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Foreign aid vs. self-help in Low middle-income countries

Foreign aid to low middle-income countries continues to be the main approach for delivering assistance to poor countries facing wars, shortage of food and health disasters. That aid is usually delivered in forms of direct financial assistance or supply with the needed items. Foreign aid takes different forms, and is primarily facilitated through international donor agencies, mainly to overcome major health problems and scarcity of food. These agencies usually deliver food and medicines, either directly to needy people or through a local entity. Also, some governments of wealthy countries offer financial assistance to some poor countries' governments to help them overcome shortages in necessary needs or balance their budgets. Low middle-income countries have relied on foreign aid over decades to a point that it becomes fully integrated in their national policies and plans for handling their domestic affairs. Foreign aid has saved millions of lives over the last half century in so many poor countries and is a valuable contributor for global combating of diseases and hunger. But, self-help is more reliable than foreign aid in providing sustained services. So, I believe that the global focus should be on helping the poor countries to become self-sufficient and able to design and implement local policies that could address their national demand.

Foreign aid is defined as flow of either funds or charitable aid from donor countries and organizations to developing countries or countries in a transitional status (1). International financial institutions such as world bank can fund developmental projects in lower income countries with a long-term debt. Some western countries like United States, France and United Kingdom would directly offer financial assistance to poor countries. These funds could either target specific projects such as health programs and agriculture or be received by the national governments and financial institutions. The charitable aids are widely funded and distributed by non-governmental institutions to secure food, provide clean water and fight diseases. These international organizations either operate their projects within each country or just advocate to influence policy-making regarding certain issues in lower middle-income countries (2). According to the World Bank in 2018, low-income economies are those with a gross national income per capita of \$1,005 or less in 2016; and the lower middle-income economies are those with a gross national income per capita between \$1,006 and \$3,955 (3).

Nobody would ever deny the effectiveness of the great aids that have been delivered by the international organizations, both non-governmental and inter-governmental such as World Health Organization. These agencies offered and continue to offer assistance in times of wars, famines, natural disasters and epidemics. They deliver periodic and even sometimes continuous aids to needy people in underprivileged regions. I encourage these organizations to always be at the rescue front line in times of needs, but helping these low middle-income countries establishing their own infrastructures and system would even achieve more sustainable services. World Health Organization is doing remarkable work in poor countries and almost all over the world by providing technical support, research, expert knowledge, and evidenced-based policy options (4). This role could also be played by governmental and academic institutions in developed world by

sharing different areas of expertise and facilitate flow of the state-of-the art technologies to low and middle-income countries that are crucial to agricultural, medical and economic improvement.

Economists and some experts have debated the positive and negative effect of foreign aid to developing countries. Several studies have been done to investigate the matter. In a study of 85 developing countries in Asia, Africa, Latin America and the Caribbean for the period 1980 to 2007, foreign aid had mixed impact on economic growth, depending on the time of aid, the region and whether the country is of low or lower-middle income status (5). The study showed that foreign aid had positive impact on the economic growth of some developing countries and negative impact on low-middle income countries (5). It also showed positive effect on the economic growth of some African countries while some Asian and Latin American countries were negatively impacted by foreign aid (5). The effect of foreign aid has long remained an area of controversy, as many researches have given different results on its impact, and the experts' opinions significantly vary. A study conducted on some African countries concluded that foreign aid has positively impacted the economic growth of some low-income African countries by increasing the amount of their investment and capital stock; and it is closely related to the socio-economic and political situation of recipient countries (6).

Donor countries and organizations provide aid to countries that are either facing humanitarian crises; or their devastated economy fails to provide vital services to their citizens. Some donors give aid to their allied poor countries without regard to the form of their governing system. The effect of governing system could have clear impact on the fair and rational use of foreign aid in recipient countries. Foreign aid seems to slow the economic development in countries that are ruled by autocratic governments. Non-democratic countries don't enforce system of monitoring and accountability, a pattern that encourages corruption and ultimately leads to wasting of aid received. Some economists and political experts have pointed out the significant role of the ruling system in harnessing the inflow of foreign aid (7). They believe that foreign aid might pave the road for corruption in poor countries and lengthen the duration of civil wars in some afflicted countries by creating a justified platform through which fighting leaders could appeal to international donors for financial aid. They also reported how foreign aid might undermine local endeavors to make use of domestic resources for economic growth in autocratic countries, as their leaders get what it is enough for them to stay in power from foreign aid with little consideration of developmental projects (7). To further study the lack of effectiveness of foreign aid in some low middle-income countries, some researchers tried to analyze the quality and quantity of aid and the interests of some donor countries such as the political, strategic, commercial, cultural and religious interests (1). In this study, the researcher thinks that such donor countries don't always hold recipient countries accountable for not meeting the objectives of the aid in achieving the desired economic growth if the donors' self-centered interests are met (1).

