

12-1-2014

The Effects of Disbursement of Foreign Aid to African Countries: A Case Study of Ghana and Ivory Coast (Cote D'Ivoire)

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**THE EFFECTS OF THE DISBURSEMENT OF FOREIGN
AID TO AFRICAN COUNTRIES: A CASE STUDY OF
GHANA AND IVORY COAST (COTE D'IVOIRE)**

By

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2009

A thesis submitted in partial fulfillment of the requirements for the

Master of Arts -- Political Science

Department of Political Science

College of Liberal Arts

The Graduate College

University of Nevada, Las Vegas

December 2014

We recommend the thesis prepared under our supervision by

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entitled

**The Effects of Disbursement of Foreign Aid to African Countries: A
Case Study of Ghana and Ivory Coast (Cote D'Ivoire)**

is approved in partial fulfillment of the requirements for the degree of

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December 2014

ABSTRACT

The African continent has received aid from developed countries for decades. This thesis seeks to examine the impact of foreign aid to developing countries using Ghana and Ivory Coast (Cote D'Ivoire) as case studies.

The study will contribute to the existing body of knowledge by examining the effectiveness of foreign aid. The study is based on data gathered primarily from development partners and donor countries. Indicators such as mortality rate, tuberculosis and access to sanitation facilities were used to test the failure or success of foreign aid in Ghana and Ivory Coast. Corruption perceptions from both countries were also analyzed to find the collation between corruption in African countries and the effectiveness of aid.

ACKNOWLEDGEMENTS

I would like to express my deepest appreciation to my Committee members especially my committee Chair Dr. John Tuman, for the outstanding support. Without all your guidance and persistent help this dissertation would not have been possible.

I would also like to thank the academic and administrative staff of the Department of Political Science for the various roles they have played in contributing to or supporting me throughout my journey in completing this dissertation.

Most of all, I would like to thank my family for their support, feedback and premature graduation presents. Your faith in me kept my faith in myself alive – particularly when the deadlines and conflicting responsibilities made this dissertation seem like an impossible task.

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CHAPTER ONE

Introduction

The African continent has been plagued with poverty for decades. Developed countries, in response, have been giving aid to many African states. This aid comes to African countries in three major forms.

First, aid comes to African countries through funding of projects in various sectors. For example, aid is provided to fund projects in education, health, agriculture, and energy. Second, aid is provided to African countries through technical support, where donor agencies provide funding to hire the services of consultants, researchers, and trainers to augment the existing skills in Africa to design and implement specific projects. Third, aid is provided for budget support.

Generally, foreign aid is provided to recipient countries through development partners. Development partners are either bilateral or multilateral donors. The bilateral donors include countries such as Australia, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, Switzerland, United Kingdom (UK), and United States of America (USA). The principal multilateral donors consist of The World Bank, African Development Bank (AfDB), European Union (EU), Arab Bank for Economic Development in Africa, Department for International Development (DFID), United States Agency for International Development (USAID), Danish Development Agency (DANIDA), and Japan International Cooperative Agency (JICA). Multilateral donors also include several United Nations agencies, such as, Food and Agriculture Organization of the United Nations

(FAO), International Fund for Agricultural Development (IFAD), Joint United Nations Program on HIV/AIDS (UNAIDS), United Nations Educational, Scientific and Cultural Organization (UNESCO), United Nations Children's Fund (UNICEF), United Nations Development Program (UNDP), World Food Program (WFP), and The World Health Organization (WHO).

Foreign aid has been provided to Africa for various purposes. Since the 2000 Millennium Summit, which adopted a set of socio-economic development objectives, foreign aid has been provided mainly to address the Millennium Development Goals (MDGs). Special emphasis has been placed on the goals to eradicate extreme poverty and hunger, reducing infant mortality, and promoting gender equality and empowerment of women.

Statement of the Problem

African countries in accepting aid from donors are expected to demonstrate the capability of instituting policies that will transform their nations with the assistance received. However, due to varied reasons, such as weak governments, bad leadership, and poor accountability measures for implementing policies, the region has remained underdeveloped despite the numerous aid packages.

This study will examine Ghana and Ivory Coast as case studies for the effectiveness of aid in Africa. Countries like Ghana and Ivory Coast have been beneficiaries of foreign aid for years, but the outcomes, in terms of development and economic growth, from both nations have been marginal and the subject of debates.

The debates have focused on the relationship between foreign aid and national development. While one school of thought opines that the MDG framework, which has a focus on social sector, has channeled aid to directly benefit poor people, the other school of thought avers that aid has not brought significant economic growth and development in the lives of citizens of recipient countries. Data from both Ivory Coast and Ghana give mixed signals as to the impact of foreign aid in the two countries.

Ivory Coast aid profile

Ivory Coast (Cote d'Ivoire) is a former French colony located in West Africa, and for the purpose of this study, Ivory Coast and Cote D'Ivoire will be used interchangeably.

Ivory Coast has a population of slightly over 20 million people. It gained independence from France on August 7, 1960. The United States (U.S) State Department reports that the U.S and the Ivory Coast established diplomatic relations when the latter gained independence. The United States, like other donors, over the years has offered aid to Ivory Coast to facilitate its development. More specifically, to “increase respect for the rule of law and human rights and address the HIV/AIDS epidemic through expanded access to prevention, care and treatment services” (U.S State Department, September 2012).

The Central Intelligence Agency (CIA) reports that due to a decade of war in the country, the economy has been adversely affected. There has been a “loss of foreign

investment and there is slow economic growth” (CIA World Fact book 2013). The CIA reports that, about 42% of the population lives below the poverty line. Ivory Coast receives aid from various sources and France continues to be one of the largest donors. The aid comes through several agencies with the objective to support development in the sectors of health, education, and governance. Ivory Coast continued to receive multilateral aid even in the times of conflict. In 2011, Oxfam reported, “The situation could become Africa’s forgotten crisis. Charles Wontewe, Oxfam’s country director in Liberia, said: “fighting is spreading across cities in Ivory Coast, and the risk of large-scale refugee flow is high. But despite the gravity of the situation, it is not getting the attention or funding it deserves” (Oxfam International, March 2011).

Multilateral agencies, like the UN’s refugee agency United Nations High Commissioner for Refugees (UNHCR), quickly disbursed aid packages to help with the refugee situation and to rebuild the country after the conflict. The impact of aid to Ivory Coast will be examined in this research. I argue that aid has not been beneficial to Ivory Coast over the years. Ivory Coast continues to have a large poverty rate and the ordinary Ivorian does not benefit from the billions of multilateral aid given by donor agencies. This study will test the effectiveness of foreign aid in the growth of Ivory Coast.

Ghana aid profile

Ghana is a former British colony that gained independence on March 6, 1957.

The country has a population of about 26 million people with 28.5% below the poverty line. Ghana has been receiving aid from bilateral and multilateral donors for decades. In spite of the country having had its fair share of military coups, it can be described as one of the most stable countries in the West African sub-region.

According to the British Broadcasting Corporation (BBC), Ghana receives an average of \$1 billion a year in aid, which accounts for about 10% of its Gross Domestic Product (GDP) (BBC News, June 2006). Even though the country is heavily dependent on aid, it can be classified as one of the success stories in Africa economically and politically according to a 2011 DFID report (DFID, 2011). In the 1980s multilateral aid to Ghana was at an all-time high because institutions like the International Monetary Fund (IMF) and the World Bank were supporters of the country's Economic Reform Program (ERP).

Multilateral aid over the years was aimed towards improving the country's infrastructure, governance, and education. Governments in the last decade (2000-2011) have been transparent about how multilateral aid is utilized. Multilateral donor agencies, such as, have worked closely with the government and other local Non-Governmental Organizations (NGO) to foster wealth creation, eradicate poverty, increase education levels, and promote good governance. According to a DFID report in 2011, these goals have been successful in Ghana (DFID 2011). Ghana's foreign aid assistance is ongoing, but there have been indicators from donor agencies, for example, USAID, DFID and the World Bank to attest that, aid is being utilized and citizens have been reaping its benefits. This study will analyze data from these agencies to test aid effectiveness in Ghana.

Research Question

This study, based on two West African countries, Ghana and Ivory Coast, has the overarching purpose of testing aid effectiveness in the two countries. Ghana and Ivory Coast have been selected based on their heavy dependence on foreign aid, as more than half of the annual budget provisions of these countries are based on aid. In addition, I have selected these cases because of their variation on measures of aid effectiveness and governance.

This research hypothesizes that a difference exists in the aid effectiveness on the economic growth in Ivory Coast and Ghana. The hypothesis shows that aid is not effectively used or administered in Ivory Coast, but Ghana, which has also been receiving foreign aid, has been a success story in the region.

Indicators such as health outcomes and results from Freedom House surveys were used to examine the outcomes associated with foreign aid. In addition, I examined the involvement of non-governmental organizations, indicators of corruption, and accountability to trace the possible roots of the effectiveness of aid in Ghana and the ineffectiveness of aid in Ivory Coast.

The following research questions guided the study:

1. What criteria are used in the disbursement of aid in Ivory Coast and Ghana?
2. Do non-governmental organizations, and government officials, divert aid in a way that undermines the effectiveness of aid projects?
3. What is the real impact of multilateral aid on the lives of ordinary citizens in Ghana and Ivory Coast?

4. Is there a justification for continued multilateral aid to Ghana and Ivory Coast?
5. What accounts for the difference in effectiveness of aid to Ghana and Ivory Coast?

Relevance

This study is important to the literature on foreign aid to Africa because it will provide information—benefits from foreign aid and its challenges—to scholars, students, and organizations and states in understanding the impact of foreign aid on the life of the ordinary African citizen. This study also is significant to the donor countries because it provides information that allows them to offer policies that makes beneficiary countries accountable for the aid they receive.

In addition, this thesis is important to the study of foreign aid as it gives researchers and students the opportunity, to understand the importance and relevance of foreign aid to third world countries like Ghana and Ivory Coast. There have been arguments by scholars and ordinary citizens who believe that foreign aid makes African governments dependent for several years and these states will continue to wallow in poverty. Amartya Sen in his article, “The Man without a Plan” (Sen 2006) argues that the efforts by the West to help African countries grow and develop through foreign aid have done “little good”. There is no set structure, balance or accountability in the disbursement of foreign aid. Many African countries including Ivory Coast and Ghana, receive foreign aid to help with the

overall development of the country including education and job creation, yet the standard of living of the ordinary citizen is low because governments do not undertake the needed projects to achieve these goals.

