and ideologies from donor countries. As Badu (1981) noted, the dependence produces a unique umbilical cord that ties African economies to that of the donor, hence misleading their traditional economies.

Action Aid, (2013) acknowledges that most of the recipients are dependent on aid owing to the magnitude of aid inflows into poor countries. This dependence happens once the recipient government cannot meet the citizen's

needs without foreign aid. The anti-aid scholars persist that dependence on aid makes it difficult for the recipient countries to instigate any form of development. That, between 2003 and 2012, when aid was granted to Ghana, the country witnessed extraordinary growth and development. However, the development could not be maintained after aid was lowered (Bawumia, 2014). Aid as an external provider to supplement the budget of most African countries creates an unreciprocated reliance, where the donor induces psychological coercion on the recipient. This is evident in Moon (1983), where he argued that the donor country or institution launches a dependent relationship since the main use of aid is the potential to control. Also, Derouen and Heo (2004) noted 'the more dependent a state is on foreign aid, the more responsive it is likely to be to external pressure.' It is equally important to note that, foreign aid promotes laziness among leaders of recipient countries as they avoid the task of raising money internally and settle for quick solutions like relying on foreign aid.

The contentions established by both the Pro-aid and Anti-aid scholars about foreign aid are challenged in that, promoting development is multi-dimensional which surpasses the "donate and receive" notion of foreign aid. This is because, development encompasses the main variations in social structures and institutions, as well as the reduction in inequality and poverty (Todaro and Smith, 2009). Development from this perspective comprises an inclusive change in the social structures of a state to meet the citizen's needs.

## **THE UNDERLYING ISSUES: LESSON FOR GHANA**

### **Foreign aid situation in Ghana and the complications of internal revenue generation**

Africa remains the world's most aid-dependent and indebted region. Despite the programs of debt relief which became significant in the 1990s and the increased commitment to fostering prosperity in Africa, especially Ghana by donor agencies (including the World Bank and IMF), extreme poverty still has a firm control on the majority of the people (Young and Sheehan, 2014). It remains a mystery why the economy of Ghana has seen no significant improvement and continues to grow worse with the increase in foreign aid. According to the World Bank Annual Report 2008, Africa received the highest Bank Group support, at more than \$7.2 billion in loans, grants, equity investments, and guarantees, which is a record for the region.

The continent, however, remains the poorest with regards to the little progress made in enhancing the livelihoods of the chronically poor. It, therefore, stands to reason that Ghana is entangled with the struggle that goes beyond the ordinary strategies employed in development efforts of an economy. This makes the development quest of Ghana virtually a myth because foreign aid has been the pivot around which the economies of almost all African countries revolve. Presently, the Ghanaian economy has been completely built in a way that seems impossible to perform and make meaning without foreign aid (Whitfield, 2018). The economy believes it or not has been shaped to fully depend on foreign aid from the World Bank, IMF and donor countries and agencies for an improved budget in a fiscal year. It is, therefore, highly impossible for African countries to fund their annual budgets without foreign aid. This explains why it would be the greatest task ever at attempting to dissuade Ghana off foreign aid.

The West has spent \$1 trillion on aid to Africa over the past four decades "But no nation has ever attained economic development by aid" (Moyo, 2010). The statement breeds upwelling concerns considering the best pro-poor approach for development in Ghana. The bare bones of foreign aid remain that aid in its nature does not result in economic development as others may perceive but several factors and conditions in the recipient country account for the success of these aids. It is these favorable conditions that tend to accelerate growth that is missing in Ghana (Carbonnier and Sumner, 2012). In that regard, while the 'Ghana Beyond Aid' is a vision for long-term development, no legal framework and policy direction is guiding the agenda. The lack of a binding legal framework for Ghana's national development policies may be linked to the nature of a political system where the country's development is based on the manifesto of political parties (Whitfield 2018). This makes the development policies and plans to be mainly built on short-term political considerations. This is largely due to the politicization of national development along party lines. Hence, they tend to focus on short-term projects that have the potential of ensuring their political survival through vote winning (Oduro et al. 2014; Whitfield 2018). For instance, a critical analysis of the priority programs (i.e. agricultural modernization, e.g. planting for Food and Jobs, One Village, One Dam), industrialization (e.g. One District, One Factory), infrastructure, private sector development, and social interventions (e.g. Zongo Development Fund, and Free SHS) suggests that there could be political initiatives to appeal the voters in the coming general elections (Government of Ghana 2019).

The paper argues that the absence of policy direction, politicization and lack of national consensus is an important hindrance to the realization of the 'Ghana Beyond Aid.' Politicization creates difficulty in building consensus on national development issues. This is consistent with the observation by Gyimah-Boadi and Prempeh (2012) that

'toxic politics' does not create space for engaging in 'principled policy-based disagreements' on important national development issues. Party politics could have negative implications for national development and democracy if not managed well. This could lead to divisions along political lines where individuals' allegiance is towards their political party rather than serving the national interests (Bob-Milliar & Paller 2018). Therefore, with this culture, it will be impossible for Ghana to realize this call. In 2001, a World Bank Report, "Re-thinking the East Asian Miracle", re-analyzed the "East Asian Miracle" argued that the distinctive Asian characteristics motivated and fueled economic growth despite the loans made available by the United States and the International Monetary Fund. In East Asia;

1. Successful countries had strong governments that managed stable business environments by such measures as keeping inflation low. Their tax structures distributed some of the growth rewards throughout communities. Domestic savings increased.

