Rethinking Hyden's Development Fund Model: A Critique and Suggestions for Modification

OLATUNDE OJO

INTRODUCTION

Goran Hyden's proposal (1993; 1995; and reprinted in this issue) for national politically autonomous development funds opens up a much needed debate about the causes of alleged aid decline to Africa and what can be done to increase aid and to make it more effective. At its core, Hyden's National Development Fund (NDF) Model is a proposal to aggregate resources from donors into four or five national pools (based on sectoral foci, e.g., food security, public health, education, etc.), and to distribute this pool to public, private, and voluntary institutions which compete for it on a level playing field within certain specified guidelines. The goal is two-pronged: (1) to make foreign aid more productive in the current context of sub-Saharan Africa and, through it, (2) to stem aid decline, in fact substantially increase aid inflow, to the continent.

Few who are truly devoted to rapid development of the continent will object to these goals. There also is no doubt that the proposed mechanism for achieving these goals is innovative and does have a great deal of merit.. It is doubtful, however, that the mechanism, in its present form, can achieve its "dual mandate". This article points out certain major weaknesses and suggests how they can be corrected if the NDFs, like countless past innovative policy measures or "advice" for Africa, is not to lead to disappointment or even disaster.

The analysis is in three parts. First, the rationale and the likely efficacy of the competitive mechanism and processes by which governments are to be made less corrupt, more accountable, and more effective in using aid to bring development to their people is discussed. Contradictions in the rationale and operational application of the mechanism are also discussed, the problem being linked to Western orthodoxy about the role of the state in a developing economy and to a faulty understanding, or even a deliberate misreading, of why decades of aid have not led to the development miracle in Africa. Second, the mechanism and its processes as they apply to local and grassroots institutions are discussed, pointing out the limitations that may affect donor countries' perceptions and assessments of their efficacy as agents of profound economic transformation. The necessary modifications in the Hyden proposal that all of this suggests are outlined in the third part of the essay. The final section summarizes the arguments

Olatunde J.B. Ojo, Visiting Professor of Political Science at The University of Montana, Missoula, is on the Faculty of the University of Port Harcourt, Nigeria, where he served as Dean of Social Sciences between 1991 and 1993. His research and publications center on Nigerian Politics and Foreign Relations, West African Regionalism, and Development Policy issues. His most recent work is Economic Underpinnings of Security in Africa, forthcoming monograph by Malhouse press, Lagos for Centre for Advanced Social Science, Port Harcourt.

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and the suggestions for rethinking the NDF model.

NDFs, THE STATE AND DEVELOPMENT PERFORMANCE

The proposal for national autonomous development funds (NDFs) is sadly reminiscent of the structural-functional and modernization paradigms that one thought had become *depasse par l'histoire*. The argument advanced or implied is basically that more aid will be forthcoming if aid can be made more effective for development; one way to do this is to engineer into existence a new institution which will check both corruption and lack of accountability while at the same time eliminate the developmentally dysfunctional consequences of central state control over development planning and resources. The effective use of aid and, with it, higher aid inflow, are thus a function of a well-designed institutional structure combined with decentralized or limited state involvement in development planning.

Hyden couches the argument for a well-designed institutional structure in terms of four principles or assumptions deemed to be conditions of "publicness" *sine qua non* to effectiveness of public institutions in the use of development aid. These assumed conditions are: (i) the necessity of political autonomy and accountability for institutions and bodies that dispense and utilize aid; (ii) the necessity of eliminating or at least reducing corruption and creating trust between donors and recipients of aid; (iii) the necessity of indigenizing control of aid machinery in order to reduce suspicions and enhance effectiveness and efficiency; and (iv) the need to redress imbalance in national and local bodies' access to aid resources and opportunities. In the abstract, these principles are unassailable. Applied to concrete African reality, they can be problematic. Principles (ii) and (iv) for instance form the backdrop against which Hyden derives the two specific and interrelated ways through which the proposed NDFs can bring about change in the direction of accountability and effectiveness in governmental use of aid monies. As will be shown below, they are not as unassailable as they initially appear to be.

The first and most fundamental way NDFs would meet the stated condition of corruption reduction for a more trustful donor-recipient relationship is to make national governments (and state governments in federal set-ups) compete on equal basis with other institutions--public, private, and voluntary--for foreign aid monies. Since the main criterion of success in winning an award is effective performance, the need to succeed is likely to force government institutions and personnel to be less corrupt. In Hyden's words (1995:12) "these funds have the potential of encouraging a constructive competition between government departments, on the one hand, and private and voluntary organizations, on the other, to demonstrate how development work can be improved and be made more sustainable." The key, then, is competition and NDFs offer the forum and structure for this.

