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WHY FOREIGN AID FAILED IN SUB-SAHARAN AFRICA

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Why Foreign Aid Failed in Sub-Saharan Africa

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Abstract

In economic terms, foreign aid is viewed as a catalyst of an upward growth of Gross Domestic Product (GDP) of the recipient nation as it complements the domestic sources of finance to increase the amount of investment and capital stock. Over the years, many Sub-Saharan African countries have been receiving huge amounts of foreign aid to enhance economic growth and reduce poverty. However, the poverty reduction rates have been disappointing to raise doubts on the effectiveness of foreign resulting in a chain of debates among experts. It's believed that, most ineffectiveness of foreign aid is as a result of poor governance, poor institutions setup, and lack of political goodwill as well as poor aid delivery process. This paper attempt to shed light on how domestic government practices and foreign aid delivery processes have became a hindrance to achieve progress in the war against poverty reduction in Sub-Saharan African Countries.

Keywords: Aid, Economic Development, Sub-Saharan Africa, Developing Countries

JEL classification: F35, O19, E23, H54

1.0 INTRODUCTION

Official Development Assistance – both bilateral and multilateral aid assistance – to Sub-Saharan Africa has been in the world domain for 60 years now to counter poverty and hunger. Notwithstanding, in Sub-Saharan Africa almost one out of every two persons lives in extreme poverty today (World Bank 2013). Why Official Development Assistance failed in Sub-Saharan Africa and what can be done to improve its performance? These questions are at the heart of international development research and public policy for development in both donors and recipients of foreign aid. This paper seeks to contribute to these two interrelated questions.

The term "foreign aid" for the purposes of this paper, refers to Official Development Assistance, that is, the flows of official financing administered with the promotion of the economic development and welfare of developing countries as the main objective, and which are concessional in character with a grant element of at least 25 percent (using a fixed 10 percent rate of discount). By convention, Official Development Assistance flows comprise contributions of donor government agencies, at all levels, to developing countries ("bilateral aid") and to multilateral institutions. Foreign aid receipts comprise disbursements by bilateral donors and multilateral institutions (OECD definition). Then what is development or economic development? Development means the alleviation of poverty, inequalities and unemployment (Dudley 1979) or simply freedom from hunger, illiteracy, illness and poor health, powerlessness, voicelessness, insecurity, humiliation, and a lack of access to basic infrastructure (Amartya 1999, Narayan et al. 2000). When I argue foreign aid failed in Sub-Saharan Africa, I mean did it reduced poverty, inequalities and unemployment? Or through foreign aid interventions, do rural households in Kenya, Uganda, Gambia, Benin, and the likes have choice to change their living standards? No. Vast populations in Sub-Saharan African countries live in extreme poverty in 21st century (a century characterised by technological milestones). Most Sub-Saharan Africa are fighting food insecurity, epidemics, illiteracy and raising unemployment just like 1960s when most gained independence.

There are debates on the role of foreign aid in economic growth among academicians in the field and politicians. Aid may not have a direct impact but defiantly has an indirect effect on the economic growth of the recipient country. Studies by Burnside and Dollar (1997), Svensson (2000), Boone (1995) and Collier and Hoeffler (2004) have found that depending on a number of factors there is a positive relationship between foreign aid and economic growth. The main factors highlighted in the literature include the quality of policies, level of corruption, type of political regimes and absorptive capacity of the recipient economy.

On a basic level foreign aid can influence the determinants of growth like factor accumulation and technological progress. Saving rates in Sub-Saharan African countries are low compared to fast-growing regions and foreign aid can be seen as a source of investment capital to fill this gap not completely since the amounts of foreign aid will fall short of the requirements in the region. Since the capital investment required is huge, foreign aid ought to create a favourable environment for both local and international private investors. Lack of capacities to effectively absorb technology due to low human capital development in Sub-Saharan Africa has been a major issue in the continent. A foreign aid that is directed to improve human capital through promotion of sectors like education and health can come as a relief. Morrissey (2001) highlighted investment in human and physical capital; capacity to import capital goods or technology; investment or savings rates; and technology transfer as mechanisms through which aid can stimulate economic growth.