2. Governments encouraged export competitiveness that led to partial global integration.

Several factors came into play in East Asia before their miracle served as a hallmark in the history of the world economy. Concerning the context of the African region and that of Ghana, as a fact, there are no existing distinctive features that are capable of efficiently utilizing the foreign aid received. Purportedly, government (public) officials seek only for their welfare without regarding the plight of the chronically poor. Politics has simply been detached from significant livelihood empowerment strategies for the poor but rather been financially advantageous for the few so-called "patriotic officials in government" (Hughes, 2005). Significantly for Ghana, businesses in the export sector are upgrading and only need modern technology to act as a catalyst in making products competitive in the world market. The task still lies ahead for Ghana to set the pace and cause a miracle in Africa. Adams and Atsu (2014) maintain that Ghana can attain economic development by less depending on aid and switching to the localization of industries that will serve to provide a solid foundation for competition in the world market. The central problem, therefore, has been the fact that a strong government is weakened in Ghana by the stake of corruption in the attitude of officials mandated to serve the country. Certain pragmatic government initiatives to be undertaken are often neglected at the national, regional and district levels with the fear that the government would lose votes in the next general election when such initiatives are implemented. So, the central question remains that 'Is it possible to wean the country off foreign aid' considering all these problems?

It is, however, very crucial for development that Ghana gets a rude awakening of the fact that receiving foreign aid is just not enough to cause the country to make strides in development. Moyo (2009) explained that the best strategy would be nurturing countries to gradually detach them from the overdependence of foreign aid which has practically served no usefulness to development efforts but rather increasing external debt. Local economic development which makes efficient use of a country's local resources should be given the top priority. It is important to know that it is a complete disaster to attach the progress of the economy to foreign aid which has been very inconsistent and rendering the country unstable. This is our misery. Politics in the country should be strongly linked to pro-poor strategies that can enhance the livelihoods of the people. The narrative surrounding corrupt government officials and ex-gratia issues are not the distinctive attitudes that can propel the country to rise from the ashes (Whitfield and Jones, 2009). It is understood that, indeed, Ghana can set the record straight again to be the first African Tiger when our leaders and officials and all Ghanaians in responsible fields of endeavors exhibit the right attitude.

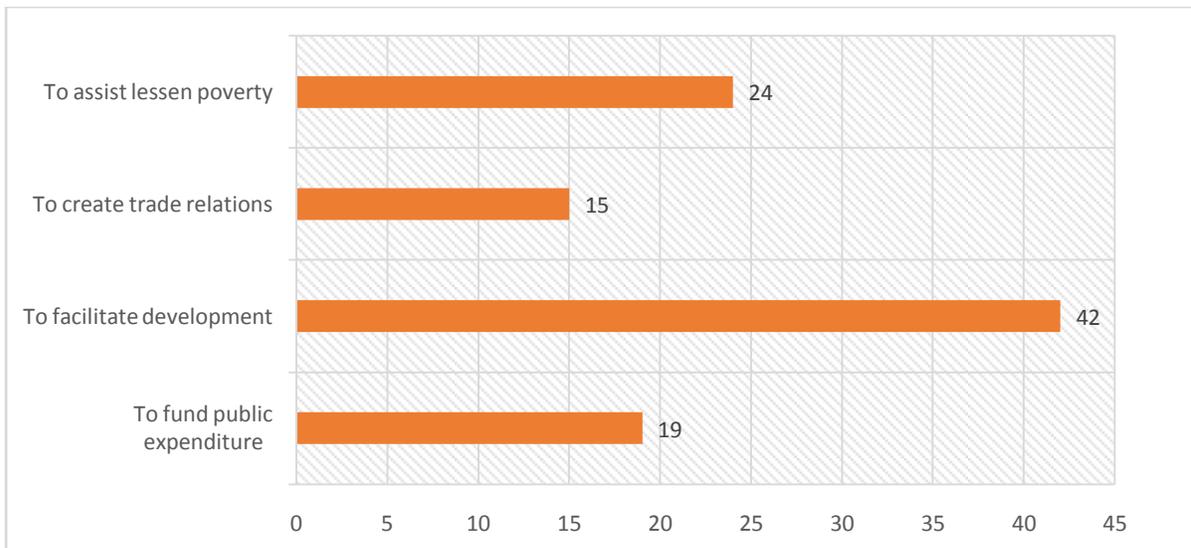
The study argues that the government can start this approach by weaning the country off foreign aid to possibly clamp down on external debt. This will serve to create a stable and resilient economy for a favorable business environment. With the non-traditional exports (NTEs) putting up better performances in the first quarter of 2009 (increase in exports revenue from 238.95 million dollars in 2008 to 316.71 million dollars, a growth of 32.54%) indicates that Ghana has a lot of prospects to make the economy viable for increased export. The shift of focus of the country to depending on the available prospective local resources and domestic revenue base can result in the realization of the objectives towards growth and prosperity for the people. The pragmatic measures to cause development should involve building corruption-free havens to equitably distribute the national cake for the benefits of development to trickle down to the grassroots (Hughes, 2005). Brown (2017) detailed that Ghana can make it with the available local resources and harnessing the aptitude for identifying sustainable local income-generating opportunities for local development, particularly for the poor. It is time for the country to take a hard look at itself and decide whether it wants to move forward in the needed direction. Meanwhile, it is very saddening all these remedial actions cannot happen with the nature of political practice in Ghana.

## RESULT AND DISCUSSION

The key findings that emerged from the analysis of data on Africa beyond aid- political rhetoric or an agenda for growth and development are described under the following themes: the impact of foreign aid on growth, factors affecting aid performance, foreign aid, poverty, and policies of the government, and foreign aid and standard of living. These questions aided the analysis and helped in deciding whether or not the "Ghana Beyond Aid" is an agenda for growth or a mere claim just to sweep vote for the coming election.