The second way NDFs would help promote development is a derivative and reinforcement of the first. By giving local governments in particular, and grassroots organizations in general, access to an independent source of funding, NDFs could help wean these institutions and organizations from their dependence on the state for resources, and hence from constraints of central control of development planning. As Hyden (1995:9-10) puts it, if the whole set-up can be changed so that local institutions, including local governments, "can compete on equal terms with central governments for finances available for public use," if they are "able to enhance their financial autonomy vis-a-vis central government," then "the central control of decision-making, information flow and resource allocation can be broken."

My central discomfiture is with these two key elements of the Hyden model. In the first place, Hyden fails to carry the policy implications of his competition argument to its logical conclusion when, without articulating any cogent reasons, he recommends competition in some areas of development aid activities but not in others. In the second place, I find very dangerous the end which Hyden expects his policy of local government access to independent revenue to serve--an end to national or state control of decision-making and resource allocation, in short state control of decisions over the economy and the direction it should go. As I will show presently, these policy failings reveal the Hyden model to be motivated less by concern for Africa's development and how to get substantial aid toward that end, than by antipathy to central government involvement in economic activities that in Western mode of thought ought to be left to the private and voluntary sectors.

SHORT-COMINGS IN THE COMPETITION ARGUMENT

The kernel of Hyden's argument is that trustful relationships no longer exist between African governments and donors. He devotes considerable space to castigating African states for this development. He points to their incapability to put external finances to good use, to their turning of a once "reasonably reliable [aid] implementation machinery ... into a corrupt, inept, and inefficient 'good-for-nothing' kind of institution" (Hyden, 1995:3), and to the fact that "(m)any people still perceive the public realm as a place for making private gains" (Hyden, 1995:7). The result is donor fatigue and unwillingness "to continue pouring money into ... a bottomless pit" (Hyden, 1995:3).

The depths of distrust are reflected in the fact that donors have either taken a more direct control over projects they fund, or they have resorted to using trustworthy international NGOs with a presence in the recipient countries to deliver aid directly to African beneficiaries (Hyden, 1995:6). Hyden correctly gauges this tendency of donors to give priority to private initiative over public authority as unavailing because "both are sorely needed" (Hyden, 1995:8). However, rather than attempt to refurbish and re-establish the earlier machinery which, "in spite of inadequate staffing" worked in a "reasonably reliable" manner, Hyden finds it far easier to establish a new machinery outside central government purview. The new machinery is designed to impact on the old, on extant governmental institutions, by forcing them, by way of competitive aid requirements, to be efficient, accountable and less corrupt.

Since competitive bid for aid funds is the heart of the Hyden proposal, the means by which to make governments less corrupt and more efficient and effective in handling development projects, one would expect that all aid funds should be subject to the competitive requirement if we are to make a dent in breaking the old habit, if we are to show seriousness about a new dawn "other than business-as-usual," to use Hyden's phraseology. Alas! That is not what Hyden recommends. Rather, Hyden recommends, first of all, that central government competition with local governments and grassroots organizations be limited to aid monies "that are currently targeted directly on government departments or NGOs involved in social and economic development. Large scale infrastructural projects ... would fall outside the purview of these funds." Hyden reiterates that NDFs "are not expected to absorb all external aid flows to a given country" (1993:17; 1995:11); that the NDFs are not perceived as pre-empting the opportunities for government-to-government or government-to-non-governmental organization aid.

There are several problems with Hyden's specific policy recommendations, given his initial premise. First, there is no reason why competition should be limited to social developmental aid and not extended to infrastructural aid, assuming the two can be conceptually and operationally distinguished in the first place. It sounds disingenuous to assert that only competition in respect of social and developmental aid could lead to better development projects, make central governments less corrupt, and offer an opportunity for these governments to prove their trustworthiness and thus win NDF funding. Surely governmental performance in respect of infrastructural aid equally offers adequate opportunity to prove effectiveness and reliability. If African governments can be trusted with infrastructural aid, they surely can be trusted with developmental aid. There is no evidence that these governments are less corrupt or more competent or more capable with respect to infrastructural aid than with developmental aid. If anything, the sheer scale and complexity of infrastructural projects provide greater opportunities and avenues to engage in corruption and to exhibit ineptitude and inefficiency, the putative rationale for, and target, of Hyden's reform. Hyden's argument that due to their scale, infrastructural projects are best handled by central governments thus rings rather hollow. In any case, if the scale of projects is a necessary and sufficient condition for exemption from competition, then central governments should be exempt from competing for developmental aid as well. After all, central governments handle as many large scale and complex projects of a developmental kind as they do infrastructural ones.

