

A Comparative Analysis of Foreign Aid Administration in Botswana and Mali.

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Abstract

This paper aims to critically analyze the administration of foreign aid and grant received in Botswana and Mali. It looks at how these countries that were among the poorest at independence were able to utilize foreign aid in an ordered and systematic manner, and also revive the economic strength of the nation. It covers the study on how Botswana boosted its rate of GNP growth and how it maximizes the coincidence of aid inflows into national development and Mali utilizes the aid allocations under several international treaties to develop its nation. This paper adopted a multidisciplinary and theoretical approach in comparing the effectiveness, as well as the differences in the use of aid and grants in the various states. There is critical analysis of their similarities and the effective use of the opportunities of aid. There is the use of technical cooperation, which is reflected in human resource development, transportation, agriculture and the emergency food relief. A case study of the various aid projects is examined from both countries, such as, The Primary Education Improvement Project, The Junior Secondary Education Improvement Project, Basic Education Consolidation Project, The Botswana Private Sector Development Project, The Botswana Population Sector Assistance Programme, Structural Adjustment Support, Health amongst others. The relationship between the donor and the recipient countries is considered; especially how conflicts are managed and resolved. It posits some recommendations to both nations which can help fill in the gap.

Introduction

Foreign aid has always been the deliberate act of international transfer of capital goods, or services from a country or international organization for the benefit or development of the recipient country. It ranges from economic, military, or humanitarian efforts (each serving the specific purpose of such aid). Aid has traditionally been seen as something temporary, something that can only complement existing national resources and efforts. After decades in existence, aid has become something permanent. Furthermore, to countries like Botswana, Gambia, Ghana, Liberia, Mali and a host of other African nations foreign aid has become a considerable force in the national economy, making those countries more or less completely dependent on it.

Fighting poverty by supporting economic growth and development in the least-developed countries has been and continues to be a major objective of aid. However, in many countries it has been difficult to see any positive connection between aid and growth and development.

Development aid from the EU to Mali has been provided since the country's independence in 1960. Aid allocations were first made under the Rome Treaty, thereafter under the Yaoundé I and II agreements and, since 1975, under the Lomé Conventions I to IV, whereas at independence, Botswana got half of her government budget from Britain, with the remainder from local taxes and customs revenues.

However, the nations are faced with a transition into a well acclaimed mixed economy; the central adapting and fostering an enabling environment for private sectors to thrive.

Foreign Aid is an economic activity either in the form of loan, technical assistance in form of skilled manpower. Aid is given by the North to the south in order to maintain their stronghold. Donor countries give aid for reasons of self-interest. Corroborating this, Arnold (1985) noted that aid provided by a major donor reflects that country's commercial and political interest and the policies which it wishes to pursue. These foreign aids are in different form with some advantages and disadvantages, the various forms which include technical aid or assistance, food assistance or aid, project aid, programme aid, and budget support aid. Aid is given also in the form of loans or grants, which have different degrees of effectiveness.

Aloku, & Kolawola (2010:2-3) opined that Aid can also come in form of military assistance such as:

Supply of military hardware at subsidized rates, Military agreements, bilateral or multilateral, loose or solid or in a defence pact, Supply of military technical assistance such as military presence to a country in crisis or conflict with another country, Supply of military technical assistance and device, Direct participation as in the case of military allies to other countries, Military subversions, coups, assassinations etc. (Aluko, and Kolawale, 2010:2-3).

The main role of foreign aid in stimulating economic growth is to supplement domestic sources of finance such as savings, thus increasing the amount of investment and capital stock.

The chasm between the level of prosperity in different countries was created by an economic process in which the development of one sector of the globe 'the white' - resulted in the stagnation of actual retrogression of dependent areas such as Southeast Asia. Capitalist development simultaneously generated development and underdevelopment simultaneously generated development and underdevelopment, not as separate processes but as related facets of one single process (Buchana, 1968).