Foreign aid can also contribute to enhance the efficiency of policies and institutions. Most sub-Saharan Africa Countries' institutions are dysfunctional - from parliament to judiciary to monetary institutions. Foreign aid should be designed in a way that can improve governments' efficiency, transparency and accountability in delivering public services. Unfortunately foreign aid has insignificant effect in influencing these issues due to challenges from recipient as well as donor governments. This paper attempt to shed light on how domestic government practices and foreign aid delivery processes have became a hindrance to achieve progress in the war against poverty reduction in Sub-Saharan African Countries.

2.0 RECIPIENT GOVERNMENTS' CHALLENGES

Sub-Saharan African Governments face a lot of challenges that have led to the misuse of aid money that could have otherwise changed the persistent and raising levels of poverty in the region. As Easterly (2005) explains, Africa's development depends on "African private sector entrepreneurs, African civic activists and African political reformers….". Since the end of the cold war majority Sub-Saharan of African nations with closed political systems have adopted principles of democratic governance. In many of the countries still governed by authoritarian and semi-authoritarian regimes political space has opened. But Sub-Saharan Africa remains a region of stark political and socio-economic contrasts and many longstanding challenges – debt, ethnic divisions, environmental disasters, poverty, and HIV/AIDS. Autocratic regimes, civil strife, corruption, weak institutions, and unresponsive political systems continue to undermine foreign aid effectiveness in most countries in the region. These challenges can be grouped under poor governance, political instability and weak institutions.

2.1. Poor Governance

Poor government performance is a major concern in Sub-Saharan African countries. Inefficient public service, corruption, malfunctioning government agencies, low government interventions and persistent unequal distribution of resources explain the catastrophe of bad governance in the region. The efficient absorption of foreign assistance as well as attraction of international donors highly depends on the quality and efficiency of public service delivery (UK essay). In 1991, United Nations estimated that the ruling elites drained more than $200 billion out of Africa. Djankov, Montalvo, and Marta (2008) argue that aid increases the slush funds available to the government, both making more corruption and more repression of democratic opposition feasible. Transparency International (TI) estimates that corruption in Africa siphons off 20 to 30 percent of funding from basic service provision. Moreover, many foreign newspapers and studies have reported that African leaders extract billions of dollars every year from their economically strapped countries.

Sub-Saharan African countries are facing an institutionalized corruption. From security, hospitals, public offices and even schools corruption is the order of the day. According to a BBC news (18 June 2004), in some Cameroonian public hospitals, patients say they have to put some money in the doctor's consultation book before they are attended to. According to Transparency international (2013), bribe paid for land services in Kenya is more than US$100 (9,842 Kenyan Shilling) and the neighbouring Uganda pay more than US$200 (594,137 Ugandan Shilling) in bribe for judicial services. The UN Economic Commission for Africa estimates that the annual outflow of illicit finance through trade mispricing alone stands at about US$60 billion, having grown at a real rate of 32.5 per cent in the decade between 2000 and 2009. The 2014 Transparency International Corruption Perceptions ranking shows only four countries out of forty seven Sub-Saharan African countries have managed to cross the 50% threshold of public service transparency as show in Table 1.1.

The potential for corruption to compromise the outcomes of development programmes is significant (Yakama 2013). Corruption in Sub-Saharan African countries has been undermining the good intentions of foreign aid. Due to corruption pandemics in the region aid money is diverted from intended purposes and beneficiaries, promoting inappropriate use of donor aid dollars.

Common reasons why aid does not cause growth in most countries include corruption (Transparency Paper, 2008). Corrupt public administrators entrusted with development resources is particularly damaging to poverty reduction. Where corruption is pervasive and economic survival and opportunities are dependent on a system of bribe giving and taking, the effectiveness of aid initiatives is ‘dampened’. The development of knowledge and skills is undermined. Efforts to build capacities within regulatory and service-providing institutions and to improve the livelihoods of the poor become compromised. Empirical research points to a direct link between the quality of governance in recipient countries and positive aid outcomes (Knack 2000).

In the literature however, Corruption leads to misappropriation of funds and lack of monitoring. Morss (1984) explained some government officials succumb to "pleasing donors" rather than pursuing the development goals of their countries especially in cases where aid inflows are as vital sources of revenue. Majority of countries in the region, the official public watchdog organizations which are established to exercise effective oversight over the government, ensure the protection of civil rights and the rule of law are not independent of the executive. This coupled with the relative weakness of the legislature in terms of access to information and lack of experience has resulted in limited control by these watchdog organizations (Eyerusalem 2007). Twenty six out of the forty eight countries in the region are rank 150 and bellow out of 189 countries, ranked by The World Bank on ease of doing business point to the administrative and regulatory reforms needed to create a favourable environment for doing business.