Nor is there a valid reason to limit local governments and local civic organizattions to competition with central governments for developmental aid while excluding them from competing for infrastructural aid. Local governments and local civic organizations are deeply involved in both infrastructural and developmental projects even if their activities in each category are invariably smaller scale versions of central government projects. The distinction between infrastructural and developmental undertakings is not easily made. The borderline is often blurred. For example, Nigeria's Ajaokuta Iron and Steel Complex and the proposed Liquefied Natural Gas projects, which seemingly are developmental projects, also fit the definition of infrastructure. By the same token "an ultramodern market and abattoir complex" undertaken by a town's Progressive Union is as infrastructural as developmental.

Thirdly, Hyden's proposal to limit direct government-to-government aid to infrastructure while requiring central governments to compete with local governments and grassroots organizations for development aid will, whether he intends it or not, have the effect of cutting, perhaps by as much as half, the already inadequate aid that African states now receive relative to their needs. There will be no rational ground why central governments, already labelled as irredeemably corrupt and unworthy, would be preferred for an award in the competition for NDF funding. The known or presumed corruption and ineptitude of central governments would be *a priori* ground for rejecting their applications in favor of those submitted by their presumably more honest and more competent local competitors. The ostensible level playing field effectively would be one stacked against central governments.

Despite Hyden's demurral that "the funds should not be seen as diverting finances from the government," the NDFs would have precisely that effect. There is no reason to suppose that donors will even continue to give direct government-to-government "infrastructural" aid to what they and Hyden already brand as "inept, corrupt and good-for-nothing institutions," when a putatively more efficient, more accountable, and more developmental alternative exists in the NDFs. Hyden indirectly admits this much. "While the funds are not perceived as preempting the opportunities for other institutions, governmental or non-governmental, to request external assistance directly from donor agencies" (1995, pp 19-20), while infrastructural aid would continue within the abhorred aid regime and mechanism, Hyden expressed his honest intentions when he adds that the objective of his proposal is that "successful funds would become attractive targets for these agencies to channel sizable amounts of money ...." (ibid p.20). The contradiction between Hyden's claim that his model will not replace the existing aid regime and the reality that it would render that regime redundant cannot be more glaring! In short there is an inherent bias against governments in the intent and likely outcome of the Hyden proposal as it now stands.

The bias against governments must be removed. If indeed there is confidence that Hyden's NDFs have the ability to deliver on the promise then there is no reason why all aid to a particular country, other than emergency aid, should not come under the NDF umbrella. All public institutions of the recipient country should go to the NDF and all donors should go through the same institution. The only reason a donor would not want to do this is political. Hyden hints at this in his position that as "investors" donors "would make contributions to the NDFs in accordance with their own policy priorities" (Hyden, 1995:20). If the purpose of aid is truly to assist recipients' development, then donors should have no additional policy priority; and it is for the recipient country to decide their sectoral and project priorities within the development priority.

A case can be made that donor priority that is at variance with the recipient's or the refusal of donor agencies to conform with national priorities or comply with national regulations would be prima facie evidence that the donor has other purposes in giving aid than aiding the recipients' development and priorities as determined by the recipients. Admittedly donors must operate within their own country's and agency's laws and regulations, and their task is to try to find the narrow path that satisfies both countries. However if such "policy dialogues" fail, and change in the recipients' priority is nevertheless extorted as a conditionality for the desperately needed aid, then aid becomes an instrument of the donor's self-interest and political agenda.

Fourthly, it is not clear how and why competition with grassroots institutions for developmental or any other aid will make central governments less corrupt, or lead to better development projects. The reasoning that the threat or actual loss of aid funds for being corrupt and inefficient would force governments to change their ways mis-reads or trivializes the causes of the pathological level of bureaucratic and grand corruption in Africa (e.g., Theobald, 1994:701-706). The reasoning also is a veritable "fallacy of competitive pressure" similar to, and no doubt deriving from, the dogma of monetarism which says in effect that "once you set policy incentives, everybody will do the right thing and the market will be perfect" (Botchwey, 1989:10). The lessons of contemporary history teach us that policy incentives do not work that way in Africa. Structural adjustment programs have exercised equivalent threats of withholding finances as a way to induce economic reform and good governance, including pluralist democracy, public accountability, and human rights, but to no avail. These means of bringing "a concerted attack on corruption from the highest to the lowest levels" (World Bank, 1989:192) obviously have not made a difference as corruption has indeed worsened, with many states moving from prebendalism to what Peter Lewis (1996:100-101) calls "predation."