### THE IMPACT OF FOREIGN AID ON GHANA'S DEVELOPMENT

**Figure 1: Reason why Ghana accepts foreign aid**



**Source:** Field Survey, (2019)

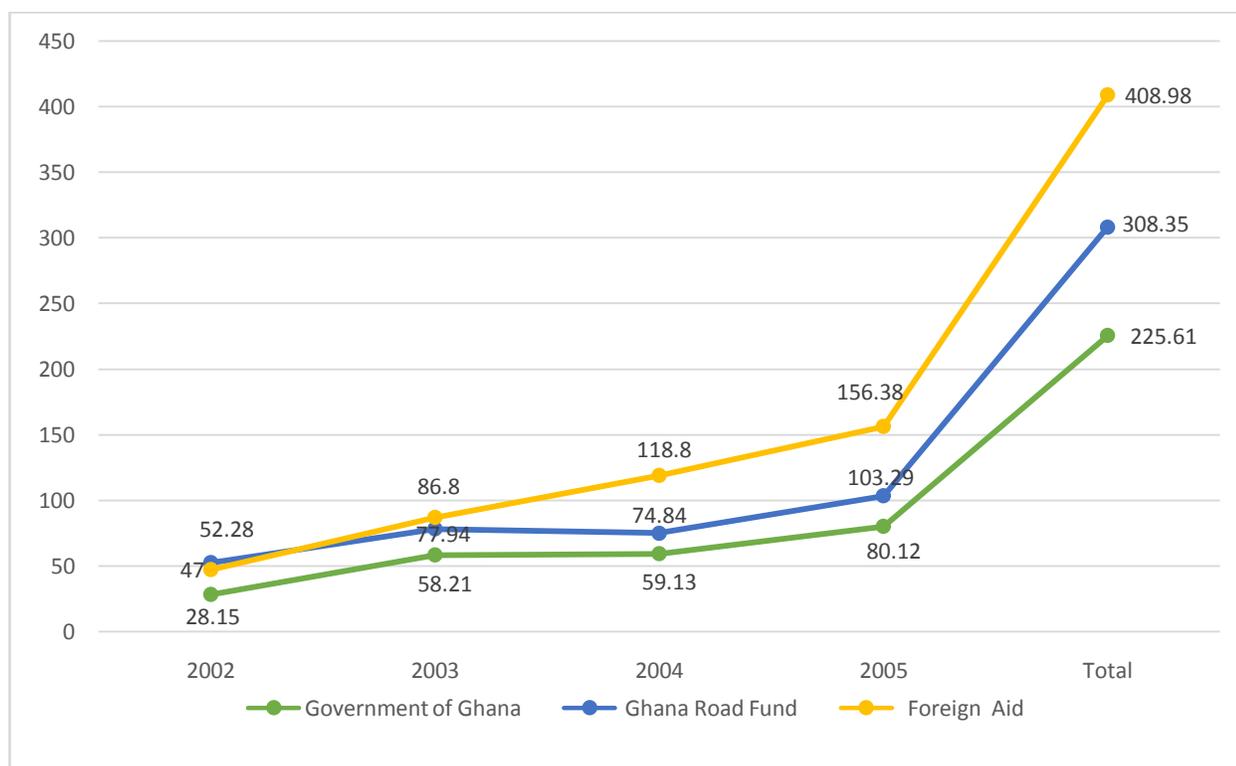
From the analysis, it was revealed that the main reason Ghana accepts foreign aid is to facilitate development. In response, 42% of the respondents admitted that foreign aid to Ghana is designed to facilitate development. Ghana like other developing countries have inadequate internal funds to solve its development challenge. Therefore, one can infer that the country has no alternative than to consult the donor communities for assistance. This argument is based on the resource-gap theory that suggests that developing countries face resource deficits that foreign aid has to fill. This means that growth within a given country is based on investment and savings and the nation must depend on foreign aid when these (savings and investment) are lacking. Consequently, because Ghana does not have the necessary investment to stimulate development, foreign aid becomes apparent in filling this gap (Todaro, et al, 2009).

On the other hand, twenty-four percent (24%) indicates that helping to lessen poverty is the reason the donors give aid. Ghana is one of the countries with a high incidence of poverty in the world and is the reason why the country joined the group of countries considered poor and highly indebted by the World Bank. Therefore, the country accepts foreign aid to escape from poverty and provide jobs to the growing population. The 2005/2006 Ghana Living Standards Survey (GLSS) shows that Ghana's poverty rate dropped 11% and the country's extreme poverty rate dropped 9% between 1999-2000 and 2005-2006 respectively. This trend has continued even today and is attributed to the various donor institution's sponsorships in areas such as budget support; infrastructural development; programs for poverty reduction; agricultural development; education, water, and sanitation.

Furthermore, Ghana is one of the lowest-ranked countries in Africa in terms of sanitation and was ranked 4th lowest in the world in 2010. Nevertheless, since independence, the distribution of the government's budget has been dismal. Also, the annual report of the Ministry of Finance indicated that the government spends only about 1.7% on water, sanitation, and hygiene (WASH, 2014), with as little as 0.1% of rural sanitation budget allocations. As a result, for example, in 2004, CIDA had to build about 2000 boreholes to provide reliable potable water for rural residents. This implies that fighting poverty in Ghana will be a difficult task without support from donors.

Nonetheless, nineteen (19%) of the respondents also attributed assistance to Ghana as an attempt by donors to fund public expenditure. Ghana is a country with inadequate infrastructure and poor educational and health systems (African Forum, 2006). Nonetheless, because the government does not have the means to adequately fund such projects, it needed foreign aid. For example, data from the Ministry of Trade and Industry revealed that, as early as the 1960s, the country's development partners (donors) sponsored the building of the Akosombo Hydro-Electric dam to supply the country with a reliable source of energy (MOTI, 2017). This initiative was to help the country meet the goals set in Sustainable Development Goals (SDGs). The donor partnership, for example, became a major sponsor in the road sector between 2002 and 2005, contributing around US\$ 408.98 to road infrastructure development. This is shown below.