Table 1.1: The Corruption Perceptions Index

Rank	Country	2014 Score
31	Botswana	63
42	Cape Verde	57
43	Seychelles	55
47	Mauritius	54
55	Lesotho	49
55	Namibia	49
55	Rwanda	49
61	Ghana	48
67	South Africa	44
69	Senegal	43
69	Swaziland	43
76	Sao Tome and Principe	42
80	Benin	39
85	Burkina Faso	38
85	Zambia	38
94	Gabon	37
94	Liberia	37
103	Niger	35
107	Djibouti	34
110	Ethiopia	33
110	Malawi	33
115	Côte d´Ivoire	32
115	Mali	32
119	Mozambique	31
119	Sierra Leone	31
119	Tanzania	31
124	Mauritania	30
126	Gambia	29
126	Togo	29
133	Madagascar	28
136	Cameroon	27
136	Nigeria	27
142	Comoros	26
142	Uganda	26
145	Guinea	25
145	Kenya	25
150	Central African Republic	24
152	Republic of Congo	23
154	Chad	22
154	Democratic Republic of Congo	22
156	Zimbabwe	21
159	Burundi	20
161	Angola	19
161	Guinea-Bissau	19
166	Eritrea	18
171	South Sudan	15
174	Somalia	8

Source: Transparency International 2014.
Retrieved from: http://www.transparency.org/cpi2014/results#myAnchor1

2.2. Political Instability

Sub-Saharan African countries face widespread phenomenon of political (and policy) instability challenges. The region has experienced frequent political changes both through legal ways (democratic elections) and illegal ways (coup d'états and rigs) and after every change of government either of these ways there is overhaul of the existing policies resulting an environment of policy volatility that largely contributed to the social and economical underdevelopment of the region. The political environment in the region is shambolic due to coups, civil wars, ethnic violence and electoral malpractices in the region. The region is associated with totalitarian leaders who rise to power in undemocratic ways. Since the early 1960s, when most of the African countries began to achieve independence, more than fifty coups have taken place in the continent (Mbaku 1988). Unlike other parts of the world, the democratic process in Sub-Saharan Africa ethnic politicization, electoral malpractices, multipart system that is based on individual party leaders' opinion rather than party principles, and a greedy political class who save only their masters.

The outcomes of such situation are an unequal distribution of resources, long standing tensions between communities, violation of electoral rules, lack of trust for the rule of the law and post-election violence. To mention a few examples: in Burundi, President Nkurunziza announced in June 2014 that he would seek a third term and confirmed his candidacy in April 2015 resulting to a violent protest across the country and dozens of people were killed. About 170,000 fled the country. Maj. Gen. Godefroid Niyombare attempted to oust Nkurunziza in a coup in May, but failed. The protests continued for several weeks. In late May opposition leader Zedi Feruzi was shot and killed in the capital Bujumbura. President Nkurunziza won the election in shambolic way and the political situation of the country is instable. In Burkina Faso, In October 2014, President Compaoré, who served as president for 27 years, attempted to push a bill through parliament to allow him to serve another term. Violent protests broke out in the capital, and demonstrators set the parliament building on fire. Compaoré stepped down on October 31 and fled to nearby Ivory Coast. Gen. Honoré Nabéré Traoré claimed to be head of state and deployed troops into the streets. However, Lt. Col. Isaac Zida, the No. 2 figure in the presidential guard, resisted Traoré, and won the support of other commanders and became head of state. In November, a panel of religious, military, political, and traditional leaders named Michel Kafando, a long time diplomat, interim president. An agreement called for Kafando to oversee preparations for elections in late 2015. He will remain in office until elections are held. Kafando appointed Zida as prime minister. The military are back in the streets to overthrow the transition government. In Lesotho, on Aug. 30, 2014, Prime Minister Thabane fled Lesotho for South Africa, claiming that he left because the military was attempting a coup and planning to kill him. The military denied his claims. Deputy Prime Minister Metsing took over as prime minister in Thabane's absence. With the protection of the South African police, Thabane returned to Lesotho on Sept. 3. He remained prime minister until the 2015 general election (Infoplease Encyclopedia).