From the foregoing, it is clear that neither the "scale" yardstick, nor the efficiency/ effectiveness criterion, adequately explains why competition is not required in both the infrastructural and developmental aid categories, which suggests that explanation must be sought elsewhere. That explanation, I suggest, is rooted in the renewed Western antipathy to central government involvement in large scale developmental projects and activities. Simply put, the new Western orthodoxy of state rollback in economic activities, together with the accompanying "small is beautiful" philosophy, makes it unacceptable for governments, especially central governments, to dabble in the sphere of economic activities deemed best left to the private and voluntary sectors. Two counter arguments by Africans are ignored: (1) that a willing and capable indigenous private sector entrepreneurial class does not exist to take the initiative, and (2) that their experience of privatization (and earlier indigenization efforts) showed the beneficiaries to be primarily foreigners (e.g., Ake, 1985:188-200). It is no wonder then that many see the practical expression of the new orthodoxy, the structural adjustment programs, particularly the privatization elements, as intended to benefit private foreign investors not the budding and as-yet-inchoate indigenous entrepreneurs. This is partly the reason structural adjustment programs have not been taken seriously enough in many countries.

What is at stake, then, is not simply a matter of trust in African governments. It is, more fundamentally, a matter of invigorated Western determina-tion (in the name of liberalization, governance, and a nail in socialism's coffin) to limit the role of governments in the economy. Pursuant to this, and to ensure that direct government involvement in productive activities does not go beyond the provision of basic social and infrastructural services, macro-management of African economies is fast becoming the order of the day. The NDF model can be seen as a new element in this macro-management scheme. Some African leaders even see donor attempts to micro-manage their economies. Either way, the cause of trust is unlikely to be furthered. As Ethiopian Prime Minister Meles Zenawi recently remarked apropos of the micro-management tendency in structural adjustment conditionality: "Give us the benefit of the doubt. We can't have trust if you try to micro-manage our economies" (quoted in Africa Recovery, May, 1996:26).

Fifth and finally, it is also not clear how a less corrupt central government and institutions and the attendant "better use of aid for development" can lead to "substantial" aid inflow to Africa. Donors give aid primarily in pursuit of their own national interests and only secondarily and derivatively in pursuit of development of the recipient country, the rhetoric about aid for development notwithstanding. Who gets aid, how much they get, and for what specific activities, are therefore political decisions that have little or nothing to do with efficiency in the use of aid or with relative levels of corruption in the recipient countries. The South Korea case illustrates the point that there is no correlation between levels of corruption and the amount of aid donors disburse, and that indeed development is possible despite gross and ubiquitous corruption if the level of aid is sufficiently high.

From 1946 to 1978, Korea received $6 billion in economic aid from the United States alone, in addition to $6.6 billion in military aid. Korea also received an additional $1 billion from Japan and $2 billion from international financial institutions(Woo, 1991:45). Yet, during that whole period the verdict most often heard about Korea was almost identical to the verdict about Africa today. As Jungen Woo (1991:46) points out, the common view was that "aid did nothing for economic development, or even worse, doused Koreans with a welfare mentality." United States' development agencies almost universally "found Korea a nightmare, an albatross, a rat hole, a bottomless pit; even in the middle of the 1960s some American academics despaired of the 'dawn' of the day when Korea might become anything more than a permanent ward." Nevertheless, aid continued to pour into Korea for, as one donor country put it, the primary politico-strategic purpose of "throw(ing) our full weight in resources and technical know-how into the scales and make the enemy, (China), break his back in the effort to stay in the race (for Korea's allegiance)" (Woo, 1991:70). The result was that Korea attained the critical mass in aid that enabled development to take off and to grow at nearly 5 per cent despite corruption and inefficiency. Korea's annual per capita foreign assistance figure of $600 for three decades (and Taiwan's $425 per capita) have not been equalled anywhere else in the world except Oman. By contrast, per capita assistance for sub-Saharan Africa from all sources was $62 in 1993 and not much different in the years before or since. Korea's $6 billion in U.S. economic grants and loans during 1946-1978 contrast with the $6.9 billion the U.S. gave for all of Africa during that period. The Korean experience lends support to the view of the UN Economic Commission for Africa as expressed in the Lagos Plan of Action and in the African Alternative Framework to Structural Adjustment Programmes for Socio-economic Recovery and Transformation (AAF-SAP) that what Africa needs is substantially increased external resource flows and debt relief, without unrealistic, red herring pre-conditions such as stopping corruption first. To Africans the answer to the chicken or egg question in regard to corruption and development is clear: development reduces corruption, not the other way around. Put another way, the cure for corruption is development.

