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The Politics of International Social Services in Developing Countries

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Abstract: Developing countries of the world are characterized with very high dependence on international social service and aid. This dichotomy has rendered many recipient nations stagnant instead of enhancing their quest for development. This study therefore looked at international social services and aid, intrigues and controversies therein in the issuance of aid to recipient nations. Also attempt was made to debunk the gap theory analysis as a reason for developing countries seeking for aid. The study concluded that developing nations should emphasize less of international social services and more on resources within to enhance homegrown development as evident in some countries in Asia, in the light of international politics and politicking in rendering international services and aid.

Key words: Social services, recipient, intrigues, controversies, development, dependence

INTRODUCTION

International social services can be applied to actions taken by people or institutions in one country towards people or institutions in another country, which help or at least are intended to help the later. Most times international social services come in forms of foreign aid from various international agencies. Aid to developing nations has become a familiar feature in the United State Foreign policy. Modern international social services could be rigorously traced to the 1944 Bretton Woods Conference, which set up the International Bank for Reconstruction and Development (IBRD/World Bank). The Second World War saw the United State extending relief and rehabilitation assistance to its allies under various appropriations.

The enactment of the Foreign Assistance Act of 1961 under the then American President, J.F Kennedy, saw the establishment of the United State Agency for International Development (USAID), a successor to the International Cooperation Administration (ICA) established in 1955. USAID became the principal institutions through which most United States assistance programmes were carried out. A lot have been written about international social services, researchers and scholars alike have concentrated much on assessing the impact of foreign aid and the rationale behind it, the demand and supply of foreign aid and the politics involved. One recurring controversy in the study of contemporary international relations and politics of development is the place of international social services in the development of nations. The controversy is further heightened by different orientations and schools of thought. For instance, the liberal school conceived of international social service in terms of financial assistance as an indispensable instrument for economic and social development of the underdeveloped nations. They argue that developing nations need aid as a supplement for developmental resources and therefore attribute positive effects to international assistance. On the other hand, the Marxists argue that international social service constitutes an impediment to growth and development of nations, viewing international social services as death trap' designed to keep the developing nations in perpetual economic and political bondage (White, 1974).

Surveying the major issues in the controversies about International aid, political and economic presumptions shows that there are various intrigues involved in the giving and receipt of aid. White (1974) argues cannot be separated and also that the economic and political factors involved in the giving and receiving of international aid becomes illegitimate and will give at least only a partial view of the effects that different types of aid will have in different socio-political situations.

Thorp (1970) assessing development process, appealed that industrialized countries should expand their assistance to the developing and underdeveloped countries. Carefully examining what he calls the reality of international aid both past and present, he presents a closely reasoned argument for more aid, which must be more effective before acceptance by receiving nations. In a study of how foreign aid appropriations are made, starting with an analysis of public opinion and ending with a scrutiny of the role of international aid via various means, O'Leary (1967) add, as much needed dimension to the discussion and analysis of United State Foreign Policy, examining this perspective, emphasized the entire process as cupped with basic questions about

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international social services and aid more broadly about U.S objectives in world affairs, though neglecting the institutions, which administer aid in their writing. One cannot but mention that there are many complex factors that go into the working of America foreign aid policy and programmes. It is very important since aid cannot be complete until the aid gets to the recipient countries that international social service and aid are transferred not from country to country but from institutions in a country to institutions in another among others.

Suggesting a different aspect to the subject of international services or foreign aid Feldman (1970) and Ward (1971) noted that be it political or economical, may in its eventual results, prove to be an instrument of a resurgent imperialism, a new kind of conquest. Examining India and Pakistan economic development process and the place of international social services and aid therein, he submitted that these have enabled India to undertake what he described as fifteen years of doctrinaire and unfruitful planning. The researcher believes that foreign aid has so much impoverished the developing nations in such a way that they find it different to stand on their own, pointing out that aid has not been giving with the disinterested impartiality of motive that would have made it so very much more effective. In the argument for increased aid in Africa, Prentice (1970) chastised Britain and her allies for not doing enough to help the underdeveloped world, stressing on the reason why aid should be given. To Ward (1971), addressing the current doubts on the efficacy of aid regards doubters though as too pessimistic. He maintained that aid is a thinking in the right direction and expressed the benefits of aid and asserts that the trend is commendable but with caution.