The percentage of aid to Ghana and Ivory Coast continues to be on the rise yearly. Dr. Barfour Osei in his paper, “The Cost of Aid Tying to Ghana” (Osei 2004) argues “the proportion of aid in total imports more than doubled from 16% in 1983 to 44% in 1989. External aid going into key sectors of the economy has expanded faster than government expenditures in these sectors” (Osei 2004, pg. 9). Multilateral agencies have increased aid to these countries, this the author argues causes what he terms as “aid tying.” This gives the agencies the opportunity to dictate policy and make governments dependent on aid. My thesis will provide data on the projects being pursued by donors to improve the economy and how effective these projects have been.

Organization

The rest of the thesis is divided into four chapters. The second chapter of this thesis will look at review of related literature. I will analyze the scholarly works of authors on the significance of foreign aid and how the ordinary citizen is affected by aid in Africa. There has been extensive research done on the impact of aid to the African continent.

There are two sides to this argument: there are authors like Dambisa Moyo who believe the foreign aid has done more harm than good to African states,

governments and its citizens (Moyo 2009). Governments and politicians use foreign aid as a means to enrich themselves and their cronies and donor states and agencies fail to hold them accountable. By contrast, some scholars such as Alesina and Dollar argue that there should be more foreign aid to Africa and they believe that more aid will help many African countries out of poverty.

The review of related literature also will discuss theories of foreign aid. The subject of foreign aid has been discussed either in the realm of humanitarian, political, or economic perspectives. It is argued that donor agencies and countries usually have the intention of fulfilling one of these viewpoints with regard to how aid is being distributed. For the purposes of the significance of foreign aid and its effect on the ordinary citizen the realist, idealist, and neo-Marxist approaches to foreign aid will also be discussed.

The third chapter is a presentation of data gathered from UNDP, DFID, USAID, the European Union (EU), World Bank, IMF, Organization for Economic Co-operation and Development (OECD), Transparency International, and Freedom House databases. This section also presents a history of multilateral aid to Ivory Coast and Ghana. Surveys taken by the Freedom House and Transparency International on foreign aid will also be presented in this section. The analysis of the data from all the sources listed will be evaluated. The effect of multilateral aid in the lives of citizens will be critically examined. The correlation between the hypothesis and the findings will also be tested.

Chapter four will present the findings and projections of the future of foreign aid and how the governments in Ghana, Ivory Coast, and the continent as a whole can

utilize aid to develop their countries. The research will also give a prognosis of how governments in Africa can wean off aid and become self-sufficient by adopting new policies and administrative structures that make governments and politicians accountable to the people.

CHAPTER TWO

Review of the Literature and Study Design

This section discusses the theoretical framework of foreign aid and analyses literature on the subject of foreign aid. There have been two sides on the argument about the effectiveness of foreign aid in Africa. One side of the debate is that foreign aid is effective and should be continued, the counter argument is that foreign aid is ineffective and donor agencies and countries should stop being benevolent because it keeps recipient countries underdeveloped and dependent.

Theories Concerning the Determinants of Aid

There is a vast majority of literature on foreign aid to African countries. There have been several aspects and views on the impact of aid to African countries and its citizens. Robert Zimmerman, in his paper “The Determinants of Aid” argues that the literature on aid can be separated into three categories “the allocation of aid, the effects of aid, and the determinants of aid” (Zimmerman 2007, pg. 1). In what follows, I briefly summarize some of the theories and literature about the determinants of aid flows (i.e., the motivations of aid donors).

The theories of foreign aid from the realist, idealist or Neo-Marxist perspectives have been widely discussed by scholars of foreign aid. The idealist paradigm states that, the “motivations of individual and state actors are more optimistic about their potential

for cooperative relations” (Schraeder et al. 1998 pg. 6). Humanitarian needs are regarded as important when it comes to the idealist approach to foreign aid. The idealist strongly believes foreign aid has the capability of curbing and alleviating poverty in third world countries. For the purpose of this study, the idealist, economic, and political perspectives are relevant in studying the effectiveness of aid. These perspectives center on the effectiveness of aid and how it will eradicate poverty and promote development in African countries.

The realist paradigm, which was the main theory on aid during the cold war era, proposes, “Aid policies are driven primarily by strategic interests of nations or states. International relations are conducted in a Hobbesian state of nature in which security and self-preservation become the primary, if not exclusive, objectives” (Schraeder et al 1998, pg.2). The neo-Marxist approach is focused on “assumptions about the centrality of economic interests in the foreign aid calculations of donor states” (Schraeder et al 1998, pg. 6). The neo- Marxist paradigm suggests that the ‘North-South’ connection between donor and recipient countries (i.e., third world states) increases the economic inequalities in rich and poor states. It must be noted that the realist paradigm focuses on why donor agencies and countries are interested in disbursing aid to African countries.

Theories and Literature Concerning the Effects and Effectiveness of Aid

In addition to theories concerning the determinants of aid, there is also a large body of theory and research on the effects of aid. An early version is the “big push” model. Introduced in the 1950s, the “big push model” is based on the assumption that Africa is

plagued with poverty and that the continent lacks the potential of developing without foreign aid. Easterly (2005) best explains it when he argues that The continent, needs a huge financial “push” in order to develop its economy. This “push” should be in the form of investments, as this will aid in the growth of African economies more effectively than aid.

From the economic perspective the “two-gap theory, “...foreign aid is required to fill two shortfalls in foreign exchange or savings that depressed the growth rates of developing countries below some acceptable limit” (Lal 2008). Deepak Lal argues that the theory of aid is facing-out, especially the humanitarian and political theories of aid. Jeffery Sachs is one of the proponents of this theory; he argues that aid packages and reforms will help eradicate poverty in many third world countries.

Beyond general theories about the effects of aid, a number of studies have debated whether aid is effective. Corruption has been an underlying theme in much of the foreign aid literature. Werlin (2005) suggests that foreign aid has been ineffective due to the corrupt nature of African governments. In her book, *Dead Aid: Why Aid is Not Working and How There is a Better Way for Africa* Dambisa Moyo (Moyo 2009) presents an analysis that has received a lot of attention from scholars of aid. The author believes that aid does not make the recipient nations better off but rather makes them poorer. She questions the notion that the world has to donate aid to poorer countries in Africa because “it’s the right thing to do or an obligation.” She quotes Tony Blair who said, “the state of Africa is a scar on the conscience of the world” (Moyo 2009, pg. xix). The author insinuates that African countries do not need aid because it tends to make them dependent and poorer. Moyo also addresses the issue of corruption but fails to discuss

the impact of aid on the ordinary citizen directly.

Robert H. Werlin in his article “Corruption and Foreign Aid in Africa” (Werlin 2005) argues that, “poor countries suffer not so much from insufficient aid as from poor quality of their governance” (pg.517). The author argues that even if the United States and other Non-governmental organizations such as the United Nations and World Bank increase aid to poor countries around the world, it will not make a difference because a majority of these countries are plagued with corruption.

African governments are afflicted with so much corruption; a combination of bad policies and governance. For example, Werlin (2005) reports that Zambia has received millions of dollars in aid between 1964 and 2000, yet the “average incomes fell from \$540 to \$300” (pg.518). Zambia received more “aid per capita than any other country” yet, the increase in foreign aid over the years did not impact the standard of living or the economy in any way. If anything, it rather reduced incomes. The author suggests that, the regularity of corruption in Africa is the cause of extreme poverty. No matter how much aid is pumped into the economy, if corruption is not addressed, no gains would be made with economic growth. The author offers suggestions on what donor countries and agencies should do to achieve positive results on a country-by-country basis. For example, he argues that Nigeria’s system is plagued with corruption and so the World Bank could simply cease lending altogether. He further suggests aid should only be given if the country overhauls its civil service, police, and judiciary. Werlin’s article is important to the study of foreign aid because it offers an insight into aid in many African countries and also provides suggestions on how donor and recipient countries can ensure the effectiveness of aid.

William Easterly in his paper, "Can Foreign Aid Buy Growth?" (Easterly 2003) discusses the correlation between economic policies of recipient countries and the effectiveness of aid. He uses the work of Burnside and Dollar (2000) as a benchmark for his argument. He argues the notion that "aid boosts growth in good policy environments is fragile to defining growth, aid and policy over sufficiently short period" (pg. 12). Easterly uses quantitative and qualitative approaches to research foreign aid and growth. He argues that the governments of poor countries do not have the "incentive to raise the productive potential of the poor, especially when doing so might engender political activism that threatens the current political elite" (pg. 20). Donor agencies, such as the World Bank, have been promoting the idea that, the positive impact of aid is "just around the corner" (pg. 21). The author argues that African states are not experiencing the impact of aid hence, ordinary citizens do not benefit from multilateral aid given by donor countries and agencies.

Richard W. Rahn in his article "Turn off Foreign Aid" (Rahn 2003) argues that humanitarian aid has been the most effective type of aid over the years. Rahn takes a different stand and goes a step further by suggesting that humanitarian aid is the only type of foreign aid that has been successful. Development aid on the other hand is an absolute failure according to Rahn. The author makes his claim by referring to the work of Peter Bauer, who argues that third world countries do not need large amounts of aid to curb poverty. Rahn maintains that "all countries were once poor, and that the rich countries did not become rich through foreign aid, but by having the rule of law and the proper incentives" (pg.1). The type of political and economic system in a country according to the author greatly influences the impact of aid. He cites countries like

Singapore and Hong Kong who rarely received any aid yet have thriving and successful economies.

Rahn's argument is that third world leaders use aid to enrich themselves and their cronies; they do little to grow their economies or improve the standard of living in their countries. Third world countries do not need foreign aid and states need to "put in the right policies to attract capital and provide economic growth" (pg.1). The author also criticizes organizations like the World Bank who offer foreign aid, which does not have any impact on the citizens because government agents and leaders misuse the funds. He laments that the organizations do not hold these leaders accountable and yet they continue to offer aid. Rahn concludes his paper by offering suggestions on how to make aid, if any is given, impactful in the lives of the citizens of recipient countries. He suggests that the United States, for example, should moderate its "support for international organizations, such as the Organization for Economic Cooperation and Development, the United Nations and the World Bank, which have programs that discourage economic growth" (pg. 2).