It is clear, then, that the notion that "substantial" aid would come to Africa (substantial to make a difference in the African development saga?) if a new aid implementation machinery that reduces corruption and makes effective use of aid were established, is an act of faith based on the rhetoric of donors rather than on the realities of why they really give aid.

NDFs, LOCAL AND GRASSROOTS INSTITUTIONS AND DEVELOPMENT

Perhaps the most innovative aspect of the NDF model is the principle that development funds must be available not only at the central level but also at lower levels of the state and governments. Availability of funds at the lower levels, it is believed, would enable meaningful development to take place there and, by making these levels financially autonomous, bring about true decentralization of political power and authority. Local governments and local civic organizations, thus, will be economically, and hence politically, empowered.

This rationale is a good argument for setting up aid funds specifically for local governments and grassroots developmental civil organizations, separate from, and additional to, the existing government-to-government aid mechanism, whatever its fault and whatever the modifications or reforms that are made to it. Since governmental corruption, ineptness, and ineffectiveness in delivering aid to the grassroots constitute the kernel of the argument against the existing mechanism, a case can be made for a separate mechanism that enables local governments and grassroots organizations have access to "indigenized" external funding. Such a separate mechanism would likely receive substantial contributions from citizens of donor countries eager to donate on a continuing basis "if the money actually goes to those who really need it," that is, if it goes to alleviate poverty.

Had Hyden focused his advocacy at this level--analyzing the size of current aid to local governments and grassroots organizations relative to need, acertaining what is wrong with the current mechanisms of delivering aid to these grassroots recipients, what the effects are, and how a new structure might help overcome the shortcomings, etc.--he would have made an invaluable contribution to the cause of foreign aid and development in Africa and to scholarship on the matter. Hyden makes no case for why we should not continue with, or enlarge, the current mechanisms (and there are many increasingly innovative mechanisms) of delivering aid to local grassroots organizations or local governments (see, e.g., Bratton, 1990; Clark, 1990:36; Fowler, 1988:14; Johnson and Johnson, 1990:7; Ukpong, 1993:13; Ojo and Koehn 1997; van de Walle, 1990).

Instead, his analysis focuses on what is wrong with the mechanism of aiding national governments and thus on why we should not continue to give development aid to such governments. The result is a proposed alternative mechanism that is a mish-mash of the existing vilified mechanism (an unexplained contradiction), and suggestions about how local governments and grassroots organizations (GRO) might access foreign aid in a way differently than they now do (ways nowhere impugned). The mish-mash clearly does not derive logically from Hyden's original premise. Of more immediate concern, however, are two projected or likely outcomes of giving local governments and grassroots organizations access to NDF monies. The first pertains to local autonomy and the curtailment of central government control over decision-making and resource allocation, hence its control of the political economy. The second pertains to the cost implications of this access both in terms of the NDF administrative overhead and in terms of the adequacy of "substantial aid inflow" to make a difference. These deserve further examination if we are to avoid disappointment.

(i) Local Autonomy and Central Control. Hyden sees his proposal as making true decentralization possible by local empowerment that makes it possible to "break central control over decision-making, information flow, and resource allocation." Decentralization is usually extolled as the political-administrative approach that holds out the prospect of advancing democratic governance and promoting socio-economic development (Rondinelli, 1981:37-39; Osborne and Gaebler, 1992:252-253). For this reason it attracts considerable attention and is being pursued to varying degrees in Africa (see, e.g., Koehn and Ojo, 1996; Adamolekun, 1991:285-291; Ayee, 1996:31-50).

However, premature and extreme decentralization can be counter-productive which is one reason the African attempts have been cautious. African states are weak vis-à-vis their component ethnic societies. Because of this, these states are not authoritative and make up for that deficiency by being authoritarian (Jeffries 1993). The little legitimacy the state has comes from its control over decision-making, information flow, and especially over resource allocation. The potential threat to state legitimacy, national unity, and integrity and the danger of naked authoritarianism to deal with the problem sound a cautionary note to the idea of empowerment of locals if the purpose is to break central control over what gives it its tenuous legitimacy.

