



Foreign Aid Works Best When It's Self-Limiting

President Isaias Afwerki

Isaias Afwerki is president of Eritrea, in Northeast Africa.

Early in 1992, only a few months after Eritrea's long war of liberation from Ethiopia ended, we received a high-level mission from a friendly country determined to help us make the difficult political and social transition to peace and salvage our devastated economy.

Although the offer was well-intentioned, the package of food and commodity aid was woefully inadequate for addressing our huge needs. Yet that was not the reason we felt compelled to politely decline the offer. The real problem was that the aid package arrived with an appalling number of strings attached, chiefly those associated with privatization of

Eritrea's public enterprises. In fact, the donor nation stipulated that the \$17 million in commodity aid would be disbursed in several stages, over a three-year period. Each disbursement would be contingent on Eritrea's success in selling a strict number of public enterprises.

The most troubling aspect of this proposed arrangement was that the donor nation didn't even bother to conduct a cursory analysis to determine whether there were potential buyers—either foreign or domestic—who might be interested in purchasing these businesses. Nor did it investigate the government's official policy regarding privatization efforts.

In January 1997, we received a

mission from another country that expressed interest in supporting Eritrea's energy and education programs. I was amazed to learn that this support would hinge on whether the "government had taken quantifiable measures in various sectors to meet women empowerment targets" recommended at the Beijing Conference on Women held in 1995.

The mission went further and requested proof from the National Union of Eritrean Women that government restructuring of the civil service, which had been largely implemented in three phases since 1994, had made "special provisions for women on the grounds of gender equality."

This condition, which would have contradicted the policies of other donors, including the International Monetary Fund, was apparently made without any knowledge or scrutiny of our nation's overall policy of affirmative action aimed at promoting the long-term equality of both genders.

Though these two instances do not necessarily reflect the overall status of international aid programs, they do underscore the policy fragmentation and chaos that would ensue if nations were to comply with such heavy-handed prescriptions. They are also useful in informing the debate on the very objectives of foreign aid and the necessity of fostering sustainable, indigenous economic development.

Indeed, the only yardstick for measuring the viability, effectiveness, and desirability of foreign aid, in the form of grants or concessions, is the extent to which it enables the beneficiaries to gradually reach the point where they no longer need it. Indeed, foreign aid

works best when it becomes obsolete, rather than self-perpetuating.

Evidence suggests that aid may be having the opposite effect. In fact, aid's overall effectiveness has been substantially eroded by the flaws in its structure and by the innumerable conditions, rules, and procedures imposed by donor nations.

In short, if foreign aid is expected to inject much-needed financial capital, facilitate the transfer of skill and knowledge, introduce innovative production techniques, and build local capacity in the recipient countries, the pattern on the ground suggests that aid is falling short of these ambitious goals.

Handouts vs. Helping Hands

In many instances, excessive "donor" involvement in aid management has not only reduced the effectiveness and efficiency of aid by delaying timely implementation, but it has also limited local involvement and capacity building because foreign consultants and experts tend to take on the majority of the administrative work.

Consider, for instance, that conservative estimates place the number of foreign experts administering aid in Africa today in excess of 100,000. This figure says much about the tendency of aid programs to create self-perpetuating circumstances.

Moreover, the seemingly endless number of missions to assess project feasibility before projects are launched, not to mention costly mid-term reviews, often entail considerable expenses that could have been funneled into

productive activities to benefit the recipient nations.

Though international aid programs show tremendous room for improvement, my intention is not to reinforce isolationist pundits in Washington and other Western capitals who think "foreign aid has become a rat hole" that should be plugged. But how can we reconcile that jaundiced view of international aid with trends toward increased globalization and interdependence?

The pitfalls of isolationism are obvious; the idea that one can live safely and comfortably within the confines of one's territory while a substantial portion of humanity remains in the grips of endemic poverty is an illusion. Indeed, growing affluence and consumerism in one part of the globe cannot coexist for long with extreme deprivation in another part of the same planet without threatening world peace and security.

Historically, foreign aid has not always been predicated on a sense of altruism and human solidarity but instead focused on concerns over national interest. The threat of instability caused by increased poverty is much more pronounced in the context of the global village of the 21st century, where national borders come to mean less and less.

The threat to international peace and security posed by terrorism, which in the final analysis is fueled by deprivation and economic frustration, serves as a lesson in this regard.

But how can we strike a balance between focused, self-limiting aid intended to help recipient nations rise to their feet versus the disabling and self-perpetuating assistance intended to boost

the donor nations' sense of security?

In my view, nothing less than a total overhaul of the existing aid system will do. The endless conditions, provisos, and inflexible rules that are part of most current aid packages must give way to initiatives based on partnerships and shared ownership. To that end, we must replace the very words "donor" and "recipient" by new terms that reflect a sense of symmetric partnership.

Some might argue, with a certain degree of justification, that there is no novelty in this approach, as the concept is becoming increasingly common in the vocabulary of many Western nations. To the extent that partnerships are pursued in good faith, it is an auspicious beginning. But they will require much encouragement; old habits die hard, and the resistance to change engendered by the forces of inertia will be significant.

Sustainable Aid Policy

Even if all partners in aid were to fully adopt these reforms, the changes will be worthless if they fail to create an environment in which aid brings recipient nations to a point where they can fend for themselves and the aid becomes redundant. The most crucial issue that must be addressed, therefore, is the sustainability of aid and the extent to which it is structurally embedded in the development policy of the country on the receiving end.

In this regard, foreign aid must be carefully designed to be focused and nonpermanent. In my view, a symmetric partnership can never be built on the basis of an

exchange that is permanently skewed. The goal of foreign aid must be to create an environment that will transform the relationship into a mutually beneficial interaction of trade and investment.

I do not believe this is an impossible task, even in situations of great adversity. Indeed, there have been cases in the past in which massive and purposeful intervention was successful. One example that comes to mind is the

United States' support of Europe in the aftermath of World War II. Whether Africa can summon geopolitical considerations of this magnitude amidst the political realities of the 21st century is, of course, a different matter.

And while the Eritrean government welcomes properly focused aid programs, it is inclined to discourage the proliferation of fragmented aid programs that do a better job of meeting the needs

of donor, rather than recipient, nations.

While the milieu of foreign aid suffers countless problems, its structural flaws, crippling preconditions, and self-perpetuating tendencies remain the most significant. These deficiencies must be corrected if, through foreign aid, we hope to address economic imbalances and promote a more egalitarian global village.