The political instability situation is hostile one. Cross-country research reveals a strong correlation between political instability and aid ineffectiveness. In most of these countries foreign aid is directed towards achieving a lasting political stability at the expense of economic development. Moreover, small investments on developmental frontiers will not bear any fruit due the intense political environment. The returns of World Bank funded programs and projects are high in countries with strong constitutional and human right (Isham, Kaufmann, & Pritchett 1995). Empirical results reveal that foreign assistance is counterproductive in countries characterized by a divided government (Boycko, Shleifer & Vishny 1996).

2.3. Weak Institutions

The recent empirical literatures have solidly documented and validated the general relationship between institutions, growth and development. If the institutions of a country can meet the economic development of the country then they are said to be good institutions. Acemoglu, Johnson, and Robinson (2004) argued good economic institutions as those that provide secure property rights for broad cross-section of the society with some degree of equality of opportunity so that those with good investment opportunities can take advantage of them. According to Shirley (2003), there are two sets of institutions countries need to meet the challenge of economic development: those that foster exchange by lowering transaction costs and encouraging trust (contracts and contract enforcement mechanisms, commercial norms and rules, and habits and beliefs favouring shared values) and those that influence the state to protect private property rather than expropriate it (constitutions, electoral rules, laws governing speech and legal and civic norms).

Many Sub-Saharan African countries have failed to create or sustain strong institutions to promote business transactions and protect property rights. In these countries, state is either too weak to prevent theft of property by private actors, or so strong that the state itself threatens property rights. As a result, agents face a high risk of not being able to reap their return from investing in specific knowledge, skills or physical capital (Shierly 2003). Sub-Saharan African countries lack strong checks and balance as demonstrated by selective rule of law, government ineffectiveness, lack of quality regulation, rampant corruption, politicization of ethnicity, and the underlying competition for power, and lack of transparency and accountability in public service delivery agencies. In these countries the freedom of the media is limited (in some countries only state owned medias operate while in others a large share of the press is owned by powerful and wealthy politicians who are part of the ruling class). The state of weak institutions in Sub-Saharan Africa has been contributed by among other things colonial heritages, resource curse and foreign aid dependence, political competition and constraints, and ethnic fractionalization.

Different empirical results suggest significant importance of good institutions of the recipient country for aid effectiveness. Collier and Hoeffler (2002) examine the link between the impact of aid and absorptive capacity for aid in twenty-seven countries emerging from conflicts and conclude that even though countries experience diminishing returns to aid inflows, absorptive capacity depends on the level of policy and quality institutions as rated by the World Bank. The hypothesis of weak institutions-foreign aid ineffectiveness is a positive one. Good educational, judicial, regulatory and law enforcement institutions is a prerequisite to aid effectiveness is aid money is only a supplement and not a substitute of a good system. Due to total breakdown of recipient institutions in some countries in the region aid programs are pressured to deliver result in their effectiveness.

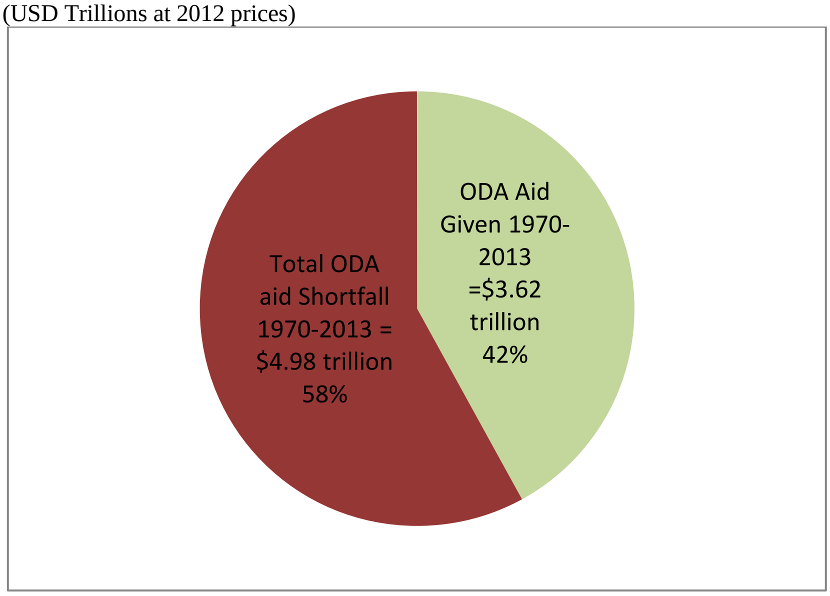
3.0 FOREIGN AID DELIVERY PROCESS CONSTRAINTS