In this regard Jjuuko's (1995:20) observation is instructive. Jjuuko has noted an unsavory if unintended consequence of similar "empowerment" of villages and other GROs through aiding their "development" programs outside the purview and control of the state. He describes it as "nothing less than the negation of the national state; the depoliticization of the development process; the balkanization, localization, and ethnicization of peoples and nations ...." Jjuuko warns that "the business of national development (including the creation and integration of a state) demands as a basic minimum, the reorientation of resources and processes to the more complex (if currently inefficient) nation-state. Local and village self reliance is counter-productive if it keeps people locked there." In the final analysis, capitalist development in general, and grassroots development organizations in particular, need a strong state in control or they will not survive or flourish.

Much more realistic and probable (and therefore likely to cause disappointment by betraying the hope of breaking central control over the political economy) is that the availability of an independent source of funds would make local governments even less politically autonomous of central governments or of the local and regional elites who shape national politics. The more money, the greater the elite interest in, and control likely of, local politics and government will be. For the latter are seen merely as communal assets in the national political game played, in its turn, to defend the communal base of their interests. As Vaughan (1995: 502-504) observes (in respect to Nigeria, but applicable elsewhere): the en-trenched ethno-regional and class interests which dominate political life at the national level are unwilling to sustain state structures at the local level as effective institutions of governance, but rather as means for allocating patronage and as instruments of political domination in local communities. Thus, even if local governments were 100 per cent financed with funds from an NDF, that fact alone is unlikely to break either the hold of the central/state government, which also has constitutional responsibilities for the lower tier, or the hold of the local/regional elites.

What has been said of local governance holds with greater force for grassroots organizations such as hometown associations. No doubt the influence and importance of communal and grassroots leaders and elites in these associations derive in part from their ability to raise funds for community development; it is they who employ "formal and informal networks that penetrate the policy arena [to] serve... as important conduits between the center and the periphery" (Woods, 1994:465-83; also Vaughan, 1995:51-6; Barkan, McNulty, and Ayeni, 1991:464-68). Would making NDF funds available reduce this power and influence? Most unlikely.

The reason is that these local elites and leaders provide more than sources of finance. They provide ideas, knowledge, and skills. This is why in Nigeria, for example, traditional rulers usually confer them with chieftaincy titles, a popular one translating as "the community's eye."

More importantly, these local elites are the catalyst in the creation of "social capital", a quality that enables physical capital and human skills to be converted into concrete development products. In fact they would be central to the formulation and writing of proposals for NDF funding. Remote villages, without sufficient numbers of these elites working in tandem with traditional rulers and elites for the village improvement or development, would be handicapped in getting their needs formulated and articulated for NDF consideration.

This fact points to the possibility of urban bias under the NDF operations unless special steps are taken to prevent it. More significantly, it points to the real problem of African developmen--the limiting factor of lack of skills at the local level to implement development ideas and projects. It delimits the scope of absorptive capacity at the local grassroots level. Unless the NDFs are going to be involved in micro-management at this level, aid monies alone will be inadequate to ensure local autonomy from the processes and socio-economic relationships that facilitate central control. Whether the NDFs can and should do this is largely a cost question.

(ii) Cost Implications of NDFs: There are two levels of analysis here. The first is the administrative cost of the proposed new structures and processes. The other is the scale of aid monies to make local development sufficiently visible to earn the new approach kudos instead of name calling.

(a) Administrative costs. Hyden raises the question of who pays for the costs of running the national funds and makes suggestions about setting up endowments, but he makes no attempt to even guesstimate what range of figures may be entailed. If we accept Peter Koehn's (1998) operationalization of the Hyden model as a pointer, the costs are likely to be staggering. The NDF bureaucracy will become intimately involved both in the preparation and execution of projects, especially as its priority is the poorest of the poor at the grassroots. These are predominantly illiterate, many without the educated elites that give hometown associations and similar organizations the visibility that has made them the focus of attention as grassroots developmental NGOs. Many therefore will need help to write acceptable proposals as they will need with registration to become legal persons, a requirement of the NDF model for qualification to receive aid. The NDF also would need to provide intensive individual and group technical assistance at various stages of the award process for small scale proposals that may be strong in ideas, but poor in implementation design, technical feasibility, and budget planning.