The capitalist powers systematically reduced colonies to economic appendages: indigenous production was diverted to the home market, and new 'semi-societies' were created, dependent on the export of minerals and tropical raw materials, while any indigenous industry potentially competitive with home industry was destroyed. The gap in incomes between underdeveloped and development steadily increased. Whereas 'average' incomes in Northwest Europe was probably not much different from 'average' income in Southeast Asia prior to the period of capitalist domination by the 1930s 'the income of the average American was about fifteen times that of the average Indian and by the late 1950s the ratio of 15:1 had risen to a ratio of 35:1 (Bunchana, 1968).

Advantages of Different Types of Foreign Aid

Foreign aid can promote economic growth of the by encouraging investment. This position was corroborated by Arnold (1985) when he writes that "aid assisted third world countries to achieve their development target. It provides capital and makes available technical know-how and technology through technical assistance, personnel or private investment. This implies that aid in other words, allows developing countries to improve their standard of living, build up their infrastructures, create industrial sector, and establish social service more quickly as well as fight poverty.

The gains derivable from the use of foreign aid in financing development are indispensable for accelerating economic development. It also helps in industrialization, in building up economic overhead capital and employment opportunities, encouraged investment as well as follows the development path of the donor and would achieve the same level of development.

Programme aid which consists of more general help for a country's on-going development effort without the aid being tied to specific project. This aid provides foreign exchange that allows the recipient to purchase foreign import and sustains its development momentum. (c) Technical assistance, this type of aid covers three broad activities; first, it involves the provision of experts and advisers. It may be provided to carry out a specific and precise job where no local people with the requisite training are available. Secondly, technical assistance concerns training in the rather different sense when experts are sent specifically to train people at colleges, universities or at some other training establishment. Thirdly, technical assistance also includes the supply of equipment associated with a particular training endeavour. The advantage is the transfers of technical know-how to the recipient countries

The different types of Foreign aid promote economic growth of the country by encouraging investment. Also, recipient can follow the development path of donor and would achieve the same level of development Lewis (1975). This position was corroborated by Arnold when he writes that "aid assists third world countries to achieve their development target. It provides capital and makes available technical know-how and technology through technical assistance, personnel or private investment". This implies that aid in other words, allows developing countries to create industrial sector, and establish social service more quickly as well as fight poverty than otherwise would have been possible for them.

According to Wolf (2010), bilateral aid may be provided in the form of technology. These increases "the productivity of existing factors of production or technical assistance which would change production possibilities in the static sense of what is known without providing the means to change what is done. The aim of foreign aid in sub-Saharan Africa was to help create good governance, reduce poverty, improve education systems, upgrade health services and generally promote sustainable economic development in the recipient states (United States AID: 2004).

Bakare (2011) shows that in addition, foreign aid hoped to transfer new technologies, skills and production methods from the donor states. For example, in 1991 the Kenyan

government received US\$873 million in official development assistance. However, it is also true to say that the donors placed political and economic conditions on the Kenyan government to the effect that if these conditions were not met on a timely basis, this would lead to a reduction in current and future foreign aid allocations (Cohen, 1997:9).

Technical assistance is usually provided in two areas: (i) advice on the general concepts of economic reform, and (ii) advice on specific technical aspects of the transition process. It can be provided by the international organizations (IMF, World Bank, IFC, UNDP, EBRD, OECD, European Union, etc.), governments of the donor countries, and non-government organizations and voluntary initiative. According to Dilorenzo (2005), donors of bilateral aid allocate it subject to certain conditions such as: recipient state must buy certain machinery and equipment from the donor state, recipient state must use the donor state's experts; recipient state must use the donor's technologies; and recipient states must accept the costs that are fixed at above market rates. For the most part, this type of aid ensures that the recipient state promotes the values of the donor's ideology such as human rights, democracy and good governance (Ijaiya & Ijaiya, 2004:546).

