The objectives of this chapter are to:

- Define the word Aid,
- Discuss the types of aid available in the world
- Discuss the criticisms that have been levelled on foreign aid on education

DEFINITIONS:

Aid from the French word aide, also known as international aid, overseas aid, or foreign aid, is a voluntary transfer of resources from one country to another, given at least partly with the objective of benefiting the recipient country. It may have other functions as well such as a signal of diplomatic approval, or to strengthen a military ally, to reward a government for behaviour desired by the donor, to extend the donor's cultural influence, to provide infrastructure needed by the donor for resource extraction from the recipient country, or to gain other kinds of commercial access. Carol Lancaster, in her book Foreign Aid (2007) defines foreign aid as a voluntary transfer of public resources, from a government to another independent government, to an NGO, or to an international organization such as the World Bank or the UN Development Program with at least a 25 percent grant element, with the aim of improving the human condition in the country receiving the aid. In addition, The Development Assistance Committee of the
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Organization for Economic Cooperation and Development defines aid as consisting of flows to developing countries and multilateral institutions provided by official agencies, including state and local governments, administered with the promotion of the economic development and welfare of developing countries as its main objective, and it is concessional in character and contains a grant element of at least 25%. In her widely acclaimed book, DEAD AID, Dambisa Moyo has identified three types of foreign aid. They are Humanitarian aid or emergency aid. This is given in response to catastrophes and calamities. Secondly Charity based aid. This is usually given by charitable organizations to institutions or people on the ground. Thirdly, Systematic aid. These are aid payments made directly to government either through government-to-government transfers. In this respect it is termed as bilateral aid. This aid may also be transferred via institutions such as the World Bank. In this respect it is termed as multilateral aid.

In this chapter we are concerned with bilateral and multilateral aid rather than the humanitarian and emergency aid. There, however two related concepts to aid that also need to be pointed out. These are loans and grants. Cash transfers from the rich countries to African countries have tended to be in form of concessional loans. This is money lent at below market interest rates. Grants on the other hand are money, which has been given for nothing in return, or interest. There has been a tendency for most countries to prefer grants to loans. The view here is that loans are expensive in comparison to grants and that they are likely to turn a country indebted. In the context of the background, Moyo defines aid as the sum total of both concessional loans and grants.

**GENESIS OF AID**

Aid existed in ancient times. The trend and amounts have increased tremendously during the twentieth century especially after the Second World War occasionally consisting of humanitarian crisis relief. It was modeled on the Marshall plan which had been successfully used in the reconstruction of Europe after the war. Especially in the 1960s following independence of most countries of Africa, aid was seen as the only way to trigger higher investments which would in turn lead to higher economic growth. Soon, however, western powers began to put conditionality aid. Donors imposed rules and regulations to govern
conditions under which aid is disbursed. The focus of aid in Africa has therefore been characterized by the shifting needs of the donors. Some transfers that would now be counted as aid, however, came under the purview of colonial office budgets. It was at the end of World War Two, in the contexts of European reconstruction, decolonisation, and cold war rivalry for influence in the third world, that aid became the major activity that it is today. Countries receiving the aid may free some of the resources that were intended for a particular purpose to help in improving another area. A government may receive food aid so that the money they could have used in purchasing food could be used for military improvement. This may not be articulated when the aid is being release but is a hidden aspect. The following phases shows the shifting focus of aid in Africa through the years. To start with, soon after independence both France and Britain used aid as a tool of holding their former colonies in Africa. This was followed by the United States of America using aid as a tool of fighting the cold war.

In the 1960s most aid was given to build infrastructure especially roads and railways. In the 1970s the focus shifted to eliminating poverty. The emphasis now changed from infrastructure to agriculture and rural development. In the 1980s, the structural adjustment policies became the major focus. African countries were required to embrace free market economy by removing price controls and monopolies. In the 1990s to date the emphasis has shifted to good governance. This is seen as the key to economic growth.