The NDF involvement will indeed be of such a scale and intensity as to constitute an administrative burden. Koehn (1998) suggests for instance, that NDF's Monitoring and Evaluation Divisions should have field offices comprising representatives of the Division's four sections in each of the component states, regions, or administrative divisions of the country concerned. For a country like Nigeria, for example, this would amount to a minimum of 3,096 field officers of the Division in the 774 local government areas (excluding those in the head-office). There would be three other Divisions. A Funds Management Division of presumably moderate size would serve as Treasury, receiving, managing, and accounting for donations. An Administrative Support Division, also of presumed modest size would handle personnel, travel, and information-sharing matters. A Projects Awards Division, which would be the largest because of the enormity of its responsibilities, would engage in program formulation, offer training workshops and free consultancy services for prospective aid applicants, assess and recommend thousands of applications for funding or rejection.

No estimates of personnel requirements in these Divisions are made, but it is clear from the functions just outlined that the number would be colossal to be effective. This will be particularly so in the case of the Projects Awards Division which will have to cope with the fact that the applicants it will serve at the grassroots level may be predominantly illiterates, unable to elaborate their ideas into formal project proposals. Scores of examiners external to the NDF bureaucracy will also be recruited on an ad hoc basis to help assess applications. At the minimum this will cost the NDF money for hotel accommodation, feeding, and some honoraria. Considering that there are some 52 countries in Africa and each is to have four or five NDFs (each with a specific sectoral focus), and bearing in mind that we are talking of wage scales and conditions of service that would attract the best and at the same time dampen temptations to engage in corrupt activities, there can be little doubt that the overhead in salaries and other emoluments would be very large.

(b) Cost of visible grassroots development. No doubt part of the dissatisfaction with the outcome of past aid-giving is the fact that grassroots people in the recipient countries appear not to benefit from it; there is no visible grassroots development, no visible alleviation of poverty. This accounts in part for the trend in donors' diversion of aid to Northern NGOs which work directly with recipient grassroots people, a trend Hyden has noted. This raises expectations that the proposed model will make a difference, resulting in visible grassroots development. The hype about what the model can do, given in the context of sharp contrasting vilification of existing aid machinery, creates unduly high expectations for the model. Failure to meet that expectation may thus once again lead to frustration and, hence, to accusations of grassroots ineptitude, inefficiency, perhaps even corruption.

In this regard, Hyden's assertion that substantial aid would come with the implementation of his model is important but, as we have seen, unrealistic. Experience with another reform package with a promise--structural adjustment programs--shows the promise failed of fulfillment. Ravenhill (1993:19) notes for instance that "Few countries have made a sustained effort at implementing structural adjustment programs while receiving external financial support in the volumes required for the programs to be successful." Would the case of NDFs be different?

It is doubtful that Hyden's model or any other one can result in visible grassroots development in a long while. The amount needed to make that kind of transformation is unrealizable, given the political determinants of aid-giving and the size of the need. A case can be made that for purposes of visible grassroots development, aid must reach a minimum critical mass before it can propel development forward. It may well be in recognition of this necessity that the UN and the OECD agreed on an aid target of 0.7 per cent of a developed country's GNP, a target that is far from being met. Sayre Schatz (1988:139-150) calculated the minimum aid needed for sub-Saharan Africa's economic recovery to be $121.5 billion for the five year period 1986-90, an amount that works out to almost 150 per cent of what sub-Saharan Africa currently receives. The Council on Foreign Relations and the Overseas Development Council back in 1986 estimated the need at some $20 billion annually through the rest of this century (Schatz, 1988:147). The UN Secretary-General has estimated that a minimum of $30 billion in net overseas development assistance (ODA) was required in 1992, with real net ODA subsequently growing at 4% each year throughout the 1990s just to raise Africa's per capita income by 1% (Africa Recovery, October, 1996:14), but as Ravenhill (1993:42-43) has commented: "this appears to require levels of financing substantially beyond those that can be expected from Western donors!" It should come as no surprise, then, that with this economic recovery aid requirement not being met, while SSA has become a net exporter of resources to the World Bank/IMF duo (amounting to over $1 billion annually) since 1988 (Cornia, 1991:29-30), there is now little or no development taking place.

The point then is not merely that the hype and vilification be toned down and balanced, but that a structure or structures and processes that are less likely to be administratively expensive and less exclusive of state and/or national governments should be established.