In my opinion, these foreign aids could be beneficial if certain conditions are met, in both the donor and recipient countries, and the common goal is to always push the poor countries toward a final economic independency and self-helped status. We can't hold or reject foreign aid so long as we have sick and hungry people. Lack of infrastructure and developmental projects, and civil wars in many poor countries create a dire consequence that motivates wealthy countries and charitable organizations to help alleviate the suffering of people regardless of the nature of their ruling regimes. Also, devastated people and victims of war don't envision the country's economic prosperity in times of their desperate needs. So, regulating and monitoring the foreign aid and creating a system to measure its effectiveness is one approach toward self-dependency and economic sustainability in low middle-income countries.

To better regulate and monitor the effectiveness of foreign aid on development, governments' officials from donor and recipient countries have met in Paris in 2005 and endorsed the Paris Declaration on Aid Effectiveness (8). Paris declaration established monitoring system to assess economic growth and set a specific measurable target that would allow donors and recipient partner countries to hold each other accountable. Paris Declaration has adopted five fundamental principles to ensure that foreign aid is properly utilized (9). These principles are Ownership, Alignment, Harmonization, Managing for Results and Mutual Accountability (9). In Ownership, partner countries take the lead in planning for and implementing their own developmental programs and the donors should commit to respect the leadership of the recipient partner countries (9). Alignment, where donors commit to base their support on the recipients' strategies for development; and utilizing the system and institutions within the partner countries. The donor countries could always make sure of the capability and transparency of the recipient's system and procedures in managing aids (9). In this declaration, donor countries also commit to work in harmony with each other and share information to avoid duplication of services. Developmental results should be measured; and both partners and donors are accountable for the results (9).

The desire for economic development toward final self-help status should originate within the poor and lower middle-income countries. Strong national will and enthusiasm among citizens are needed to design and enforce policies for effective mobilization and use of domestic resources. Human is the most essential resource to be considered by nations seeking to attain economic development. To have a well-qualified and productive people, countries should invest in education and different types of vocational training. Economic development and prosperity in the West wouldn't had been reached without education and human capital. Knowledgeable and skillful people are required at each step of economic process, from designing and understanding policies to the effective utilization of resources. In recent history, Malaysia has become a well-recognized example of a country that achieved remarkable economic development through a huge and comprehensive investment in education and human capital in general (10). Furthermore, democratization undoubtedly creates a solid ground for economic growth through a multitude of factors. Democracy leads to political stability through fair share of power and resources between people and regions within each democratic country. Civil wars are unlikely to arise in politically stable democratic countries. Also, democracy favors laws and legislations that would minimize corrupting domestic resources and foreign investments or aids.

Achieving complete self-help and economic independency is a long-term process that requires interrelated factors and multiple steps. So, in their quest for modern economy, low-income countries should give priority to the idea of becoming self-dependent in providing enough food and health services to their citizens. Because of recent worldwide economic instability, donor countries might not be able provide enough of these urgent needs. Countries should invest in medical and pharmaceutical education and medical equipment that are necessary for establishing effective local health system. Agricultural countries shouldn't neglect investing in their lands. Agricultural development and expansion will secure food for the locals and improve national economy through exporting extra crops. Gezira Scheme in Sudan, until recently, was a successful agricultural example in providing enough food and cash for the entire Sudanese people. The tenant farmers were given the land by the government and allowed to grow cotton, sorghum, wheat, vegetables and fruits. Gezira Scheme is considered one of the largest agricultural projects in the world; and cotton was the main export product (11). Farmers used to receive certain amount of cash in exchange for their effort on producing cotton and could keep all the other crops and some of the wheat. Sorghum was historically the chief food item for Sudanese people and they rarely

used wheat or rice. After the deterioration of Gezira Scheme over the last 15 years, sorghum almost disappeared from the market and households. Sudanese people became totally dependent on wheat in their daily meals. Wheat prices are high, and the weather is not conducive for growing wheat in sufficient amount in Sudan; and the government is financially struggling to import the required amount. To finance imported wheat, Sudanese government now mainly depends on loans and financial assistance from some donor countries. In my opinion, Gezira Scheme was a Sudanese national pride that embodied the concept of self-help in its structure and quality.

Lessons of history and experiences of many countries emphasize the concept of self-help and should also motivate poor countries to depend on themselves in satisfying their basic needs. Foreign aid, if needed, should wisely be utilized and integrated within their budgets and economic plans. Despite countries' positive and negative experience with foreign aid, self-dependency should be considered the only way for security and economic prosperity.

Work citation

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