**SOURCES AND DISTRIBUTION**

**Bilateral Aid** is given by the government of one country directly to another. Many dedicated governmental aid agencies dispense bilateral aid, for example DANIDA and USAID as governmental aid agencies do give aid to recipient country. **Multilateral aid** is given from the government of a country to an international agency, such as the World Bank, the International Monitory Fund or the European Development Fund. The contributing countries usually govern these organizations that involve the wealthiest countries in the world. The organizations are used by the donor countries to further their course by instituting stringent measures that ensure that their interest are catered. This has brought criticism by the third world countries that feel that the developed countries have brought a new form of oppression.
Donations from private individuals and for-profit companies are another significant type of aid. The practice of giving such donations, especially on the part of wealthy individuals, is known as philanthropy. This is done through foundations started by the multinational companies and they provide aid in particular areas of their interest.

**Non Governmental Organisations** play a major role in distributing aid. They include include Action Aid, Oxfam and the Mercy corps. Many non-profit charitable organizations solicit donations from the public to support their work; charitable foundations often oversee an endowment which they invest and use the proceeds to support aid organizations and other causes. Aid organizations may provide both humanitarian and development aid, or specialize in one or the other. A number of aid NGOs has an affiliation with a religious denomination. They conduct their own international operations - distributing food and water, building pipelines and homes, teaching, providing health care, lending money, etc. Some government aid agencies also conduct direct operations, but there are also many contracts with or grants to NGOs who actually provide the desired aid.

Scholarships to foreign students, whether from a government or a private school or university, might also be considered a type of development aid.

**TYPES OF AID**

Aid is often *pledged* at one point in time, but *disbursements* (financial transfers) might not arrive until later. Aid may be provided in the form of financial grants or loans, or in the form of materials, labor, or expertise.

**Humanitarian aid**

Humanitarian aid or *emergency aid* involves rapid assistance given to people in immediate distress by individuals, organizations, or governments to relieve suffering, during and after man-made emergencies like war and natural disasters like famine, floods, earthquakes. It focuses on relieving suffering caused by natural disaster or conflict, rather than removing the root causes of poverty or vulnerability. The provision of humanitarian response consists of the
provision of vital services such as providing food, water and medicine by aid agencies, and the provision of funding or in-kind services like logistics or transport, usually through aid agencies or the government of the affected country. State-supported actors distinguish humanitarian aid from humanitarian intervention that involves armed forces protecting civilians from violent oppression or genocide.

**Development aid**

Development aid is given by industrialized countries to support development in general, which can be economic development or social development in third world countries. It is aimed at alleviating poverty in the long term, rather than alleviating suffering in the short term.

Development aid is often used to refer specifically to Official Development Assistance (ODA), which is aid given by governments on certain concessional terms, usually as simple donations. It is given by governments through individual countries' International Aid agencies and through multilateral institutions such as the World Bank and by individuals through development charities such as Action aid; Caritas, Care International or Oxfam. The offer to give development aid has to be understood in the context of the Cold war.

Other Specific types of aid include:

- **Project aid**: Aid is given for a specific purpose e.g. building materials for a new school.

- **Programme aid**: Aid is given for a specific sector e.g. funding of the education sector of a country.

- **Budget support**: A form of Programme Aid that is directly channelled into the financial system of the recipient country.

- **Sector wide Approaches (SWAPs)**: A combination of Project aid and Programme aid/Budget Support e.g. support for the education sector in a country will include both funding of education projects (like school buildings) and provide funds to maintain them (like school books).

- **Food aid** is given to countries in urgent need of food supplies, especially if they have just experienced a natural disaster like famine, floods, and earthquakes.
• Untied Aid: The country receiving the aid can spend the money as they chose.

• The Tied aid must be used to purchase products from the country that donated it or a specified group of countries.

• Educated personnel, such as doctors, provide technical assistance. They are moved into developing countries to assist with programs of development. They can be both programme and project aid.

EDUCATIONAL AID

Much of the money provided by the international agencies and bilateral donors to help in education do not benefit the recipient country but a substantial proportion returns to the donor country through payments to expatriates staff and consultants. Students pay part of the money as fees to the donor country educational institutions from the recipient countries and contracts for educational materials and other educational inputs that go to firms in the donor countries. The main sources of educational aid are the World Bank, bilateral government to government agencies such as the Overseas Development Administration in the UK in Britain and Non Governmental Organization.