Rahn's paper is important to the study of foreign aid as it points out the loop holes in offering aid to third world countries and how international donor organizations, such as the World Bank, continue a vicious cycle of pumping foreign aid to third world economies, yet these countries continue to wallow in poverty. He also offers alternatives to foreign aid, which will by far make states self-reliant and in the long run encourage economic growth. Easterly and Rahn also agree that corruption in Africa is a contributing factor to the ineffectiveness of aid and underdevelopment in the region.

Amela Karabegovic and Fred McMahon in their article "Foreign Aid & Africa"

(Karabegovic and McMohan 2006) suggests that the United Nations (UN) and other non- governmental organizations aim at reducing poverty, diseases such as HIV/AIDS and increasing universal education in poor countries for decades. The authors praise the framework of current United Nations' and the MDGs and argue that the success of the program will help alleviate poverty in Africa by the year 2015.

The United Nations suggests “Africa needs large increases in public investment, such as good roads, which, it claims, will lead to rapid increases in productivity and thus economic growth” (pg. 17). The authors argue that current evidence shows that, when it comes to African states there is no correlation between economic growth and foreign aid. The argument is that, African countries have been receiving foreign aid for decades, but there has been no increase in the standard of living of citizens. Citizens have not invested or saved more due to the infusion of foreign aid in the economy. There has been no positive effect of foreign aid in most African countries. The authors referred to the works of Rajan and Subramanian (2005). Easterly et al (2004) and Boone (1996), and argue that aid has not had a positive impact in Africa for decades. These scholars did extensive research on the African economy over various decades and concluded that increase in foreign aid, policy reform, and government restructuring has not helped in poverty alleviation and the continent is poorer than it was several years ago.

Peter Boone in his paper “Politics and the Effectiveness of Foreign Aid” (Boone 1995) used a quantitative approach to discuss the relationship and dynamics between aid effectiveness and political regimes. The author argues that contrary to “human development indicators”, aid does not improve the living standards of the poor in aid recipient countries. All it does is to “increase the size of government” (pg. 1). Boone

propounds that the type of political regime in a recipient country can determine the impact of aid packages. The author's paper mainly concentrated on countries in East Asia. As mentioned earlier, this thesis will examine the political regimes in Ghana and Ivory Coast, and will seek to determine if the political regimes play a role in the impact of aid to these countries.

Funso Aluko and Dare Arowolo in their research paper "Foreign aid, the Third World's debt crisis and the implication for economic development: The Nigerian experience" (Aluko and Arowolo 2010), discuss the issue of "underdevelopment and dependency" on foreign aid in Africa with a case study of Nigeria. Their analysis is relevant to the study of foreign aid because it provides an insight into the economies of third world countries and the impact of aid on them. Aluko and Arowolo make a compelling argument that foreign aid regardless of the type, negatively affect the masses in third world countries. They use a case study of Nigeria to reflect how foreign aid and loans have done more harm than good to the country's economy and development as a whole. They acknowledge that African leaders misuse aid and this is a contributing factor to the failure of aid in African countries. They intimate further that "foreign aid is not and must not be seen as a mere largesse or a manifestation of a benign rapprochement between two countries. The recipient country should have designed a way of coping with and accommodating the conditionality attached to aid rather than complaining of its aftermath which they were, of course, aware of before taking such loans" (pg. 126).

The authors simply conclude that leadership in recipient countries should be revamped and this will be the foundation in resolving most of Africa's foreign aid

problems. My research will take this research a step further by comparing and contrasting why foreign aid has been successful in Ghana and seems to have failed in Ivory Coast. What is the government of Ghana doing right? What needs to be corrected in Ivory Coast? An answer to these questions will be sought for.

Farah Abuzeid in her article “Foreign Aid and the ‘Big Push’ Theory: Lessons from Sub-Saharan Africa” (Abuzeid 2009) uses a qualitative approach to discuss the impact of foreign aid to recipient countries with a case study of sub-Saharan Africa. The author argues that large amounts of aid pumped into a country potentially does more harm than good to the economy and overall development of the state. She admits that the existing foreign aid “paradigm should be overhauled, and the new system should take a more nuanced view of international development” (pg. 16). The author argues that the ‘big push theory’, which interprets that the pumping of large amounts of aid into third world economies will lead economic development, has been a failure over time. A comparison between aid flows and the GDP over 50 years in Africa has shown that there has not been any significant increase in GDP’s across most African countries. In some cases the author, argues, “GDP has declined considerably” (pg. 17). Abuzeid also propounds that foreign aid indirectly affects governance in recipient countries in several ways. It “creates multiple distortions in the public sector, fosters the emergence of a ‘rentier state’ effect, and delay pressures for effective reform” (pg. 18). For successful economic development in recipient countries, the government should work on building stable institutions. These will be the foundation for economic growth. Abuzeid concludes that foreign aid has not had a positive impact on the lives of individuals in third world countries since the last 50 years. This suggests that there should be a total overhaul of the

foreign aid policies by donor countries and agencies.

Simeon Djankov et al., in their article “Does Aid Help?” (Djankov et al. 2006) argue that evidence presented over the years have shown that “the effectiveness of foreign aid is discouraging” (pg.1). The authors propound that foreign aid has a damaging effect on the political system of a country and it reduces economic growth. They present empirical evidence to show that, developing countries are suffering from the “curse of unnatural resources” which is foreign aid. Many states in Africa receive large amounts of foreign aid in some cases it is a huge portion of their Gross Domestic Product (GDP), yet these states have little or no economic development or growth.

The authors debate over the subject of whether aid can work to help promote economic growth. They propose a number of mechanisms arguing that, foreign aid in the form of grants should be given as loans. This will cause governments to use the money effectively. For example, if governments know they have to pay back the loans, this will make them more responsible and reduce ‘rent seeking’. The authors conclude that governments should be held more accountable on the way funds are used. They believe that giving out more loans to recipient countries instead of grants will go a long way to help with economic development. The article used both qualitative and quantitative study to prove that giving more aid does not increase the effectiveness of aid. Donor institutions and countries should research more into how to increase the impact of aid positively. More aid is not the solution; a critique of this approach is that, even if these aids are given in the form of loans, governments might not be incentivized to use them wisely as they may feel the repayment would be left to the future governments. Hence, this might not be a full proof of ensuring effective use of aid.

Gustav Ranis in his article, "Giving Up on Foreign Aid?" (Ranis 2011), contends that the existing economic crisis poses a negative effect on foreign aid. The aid given to third world countries has reduced over the last couple of years. Ranis argues that, the United States and international organizations have promised to increase aid over the last couple of years, but have reneged on the pledge. There have been several reasons for the failure of foreign aid in most third world countries. The conditionality attached to aid in the developing world have been too many and ineffective. Ranis suggests that, there were as many as 60 conditionalities attached to foreign aid at some point in time. The Poverty Reduction Strategy Paper (PRSP), which was introduced, helped decrease these conditionalities to 30, but Ranis argues that this did not improve the effectiveness of aid.

Ranis propounds that aid has had a negative impact on recipient countries due to the Non-governmental Organizations that go into recipient countries to cause a lot of 'confusion'. He argues that these NGOs work with "different receipt country agents, competing for projects and giving conflicting advice, deprives recipient officials of oxygen, hugely escalating transactions costs and contributing materially to the disillusionment with a process once viewed with such optimism in the 1950s" (pg. 76). The NGOs muddle in the affairs of recipient countries, which decrease economic growth instead of increase, it. Ranis suggest that current foreign aid structure, process and policies are faulty and that new measures to improve aid should be embraced. This will go a long way to help reform foreign aid and its effectiveness.

Haroon Ashraf's article "Aid will only help if African countries kick Start Reform" (Ashraf 2001), analyzes World Bank report dated March 27, 2001. The author suggests that "development assistance has little or no positive influence in poor countries that

avoid economic reforms, which could help alleviate poverty and improve health” (Pg.1019). Leaders of recipient countries have to be committed to reform in order for foreign aid to make a positive difference in the economy and over all development of their countries.

In a study of 10 sub-Saharan African countries: Cote D’Ivoire, Ghana, Kenya, Zambia, Ethiopia, the Democratic Republic of Congo, Mali, Tanzania, Nigeria, and Kenya, the research found that Uganda and Ghana have effectively been able to reform their systems, therefore foreign aid has been able to help reduce poverty and increase development. The author propounds that aid should be increased so far as countries show reform and have a strategy in place for policy reform. Ashraf’s article does not present any empirical evidence to support his research. He comments on the World Bank Report, but fails to present tangible solutions on how the failing recipient countries can restructure their systems.

There are scholars who suggest that foreign aid has been effective and donor countries and agencies should continue to disburse aid to poor countries. These authors are of the notion that for Africa to develop, donor countries and agencies need to be committed to disbursing more foreign aid. Lindsay Whitfield in her paper “Aid’s Political Consequences: The Embedded Aid System in Ghana” (Whitfield 2006) investigates the economic and political consequences of aid in Ghana. The author argues that, the donors have failed to understand why aid is failing in African countries. She proposes that the discussion has to shift to the political impact of aid. An understanding of the African system helps donor countries strategize when disbursing foreign aid. This literature is an excellent contribution to the literature on aid in Ghana. The paper will

discuss how aid has been successful in some African countries, especially Ghana and why aid has failed miserably in countries like Ivory Coast. To discuss the failure of aid in African countries and how to improve the disbursement of aid, the social, economic and political factors should be considered in its entirety.

Alberto Alesina and David Dollar's article "Who Gives Aid and to Whom and Why?" (Alesina and Dollar 2000) researches the "pattern of allocation of foreign aid from various donors to receiving countries" (pg. 33). The authors argue that there are several determinants of foreign aid: social, political, and colonial factors all come into play when donor countries are disbursing aid. Whitfield (2006) also advocates the political determinants should be considered. Alesina and Dollar address pertinent questions such as: why donor countries give aid? The authors argue that they "find considerable evidence that the pattern of aid giving is dictated by political and strategic considerations" (pg. 33). Ghana, for instance, receives a majority of aid from the United Kingdom because of its colonial ties. According to the United Kingdom's DFID, the Operational plan document for Ghana, aid is given to the government of Ghana for several projects such as poverty alleviation, malaria treatment, education etc. (DFID 2000, pg. 2).

Alesina and Dollar mainly study the donor patterns of Germany, Japan, France, and the United States. They study the bilateral aid given by these donor countries to beneficiary countries and which determinants are used to disburse aid to these countries. The authors use variables such as colonial past, United Nations 'Friend', ties with Egypt and Israel, income of the recipient, openness, democracy, and religion to determine why donor countries give aid. My research focuses on aid to Ghana and Ivory Coast on the

bilateral and some multilateral level. Variables such as economic, political, social, and colonial ties will be used to determine the impact of aid.