Buttressing the effect of loans and gifts to development of a nation, Arnold (1979) drawing reference from the February 1967, Arusha Declaration maintained that independence cannot be real if a nation depends on gift and loans from another for its development. The supremacy of aid in the development of nations sounds myopic emphasizing the directions and intentions of United State and USSR aid programme to Africa, pointing out the role of the European Economic Community (EEC) in superimposing itself over African countries through its aid policies.

Using Latin American and African countries as cases, Stalling (1972) made a vocal case about the issue of dependence and submitted that dependency was as a result of capital flows, trade and foreign manpower in favour of the developed world as against capital flight, which has dire consequences on development of developing nations within the continents. The United State Senate once resolved in 1994 during Clinton's administration that foreign aid should be geared towards development in democracy, hence the suspension of military cooperation between Nigeria and the US, on the insistence upon the rapid return of democratic rule to Nigeria. The Marshall Plan as an element of America Foreign Policy and International Assistance Programmes have offered an excellent return on American investment as well as her closest and best allies, compared to trade partners from Asia and Africa. South Korea for example now imports more from the US, than it was before i.e., more than it received from the US foreign assistance, in the last two decades. Ensuring nations around the world establish a thriving domestic economy by opening new markets for American goods and services, Bill Clinton asserts in one of his speeches asking:

Do we need to spend some money on foreign aid in order to protect the security and economic interest long term and diminish the threat of terrorism? in Latin America, if we spend a little bit of money to support democracy there, then all of those countries may wind up buying products from New Hampshire and New England, creating jobs for us (Americans), they all want to be the trading partners. They want to buy more from us, they don't ask much from us just a tiny amount of support (The News, 1994:27).

Bowing before neo Liberal Trade Winds, key supporters of US links and assistance to Africa have pushed forth figures to indicate the importance of the African market to the United States. Thus, Senior Fellow for Africa at the Council on Foreign Relations, points out that the countries of Sub-Saharan Africa, excluding South Africa, account for more total trade with the US than all of Eastern Europe and the former Soviet Union combined. This was earlier justified by Atwood in 1995; a USAID official that Africa is the last great developing market. Such gushing reference to Africa's great trade and investment potentials have become a litany, repeated time and time again, yet few pause to probe beneath the rhetoric.

The South African experience shows a situation, where international social services are being enjoyed mostly by those in manufacturing areas, this is also the trend of investment reflecting South Africa's excellent transport, commercial and financial infrastructure, a significant national and regional market and a resolutely free market government. The effect of this on the majority of South African blacks is nothing to write home about, as many blacks have no access to these services. Little wonder there are several campaigns that international social services should be masses-driven and rural based as >70% of the people are in the hinterland. Thus, Patrick Bond of South Africa's National Institute for Economic

Policy lamented that the ANC government energetic campaign for new foreign investment in the hinterland never paid off.

This presents yet another puzzle: why, if Africa offers few economic attractions, is the US, congress and broader public still interested in less developed economies in Africa and Asia? This question leads in turn to the reconfiguration of Pro-African interests in US and other developed countries. Meanwhile, both democrats and Republicans have been promoting the African Growth and Opportunity Act (AGOA), which proposes lower US tariffs on some African products and support departments reduction for Africa's poorest states.

To qualify for the latter, African states would have to put in place for three years strict programmes of privatization, budgetary and tax controls and customs tariff reduction and hold these measures for another three years. The conditionality attached to aids becomes obvious. Few African states beyond Uganda would thus seem to benefit immediately (if at all) more significantly in AGOA act, is a $650 million commitment of which $500 million will be used to insure US firms against losses in infrastructure and construction projects and another $150 million to insure investment in privatization ventures in recipient countries. As Finance week summarized from the view point of South African businesses; it is not too cynical to conclude that the prime beneficiaries of the Clinton's Africa plan are the major American corporations (Srodes, 1997). This leads directly to a key question: will US firms invest and in what areas? Are there criteria for aid and investment? The AGOA act simply affirms this.