The UN agencies such as UNESCO perform mainly advisory and research roles and provide technical assistance to national education systems. The World Bank is the largest single donor to education accounting for 15 percent of the total international support to education. The politics of aid have lead to long experience of foreign intervention and use of aid as political weapon that has lead to suspicion of the motives held by the donors. A skeptical view of aid is most common among those opposing repressive regimes that have long watched aid and trade bolstering the power and credibility of these regimes. In South Africa assistance to education programmes, which would assist individual mobility, has been regarded with suspicion by the more radical sections of the liberation movements. They regard these programmes as attempts to buy off an educated class of black people and in the long run divide the black community. Similar suspicions are held in Guatemala, El Salvador and Honduras where there is a long history of the US aid geared to combating communism rather than promoting social justice. The objectives of the aid given carry contra-
dictory meaning that can be interpreted in various ways. This indicates a hidden motive by the donor without explicitly clarifying what they are interested when giving a particular aid.

FUTURE PRIORITIES FOR AID IN EDUCATION

Graham-brown (1991) has articulated the following as the areas that future donors should emphasize on in the provision of aid:

Aid to education need to be increased. This was supported by the World conference on Education for All that suggested that additional aid should be provided in order to ensure minimal education for all school age children by the year 2000.

Increased aid to education should not be at the expense of other social and environmental needs. This is because education can only flourish when it take place in a healthy environment in the broadest sense. The increase can be at the expense of military assistance to recipients, wasteful ‘white elephants’ and prestige projects that bring no benefits to the majority of the recipient country population. The donors should maintain aid flows at least at the UN target of 0.7% of the GNP.

For effective utilization of Aid, individual countries should be left to come up with national plans for the future of their education. This is certainly better and more flexible than the global strategy to be imposed on all. Conditionality that limits policy options available to recipient should be lifted.

Basic education for all (access to schools and continuing education opportunities, including literacy for adults and out of school children) should be a key goal for national governments and the international community. Their implementations need to be sensitive to the social, economic and political context. Equity cannot be achieved in basic education unless it is integrated into the broader context of social and economic reforms particularly land reforms and access to basic services such as housing, clean water, basic health care facilities and a living wage in employment or self employment. Lastly, funding whether from national or international sources need to be long-term in order to cater for the poor and the vulnerable groups.
CRITICISM OF AID

Foreign aid has many critics. The criticism is based on the following: Despite receiving a lot of foreign aid, African countries have not made any significant economic growth and poverty eradication. The conclusion here is that aid is not working. Some critics also argue that aid undermines development and inherently does more harm than good. There are those on the other hand who argue that aid must be seriously be reformed if it has to work properly. There are those who argue that Aid is seldom given from motives of pure altruism, for instance it is often given as a means of supporting an ally in international politics. It may also be given with the intention of influencing the political process in the receiving nation. Whether one considers such aid helpful may depend on whether one agrees with the agenda being pursued by the donor nation in a particular case. During the conflict between communism and capitalism in the twentieth century, the champions of those ideologies, the Soviet Union and the United States, each used aid to influence the internal politics of other nations, and to support their weaker allies. Perhaps the most notable example was the Marshall plan by which the United States, largely successfully, sought to pull European nations towards capitalism and away from communism. Aid to underdeveloped countries has sometimes been criticized as being more in the interest of the donor than the recipient, or even a form of neocolonialism.

A donor may have various motives for giving aid. They may involve defense support, market expansion, foreign investment, missionary enterprise, and cultural extension. In recent decades, aid by organizations such as the International Monetary fund and the World Bank has been criticized as being primarily a tool used to open new areas up to global capitalists markets, and being only secondarily concerned with the well being of the people in the recipient countries.

Besides criticism of motive, aid may be criticized simply on the grounds that it is not effective. It does not do what it was intended to do or help the people that are intended to help. This is essentially an economic criticism of aid. The two types of criticism are not entirely separate: critics of the ideology behind a piece of aid are likely to see it as ineffective; and indeed, ineffectiveness must imply some flaws in the ideology. Statistical studies have produced widely differing assess-
ments of the correlation between aid and economic growth, and no firm consensus has emerged to suggest that foreign aid generally does boost growth. Some studies find a positive correlation, but others find either no correlation or a negative correlation. In the case of Africa, Asante (1985) gives the following assessment:

The economist Easterly William and others have argued that aid can often distort incentives in poor countries in various harmful ways. Aid can also involve inflows of money to poor countries that have some similarities to inflows of money from natural resources that provoke the resource curse.