The disappointing results on the war against poverty in Sub-Saharan Africa can also be due to lack of progressive and incentive aid delivery process. International Development Assistance delivery process is characterised by volatile aid flows, lack of coordination among donors, lack of sufficient evaluation process, and impatience to institutional building. These factors not only work contrary to goals of foreign aid but also come at the expense of previous gains. Under this section I will be providing an explanation of how this factors play in process of foreign aid delivery.

3.1. Volatile Aid Flows

Flows of Official Development Assistance (ODA) to developing countries, which Sub-Saharan African countries take a lion share, have been falling short of promises. In the face of promises made by the international donor community to increase aid as a share of GDP of 0.7 percent of the donor countries; only Denmark, Norway, Sweden, and the Netherlands have fulfilled these commitments out of over twenty five donor countries. This was not the first time such promises were made, in 1969 Pearson report, official development assistance of 0.7 percent of GDP was agreed to as the objective (Moss & Michael 2005). In an empirical assessment of aid volatility by Bulı´r and A. Javier (2003), they found that aid is substantially more volatile than domestic revenues and this relative volatility grows with the degree of aid dependency. The twenty most aid dependent countries in the world thirteen are from Sub-Saharan African countries.

Figure: 3.1 Comparing Official Aid given vs. Shortfall 1970-2013
(USD Trillions at 2012 prices)



Source: OECD September 2014, retrieved from www.globalissues.org

The results of studies such as Lensink and Morrissey (2000) , Pallage and Robe (2001) reveal that foreign aid is a significant source of income in developing countries and its high volatility has a negative impact on growth in developing countries. Chauvet and Guillaumont (2008) and Van Wijnbergen (1984) present similar results.

Aid volatility in Sub-Saharan Africa has led to ineffective foreign aid through macroeconomic instabilities, upsets national economic strategic plans as well as low implementation of important reform policies. A reduction in aid flow will most likely force an aid dependent country to apply unhealthy fiscal policies that can damage the economy for the long run. For example, an increase in taxation and borrowing of high interest rate loans are options to fill the gap and these can both discourage private investors and increase the swelling debts in Sub-Saharan African Countries.

The uncertainties of future official development assistance flows upsets national strategic plans since most interval targets are small departmental projects that are funded through external donors. Development managers in recipient countries cannot make important investment decisions like improving infrastructure, purchasing health facilities or planning to increase to hire more teachers, and more security officers, because of the unreliability and lack of predictability of foreign aid (Nancy 2008). Most reform policies in Sub-Saharan Africa are funded through aid money and the nondisbursement of this money led to the stagnation of this important projects and programs (most ‘white elephant’ projects are as a result of failed donor promises to fund them).

3.2. Lack Of Coordination Among Donors

Global development community efforts to harmonize donor programs in developing countries dating back to 1967, a report by the Commission on International Development set up at the initiative of the World Bank including among others partnership and harmonization (Stern et al 2008). Lately Commitments were made under the Monterrey Consensus (2002), the Rome Declaration on Harmonization (2003), the Paris Declaration on Aid Effectiveness (2005) and the Accra Agenda for Action (2008) to coordinate and harmonize the swelling number of aid donors (Lawson 2013). Despite these and many others, lack of coordination is still one of the main factors in foreign aid failure in Sub-Saharan Africa. More than 45 countries and 21 multilateral organizations reported providing official development assistance (ODA) in 2010 (Lawson 2013). For example Kibera slum in Nairobi is host to over a hundred local and international nongovernmental organizations, doing almost the same thing – health and sanitation related assistance. Competing and colluding bilateral donors, multilateral organizations, several UN agencies, donor agencies among others USAID, AUSAID, and DFID and a host of international NGOs exist in the aid delivery system (Nancy 2008).