INTERNATIONAL SOCIAL SERVICE, GROWTH DEVELOPMENT AND THE GAP THEORY

International social service or aid ought to be for non-developmental objectives, such as disaster relief or for military and political ends. In reality this is not the case. A lot of scholars have argued that much aid is lost due to instability and conflict: roughly half of aid to Sub Saharan Africa has gone to countries facing civil war and/or frequent military coups. Much (though not all) aid has also been wasted on poorly conceived and executed projects and programs, often fettered by debatable conditionality. And from a statistical point of view many technical problems arise: distinguishing short versus long term impact, problems with endogeneity of the aid-growth relationship, difficulty determining the direction of causality or controlling for country-specific characteristics (Bourguignon and Leipziger, 2006). Case studies do not avoid this due to the difficultly of establishing the counterfactual. Easterly (2006) argues that aid is not associated with growth in Africa, whereas Collier (2006) argues that in the absence of aid, growth would have been far worse. Observing the multi-dimensionality of development objectives; mean income, poverty, literacy and access to sanitation, inoculations further complicates empirical analysis.

For fifty years, proponents of aid have argued that poor countries are poor because they lack the funds to invest in the infrastructure that would enable economic activity to take place, which in turn means that they are unable to attract investment. Donors have justified international social service with various theories and political motivations but its core justification, the gap theory is fundamentally flawed. This theory assumes that developing countries are trapped in a vicious cycle of poverty because they are unable to save and hence have insufficient capital to invest in growth-promoting, productivity-enhancing activities. But there is simply no evidence that this savings/investment gap exists in practice. As a result, aid has failed to fill the gap. Instead, it has over the past fifty years, largely been counterproductive: it has crowded out private sector investments, undermined democracy and enabled despots to continue with oppressive policies, perpetuating poverty. The gap theory premise has been fundamentally flawed based on the following points:

- The reason countries are poor is not that they lack infrastructure be it roads, railways, dams, pylons, schools or health clinics. Rather, it is because they lack the institutions of the free society: property rights, the rule of law, free markets and limited government
- In majority of poor countries, the average poor person is typically unable to own and transfer property. Courts of law are slow, expensive and corrupt
- Government plays a large role in the economy and government policies undermine incentives to engage in mutually beneficent economic activities. Evidence suggests that when money is given to the governments of countries that do not have these institutions, it is not spent wisely
- Very often, international social service in aid form is spent on projects that benefit the political leaders at the expense of the citizens
- Almost always, money crowds out investment by the private sector and because government is not good at making investment decisions it undermines economic development
- Often it has bolstered corrupt regimes that would otherwise have been thrown out

Aid and humanitarian services have failed to fill the gap in Africa. Africa received approximately $400 billion of aid from 1970-2000. Aid as a percentage of Gross National Income (GNI) grew continuously in Africa between 1970 and 1995, starting at around 5% in 1970 and peaking at around 18%. There appears to be an inverse relationship between aid and growth (Fig. 1) and this is not unique to Africa. Growth is higher in periods, when the aid-to-Gross National Income ratio falls. Aid does not finance additional investment for which the recipient countries failed to marshal domestic resources. It simply frees central government resources for spending on current consumption, which in turn fuels corruption. Paul Rosenstein Rodan, a former deputy director at the World Bank Economics department, observed:

When the World Bank (2000) thinks it is financing an electric power station, it is really financing a brothel. Meanwhile, the savings ratio (savings in relation to national income) has actually fallen, when aid has increased. Research clearly demonstrates a negative effect of increased aid on savings in Sub-Saharan Africa. In contrast, Aid to Asian countries has generally been small (<1% of GNI). Nevertheless, the aid that was received may have crowded out projects that would have resulted in long-term growth and thus may have had a negative impact there also. Overall in Asia, aid has not had a significant and positive effect on economic development. Millions of poor people live in India and China but their economies are growing despite the insignificant role that aid and humanitarian service play in their investments.