**Figure 2: Investment in the roads sector of Ghana; 2002-2005 (US\$ Million)**

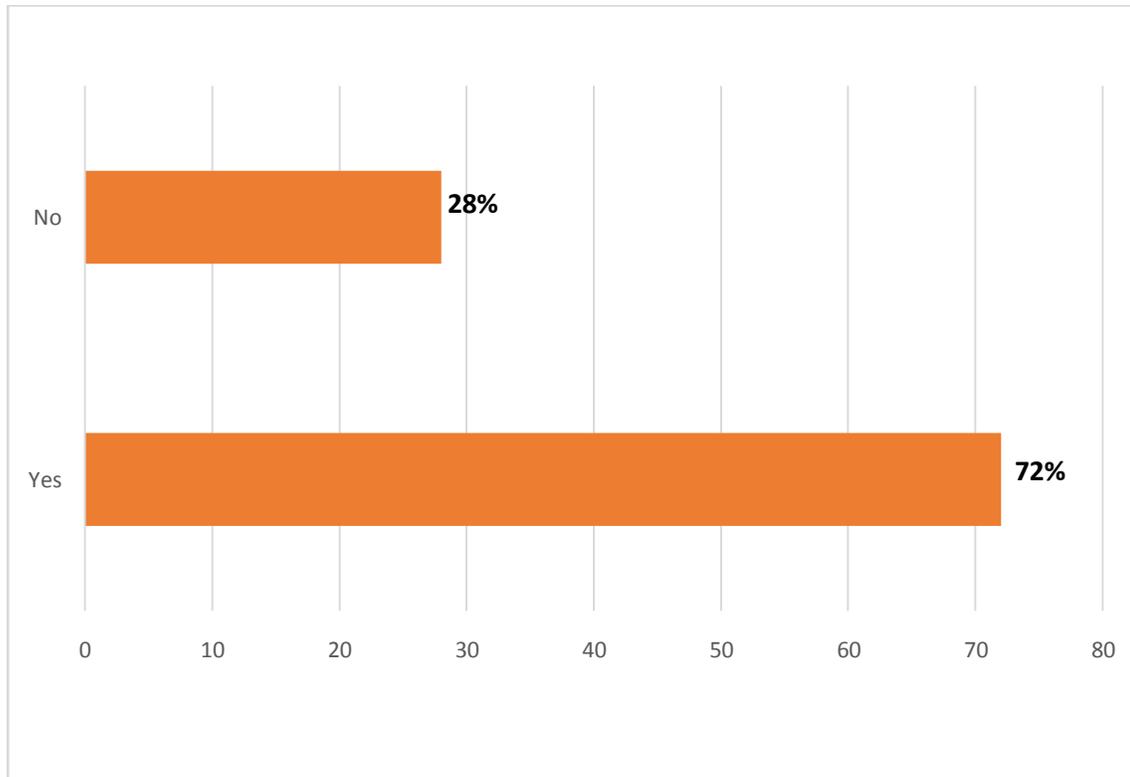


**Source:** Government of Ghana, (2013)

The trend of foreign aid has impacted the development of major roads such as Accra-Kumasi, Accra-Cape Coast, Kumasi-Tamale, and the Kwame Nkrumah roundabout in Accra to ease traffic. Even the US government funding under the Millennium Challenge Program set up by George Bush, Ghana has witnessed tremendous road being constructed in Accra. This, therefore, implies that, given this trend, the statement that "Ghana Beyond Aid" is merely a "talk-shop" to gather support for a political agenda. Looking at the pattern of spending on roads in Ghana over all the different years, donor aid has surpassed all the internal support with little coming from the government of Ghana. Meanwhile, self-help is sound but only when it can finance all the developmental initiatives in the country. This, therefore, is a clear justification that Ghana cannot operate without foreign aid.

## GHANA AND FOREIGN AID DEPENDENCE

Figure 3: Is Ghana dependent on Foreign aid?



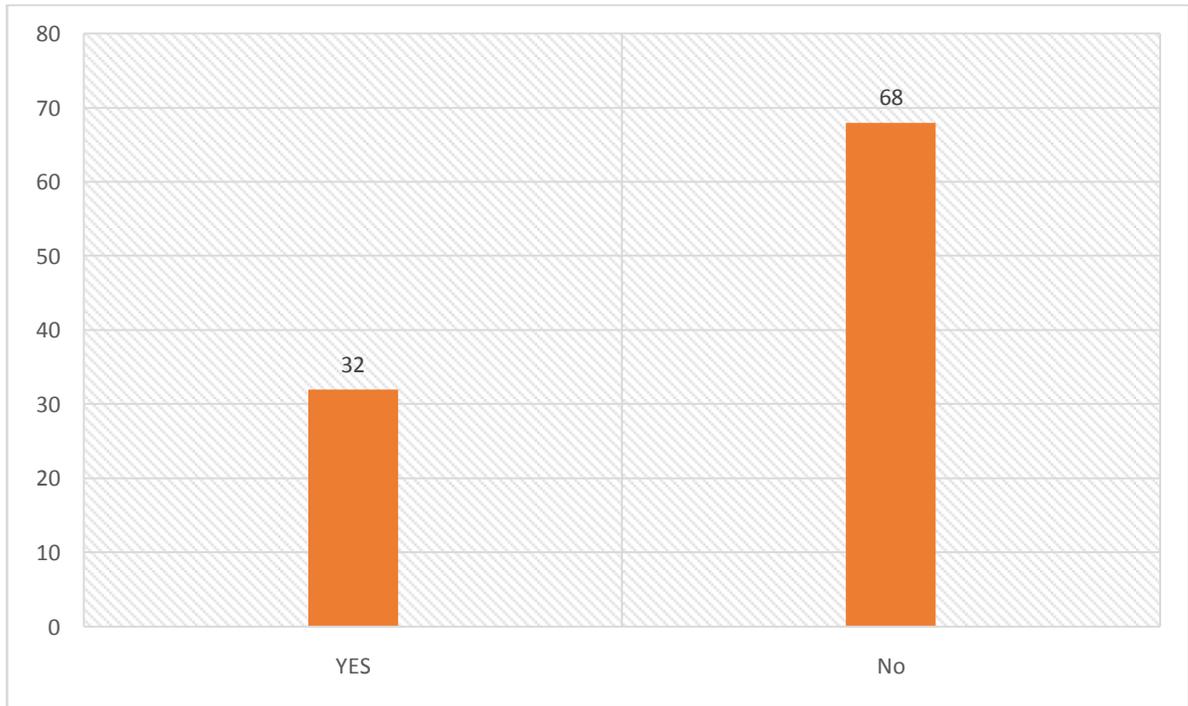
Source: Field Survey, (2019)

An in-depth analysis of the data shows that seventy-two percent (72%) of the respondents were of the view that Ghana is dependent on aid while twenty-eight percent (28%) were of the contrary view (see Figure 3.2). This implies that the country's inability to generate revenue internally to finance its budget makes it difficult to stop foreign aid. These responses signified that the government can only raise revenue between 40% and 50% of which foreign aid fills the shortfall. This empirical finding confirms Ghana's historic tendency to rely on the donor's assistance for development. However, twenty-eight percent (28%) of them remark that, regardless of the historic trend, Ghana is not dependent on foreign aid, because the country can fund about 40% of its budget without foreign aid.