The results of the study by Alesina and Dollar are interesting and compelling. Their findings indicate that “foreign aid has been, at best, only partially successful at promoting growth and reducing poverty” (pg. 55). The type of political regime is not a determinant of whether the recipient nation will receive aid or not. This article is another great contribution to the study of foreign aid. The ties donor countries have with recipient countries is very important because this in turn determine the level of foreign aid. The authors do agree that aid has only been effective to some extent, but they are optimistic about the increase in aid effectiveness.

Authors such as, Easterly, Moyo, Boone, Werlin, Aluko and Arowolo, Abuzeid, and Ranis are of the notion that foreign aid has not been effective in African countries. Mechanisms put in place to ensure accountability and aid effectiveness as instituted by donor countries and agencies have failed according to these authors. Ranis argues that, these mechanisms or conditionalities are too many. Easterly contends that conditionalities have not made a difference and aid is simply not working. Werlin (2005), Moyo (2009), and Easterly (2004) agree that corruption plays a major role in the failure of foreign aid.

Whitfield, Alesina and Dollar, and Ashraf suggest that aid has effective in African countries and those donor countries and agencies should continue to disburse foreign aid. The argument is that poor nations can alleviate poverty over time if donor agencies continue to offer aid. The conditions put in place by donor agencies and countries have been very effective and this has helped with the effectiveness of aid. Disbursing aid in

installments is a mechanism that has been very effective. Installments are paid after the projects are inspected officials on the ground and this also helps reduce corruption. The authors propose that there is hope for Africa with or without foreign aid. African countries have to evaluate the way they transact business with the rest of the world. This is the one variable that will help Africa out of poverty.

The argument that Moyo, Easterly and others present, though laudable have seemed to fail over the years. The reduction in foreign aid hasn't had any effective changes in African countries. Many states will probably have worsened economies. The notion that the reduction or weaning off aid to African countries will help African economies is more of a myth than a reality. African countries as a whole can be defined as "a work in progress." Mistakes have been made by both donor agencies and recipient states in the methods of aid disbursements and its utilization but the authors have to recognize that the cancellation of aid is not the best option.

Moyo for example pushes of the cancellation of aid to African in its entirety due to its ineffectiveness. This solution will cripple African economies and set the continent back several years. The conditionalities that are usually tied to foreign aid are many; Werlin, Easterly and Ranis all argue that this causes the ineffectiveness of foreign aid. An overhaul of the aid structure and administration will help make foreign aid more effective in African States. The authors argue that, corruption also plays a very important part in the ineffectiveness of aid. The misappropriation of funds has made aid ineffective in the region. Aid money is syphoned by government officials and not used for the intended purposes, and this has been one of the main concerns for donors.

Whitfield (2006), Alesina and Dollar (2010), and Ashraf (2001) argue that foreign

aid has been effective and African states have benefitted tremendously from aid. African states like South Africa, Kenya, Nigeria, Ghana, and Ivory Coast have benefitted in one way or the other from foreign aid. These scholars contradict Moyo et al. arguing that the conditionalities put in place by donor agencies and countries have been very effective. The argument is that foreign aid has helped African states and economies develop. The optimism from these authors shows that there is hope for the continent. The authors suggest that, development in the region is attainable with the help of aid, hence the push for more foreign aid.

The above literature has shown that overall, Africa has had some successful stories, but majority of the nations still wallow in abject poverty even though they have been receiving aid for decades. Both schools of thought present very compelling arguments but there has not been a perfect solution to aid problem yet.

The literature also shows that foreign aid is needed to lessen poverty in the continent. However, as noted, many studies point to the potential impact of corruption in reducing the effectiveness of aid. My research focuses on the effectiveness of aid on the ordinary citizen in Ghana and Ivory Coast. The argument is that aid has been successful in Ghana, but not in Ivory Coast and my paper investigates the reason for this variation in results. Based upon the review of the literature, I expect that levels of corruption in each case may be associated with varying levels of aid effectiveness in each case.

Methodology

This research adopted a descriptive study approach utilizing document analyses and

data. The data were mostly qualitative and quantitative indicators to measure the effectiveness of foreign aid in Ghana and Ivory Coast. Data from the OECD was used as evidence to show the trend of aid disbursements by the United States, United Kingdom, and France over the years. The Operational Plan from DFID was used to analyze the level of success and effectiveness of aid in Ghana by reviewing the benefits or failure recorded by the organization in the health sector, the enrollment of children in basic schools, and the growth of democracy and civil society. All the programs are important to the study because it is funded with foreign aid. USAID's reports on Ghana were also studied to illustrate how Ghana has advanced in the areas of agriculture, education and social services, governance and democracy, economic development and health.

France's trend of aid disbursement to Ivory Coast from 1962 to 2010 was evaluated to determine France's commitment to providing foreign aid to the West African country regardless of the political situation, success or ineffectiveness of foreign aid over the years. An illustration of France's dedication to keep the value of CFA currency high was used as an indicator to show the effectiveness of foreign aid. USAID's plan for Ivory Coast from 2011 to 2015 was also examined. Indicators such as education, economic advancement, the "Trade Hub" agreement, reforms in the health sector and the results of biodiversity reforms were used as a measure the effectiveness of aid. Aid was considered effective if projects pursued by the agency are reported successful and the services are still being offered.

The World Health Organization's reports will also be reviewed to determine the effectiveness of aid in both countries. Aggregate indicators including mortality rate under five per 1,000 live births, incidence of tuberculosis per 1,000 people, improved

Sanitation facilities (percentage of populations with access) , and mobile cellular subscriptions per 100 people between 2000 and 2010. The 10 year span will show the increase or decrease in each case. A reduction in the results between 2000 and 2010 will explain the effectiveness or of aid. An increase on the other hand depicts the failure of the project. These indicators were chosen because the WHO was running several projects through foreign aid in both countries. A net change of the results in both countries will also be analyzed to determine the success or failure of foreign aid. These measures are drawn from the World Bank's Development Indicators section on "Measures of Aid Effectiveness." It should also be noted that, the World Bank's aid effectiveness indicators are realistic indicators to use because main donors in both cases specifically disbursed aid for projects associated with the mortality rate, improved sanitation facilities and incidence of tuberculosis measures.

The data set from Freedom World Index (2002 – 2012) from Freedom House will be measured to access the overall freedom and freedom of the press in Ghana and Ivory Coast. These indicators are important because some donors disbursed aid to improve these sectors. The results are also a benchmark to donor countries in aid allocation. Corruption will be measured using data set from Transparency International to determine its impact on aid and its effectiveness. Using corruption perceptions from the citizenry, the relationship between corruption and aid effectiveness will be assessed. These methods and indicators will help determine the impact of foreign aid in Ghana Ivory Coast.

The next chapter presents data from non-governmental organizations, the governments of Ghana and Ivory Coast and also surveys from the Afro-barometer to

measure the impact of aid on citizens in Ghana and Ivory Coast.

CHAPTER THREE

Introduction: Aid and Aid Effectiveness in Ghana and Ivory Coast

Ghana and Ivory Coast have been beneficiaries of foreign aid from donor countries and agencies. This chapter presents data to investigate the relationship between perceptions of corruption, the design of aid programs, and aggregate indicators of aid effectiveness in both countries. As aid levels have increased, the perceptions of corruption have also increased. Indeed, while Ghana and Ivory Coast (Cote D'Ivoire) have received millions of dollars in aid donors, the success of aid in both countries has been different, and this is possibly related to varying levels of corruption.

The chapter begins with an analysis of total aid flows, and aid from the largest donors (e.g., the United Kingdom, the United States, and France), to both countries. Next, I examine several indicators of aid effectiveness that have been suggested by the World Bank, with a focus on certain health outcomes, mobile phone usage, and democratization. After this, I present data and qualitative information on perception of corruption and the design of aid programs from the largest donors.

Total Aid Flows: Trends

Ghana and Ivory Coast attained independence in the same era. The adaptation of the Marshall Plan in Europe and its success in the early 1950s paved way for most poor African countries to receive aid. The success of the plan made donor countries and

agencies believe in the notion that foreign aid can help developing countries attain industrialization status and that aid is a path to economic growth. Between 1960 and 1980, most donors tied aid to the type of government and ideology in the recipient country. The United States, for example, did not give Ghana very much aid because the Nkrumah government had adopted a socialist ideology after independence. Between 1980 and 2000, however, U.S. and total aid increased to Ghana because democracy was fully adopted in 1992 and Ghana's economy became more market-oriented. The adoption of the Highly Indebted Poor Countries (HIPC) Initiative by the Kufour government in 2000 brought about additional increase in foreign aid from the World Bank, International Monetary Fund, United Kingdom, and United States.

According to Gyimah-Boadi and Yakah (2012) "aid inflow [to Ghana] increased from approximately \$1 billion to 1.9 billion between 2003 and 2010. Aid increased from 13.2% in 2003 to 14.6 % in 2009 and dropped slightly to 12.8 % in 2010" (Gyimah-Boadi and Yakah 2012). The Millennium Challenge Corporation also infused a lot of foreign aid into Ghana's economy to help with economic growth.