Economic Growth:

Although Botswana was one of the poorest countries in the world at the time of its independence in 1966, and relied on grants and aid from Britain for most of her recurrent budget, as well as infrastructural development; it has in subsequent decades sustained one of the world's highest economic growth rates, and is now a middle-income country.

Botswana's economic freedom is 67.7, making its economy the 51st freest in 2021 index. Its overall score has decreased by 2.0 points, primarily because of a decline in fiscal health. With a population of 2.3 million people, it is ranked 3rd among 47 countries in Sub-Saharan Africa region and its overall score is above the regional and world's averages.¹

With Botswana's graduation to middle income status, and is no longer a major factor in the national economy or the public investment budget. This is seen as most donor countries and international organizations are scaling back their programs.

Over the period from 1987 to 1994, Mali obtained a comparatively steady flow of international development assistance. Gross official development assistance to Mali averages around USD 400–450 million per year from a multitude of bilateral and multilateral donors. The European Union, through the European Development Fund

¹ www.Heritage.org/index/country/botswana>accessed25thjune,2021.

(EDF), usually ranks as the third largest donor, behind France, the largest single donor, and the World Bank/IMF. Since the early 1980's, Mali has adhered to structural adjustment programmes. Since then, public service restructuring, transformation of parastatals, and efforts to decentralise the economy have deeply reshaped Mali's public sphere. The country's chronic budget deficit is nearly 85 per cent financed by external sources. The country's indebtedness is equivalent to five years of development aid. On the more positive note, international reserves in Mali have steadily improved since 1988, from the equivalent of just 10 per cent of incoming aid resources in 1988 to well above 50 per cent on average from 1991 onwards. In comparison, reserves now amount to about 8 per cent of outstanding international debts (up from 2 per cent in 1988). In addition to the chronically negative state budget, the official trade balance is consistently negative.

There are critical views about the nature of foreign aid in general and specifically in Malian context. Bergamaschi argues that in Mali, the foreign aid is not controlled very well, and it is sometimes hard to verify if the donors' conditionalities are being met by the recipient institutions or not. However, even though the donors' rules and regulations are not always strictly followed by the local authorities, the aid keeps coming to Mali (Bergamaschi 2016).

One of the major factors that boosted the high rate of GNP growth in the 1970s was investment in mining projects. The government of Botswana diversified the Aid into financing infrastructure, while majority of mining investments were from private sources. Technical cooperation was the second most important type of aid, reflecting in human resource development, transportation, agriculture, and emergency food relief.

There has been humanitarian relief in increased flow to subsidize the effects of the recurrent droughts and it is usually on grant basis. Just like many open economies relying on one or two primary exports, Botswana's revenue can be volatile, and has tended to grow in a series of discrete steps. Government has tried to minimise such disruptive and to avoid a "boom and bust" cycle in the government budget by attempting to stabilise expenditure at a sustainable growth rate.²

² Jerker Carlsson et al, 1997, Foreign Aid in Africa; Learning from Country Experiences, Grafiska Motala P.30

National Development:

The coincidence of aid inflows and the beginning of a national development plan was greatly utilised in establishing a rational and ordered system.

Botswana relies on a six-year planning cycle, with mid-terms reviews to update the plans in response to changes in the economic and policy context, modifications in project design or schedule, or the introduction of new projects. The Ministry of Finance and Development Planning (MFDP) has final responsibility for producing the national development plans, while Line Ministries devise strategies and establish priorities for their respective sectors.³ The institutional structure through which aid is sought and received in Botswana is highly centralised.

Donor management and coordination is closely linked to development management. The national development is used by the government as a prospectus for external aid agencies.

Case Study of Various Aid Projects in Botswana and Mali:

The main areas for which resources from foreign aid were put to use in Mali are as follows:

1. Structural adjustment support (hard currency allowance for imports)
2. Food security.
3. Environment.
4. decentralised cooperation and private sector support.
5. Transport infrastructures.
6. Health.
7. Primary education.