For this category of respondents, they think that being an aid-dependent country means that the country relies exclusively on foreign aid for all of its activities including development. That is not the case, the developed countries—the United States, Russia, and others—still, get assistance from others. This can arguably mean that from all indications, the economy is still weak and Ghana has not reached a stage where it can fund all its developmental projects. However, when the president declared Ghana beyond aid, the statement is ambiguous in that, foreign aid comes with various types— project aid, commodity aid, voluntary aid, military aid, and technical aid. Ghana again has strong relations with other countries that mostly give out scholarships to students. Therefore, the president needs to conceptualize his definition of aid.

In this study, the paper argues that Ghana cannot be an aid free country now- maybe in the future, and we should not blame our inability to ensure growth and development of foreign aid. From the data, it is clear that aid has done a lot to transform the economy, so the main problem is the management of the aid. This argument leads the researcher to question further if indeed Ghana depends on foreign aid, does this aid dependence compromised the sovereignty of the state. Below are the responses.

**Figure 4: Aid and the sovereignty of Ghana**



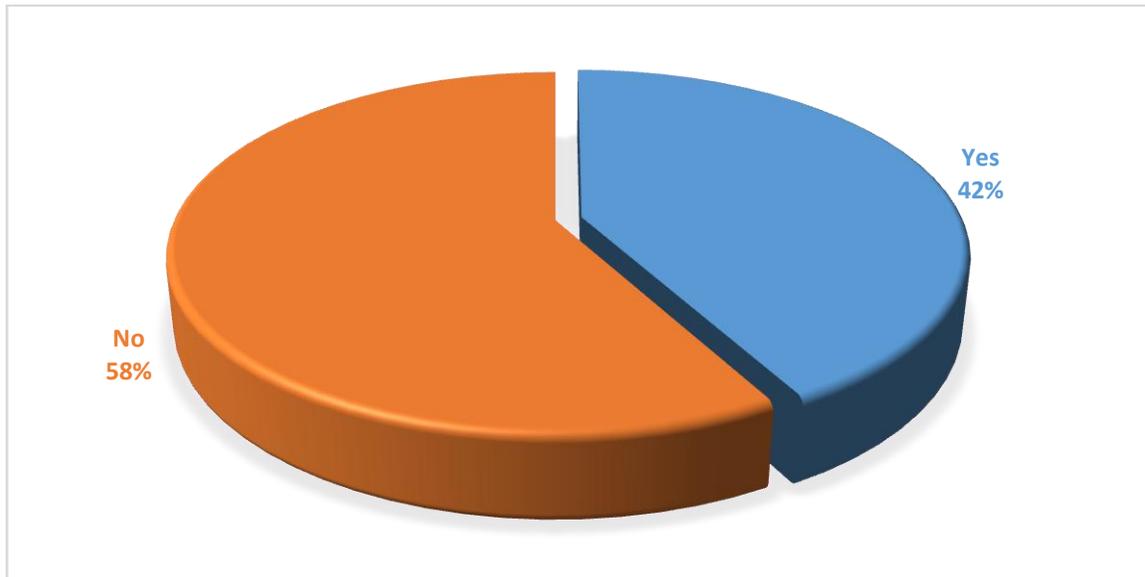
**Source:** Field Data (2019)

From figure. 4 above, it is revealed that sixty-eight percent (68%) of the respondents suggested that Ghana's dependency on foreign aid has not compromised the sovereignty of the country. They were very unequivocal in contending that donors do not control government development policies that could be paralleled to the country's sovereignty. Alternatively, donors only play a consultative role in the country's development decisions. Besides that, decisions about the country's development are what they call "home-grown" decisions and not forced by donors. This refutes Girijasankar, (2008) arguments that aid creates a burden on the leaders and, hence, makes it difficult for the leaders to make authoritative development decisions as a sovereign state. Many people might think donors only give so that they can control the major decision-making of the country. Nonetheless, the fact is that donors serve only as advisory bodies and therefore do not control the state's sovereignty. Meanwhile, thirty-two percent (32%) of them have indicated that Ghana's dependence on foreign aid has jeopardized the country's sovereignty. This supports Moyo's (2009) claims that states' dependence on foreign aid has made it difficult for them to take decisions without the donor's concern. Hence, as a sovereign state, the leaders are inept to take decisive economic decisions.

### **FACTORS THAT INFLUENCE AID EFFECTIVENESS IN GHANA**

There have been several debates in the literature about the factors that influence aid effectiveness. Most of the scholars have only concerned about how much aid is donated to Africa and the failure of aid in promoting development but have not explored deeply the factors that have made it impossible for aid to promote development in the developing countries. This section investigates some of the activities by both the donors and beneficiaries to make aid effective. Below are the responses.

**Figure 5: Are the donor's actions appropriately supervised in Ghana?**



**Source:** Field Survey, (2019)

From figure 5, fifty-eight percent (58%) of the respondents maintained that donor activities in Ghana are not properly controlled. According to data from the Ministry of Finance, the number of bilateral and multilateral donors to Ghana increased from 15 to 40 between 1970 and 2017, making it difficult to track its activities, hence the problem of fragmentation, corruption, and mismanagement of donor activities. Also, respondents suggested that apart from the myriads of donors in the world whose activities are hardly organized, donors usually have more than one organization tasked with providing foreign aid with overlapping roles and different goals. This makes it difficult to track and validate whether or not these services affect the expected beneficiaries.