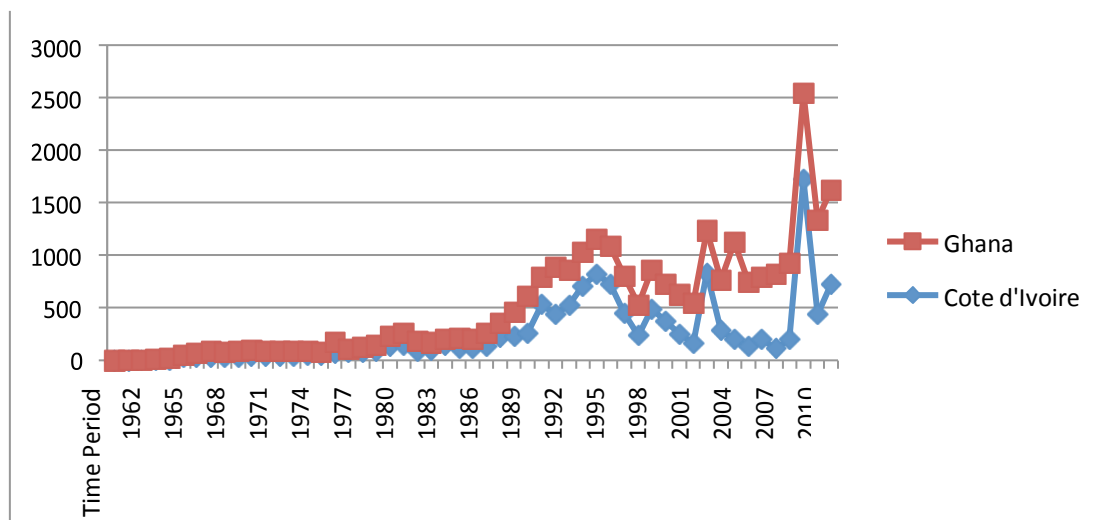
Ivory Coast also had a slow start in aid flows in the early 1960s. McGillivray et al. (2005) argue, "Côte d'Ivoire is an interesting case study, as its annual debt servicing has since the early 1980's constituted approximately 40% of all government expenditure and absorbed more than half of foreign aid" (McGillivray et al 2005, 259). As the years have progressed, the total percentage of aid constituting government expenditure has increased.

The reliance on foreign aid increases each year. According to McGillivray et al., in the mid-1970s to the mid-1980s, foreign aid was about 6 percent of the government's

annual spending. The 1990s saw an increase to 32% of government's expenditure.

Foreign aid to Ivory Coast continued to increase between 2007 and 2009, right before the political conflicts in 2011. However, aid flows were reduced in 2010, 2011, and 2012 due to political conflicts caused by the 2010 election results. Ghana on the other hand has received its highest foreign aid in 2010.

Figure 1 Aid Flows to Ghana and Ivory Coast, 1960-2012



Source: OECD DAC database (various years)

To provide a better picture of the long-term trends in aid flow to each country, Figure 1.1 shows the total bilateral foreign aid received in Ghana and Ivory Coast over the last 50 years. As one can see from the data, aid flows remained low in the decades of

the 1960s and 1970s. Although the pattern of aid flows in each country moved in the same direction since 1990, Ghana's total aid flows increased and was higher than the absolute levels in Cote D'Ivoire. It is interesting to note that since the year 2000, total aid flows to Ivory Coast in some years have been lower than in the levels received in the 1990s. This suggests that the donor community has not been consistent and that aid levels have been somewhat volatile.

Aid Programs from Specific Donors to Ghana and Ivory Coast

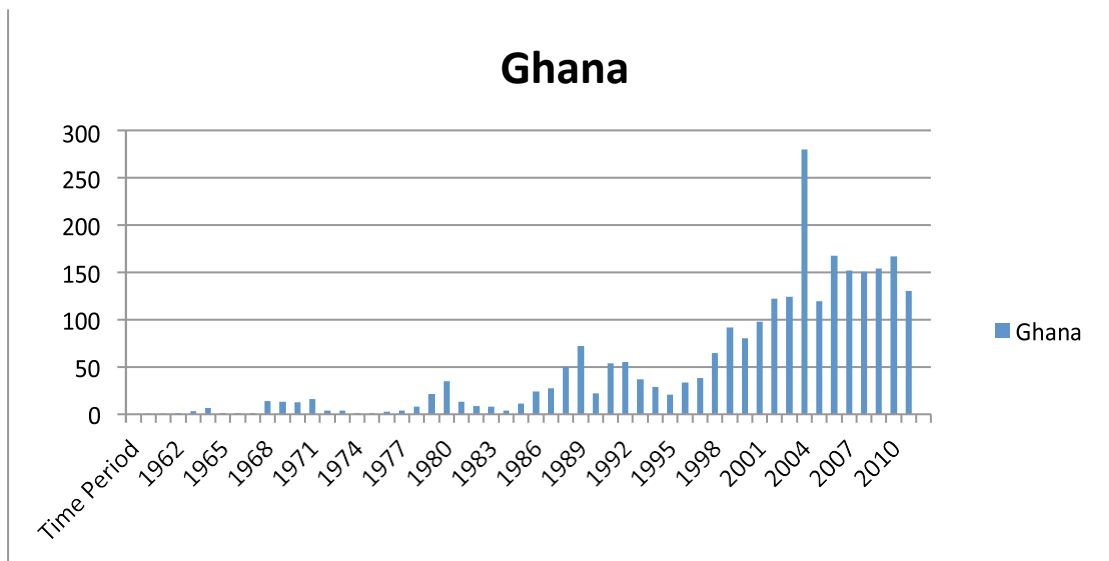
Ghana: The United Kingdom as a Donor

As noted, a country's colonial heritage can influence the disbursement of aid. Ghana is a British colony that gained independence on the 6th of March 1957. Due to its colonial ties, the United Kingdom has supported Ghana's economy since independence. Through its development agency, DFID, the U.K. has disbursed millions in foreign aid to help the government of Ghana and its citizens. Non-governmental organizations in Ghana have received funding to help promote their agenda, such as education funding for young girls, eradication of malaria, and helping government reform in order to promote economic development. Retired Honorable Andrew Mitchell, Britain's International Development Secretary, also noted "that aid from Britain will be targeted towards kick starting growth and development in the poorest areas, helping 50,000 entrepreneurs and businessmen to bring their goods to market" (Mitchell 2013).

In a speech delivered in February 2011, Henry Bellingham, United Kingdom's

minister to Africa reported that both countries have an outstanding relationship due to the history that they share. Bellingham (2011) noted, "...The relationship between the United Kingdom and Ghana is strong and vibrant, much like the wonderful city of Accra. It is rooted in our long-standing economic, political and cultural connections, our shared values, and the deep links between our peoples." Mitchell (2012) also argues "...Ghana shows that well-targeted, long-term development, matched by political and economic stability, does work. British support has played a vital role in this, ensuring that Ghana is on target to reduce to halve extreme poverty by 2015. Aid must always be a means to an end – the end being a prosperous future when countries no longer have to rely on international help." This point is echoed by Osei et al. (2005), who argue that "[British] aid has been used sensibly", in Ghana (Osei et al. 2005: 1).

Figure 2 Foreign Aid from the United Kingdom to Ghana 1960-2011



Source: OCED DAC (various years)

Note: Amount shown in total current U.S. millions of dollars

Figure 2 shows the total amount of aid that the British government has disbursed to Ghana from 1960 to 2010. Aid levels remained negligible through the 1990s, and only exceeded U.S. \$50 million annually in two years, 1980 and 1998. In recent years, however, aid levels have increased, with the peaks in 2004. Quite possibly the higher levels of aid since 2000 are due to the steadily improving bilateral relationship between Ghana and the U.K., as well as Ghana's success with meeting prior aid objectives.

In order to gain a better appreciation of the U.K.'s aid to Ghana, it is useful to examine some of the initiatives supported by DFID, the British foreign aid agency (see Table 1). The main areas that DFID invests in are wealth creation, creating transparent

and accountable governance and “improving human development outcomes” (DFID 2012, pg. II). According to DFID in 2009, about 60 percent of aid was provided through “a General Budget Support,” while 25 percent was disbursed through “Sector Budget Support” which primarily focuses of health and education. The agency’s operational plan, which was implemented from 2011 to 2015, is to reduce poverty in Ghana by 2015 (DFID 2012, pg.1). The operational plan also aimed at bridging the gap between the northern and southern parts of the country.

Table 1 Summary of some DFID Aid Programs in Ghana

(Total Number of Aid Recipients in Ghana)

Ghanaians using family planning	525,000
Producers accessing business services	50,000
Number of mosquito nets distributed to help prevent malaria	4.75 million
Number of children supported in basic education	140,000
Number of girls staying in school through providing them incentives to remain in education.	70,000
Number of people who were helped to vote through support to the 2012 national election	11,246,982

Source: DFID Operational Report, June 2013

According to DFID’s Operational Report (2013), the results of aid have been very

positive: government institutions have been strengthened, the economy has grown, the standard of living has improved, and basic education is on the rise. Importantly, DFID holds governments accountable for aid given to them and this accountability measure has been associated with successful outcomes in Ghana

Although we will discuss aggregate indicators of aid effectiveness in a later section of the chapter, it is useful to briefly note some of the specific outcomes reported by DFID in Ghana.¹ The DFID's 'School for life' Programme has encouraged and supported children to attend primary school. Based on DFID estimates, a targeted 70,000 out of 140,000 have remained enrolled in school as a result of this program (DFID 2013). The DFID reports that it is committed to educating out-of-school children and this will help reduce poverty in the long run.

In addition, the agency has championed the cause for fairer tax systems, open markets, and private sector growth. For example, the Brong Ahafo Market Women Association was helped by DFID to campaign for "fairer tax systems" in their region, and the fragmentary evidence suggests this was successful. The chair for the association, Cynthia Mensah, argues "my business and that of other women in the market is better because we spoke up and took action. With stable incomes, we are also now in the position to provide for our families" (DFID 2013, pg.1). Small-scale loans given to businesses have gone a long way to help the private sector.

The DFID is also bridging the gap between the north and southern parts of Ghana. The agency supports businesses in the north to "stimulate economic growth and job

¹ As a donor agency, DFID might have a bias in highlighting only the positive results of its initiatives. Although the few independent studies suggests that U.K. aid is effective in Ghana (Osei et al. 2005), it is not possible to verify many of the claims made by DFID

creation; this will help to improve business competitiveness in Ghana” (DFID 2013, pg. 2). One aid recipient in Northern Ghana was able to employ over 153 people as a result of the disbursement. According to the agency, helping small-scale entrepreneurs grow their businesses will “help improve business competitiveness in Ghana” (DFID 2013, pg.2). A “private sector led growth” which DFID is in favor of, will help in the creation of numerous jobs, increase returns “and the delivery of relevant goods and services” (DFID 2013, pg.3).

The aid provided by DFID has also helped strengthen civil society. The “Strengthening Transparency, Accountability and Responsiveness” (STAR) Ghana program has been a key entity in promoting the need for a stronger civil society. The solidification of civil society is very important to the agency, and it reports that “working with civil society to help them become better engaged in the formulation, implementation and monitoring of the government of Ghana’s policies” (DFID 2013: 2). Civil society groups have been stronger for the last couple of years. The key to DFID’s success in aid effectiveness has been the monitoring and evaluation of programs by the agency to ensure accountability and eliminate corruption. The agency has mechanisms in place to track and monitor all programs to ensure effectiveness. In addition, over 11 million citizens were helped to register and vote during the 2012 elections. The DFID initiated programs that educated the citizens on the importance of civic duties such as voting. These numbers show the progress made by the developing country and how foreign aid geared the country to a path of development.