Formally, project identification, formulation, and proposal are conducted by the sectoral ministries in collaboration with the planning ministry. Through this procedure, a high degree of concurrence between Malian aid priorities and objectives and the NIP can be reached. Two practical impediments undermine the effectiveness of the procedure:

- a. administrative capacities to engage in the process are weak, leading to limited or non-existent preparatory policy analysis, and insufficient local expertise to apply and interpret Lomé procedures;
- b. Institutionally, the planning ministry in Mali is accorded only secondary importance and influence. Direct contacts of sector ministries with donors, including the EU, bypass and/or complicate coordination efforts of the planning ministry.

³ Ibid.

The Botswana case study is examined in five projects funded by the United States Agency for International Development (USAID). Three were in the education sector, one a private sector development project, and one a population project. The projects are summarised below;

The Primary Education Improvement Project (PEIP) was launched in 1981 as a five-year programme to establish a department of primary education (DPE) at the University of Botswana to train teachers for the teacher training colleges, and to carry out a series of in-service training workshops to improve the skills and motivation of existing teachers. PEIP was initiated by the government and addressed a major government priority. It was extended until 1991 to consolidate Foreign Aid in Africa date and localise the DPE, establish a masters degree programme in primary education, and institutionalise the in-service teacher training network, all of which continue to function effectively five years after the end of USAID support. PEIP was considered highly successful by all parties involved, and was characterised by a high degree of consultation and collaboration throughout its life.

The Junior Secondary Education Improvement Project (JSEIP) began in 1985 as a comprehensive five-year initiative to upgrade the quality of community junior secondary schools through development of curriculum and instructional materials, strengthening of teacher training, and upgrading of management capacities at the ministry of education (MOE). Although generally consistent with government of Botswana priorities, the initial project design was not genuinely collaborative, creating conflicts between the goals of the “project” and those of the MOE. The project management and goals were substantially revised following a critical mid-term evaluation in 1988. JSEIP made important contributions to junior secondary education in Botswana, but its impact might have been greater if initial project design and management had been more collaborative and sensitive to Botswana’s needs and priorities. The ultimately successful efforts by the MOE to reorient JSEIP in line with its own priorities, demonstrated that an assertive recipient can extract value even from an initially flawed project.

The Basic Education Consolidation project (BEC) was launched in 1992 (after extensive negotiations) to consolidate the gains made in teacher training and curriculum development by PEIP and JSEIP. Partly as a result of the JSEIP experience, MOE officials put considerable time and effort into ensuring that project design addressed MOE priorities. Most project resources went to five resident technical advisors, training for Botswana teachers and ministry of education staff, and limited equipment procurement. BEC was to be a five-year effort, but was truncated in late-1995 when to the USAID mission

closed. The government was able to continue most of the project initiatives with its own funds, but USAID's early withdrawal did cause disruptions and resentment in the ministry.

The Botswana Private Sector Development Project (BPED) was begun in 1992 as an initiative to strengthen the private sector's capacity to advocate for policy changes, to provide technical assistance to small-scale entrepreneurs, and encourage international investment through sponsorship of investment delegations. Most of BPED's resources went to provide technical support to the policy advocacy and technical assistance programmes of the independent Botswana Confederation of Commerce, Industry, and Manpower (BOCCIM). Although this was the first instance of a donor providing direct support to a private sector entity, both government and private sectors have been pleased with results thus far.

The Botswana Population Sector Assistance Programme (BOTSPA) began in the early 1990s as a programme grant to the government, in which a series of payments were conditional on the government's developing and implementing a comprehensive population policy. Unfortunately, it was poorly conceived and designed. Botswana was already engaged in a long-term process of developing a population policy, which required extensive public consultation. The conditions and timetables established initially by the project were, therefore, inappropriate and unrealistic. Furthermore, the relatively small size of the grant (several million dollars) in comparison to the ministry of health budget meant that the project had little leverage to start with. Little progress was made in the first two years, and the USAID mission redesigned BOTSPA to support several specific population initiatives, and to provide general support to the government process.