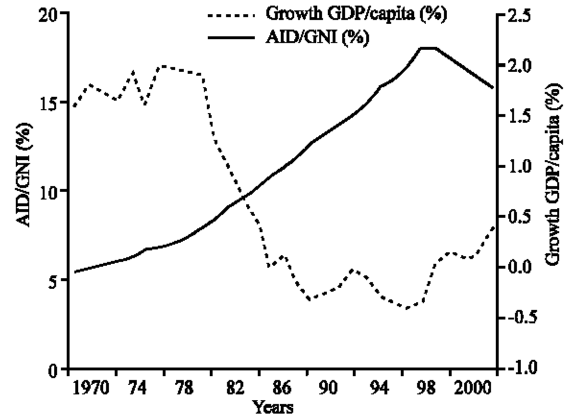

Fig. 1: Aid and growth in Africa (10 years moving aversge)

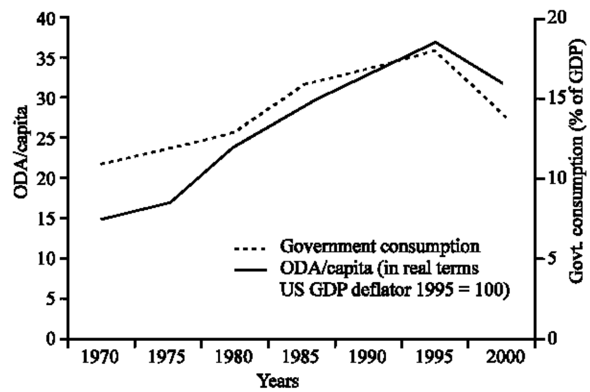

Fig. 2: Aid and government consumption in Sub Saharan Africa (10 years moving average)

AID, HUMANITARIAN SERVICE, INVESTMENT AND GROWTH IN AFRICA AND ASIA

With four or five decades of documented data on the relationship between aid and development, it is not difficult to answer the trillion-dollar question: has aid led to sustained economic growth? I start by looking at Africa; a continent of particular interest to those who wish to understand the effects of aid and international humanitarian service. Many African countries received substantial sums of aid over a sustained period and thus became a laboratory for various donors and development theories. Nowhere else in the world has the aid-to-GDP ratio been high as in Africa, particularly in Sub-Saharan Africa. So the historical experience of the effect of aid and its relevance to Africa has done less in terms of development, yet many government still clamour for aid and international social assistance abroad.

The general story about aid and growth in Africa over the last 30 years is shown in Fig. 1 and 2. Aid as a percentage of Gross National Income (GNI) grew continuously between 1970 and 1995, starting at around 5% in 1970 and peaking at around 18% in 1995. During the 1970s, when the percentage of aid as a proportion of GDP was still relatively low, GDP growth per capita was high. After the oil price shocks of the late 1970s, the proportion of aid grew dramatically but GDP growth collapsed and was even negative for several years. In light of this experience, it is quite clear that the gap theory of aid has missed a critical element in the development process. While these figures alone do not overthrow the idea of aid and humanitarian service, it is important to bear in mind that Africa received approximately US$400 billion of aid from 1970-2000 and this makes the case for a smoking gun (World Bank, 2000).

The evidence for Asia illustrates that Africa is not unique in lacking a linear or even a positive relationship between aid and growth. In fact, the conclusion from this information seems to suggest that on balance, growth was higher in periods when the aid-to-Gross-National-Income ratio fell. This does not necessarily mean that aid has been ineffective in all senses. Aid flows to Asian countries as said earlier have overall been relatively small: aid to China and India has generally been <1% of GNI and the existing aid might have had positive impacts in the short-term. But these impacts have not turned into increased growth and should not be considered genuine successes in the context of the gap theory of aid. Most likely, the aid simply replaced other sources of financing for existing projects. Indeed, the aid may have crowded out projects that would have resulted in long-term growth, in which case it should be considered to have achieved a negative impact (Hansen and Tarp, 2001).