The government of Ghana’s statistical reform is being funded by DFID. The agency has provided personnel to work with the World Bank, to create a strong Statistical

Service in Ghana. According to DFID, “national statistics system to increase the quality, accessibility, timeless, and relevance of official statistic of poverty reduction” (DFID 2013, pg.11). There has been success in “driving robust donor-government discussions on monitoring and evaluation” (pg. 11). The data show that Ghana is on the path of development through the effective utilization of foreign aid. The strict measures and criteria instituted by DFID to ensure the effectiveness of foreign aid are paying off in Ghana. Poverty eradication in the country had become operative and there are positive signs of development. The DFID’s annual report shows progress in Ghana’s economy even though there is room for improvement.

Ghana: The United States as a Donor

After the United Kingdom, United States is arguably the second largest donor to Ghana. The United States is committed to supporting Ghana consolidate democracy, reforming the economy, making education accessible to all, and strengthening the private sector. USAID reports (USAID 2011) “Ghana’s annual growth rate of over 14% in 2011 has spurred the country to become one of the world’s fastest growing economies, and achieve middle-income status. U.S. assistance will support activities that: build the citizen capacity participate in local government and strengthen local government capacity to effectively deliver services; improve Ghanaians’ health status; improve the quality of literacy instruction in primary schools; and promote Ghana’s economic growth and improve regional food security.”

Although long-term data on USAID disbursement to Ghana are difficult to obtain, some of the recent data are revealing about the United States priorities as a donor. In

2011, USAID spent a total of \$87 million dollars in foreign aid to Ghana. Of this amount, \$2 million was dedicated to democracy and governance, \$19.3 million supported economic development, \$11.7 million was dedicated to education and social services, \$1.8 million devoted to the environment and \$52.6 million went to the health sector. A more detailed breakdown of these initiatives is provided in Table 2. It is interesting to note that the priorities of the U.S. aid program in Ghana have become more diverse over time. In a study of U.S. aid to South Africa, Uganda, and Ghana in the 1990s, Hearn found that “in Ghana, USAID proposes to spend \$6 million over five years building the capacity of local civil society organizations through training in organizational management and lobbying skills” (Hearn 1997, pg. 3). (See appendix A).

Consistent with the reports by the British DFID programs, USAID has noted favorable outcomes for its aid programs. Climate change, which had been downplayed in Ghana over the last decade, has been given more attention by the government of Ghana due to aid flows targeting research into the sustainability of the environment. In addition, micro-finance loans given to small-scale women-owned enterprises have helped them expand their businesses. The USAID has also made efforts in the health department by training medical staff; educate citizens on HIV/AIDs and how to prevent the disease. The agency has also made medicine accessible to patients that have contracted the disease.

The USAID’s aid disbursement to Ghana has helped a lot of citizens gain access to health programs that were not available. In the Brong Ahafo and Upper West regions, for example, there were a few clinics that had one of two nurses attending to thousands of patient, but aid disbursements from the agency has helped improve this situation. Both

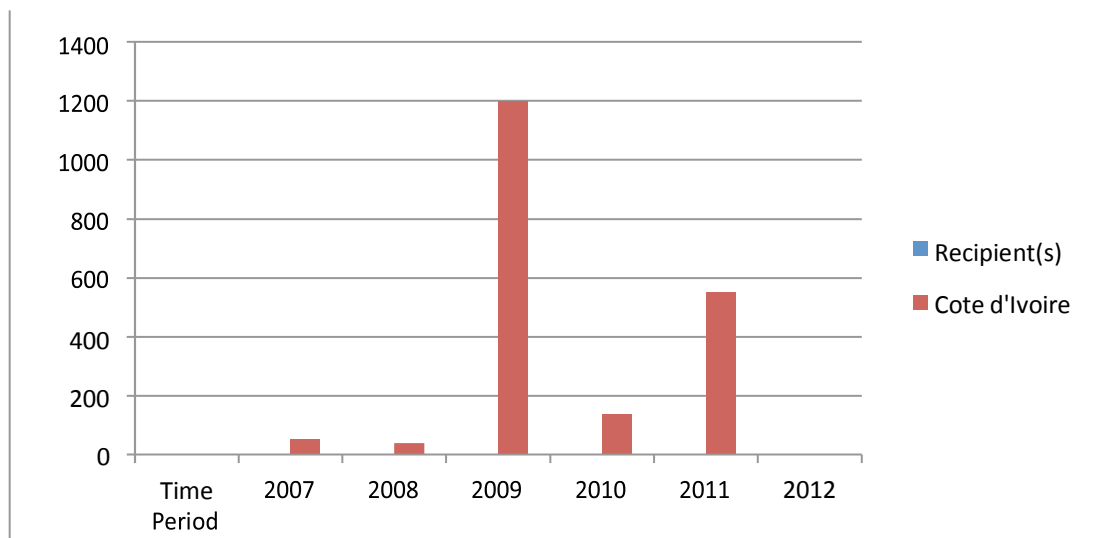
regions have main hospitals and there are more doctors and nurses on hand to treat patients (US AID 2011; 2013).

A reform in the economy and on the local government level has helped the economy develop and laws are easily implemented on the local levels when passed in the legislature. Regional ministers can effectively perform their duties due to the efficient training of their staff.

Finally, a key point to recall is that similar to the DFID program, USAID has tended to use conditionality in its aid programs. Not only does the program seek to enhance accountability and transparency, but there is some evidence of aid reductions when corruption has been identified (US AID 2011).

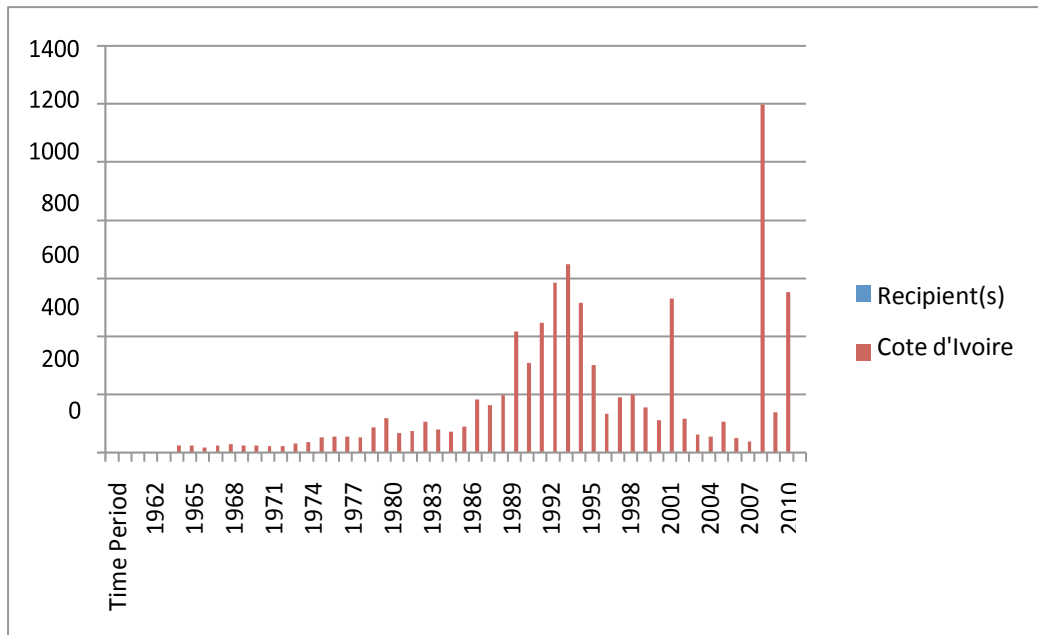
Ivory Coast: France as an Aid Donor

Figure 3 France's Aid Disbursement to Cote d'Ivoire, 2007-2011



Source: OECD DAC (various years) Note: Amount shown in US million dollars

Figure 4 Aid Disbursement from France to Cote d'Ivoire 1960-2011



Source: OECD DAC (various years) Note: Amount shown in US million dollars

Due to the legacy of colonialism, Ivory Coast and France have a strong relationship, and there has been very solid French influence in the country. Ivory Coast is the biggest producer of cocoa in the world and this has been a great commercial interest to the French. In addition, France is committed to developing the Ivorian economy and representing Ivory Coast's interests in international organizations. On April 24th, 1961, the French and Ivoirians signed the Franco-Ivoirian Technical Military Assistance Accord- (Accord d'assistance Militaire Technique); the treaty provided very important phases of the close relationship between France and Ivory Coast. Both countries agreed to discuss foreign policy matters on a regular basis. Under this treaty, Ivory Coast's

interests are protected represented by France in countries and organizations that do not have an Ivorian representation. France also agreed under this accord to support Ivory Coast in military, education, social, economic and political aspects. Schraeder et al. (1998: 317) also note that "...in the 1980's France on average devoted approximately 82% of its annual African aid budget to countries considered part of the francophone world." Ivory Coast, Chad, Madagascar, Senegal, Mali, Gabon, Guinea, Cameroon, and Algeria are all former French colonies in the region that received a majority of foreign aid.

France's disbursement of foreign aid to Ivory Coast has varied over time. During the early 1960's, Ivory Coast received little to no assistance from the French government. Aid disbursements remained low, with the amounts rising during the early 1990s, followed by a decline that lasted through the late 2000s (See Figure 1.3 and 1.4). However, Ivory Coast received its largest amount of aid in 2009 according to the OECD statistical data. French disbursements to the country seemed particularly high during the political crisis between 2010 and 2011. This suggests that aid was given partly to prevent deterioration in the country's political situation.

The French government is committed to support a variety of objectives. As noted, one of the recent objectives of French aid has been to stabilize the political situation. Mungal (2011) reports "the French government in collaboration with other aid agencies continued to pledge millions of dollars to Ivory Coast even though the country was in turmoil. After the arrest of Laurent Gbagbo, who failed to concede defeat after the 2011 presidential elections, political violence still persisted after his detention, yet the France government continued to disburse aid to the African nation. France disbursed about 400

million Euros to help with the development of the country and reconstruction of schools and roads. France's Finance minister Christine Lagarde argued that the funds will go a long way to revitalize the failing economy.”