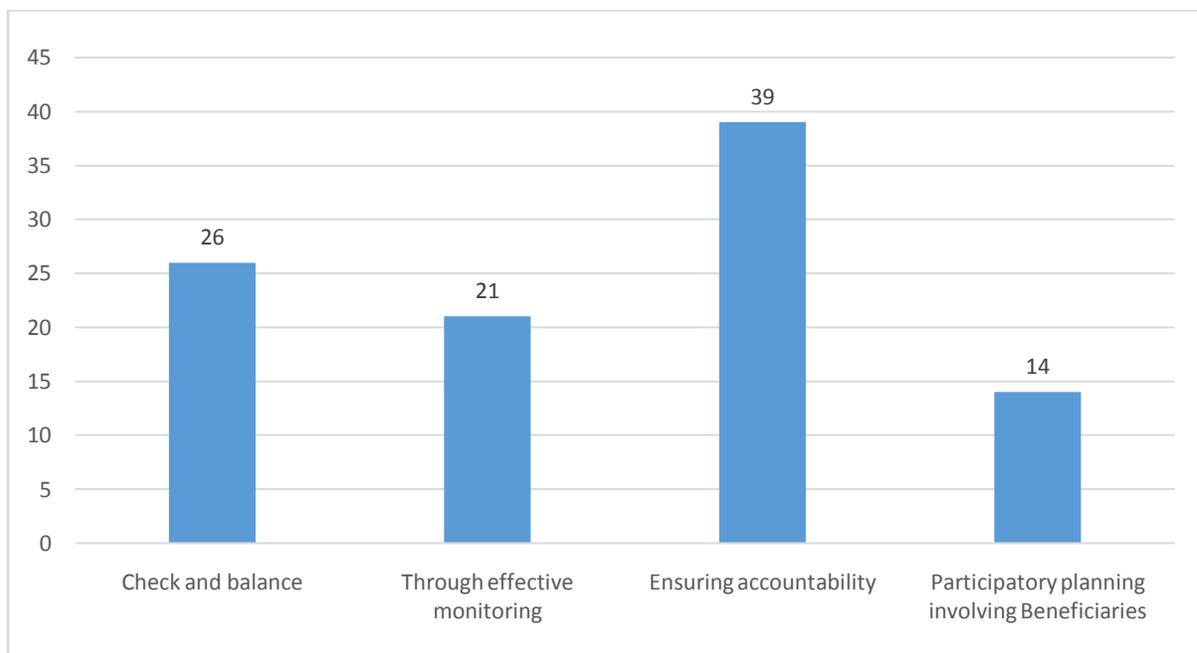
This is a clear indication that the problem of underdevelopment is not about foreign aid but how it is being used. Even internal revenues in Ghana are poorly managed not to talk of foreign aid. More so, the undisciplined donor actions resulted in widespread corruption in the aid industry. Most times, contracts are routinely given in exchange for rewards to friends and close relatives. As a result, apart from the projects being priced tremendously, they are poorly executed as well. Lecturers at the Planning Department indicated that projects that are supposed to benefit communities cannot stand the test of time. "We do not understand what the NGOs do in the villages," they sighed. We, therefore, have to check the nature of our politics and marshal the culture of continuity.

The affluence displayed by donors and local aid administrators is a clear sign that the custodians are stealing the funds intended for growth. In Ghana, this custom is very public where the chant is "are you poor? Then form an NGO to get cash out of the 'whites' to improve your life. "In this regard, the 'whites' refer to the donors. The myth regarding the usage of aid that it is not intended to assist the vulnerable or facilitate growth but for the selfish interests of the local administrators. With is myth, I want to strongly advise that; Ghana beyond aid will not be possible until we deal with internal matters first.

On the contrary, forty-two (42%) of the respondents believe that donor actions are accurately supervised. According to the National Development Planning Commission (NDPC), donor activities in Ghana are organized and controlled by both donors and government through a shared commitment resulting from the Paris Declaration (PD) and the Accra Agenda for Action (AAA). For example, in 2005, Ghana's government was part of the aid recipient nations that agreed with the donors on an Aid Harmonization and Effectiveness Matrix (AHM). The Accra High-Level Forum that emerged with the Accra Agenda for Action (AAA) was also a mechanism for government and donors to jointly adhere to the implementation of the Paris Declaration in an attempt to promote transparency. The government also maintains transparency through regular public accounts committee meetings and frequent assessments and budget planning in an open session. Hence, this implies that aid is not necessarily the problem, but the problem is with the people executing the aid. However, it is worth noting that public committee sittings are just rubber stamps. The committee makes recommendations that are not carried out to the latter.

## Alternative techniques for managing foreign aid in Ghana

Figure 6: Alternative technique for the management of aid in Ghana



Source: Field Survey, (2019)

Different options for ensuring proper control of foreign aid in Ghana were proposed in the discussion. In this respect, fig. 3.5 presents empirical results that reveal that the majority (38%) indicated the primary means of handling foreign aid should be through proper transparency (accountability) combined with checks and balances, a stance shared by twenty percent (20%) of the respondents.