The overall pattern in Asia is that aid and humanitarian service does not have a significant and positive impact on economic development and nowhere is this clearer than the economic development of China and India. China's economic boom started after its economic reforms of the late 1970s. Aid to China rose in the 1980s but decreased to trivial amounts in the early 1990s at the beginning of its rapid and sustained growth period. India experienced similar phenomena. Today, total aid spending in China and India is less than US$1 per capita. India has also rejected offers of aid from bilateral donors. And I think Nigeria and other countries in Africa should follow similar path as evident in China, India and Japan.

China and India also provide interesting counterarguments to the investment gap theory. Both countries contain a large proportion of people living in extreme poverty and they have managed to grow despite the insignificant role played by aid in investments. When measured as the share of gross capital formation (which translates into gross investments), aid has never been >2% of China's investments. According to rounded calculations by the World Bank, today's share of aid to gross capital formation is 0% in China and slightly higher in India 1%. Easterly (2001), in his study The Ghost of the Financing Gap: Testing the Growth Model Used in the International Financial Institutions, assessment was made on what donors have actually achieved by giving aid to poor countries for >40 years. In a separate study, Easterly (1999) analysed the link between aid, humanitarian service, investments and growth in 88 countries between 1965-95 and found only six countries which experienced a significant and positive effect of foreign aid on investment.

Two of those countries, Hong Kong and China had trivial amounts of aid but the remaining four were countries with quite substantial inflows of foreign aid: Tunisia, Morocco, Malta and Sri Lanka (Easterly, 1999, 2001). Easterly (2006) went further to analysed the short-run relationship between investment and growth in 138 countries and found only four countries that passed the test of a significant and positive relationship. The four countries were Israel, Liberia, La Reunion (a French territory) and Tunisia. Thus, the financing gap theory seems to fit only one country I Africa, Tunisia. However, he concluded that it is quite plausible that this finds one country in a sample of 138 countries, which apparently fit the theory and could easily occur entirely by chance. Boone (1996) reached similar conclusions using data for 97 recipient countries over a 20-years period, He found no significant correlation between aid and poverty reduction and he found no evidence that aid improves mortality rates, primary school enrolment or life expectancy in recipient countries. Like Easterly (1999) and Boone (1994) tested the link between aid and growth and found no relation at all between the volume of aid, humanitarian service and growth, as a vehicle of improving social welfare. In fact, he could not find any significant effect between aid and investments in physical capital, an assumption which underpins the idea of aid. Easterly (2001) and others conducted a later study of 34 African countries, which confirmed these findings, showing no overall effect of aid on investments. Only eight countries showed a positive and significant relationship between aid and investment. In twelve countries the relationship was negative (Devarajan *et al*., 2002). This evidence strikes at the very heart of the idea of aid and international social services.

How can the results be explained? The overall explanation for Boone (1996)'s conclusions is that foreign aid intended for investment may very well have been used for investment but if it was, the recipient governments simultaneously lowered their own investment and transferred resources to additional consumption. Boone (1996) also found a strong correlation between the volume of aid and public consumption, indicating that such a transfer of resources had occurred. Expressed differently, aid seems to be fungible. Aid does not finance additional investment for which the recipient countries failed to marshal domestic resources. Fungibility means that a country, which receives aid then reallocates domestic resources and in this way, turns the purpose of aid upside-down. Paul Rosenstein Rodin, a former deputy director of the World Bank Economics Department, expressed the essence of fungibility as a waste. In his words when the World Bank thinks it is financing an electric power station, it is really financing a brothel (Devarajan *et al*., 1999).

Several other studies used different methods to show how fungibility distorts development assistance. Many scholars have observed that the general pattern in Africa is that the savings ratio (savings in relation to national income) has actually fallen when aid has increased. This phenomenon is partly explained by falling negative economic growth: if a country becomes poorer, a larger share of its income will be used for consumption. However, this is far from the whole story. Research clearly shows a negative effect of increased aid on savings in Sub-Saharan Africa (Bowles, 1987). Similarly, many studies point to the fact that government consumption in Sub-Saharan Africa has increased when aid has increased.

THE THREE BIG QUESTIONS ABOUT FOREIGN AID AND INTERNATIONAL SOCIAL SERVICE SINCE THE 1950's

Many scholars on Africa development have generally been asking three big questions about foreign aid:

Why do developing countries need foreign aid then the developed countries as it were had not needed it, while still developing? This question is alive today. Easterly (2001) and others have argued that the engine for development is not donor aid but political leadership, favorable macro economic environment, economic incentives and private donations and private capital (Adelman, 2003; Devarajan *et al.*, 1999).