Political instability in Ivory Coast displaced a lot of its citizens, and some aid has also been intended to help with refugee resettlement. The UNHCR reported that there were about 46,000 internally displaced people and refugees who could not return to their home and life's due to the 2011 political unrest. Countries like France were donating millions of dollars in aid but the citizens were not benefiting from these due to this unrest (UNHCR 2011).

It is important to note, however, that French aid is also linked to France's economic interests. France makes an effort to keep the CFA Franc (CFA), which is the currency for most French speaking countries in West Africa very strong. This has been used as a form of foreign aid to Ivory Coast. The French government has been supporting the CFA for several decades and this has received a criticism from other developed countries. Subsidizing the CFA costs the French government about 3 billion U.S. dollars annually, yet France continues to fund these subsidies. The New York Times (February 23, 1994) reported that, “France made a decision to devalue the CFA franc in 1994 and this caused instability in Ivory Coast's economy.” Supporting the CFA franc to make it stronger than its exchange value in currency markets causes economic problems for Ivory Coast and other French speaking countries in Africa. This is because if France decides to devalue the currency like it did in 1994, the little progress Ivory Coast has made economically will be reversed. Ivory Coast's economy is strongly attached to the global economy due to the growing of cocoa in the region. The devaluation of their currency

makes the export of cocoa and cocoa beans more competitive, but a weaker currency also increases the costs of imported goods and contributes to a balance-of-payments problem.

To summarize, France's aid program in Ivory Coast differs from the programs of DFID and USAID in two important respects. First, the French aid program does not appear to be targeted to as many of the health, education, and institution-building programs as U.K. and U.S. programs in Ghana. Second, it is not clear that the French program places as much emphasis on transparency and accountability in Ivory Coast.

Ivory Coast: The United States as an Aid Donor

As in the case of Ghana, the United States is the second most important donor in Ivory Coast. USAID has been supporting education, health, environmental, and governance sectors in the country. Ivory Coast's education has suffered neglect, while standards have been tremendously lowered due to the political conflicts and civil war. The USAID has a plan in place, which is scheduled from 2011 to 2015 to help solve the education problem in Ivory Coast. According to USAID, the teachers and students union have been excessively politicized and this has also been a contributing factor to the deterioration of the education system in Ivory Coast. The agency reports "to increase access to middle school education, especially for girls, we are working with the Ministry of Education to improve planning, transparency, and resource allocation capacity at national, regional, and local levels. In addition, we will construct two middle schools, designed to reduce the distance children have to travel for post-primary education, which

will also serve as community learning centers”(USAID 2011). This project will help the education system in Ivory Coast make changes and encourage more children to attain a free basic education.

The USAID has made efforts to help the economy of Ivory Coast develop. The agency helps African companies compete with others on the global market. According to USAID, the organization “leverages their success to address fundamental problems affecting West Africa’s ability to compete” (USAID 2011, pg. 1). The USAID has helped companies strategize to lower costs, and this in turn gives them more profit. A program called the Trade Hub has also reduced corruption along Ivory Coast’s borders. The agency is working with Economic Community of West African States (ECOWAS) and West Africa Economic and Monetary Union (UEMOA) to minimize interruptions when it comes to the importing and exporting of goods. Ivory Coast’s high production in Palm Oil and cocoa will need smoother export processes. The Trade Hub has been successful in Ivory Coast .The country has gained revenue from its exports of resources. Overall, the Trade Hub has help companies gain over \$280 million dollars in exports.

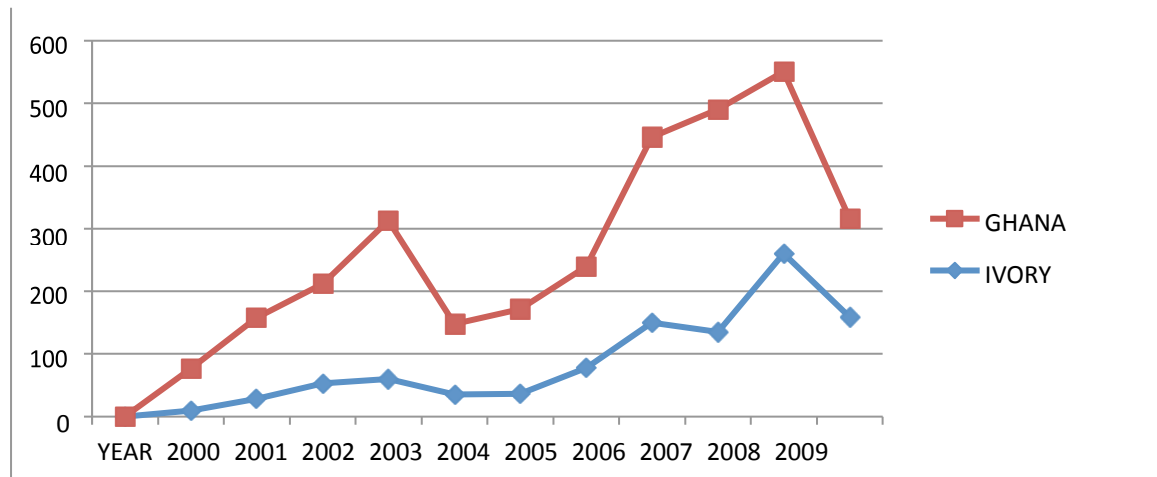
USAID is making efforts in Ivory Coast to “protect biodiversity”, and to educate the government and populace on the effects of climate change and the reduction of “greenhouse gas emissions”. The agency in partnership with the United States Forest Service is “designed to strengthen and expand community-driven biodiversity conservation” by forming strong connection with the governments on all levels. (USAID 2013, pg. 6). With the help of these local governments local forests and wildlife’s can be conserved. According to the agency, in Ivory Coast efforts are being made to preserve areas in and around Mount Nimba and Tai National Park (USAID 2013, pg. 6).

As noted previously, Ivory Coast has been plagued with over a decade of civil war and political conflicts. The USAID is making efforts to help the country heal and recover the conflicts that caused a divide in the country. The agency is working with the government to help curb corruption and to reform political institutions. Corruption is prevalent in the country and with the support of the agency; accountability from political leaders is possibly improving. The USAID reports that it is making efforts to solidify the National Assembly to “fulfill its representational, legislative, and oversight mandate” (USAID 2011). This will aid the achievement of the needed social and political reforms, although the 2015 general elections will determine the success of this program.

Finally, USAID is also committed to reforming the health sector in Ivory Coast. The country has one of the busiest ports in region because of cocoa exports and there are a large number of foreign workers in Abidjan due to the oil companies in the country. As a result of migration flows associated with oil and the cocoa trade, the country has become a “potential flashpoint” for the spread of HIV/AIDS. UNAID suggests that in 2010 about 3.4 percent of the population between the ages of 14-49 were affected with HIV/AIDS (USAID 2011). The agency is making efforts minimize or eradicate the spread of the disease by educating people on how to protect themselves from the disease and step to take if there are infected. The agency also encourages the government to embark on grassroots campaigns to educate its citizens about the disease and also offering technical support on the treatment and research of the disease. Some aid from France is also committed to the goal of reducing HIV/AIDS, although it is unclear if the French aid program seeks to build overall health institutions.

Aid from International Organizations to Ghana and Ivory Coast: The WHO

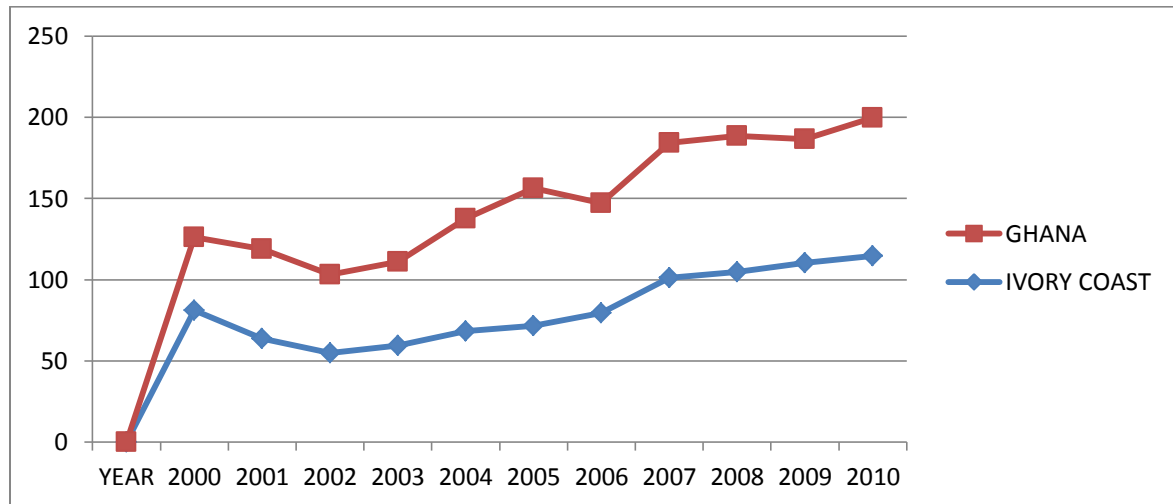
Figure 5 WHO Health Aid Commitments and Disbursements, 2000-2010



YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
IVORY COAST	9.75	27.89	53.24	59.6	35.54	36.19	78.13	149.56	134.54	260.42	159.04
GHANA	66.94	130.06	159.08	253.53	111.93	134.93	161.49	296.56	355.91	290.52	156.63

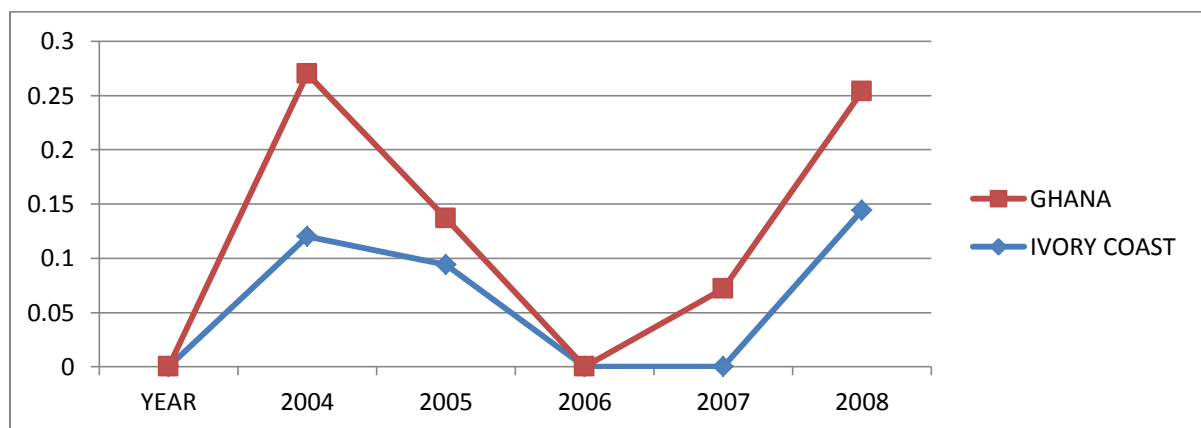
Source: World Health Organization. Note: amount in USD millions