Furthermore, some bilateral donors like the United States, the United Kingdom, Japan, Germany, the Netherlands, and France, have the tendency to operate in more than a hundred countries with several projects within the same country, creating fragmentation at the recipient county. Over 2000–2002, the United States disbursed about $100 million of aid in Tanzania, financing fifty different projects at an average of just $2 million apiece. With more than 1,300 projects altogether in that period, and an estimated 1,000 donor meetings a year and 2,400 reports to donors every quarter, Tanzania several years ago announced a four-month holiday during which it would not accept donor visits (Birdsall & Deese 2004). This had create a huge burden at the recipient country level due to resulting administrative and managerial costs (moreover, these cost are not included in the aid package delivered) with many different missions, different levels and times reporting requirements, and high transaction. A recipient country characterised by low human capital and vulnerable institutions is here over stretched and this only lead to a nightmare and total failure of institutions.

The growing number of uncoordinated donors have resulted numeral challenges that are act as a hindrance to the effectiveness and success of foreign aid. These challenges include administrative burden, unclear leadership, and duplication to mention a few. With every additional donor, recipient countries face more administrative pressure and demands, every donor or rather every project requires transparency and accountability; calling for up-to-date submission of reports, carrying out internal monitoring and evaluation, and periodic meetings with donors among others. Botswana, for example, had 27 official donors in 2008, with the top five accounting for 97% of bilateral aid, but all 27 likely demanding regular reports with varying requirements (OECD 2010). Lack of coordinated has brought the challenge of unclear leadership in the aid delivery process. Every donor seems chasing its own goals and objectives, there are no clear leaders among the donors; an advisory from one donor is sometimes contrary to a previous advisory from another donor created confusion at the recipient country. In the absence of coordination and harmonization of donors, many bilateral donors, international agencies and nongovernmental organizations are focusing on the same needs of the recipient country. A baseline survey to contract a hospital or a school in a village, for example, may be conducted by more two different agencies wasting resources that could have assisted another village.

Over the years several the donor community have been trying to improve the coordination or harmonization of foreign aid money and different suggestion have been made, ranging from creation of common fund pools to increase contributions of donors to multilateral funds such as the World Bank and the International Monetary Fund (IMF). These are right steps to improve the situation but individual donor country’s commitment to these efforts form the foundation in creating a well coordinated donor aid system. To achieve this, donor countries ought to put first the effectiveness of the aid to help eradicate poverty in the region before anything else. Improved coordination among donor governments and multilateral aid organizations could make global development assistance more efficient and effective.

3.3. Failure to Evaluation

There is a general consensus among experts in the field on the need to improve evaluation in the process of foreign aid delivery. We have reduced evaluation as taking a snapshot of outcomes at the end of a development project or program to prove to aid donors that it worked or failed, but evaluation ought to be seen as an ongoing management process and tool for enhance the effectiveness of projects through continuous learning and decision making based on good knowledge of the past and present similar projects. A periodic evaluation process that gathers data and analyses can produce timely information from an intervention project to determine whether the project is running smooth as planned and the extent to which it is achieving the intended objectives and anticipated results. In most projects and programs funded through official development assistance in Sub-Saharan Africa, like in many other regions, lack enough baseline information making it difficult to attribute program success or failure to the programs themselves that influence their effectiveness (Nancy 2008).

Unfortunately most foreign aid intervention projects do not have an effective evaluation process, both project implementers and donors alike. Donor agencies have reduced evaluation as the work of subcontracted local nongovernmental organizations to account for funds they received, thus, these local organizations developed tendency of preparing shoddy and slapdash evaluation reports that are more countable to funding agencies than the beneficiaries of such projects and programs in order to develop trust for receiving more funds in the future. Nancy (2008) argues that some official and private agencies that develop and manage development assistance programs hesitate to publicize the limits of their craft. These agencies are worried of been subjected to political criticism and limits on new resources for aid programs that transparent evaluation might trigger. Understandably another major challenge facing a rigorous evaluation process is the immensely expensive nature of such an evaluation process discouraging donors fund it. Some aid funded projects are huge and complex, carrying out a comprehensive and participatory evaluation process will attract a huge amount of aid money.

Furthermore, rigorous evaluation of foreign aid projects can very expensive. Due to the high costs involved, donors seem to be avoiding hiring an evaluation expert (an individual or a firm) as a consultant from initial stage up to the end of the project, at the expense of quality evaluation process. Though the donors have financed billions of dollars worth of projects, few have had built into them the ingredients for a systematic evaluation. As a result this have reduced drastically the effectiveness of aid money on the living standards of poor people living in developing countries.