Who should get foreign aid? Morrissey (2001) argued that this question is not relevant for bilateral aid because of its distribution along political lines but its relevance cannot be overemphasized in relation to established multilateral agencies such as the UNO/World Bank. Some economists emphasized absorptive capacity as the criterion for receiving aid, while others emphasized good performance in terms of social and economic policies and balance of payment needs. At the end of the day, the prize went in favour of poverty as a criterion giving proportionally more to poor countries. This made the UN to regularly classify and rank countries into a poverty zones before being eligible for aid and service Morrissey (2001). But the poverty issue was swept aside at Africa's independence as most new nations focused on economic growth rather than alleviating poverty. The poverty debate surfaced two decades later in the early seventies and then again in the nineties. Today, the debate over how to rank countries to receive aid from the Millennium Challenge Account covers the same ground that the UN addressed some 50 years ago (Radelet, 2003).

The third big question about foreign aid in the 1950s was how to prove to rich countries that they would benefit from giving to the poor? DFID (1997, 2002) and some other donors argue that foreign aid can achieve both goals and that higher incomes in poor countries can be translated into expanded trade opportunities for the North/donor countries (Easterly, 2003). Little wonder the Asian countries specifically china and Japan do more or less without aid and assistance from countries of the West as experience have taught them that it is more profitable to seek aid and assistance within.

The big questions about aid are still being asked in different styles and ways in international debate and seminars today. This reveals how development rhetoric has changed decade after decade-in attempts to answer these same basic questions. For example the Community Development (CD) programs of the fifties, were followed by rural development projects in the seventies and then by sustainable livelihoods, Community Driven Development (CDD) and Community Based Development (CBD) projects of today. The relabeling of projects to spur bottom up development in rural areas can be described as an exercise in putting old wine in new bottles (emphasis mine).

CONTROVERSIES ABOUT AID AND INTERNATIONAL SERVICES

Five major controversies embedded in the issuance of social services and aid to developing nations are as follows:

Debt relief is often double counted as aid: Debt relief to developing countries in 2003 amounted to US$9.4 billion, equivalent to 14% of the global aid budget. According to Organization for Economic Co-operation and Development (OECD) rules, all money used to fund debt relief is counted as part of official aid. This applies both to debt relief under the Heavily Indebted Poor Countries (HIPC) initiative and to debts cancelled on export credits, as well as other bilateral debts. All debt relief provided since 2002 has been counted as part of Official Development Assistance (ODA), despite the Monterrey Consensus which explicitly states that aid increases should be additional to debt relief. It is important here to discount debt relief from real aid for three key reasons:

First, cancelled debt stock, the principal and interest on the loan are counted as Official Development Assistance (ODA) in the year in which the relief is agreed, even though any benefits are felt over several years. This explains recent dramatic year-on-year increases in Belgian aid, after Debt relief to the Democratic Republic of Congo and in Portuguese aid after debt relief for Lusophone African countries, as well as British and American aid to other Anglophone countries.

Second, aid and international social services figures in terms of US dollars are valued at a full nominal value. Much of the debt relief provided to poor countries simply closes the gap between what countries were scheduled to repay and what they actually were able to repay and has often done little to relieve budgetary pressure on poor countries. For example, most of the US$5.1 billion increase in aid to the Democratic Republic of Congo between 2001 and 2003 was debt relief, even though Congo's debt service has actually increased sharply since the country entered the Highly Indebted Poor Country (HIPC) process, from US$2.7 million in 1999 to US$126.7 million in 2003 (Bhandari *et al*., 2007). Debt service for all developing countries between 2002 and 2003 fell by just US$0.3 billion. Among the 27 countries that have so far received relief from the HIPC initiative, debt service increased from US$2.6-2.8 billion over the same period. This suggests that the vast majority of the US$9.4 billion cancelled in 2003 was not directly available for reducing poverty.