REFORMING THE REFORM PROPOSAL

One way of doing this is to combine features of the NDF with the operational features of the Groupement des Aides Privées (GAP) that currently functions in Niger (see Johnson and Johnson, 1990:25-37). Specifically, the NDF Board could be retained but rechristened National Autonomous Local Development Fund (NLDF) to which donors contribute funds earmarked specifically for local government and local grassroots associations, particularly those of the Hometown Association genre. NLDF would have the same functions and procedures as the NDF Board but without its huge field operations and bureaucracies. To ensure responsiveness to the felt needs of the people and to meet the priorities set by the local and central governments, the NLDF would only gather those projects which have been proposed by the local popula-tion, approved by local government authorities, and reviewed by the relevant central government ministries. The NLDF members also are completely free to make project proposals working directly with local groups; but, these must then fit into local and higher planning frameworks. To facilitate the process, a Central Government office would maintain a project bank of ideas and proposals that have come up through the system from local communities (Johnson and Johnson, 1990:25-37).

One valid objection might be that the necessity of securing appropriate governmental approval to ensure that projects fit into national priorities may constitute a bottleneck. The World Bank at first raised such an objection in respect to the GAP system, finding it "too confining" and unlikely to attract into certain countries the full potential of aid flow (see Johnson and Johnson, 1990:27). However, there is no reason why those genuinely interested in assisting development should not want to do so within nationally set priorities. It must not be forgotten that an ostensibly harmless "developmental project" which satisfies some private wants can create secondary and tertiary public needs and obligations for governments. This is why no responsible government anywhere allows untrammeled freedom in economic development activities without regulations and priority-setting. Fortunately, the GAP experience has proved the bottleneck and below-full-potential argument to be groundless. In fact, the Bank reports that "(o)n the whole, the [GAP] system is smooth," and that it is a "realistic compromise between socio-political realities and the need for economic allocation of resources" (Johnson and Johnson, 1990:27).

As for a government-to-government aid regime, there are two options. The first is to follow the logic of Hyden's premise and argument to their logical conclusion. That would mean expanding the scope of the NLDF to include aid to central/state governments as well so that all aid ? developmental or infrastructural ? comes under the aegis of the NLDF (to be renamed NDF in that eventuality). This option is impractical for political and other reasons, among them the fact that donors give aid to pursue their own national interests first and foremost. Hence, who gets it, how much they get, and for what specific activities are politically determined.

The alternative therefore is to leave the government-to-government aid machinery alone, warts and all. The very political reasons advanced for the impracticability of putting all aid monies (except emergencies) into NDFs militate against any other meaningful reform. Donors simply cannot be "less selfish or nationalist in their approach to foreign aid" as Hyden would wish. Half measures to make them change this is likely to be counter-productive.

CONCLUSION

Hyden has made a valid case for why we need to aid not just central/state governments, but local governments and grassroots organizations as well. However, instead of discussing what is wrong, if anything, in the current mechanism of delivering aid to local governments and grassroots organizations and suggesting how they might be improved, Hyden focuses on what is wrong with the mechanism of aiding national governments and, thus, on why we should not continue to give development aid to such governments. Paradoxically, however, the new structure he recommends. which should take away all aid from that mechanism, in fact leaves the bulk of it, so-called infrastructural aid, to the much maligned mechanism to administer. No valid explanations are given for this anomaly, thus leaving one wondering what the vilification of African states and their aid implementation machinery was all about.

An equally intriguing paradox is what to do with that portion of aid that comes under the purview of NDFs, the so-called social and developmental aid. For a share in this portion, the central government is to compete with local governments and grassroots organizations on a theoretically level playing field, but in reality under prejudicial rationale, clouds of suspicion, and humiliating processes that effectively stack the deck against central governments. More intriguing, this is justified in the name of bringing efficiency, accountability, and reduced corruption into central government's handling of developmental aid that will somehow permeate into the infrastructural portion where no such competition obtains!

These contradictions and paradoxes can only be explained in terms of a broader agenda, an end to which the ostensible claim of aid reform is actually directed. That end is the new Western orthodoxy of rolling back the state from directly productive economic activities and control of decision-making, of keeping the state out of direct development activities and confining it to the realm of infrastructures. It would seem that it was to paper over these contradictions and paradoxes that Hyden reverts to the inflation of derogating epithets and catch phrases that have now become the stock in trade of contemporary western Africanist scholarship (Mkandawire, 1997:31-32)

All of this means that meaningful reform in state-to-state aid delivery machinery is most unlikely in the foreseeable future. What is feasible is a machinery for delivering aid to local governments and grassroots organizations. A modification of NDF to combine the Board structure and functions with the operational structure and processes of the Groupement des Aides Privées of Niger would be a giant step forward.

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