The lack of emphasis on good evaluation has been immensely costly. In the absence of timely, credible, and independent evaluation, many aid dollars have been misdirected. Foreign aid failures have been caused by many factors, but there is a consensus among experts in the field that poor decision making when choosing an intervention program is a major contributor to aid money ineffectiveness. Due to lack of effective evaluation, donors lack good information that can help them identify programs that are working as intended; those that are no longer needed; and those that are not accomplishing the desired objectives. There is deficiency in information flow between funding agencies and beneficiaries of aid money.

To improve the effectiveness of official development assistance so that it can alleviate poverty, inequalities and unemployment in Sub-Saharan Africa there is a need for a rigorous and effective evaluation process that is all inclusive.

3.4. Impatience to Institutional Building

There is wide-ranging evidence that institutions matter a great deal in determining the level of economic development of a country. Cross-country empirical analyses provide strong support for the overwhelming importance of institutions in spearheading economic growth and development in countries around the world (Acemoglu, Johnson and Robinson, 2001; Hall and Jones, 1999). Effective law enforcement, good judiciary, vibrant civil society (and media freedom), efficient bureaucratic system and effective monetary system is all that is required to lead a country through the stage of development. Sub-Saharan African countries' institution are characterised by inefficiency and incapacity to support equitable and sustainable economic growth in the region.

The region needs donor led initiatives that support the building of formidable institutions that can withstand both local and international economic shocks. Thus foreign aid ought to be design in a way that it can support the foundation of Sub-Saharan African economies through good institutions. Unfortunately, the way foreign aid is delivered not only does not aim to achieve this goal but also is damaging the infant institution in the region. Most Sub-Saharan African Countries are characterised as aid-dependent, and the aid inflows are channelled through non-governmental organizations as well as government of recipient countries creating a competition for fund and for the scarce skilled manpower among them. In such a situation, aid may be counterproductive, undermining rather than strengthening public institutions (Moss, Pettersson, and Van de Walle (2005); Rajan and Subramanian (2005); and Nancy (2007).

Donor community is intolerant with long run projects and programs that require continuous funding without visible results instead they give priority to short-run projects and programs. To build steady system that support economic growth in Sub-Saharan Africa there is need to focus on high risked projects with long term objective. For example, most countries in the region face insecurity from terror and insurgent groups, giving priority to building security apparatus is a primary need in the region but donors seems to be avoiding it due to high risk involved. In education sector, there is a lot focus on universal primary education with the objective of high enrolment at the expense of quality education. For example free primary education in Kenya is characterized by overcrowded class room, low teacher pupil ratio, teacher strikes due to low pay among other that contributed to the diminishing quality of education in the country. Nancy (2008) argues that "*impatience for results leads to reluctance to invest over the long term (and outside the confines of donor-sponsored programs and projects) in local capacity to do budgeting, personnel management, auditing, accounting, and other nuts-and-bolts functions—which require and reinforce institutions but do not yield obvious immediate results*".

The problems faced by Sub-Saharan African countries might be the same but the solutions and the design of institution required are not homogeneous. There are much needed funds from donor community but not pushing for specific solution packages. For example a good educational reform in Ghana might not work in Nigeria for the simple reason of demographic difference between the two West African countries.

4.0 CONCLUSION

This paper attempt to shed light on how domestic government practices and foreign aid delivery processes have became a hindrance to achieve progress in the war against poverty reduction in Sub-Saharan African Countries. In spite large inflows of Official Development Assistance in the last six decades, the region is among the list developed regions in the world.

A combination of both domestically related issues and international aid delivery hold backs have sustained high and raising levels of poverty, inequalities and unemployment in the region. Poor governance, political instabilities and ailing institutions is characterising majority of the Sub-Saharan African countries. Its high time political leaders in the region to serve interests of the electorate willingly rather than being conditioned to do so. Major contributor to this state of deteriorating living standards is lack of political will in the region. To change the political systems of the region (which are mainly dominated by selfish and tribal or sectarian politicians) I suggest the need for massive civic education of the voters.

The International Development Assistance delivery process' weaknesses such as aid volatile, lack of harmonization among donors, lack of sufficient evaluation process, and impatience to institutional building has also been playing a major role in aid ineffectiveness. To this effect, I suggest a more inclusive aid system that puts more interest on the poor people in the region than creating a good CV for donor nations is required.

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