Relationship between Donors and the Recipient:

The government has been proactive in managing the aid relationship with donors as well as the aid itself. In contrast to many African countries, the aid relationship is characterised by a high degree of trust and mutual respect on both sides. The system for public sector has management contributed significantly to this trust and respect. It has established a clear set of rules and guidelines for donors, and helped ensure that the government honours its commitments. This does not mean the donor relationships are without conflict and disagreement. The case studies give ample examples of disagreements and conflicts between the government and USAID at both the project and policy levels. Yet instead of avoiding the disagreements, the government usually has sought to resolve them in other words, conflict itself has been effectively managed. The government's skill, experience, and leverage in negotiating with donors has increased over the years, but the willingness

to engage donors directly has been present from the start, and has been a major factor in improving the quality of aid. While donors readily acknowledge the importance of recipient ownership and ensuring that projects fit within a country's development programme, they are also under pressure to meet deadlines and allocate money.

Cooperation with Mali is formalised under a structure of a preferential agreement, which not only includes the aid allocation, but also allows Mali (and other sixty-nine ACP countries) preferential trade conditions with the fifteen EU member states. This aid and trade relationship of the Convention is enhanced by political cooperation between the ACP and the EU. Joint institutions exist in which economic and political matters between the two are dealt with (EDF committee, joint assembly)⁴

A core issue in the aid relationship between Mali and the EU is coordination of aid. Coordination is recognised by all European Union member states as having major importance for increasing the effectiveness of aid.

Conclusion and Recommendations:

The low economic growth coupled with high poverty rates among long-standing recipients of foreign aid; especially in Africa, cast doubts on the effectiveness of foreign aid. Having examined its differences and its similarities in Botswana and Mali, there is cause to appreciate the important role of state politics in prospering in its foreign policy.

In the case of Mali, institutional constraints continue to hamper effective coordination of aid. Decision-making on aid matters is fragmented and lines of authority are sometimes blurred. Aid decisions can be considerably delayed as they can require a cabinet decision. Internally, MOF, NAO, planning ministry, and individual sectoral departments take partial responsibility for European Union cooperation. Follow-up on decisions reached is often minimal or absent and there is a clear need to strengthen Mali's institutional capacity in this area. Such efforts need to encompass the entire administration entrusted with aid matters through a process of decentralised aid management.

There is a direct relationship between the lack of capacity to manage aid, the nature of the aid relationship, and the long-term sustainability of aid.

However, the era of economic boom is over in Botswana, and many donors are now pulling out. Whether or not Botswana will sustain its success will depend on diversification of the economy away from minerals, and achieving a consistent level of economic growth to match population growth. The country appears to have reached the limits of the old mineral-led and state-directed development model. With no major new mining project on the horizon and mineral revenue flattening out, Botswana must develop a new engine of growth. The government has committed itself to a shift in the overall strategy from the public sector to private-sector led development. New measures may also be required to redirect public expenditure, with extensive cost recovery provision. Failure to do this could mean low or negative economic growth rates and persistent budget deficits which would erode the country's Effective Aid Management.

The following recommendations are made to help revive and engineer a new measure to boost the effectiveness of foreign aid in Botswana;

1. Ensuring macroeconomic stabilization.
2. Improve the management capacity of recipients.
3. Develop partnerships with institutions outside government.
4. Improve aid coordination.

Whereas in Mali the following three core aid management issues require immediate policy attention:

1. the need to increase administrative and management capacities in Mali (at the level of the NAO, but also with regard to decentralisation, regional cooperation, and private sector development)
2. the issue of devolving de facto decision-making power from the EU Commission and delegation to a better mix of development-oriented and committed local actors (notably women)
3. the need to ensure coordinated approaches to development concerns of recipients at all stages of the aid process: from the identification of aid priorities, to analysis of policy options, to project formulation, implementation, progress monitoring, and action-oriented evaluation of results.

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