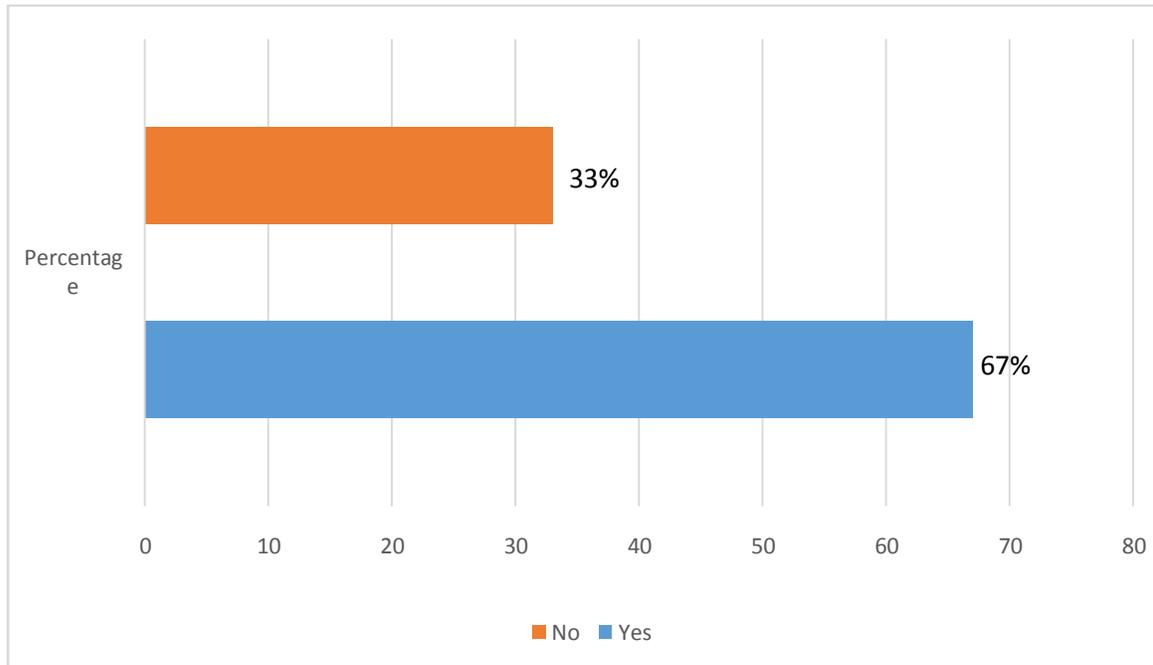
Also, sixteen percent (16%) of the respondents respectively endorsed interventions such as efficient control and ensuring proper structures. Finally, ten percent (10%) of them suggested that participatory preparation involving recipients should be implemented.

This, therefore, implies that, instead of blaming the underdevelopment of Ghana on foreign aid, we should rather employ these measures to ensure that aid meets its target. This will help than making mere rhetoric statements just to win citizen's support in elections. Though the statement looks catchy, we need to normalize things internally and prepare both our minds and finances before declaring it. When these variables are not taking into consideration, it will not command legitimacy. This is because the citizen's minds are cynical that Ghana is poor and it will take time before they accept to contribute to the fight for the 'Ghana Beyond Aid' agenda.

## FOREIGN AID, POVERTY AND POLICIES OF GOVERNMENT

This objective aimed to find out if foreign aid can help enhance the standard of living of the people and if there were policies by the government to ensure that foreign aid meets developmental targets. There have been several misconceptions about the impact of aid, especially when it has to do with poverty alleviation. However, some of the respondents think aid has contributed significantly to alleviate poverty while some feel aid has rather subjected Ghana to so much hardship- people have remained even poorer after independence. Below are the responses.

**Figure 7: Can aid promote the development and lessen hardship in Ghana?**



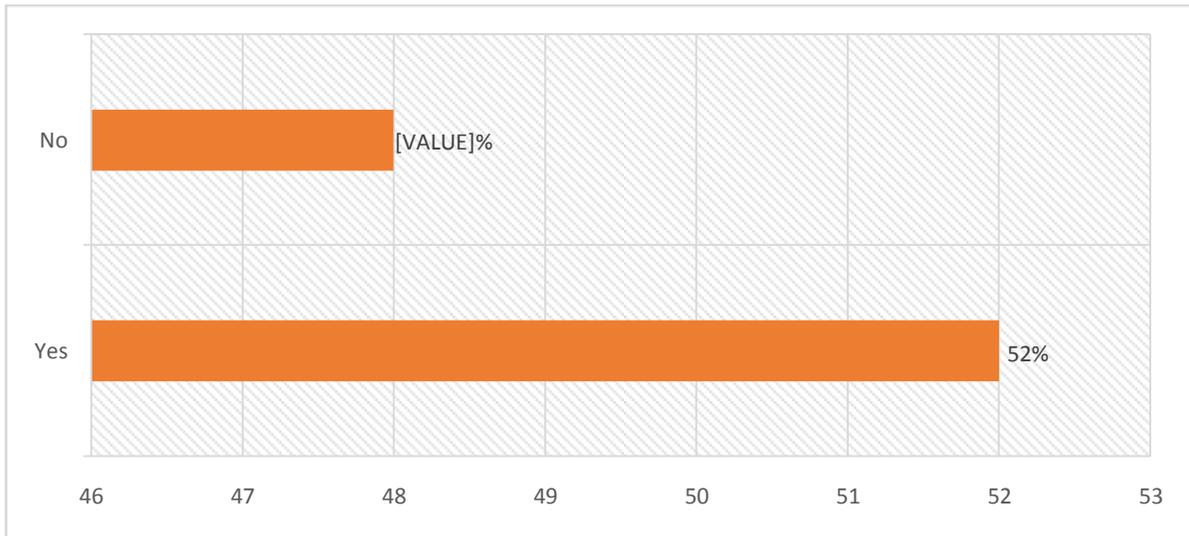
**Source:** Field Survey, (2019)

The pro-aid scholars argued that foreign aid has contributed considerably to improve growth and development. Also, they advanced that physical infrastructure such as roads, boreholes, and schools has enhanced considerably in some developing countries, especially Ghana due to aid from donors (Kosack and Tobin, 2006). This is confirmed in Figure 3.6 above where the majority of the respondents (67%), indicated that foreign aid has helped a lot to alleviate poverty and promote development in Ghana. This implies that foreign aid has made a significant contribution to development, especially in rural areas where government benefits are inadequate. The paper argues that Ghana cannot operate without foreign aid owing to the degree of the savings-investment gap in the country. This confirms Moss's (2010) argument that there is no proof that the developing world can generate capital internally to replenish foreign aid with regards to boosting development. This is because, Rawlings in 1982 attempted to cut back foreign aid during his government, but, the attempt was unsuccessful and a financial misfortune strikes the country. So, in 1983, he had to seek assistance from donor communities.