Third, counting debt relief as Official Development Assistance (ODA) creates a public perception that more money is being spent on development than is actually the case. In the UK, for example, debt cancellation has been presented as additional to aid spending which is double counting, for example If debt relief is taken out of the UK's ODA calculations, then the ODA/GNI ratio fell between 2000/01 and 2002/03, although it rose again in 2003/04. Therefore, funding debt relief from aid budgets becomes misleading. It risks penalizing countries that are not indebted, as aid resources are diverted towards heavily indebted countries. Again it also violates the principle that creditors should carry some of the cost of debt relief; given the role that reckless lending has played in the debt crisis and the fact that much of the initial lending was not supporting development-related expenditures. Discounting debt relief from our real aid calculations does not mean that debt relief is unimportant but the cancellation of unpayable debts is urgently needed alongside more and better aid in order for developing countries to achieve the Millennium Development Goals.

Aid is spent on overpriced and ineffective Technical Assistance (TA): In 2003, US$18 billion of donor money, or more than a quarter of total aid, was allocated to Technical Assistance (TA). The official figures probably understate the amount being spent in this area, since most project and programme allocations hide significant spending on technical assistance. Typically, Technical Assistances (TA) are in form of consultants, either long or short term, to support and advise recipient governments on policy issues and for capacity building. In Africa alone, donors employ an estimated 100,000 technical experts (World Bank, 2000). Technical and knowledge gaps doubtless exist in developing countries and in principle TA has the potential to improve both government commitment and capacity and the impact of aid. Past experience has shown that TA is rarely well used. There are three key problems involved in technical assistances as aid and social service:

First although, TA along with food aid, is excluded from the Organization for Economic Co-operation and Development (OECD) agreement most of it is in practice heavily tied to donor country firms. Even where donors are and have fully untied, contract arrangements continue to limit competition. For example, 25 of the 34 largest recipients of the UK TA contracts listed on the DFID website are British. The other nine recipients are mostly American and Canadian and none is from a developing country (www.dfid.gov.uk/procurement/constractslet.asp). Second, the upshot of TA being tied and the mark being at best semi-competitive is that it is heavily overpriced. For example, in Cambodia the aid spent by donors on 700 international consultants in 2002 was estimated to be between US$50 and 70 million roughly equivalent to the wage bill for 160,000 Cambodian civil servants. In other words, donor-financed consultants working in the Cambodian government were paid upwards of 200 times what their Cambodian counterparts received. In India, DFID spent US$40 million on TA over six months, in the course of advising the state government of Orissa (Cambodia) on energy privatisation. The total bill for foreign consultants on this programme eventually rose to US$110 million, with most of the TA provided by Price Waterhouse Coopers. In Vietnam, one DFID official estimated that they typically pay foreign experts between US$18,000 and 27,000 million per month, compared to US$1,500-3,000 for local experts (Action, 2004).

Third, TA does a poor job of responding to local demand and often leads to inappropriate or irrelevant support. In particular, TA is widely used in ways that foreclose policy options and steer countries towards donors' preferred reforms. The World Bank (2000) and IMF's joint initiative with the World Trade Organisation to provide TA through an 'integrated framework' on trade is a case in point. Diagnostic studies routinely push for the kind of privatisation blueprints preferred by the IMF and World Bank for example of Structural Adjustment Programme by Nigeria and other third world countries in the 1980s, specifically of Senegal's groundnut sector, urban water in Tanzania and cotton marketing in Burundi and Madagascar showed how Technical Assistance could be inefficient. A recent study found widespread duplication of TA, partly because donors did a poor job of coordinating analytical, diagnostic and capacity building work and of using it once, it is produced (Brumm, 2003). In Vietnam for example, the Informal Report (2004), observed that there were 60 different TA projects covering various aspects of the country's accession to the World Trade Organization, funded by 23 different donors, with little apparent coordination. Despite these problems, not all TA should be counted as phantom aid. It is important to state here that most TA remains tied, either officially or unofficially. The near total reliance on international TA involves extra cost items, such as generous living expenses and travel. Using local expertise in a recipient country would not incur such costs. These costs will not be incurred in all cases but are likely in at least half no matter the available evidence.