The U.S. Aid in particular is known for the policy conditionalities that often accompany it. Emergency funds from the International Monetary Fund (IMF) and World Bank, for instance, are linked to a wide range of free-market policy prescriptions that some argue interfere in a country's sovereignty. Policy prescriptions from outsiders can do more harm, as they might not fit the local environment. The IMF can be good at helping countries over a short problematic financial period, but for poor countries with long lasting issues it can cause harm. In his book The White Man's Burden, Easterly argued that if the IMF only gave adjustment loans to countries that can repay it, instead of forgiving debts or lending repetitively even if conditions are not met, it would maintain its credibility.

In addition to the above criticisms, the logistics in which aid delivery occurs can be problematic. For example an earthquake in 2003 in Bam, Iran left tens of thousands of people in need of disaster zone aid. Although aid was flown in rapidly, regional belief systems, cultural backgrounds and even language seemed to have been omitted as a source of concern. Items such as religiously prohibited pork, and non-generic forms of medicine that lacked multilingual instructions came flooding in as relief. An implementation of aid can easily be problematic, causing more problems than it solves.

James Shikwati, a Kenyan economist, has argued that foreign aid causes harm to the recipient nations, specifically because aid is distributed by local politicians, finances the creation of corrupt government such as that led by Christopher Dempsey in Zambia bureaucracies, and hollows out the local economy. In an interview in Germany's Der Spiegel magazine, Shikwati uses the example of food
aid delivered to Kenya in the form of a shipment of corn from America. Portions of the corn may be diverted by corrupt politicians to their own tribes, or sold on the black market at prices that undercut local food producers. Similarly, Kenyan recipients of donated Western clothing will not buy clothing from local tailors, putting the tailors out of business. In an episode of 20/20, John Stossel demonstrated the existence of secret government bank accounts, which concealed foreign aid money, destined for private purposes.

Some believe that aid is offset by other economic programs such as agricultural subsidies. Mark Malloch Brown former head of the United Nations Development Program, estimated that farm subsidies cost poor countries about USD$50 billion a year in lost agricultural exports:

"It is the extraordinary distortion of global trade, where the West spends $360 billion a year on protecting its agriculture with a network of subsidies and tariffs that costs developing countries about US$50 billion in potential lost agricultural exports. Fifty billion dollars is the equivalent of today's level of development assistance."

Some have argued that the major international aid organizations have formed an aid cartel.

In response to aid critics, a movement to reform U.S. foreign aid has started to gain momentum. In the United States, leaders of this movement include the Center for Global Development, Oxfam America, the Brookings Institution, InterAction, and Bread for the World. The various organizations have united to call for a new Foreign Assistance Act, a national development strategy, and a new cabinet-level department for development.

As a solution to the problems of aid, several suggestions have been made. One of the most radical solution is given by Moyo who suggested that African countries should gradually be weaned off aid and rid off dependency. Instead she proposes as alternative development of trade, development of capital markets, micro finance and savings (p.145). Another solution given is that of introducing a funding mechanism that hinges on results. At the core is a contract between funders and recipients that stipulate a fixed payment for each unit of
confirmed progress towards an agreed upon goal. This approach is known as cash on delivery. It has been used to assist developing countries to achieve universal elementary education. As it has been observed in regard to Kenyan situation this new approach has not completely eliminated the problem of corruption and diversion of funds from the intended project.

**ACTIVITY**

i. Name four types of aid  
ii. Discuss the genesis of Aid  
iii. Discuss the advantages and disadvantages of using Aid in education.

**REFERENCE**


Former USAID official Carol Lancaster, in her book *Foreign Aid* (2007) defines foreign aid as: "a voluntary transfer of public resources, from a government to another independent government, to an NGO, or to an international organization (such as the World Bank or the UN Development Program) with at least a 25 percent grant element, one goal of which is to better the human condition in the country receiving the aid." (p 9.)