Whitfield (2018) explains further that Ghana has accepted excessive sums of foreign aid since 1983 when the Economic Recovery Program (ERP) was adopted. According to him, all these inflows established a dependency condition that makes it difficult to cut back aid from Ghana. He reiterated that any attempt to cut back foreign aid will amount to what he calls "economic chaos." This is evident that Ghana does not have adequate internally generated funds to fast-track development and as a result, the government needs assistance from the donor communities to accelerate the required growth expected by the citizens. Therefore, the 'Ghana beyond aid' agenda should be a national fight and not be politicized just to win political favors. Ghana lacks the culture of continuity and if this agenda is politicized, it will become a '*Blank dream*'. The National Communication officer for the NDC, Sammy Gyamfi revealed that the government can take about 14 to 20 years to finish a road edifice in Ghana. However, the progression can be speeded with donor's assistance." Therefore, since the government cannot generate the needed capital, foreign aid becomes the last alternative to guarantee development.

Contrarily, thirty-three percent (33%) of the respondents maintained that foreign aid has impacted little in promoting development in Ghana. They endorsed the arguments detailed by the anti-aid scholars that foreign aid has made African countries highly poor than they were several years ago. They specified that Ghana has received foreign aid since independence, yet the country is identified with poverty and wrecked infrastructures. All these claims cannot hold in that foreign aid cannot by itself end the development challenges in Africa, instead, it is the liability of the leaders to effectively and efficiently maximize these services to transform the living conditions of the people. Therefore, who should we blame for our underdevelopment; foreign aid or the leaders? This led the researcher to further probe the standard of living against the recipient of aid. Below are the responses.

**Figure 8: foreign aid and standard of living in Ghana**



**Source:** Field Survey, (2019)

From Figure 3.7 above, it is revealed that 52% of the respondents are of the view that aid has helped to reduce poverty, especially among the rural communities in Ghana. This denotes that the influence of aid in enhancing the living conditions of people, particularly among the rural residents should not be underestimated. This is evident when the European Union, CIDA, and World Bank sponsored the suppression of Guinea Worm infections in Ghana and the donation of vital human needs such as water, shelter, and food. These are indications that Ghanaians are aware and express concerns that aid has impacted positively in bettering the conditions of poor people. Hence, creating a Ghana beyond aid is a dream that will be difficult to realize considering the current economic situations.

However, forty-eight percent (48%) of them indicated that foreign aid has not enhanced the living conditions of people, instead, it has even deprived citizens through dependence. This response reiterated the fact that Ghana in 2000 was counted as one of the ultimate foreign aid regions in Africa. But ironically, it (Ghana) is still underdeveloped with a greater degree of poverty (Hausmann et al., 2005). In all this, the problem Ghana face goes beyond foreign aid, there are internal challenges that are making aid ineffective which the leaders are not paying attention to. They have exorbitant policies yet no money to meet them, an example is the Free Senior High School (Free SHS) policy, among others. The economy is draining and if Ghana intends to cut off foreign aid, then we have to raise and introduce alternative taxes which will be a burden on the very poor people aid aims to support. Therefore, this paper argues that the 'Ghana beyond aid' agenda is a mere rhetoric that cannot be realized in simplicity.

## **CONCLUSION AND POLICY IMPLICATIONS**

It is important to note that no state can function without finance and foreign aid debate has widened across discipline with some intellectuals blaming aid for the underdevelopment of countries and others blaming it on the nature of leadership and political conditions. The findings revealed that foreign aid positively influences development in Ghana. It was also obvious that aid does not compromise the sovereignty of the state since the donors only act as advisory agencies and do not dictate the governments on development policies. However, since Ghana receives lots of aid from donors, it makes it difficult to coordinate and ensure the effective utilization of aid.

Also, it is essential to emphasize that, indisputably, the development of Ghana and Africa as a whole is not dependent on the availability of foreign aid but rather the proper preparations of the local conditions including the resources available and significantly the right attitudes adopted by the leaders and all the people. The solution to the menace of poverty does not lie in foreign aid but rather harnessing the advantages local conditions offer. It is, therefore, prudent for the government to accept the challenge of weaning the country off aids that are usually accompanied by tough conditions aiming to perpetuate dependence. Meanwhile, aid itself is just a means and can only

contribute to development and growth when it is carefully managed by the recipient countries. This means declaring Ghana an aid free country is not the solution to our underdevelopment. This is because it mostly takes the government to shut down businesses of tax evaders before revenues are internally generated.

The underdevelopment problem in Africa as a whole is not about aid but several factors explain why development efforts have been futile. Claude Ake detailed that the greatest impediment of development in Africa is political conditions and the politics of African countries. This shows that development was not a core concern of the ruling elites but only used to maintain their political power, and so they often make token gestures to development to deceive the masses. Hence, Africa's problem is internal and should not be blamed on foreign aid. For that matter, underdevelopment should rather be blamed on the culture, corruption, bad practices and dictatorship as well as the failure of the donors to tell the leaders their mistakes. Therefore, for aid to be more effective in promoting growth and development, the recipient countries are expected to be driven by some principles. These according to Christensen (1995) include for instance;

1. Transparency
2. Public expenditure appraisals
3. Public investment plans
4. Donor support management agendas

This goes a long way to prove that foreign aid can promote development and growth but only when it is applied in a good policy environment. From all the arguments made, it is clear that leadership matters and where the political and economic environment is robust, foreign aid has positive outcomes. The study, therefore, concludes that it is quite challenging to ascertain the actual influence of aid on development in a struggling economy like Ghana. Due to that, the 'Ghana Beyond Aid' agenda which of course is a realistic initiative as it has been realized by other nations is a mere rhetoric made possibly to win political advantages. Hence, the initiative is a failed delusion at the start and has no development intend behind it.

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