Large sums of aid and international social service remain tied: Clark (1994) estimated that 40% of all aid be it in form of projects or services, excluding food aid and technical assistance are tied to the purchase of goods and services from the donor country. Italy and the USA are among the biggest culprits of tying, spending upwards of 70% of aid on domestic firms and organizations. More recently, donors have committed to untying all their aid to least-developed countries, although in reality procurement practices are often unchanged. For example, even though Japan has officially untied its aid, 96% of the 64 billion Yen of Japanese aid spent on large projects in Vietnam in 2003 involved projects solely or partially involving Japanese companies (DFID, 2002). Another example is in Cambodia, where USAID-funded Health NGOs awarded contracts over a minimum threshold to US companies. In one case, Healthcare NGOs were being required to buy oral rehydration salts at four to five times the price of locally available sachets. After a search for alternative funding, the organization was eventually able to procure locally through the WHO. Tying also has a track record of distorting the content of aid programmes, for example by encouraging donors to make large capital expenditures that ignore the recurrent cost implications for the recipient country. Tying can also slow aid down, at enormous cost to recipients. Food aid to Ethiopia is a case in point in 2003, where USAID's vegetable oil stocks were still being shipped out of the country, while urgently needed in response to the worst Ethiopia food emergency in a decade.

Aid and international social service are often poorly coordinated: It has been established that aid and social services from donor countries do carry high administrative and financial transaction costs for and on recipients also that Overstretched civil servants in aid dependent countries are required to meet a raft of disbursement, procurement, reporting, monitoring and auditing requirements from multiple agencies, diverting scarce time and resources from identifying and implementing local policy priorities. Despite numerous commitments to reduce this burden through closer coordination between donor agencies, harmonisation of procurement, reporting and monitoring procedures and greater use of a country's own budget and administrative systems, scanty progress has been made which implied a huge administrative and budgeting cost. For example, the Development Assistance Committee (DAC) estimates that a typical African country submits 10,000 quarterly donor reports each year and hosts >1,000 donor missions. Lack of coordination is driven partly by donor concerns about the visibility of their own efforts and the ability to attribute quick results (UNDP/DFID, 2002).

Aid and international social service are unpredictable: Aid and international social service are highly unpredictable, with much of them arriving late or not at all and are far less reliable than government revenues (Bulir and Hamann, 2005). For Africa, actual disbursements of programme aid fall short of projections by 14 and 26% for project aid. The DFID (2002) survey of aid recipients found that in 25% of cases, aid disbursements arrived 6-12 months late, while for the European Community, only 14% of aid actually arrived on time. Unreliable aid and international services both undermine long term planning for the Millennium Development Goals and creates financial uncertainty for governments who are used to or heavily dependent on aids, alongside administratively cumbersome procedures involved. In Ethiopia as in many other developing countries, slow procurement arrangements mean that Italy's 1999-2001 aid programmes were still being implemented as at 2004. Similarly, in Zambia procurement has been blamed for late and incomplete releases to the education sector, which has left large parts of the country's education strategy unimplemented (Action, 2004).

CONCLUSION

There is no doubt that most developing countries especially countries in Africa; blessed with massive resources (human and natural) which ought to serve as a catalyst for development have created more harm than good. This has not been the case as far as leadership is concern. This is a major African problem, in view of the various accusation, counteraccusation and allegation (real or imagined) of leaders past and present siphoning their countries wealth and resources and also stashed in foreign rich countries boosting their already buoyant economies, thereby furthering impoverishing their respective nations.

The consequence, therefore becomes the continuous expectation of foreign assistance in form of international social services and aid, neglecting the fact that these services are attached most times if not all times with strings and politics to the advantages of the donor nations rendering the services and aid. In the long run the quest for development is not only hindered but also stagnated.

RECOMMENDATIONS

It is important to say here that if African leaders with the abundant resources therein should change their hearts to serve the people and focus more within, development will not only be rapid but less of international social services will be needed as no nation can develop with complete dependence on foreign services and aid. This many Asian countries like china, Japan, Malaysia, Indonesia and India have come to show the world that it is really possible to do.

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