Figure 6 Per capita Total Expenditure on Health, 2000 – 2010



	YEAR	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
IVORY COAST		81.2	63.8	54.9	59.3	68.3	71.6	79.5	101.1	104.8	110.3	114.7
GHANA		44.9	55	48.4	51.8	69.4	84.8	67.7	83.3	83.7	76.4	85.2

Figure 7 Density of physicians (per 10 000 population) in Ghana and Ivory Coast



	YEAR	2004	2005	2006	2007	2008
IVORY COAST		0.12	0.094			0.144
GHANA		0.15	0.043		0.072	0.11

In addition to aid received from the major donors, Ghana and Ivory Coast have received important support from the WHO, and other international organizations. The WHO disburses millions of dollars in foreign aid to Ghana and Ivory Coast intended for health projects. As demonstrated in Figure 6, although the level of nominal per capita health expenditures has improved in both countries, there is still much need for external assistance from donors. Indeed, the data in Figure 7 show that between 2004 and 2008 the results for the density of physicians per 1,000 people have been very poor. Both Ghana and Ivory Coast have very low numbers. More work has to be done to make doctors accessible to the population, as there is less than one doctor per 1,000 people and this causes several issues in the healthcare system in both countries. Fewer doctors mean that sick patients are not being treated by a doctor or proper care is not offered.² Given the importance of health aid, and the fact that this thesis seeks to examine the impact of aid on certain health outcomes, it makes sense to include a brief discussion of the WHO's activities.

Figure 5 shows data on the WHO's foreign aid over a 10 year period. Ghana has received over 1.4 billion dollars in commitments and disbursements of aid in the last decade from WHO to help treat malaria reduce infant mortality, and

² Although support from the WHO is important, both governments are implementing policies and working with NGOs to alleviate the shortage of doctors. The government in Ghana is offering scholarships to students who study medicine. In Ivory Coast, a charitable organization, 'Doctors without Borders' sent several doctors to the country to help with the health system and the treatment of patients (Doctors without Borders, April 2011). In addition, Alassane Ouattara set the National Health Regulation in March, 2012 to help fix the health system. This includes recruiting more doctors and health professionals.

tuberculosis. The death rate of malaria has been cut in half possibly due to the ‘Insecticide Treated Nets Program,’ which distributes free nets to mothers and their infants. The malaria vaccine, which is now part of the immunization process in Ghana due to WHO support, has helped reduce the number of infants being hospitalized. Ivory Coast has also been receiving commitment and disbursement of aid geared towards the achievement of health goals.

Aid Effectiveness in Ghana and Ivory Coast: A Comparison

Indicators of Aid Effectiveness: Health and Telecommunications

This section will measure the effectiveness of aid using indicators from the World Bank, World Health Organization, and Freedom House. The indicators include each country’s mortality rate, tuberculosis incidence per 100,000 people, improved sanitation facilities, and mobile cellular subscriptions (Tables 3 through 6). These indicators are used to measure aid effectiveness because the donor community set goals and policies based on these indicators. In addition, the World Bank uses these indicators to measure aid effectiveness. The Freedom House data measure the level of press freedom, press status, legal environment, political environment, and economic environment to determine the level of freedom in the country. These indicators can also be used to examine the effectiveness of aid in each case, and specifically the effects of aid on democracy.

Table 3 Mortality rate, under 5 (per 1,000 live births)

YEAR/	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
IVORY	145	143	140	137	135	131	128	125	121	117	114
GHANA	103	101	98	94	91	88	86	83	81	78	76

Net change for Ivory Coast: -31 net change for

Ghana: -27 Source: World Bank Development

Indicators (various years).

Table 4 Incidence of Tuberculosis (per 100,000 people)

YEAR/ COUNTRY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
IVORY COAST	370	351	329	308	287	268	249	234	217	212	190
GHANA	152	145	138	132	125	119	112	106	99	92	86

Net change for Ivory Coast: -180 Net changes for Ghana: -66

Table 5 Improved Sanitation facilities (% of Population with Access)

YEAR/ COUNTRY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
IVORY	22	22	22	22	22	23	23	23	23	24	24
GHANA	10	10	11	11	11	12	12	12	13	13	13

Net change for Ivory Coast: +2 net change for Ghana:

+3 Source: World Bank Development Indicators

(various years).

Table 6 Mobile cellular subscriptions (per 100 people)

YEAR/ COUNTRY	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
IVORY COAST	3	4	6	7	9	13	22	40	55	68	79
GHANA	1	1	2	4	8	13	23	33	50	63	71

Net change for Ivory Coast: +76 net change for Ghana: +70

Trends have changed in the above indicators from 2000 to 2010. In Ivory Coast, the infant mortality rate was at 145 per 1,000 live births in the year 2000. This meant that about 145 infants died for every 1,000 live births, a very significant number. By 2010, the number was reduced to 114. The net change is -31 per 1,000 showing that there has been a decrease in the number of infants dying. This is a positive result, suggesting that aid given by donor agencies to invest in the health sector has been effective. Health officials in Ivory Coast are trained to give infant immunizations that will prevent infants from contracting the 'six killer diseases', which are Polio, Diphtheria, Pertussis, Tuberculosis, Measles, and Rotavirus.

Even though the reduction in infant mortality in Ivory Coast has been somewhat better than in Ghana, the absolute levels of infant mortality in Ivory Coast remain higher. Ghana has few incidences per 1,000 people. In 2000 the country had 103 cases per 1,000 people and by 2010 the rate had been reduced to 76 per 1,000, a net change is -27. The donor community has disbursed millions of dollars in aid to Ghana with the sole purpose of reforming the health sector. Like Ivory Coast, infant mortality was primarily caused by lack of vaccinations and poor health systems in general. One of the goals for the World Bank is to reform the health sector and make hospitals and healthcare accessible to all citizens. In Ghana, for instance, the WHO and the World Bank fund the National Immunization Program. This program ensures access to prenatal care, as well as educating citizens of the benefits of immunizing children, and providing free vaccines through community outreach programs.

The incidence of tuberculosis per 100,000 people is a very important indicator to

gauge the effectiveness of foreign aid. Ghana and Ivory Coast experience several outbreaks of tuberculosis annually and this has also caused numerous deaths. Between 2000 and 2010, Ivory Coast started with 370 deaths per 100,000 people and at the end of the decade it was reduced to 190 per 100,000. The net change is -180. Within a decade, the incidence of tuberculosis casualties was reduced almost by half. The World Health Organization, the World Bank, and USAID disbursed funds that were used to advance projects that educated citizens on the diseases and how to protect themselves. In Ghana the National Immunization Programme added tuberculosis as one of the diseases that newborns and infants were vaccinated against. This helped in the reduction of the spread of the disease. In 2000, Ghana started with 152 incidences per 100,000 and after a decade it was reduced to 86 per 100,000 people. The net change for Ghana is -66. Both countries have shown dramatic decreases and this result also suggests that the health projects funded by foreign aid have been successful.

Improved sanitation facilities are also an indicator used to measure the effectiveness of aid. In Ghana, many households did not have sanitation facilities built in homes. Numerous households had to share community sanitation facilities. Ten percent of the population in Ghana had access to sanitation facilities in 2000 but by 2010 this number increased to 13 percent, a gain of 3 percent during the period in question. Even though the net percentage is slightly better than a decade ago, there are efforts to continue to improve the situation. The HIPC initiative in Ghana helps build several sanitary facilities in villages to give people access to improved sanitation. Ivory Coast on the other hand had about 22 percent of its

population with access to facilities in 2000, but 10 years later a 2 percent increase brought access to 24 percent of the population. Ivory Coast like Ghana had a minor increase but these were significant changes. Households in villages surrounding the Toulepleu and Daloa did not have latrines in their households. By 2010, more households had some form of sewage system.

The number of mobile cellular subscriptions is also an indicator that has shown tremendous development. The net change for Ivory Coast is +76. Ivory Coast started at 3 subscriptions per 100 people, and by 2010 there were 79 subscriptions per 100 people. The African continent is believed to have skipped one step to development. The use of the landline was skipped and mobile phones became popular among the African population. Ghana has a net change of +70. In 2000 Ghana recorded 1 subscription per 100 people, but by 2010 Ghana recorded 71 subscriptions per 100 people. This is a huge change from a decade ago. Foreign aid injected into the Ghanaian economy in the last decade reaped positive results. The economy became attractive to investors and this may have helped to stimulate demand for cellular phone service in Ghana. As the economy improved, domestic and foreign investment in the telecommunication industry made cellular phones affordable because the market was saturated and competition was strong. Demand and supply of telecommunication were at par; this made mobile telephones affordable for all. Dixon et al. (2003) in an analysis of “Orange Data for Development Challenge” suggests that the emergence and speedy advancement of the telecommunications industry in Ivory Coast can be associated with economic development (Dixon et al. 2013, pg.1, 2). There is no direct relationship between foreign aid and phone

development in Ivory Coast but one can suggest that economic development in the country can be associated with the large amount of foreign aid disbursed to the West African country.

Table 7 Freedom House Ratings for Ghana, 2002-2012

CATEGORY / YEAR	PRESS STATUS	PRESS FREEDOM	FREEDOM RATING	CIVIL LIBERTIES	POLITICAL RIGHTS
2002	FREE	27	2.5	3	2
2003	FREE	30	2.5	3	2
2004	FREE	28	2	2	2
2005	FREE	26	2	2	2
2006	FREE	28	1.5	2	1
2007	FREE	26	1.5	2	1
2008	FREE	27	1.5	2	1
2009	FREE	26	1.5	2	1
2010	FREE	26	1.5	2	1
2011	FREE	26	1.5	2	1
2012	FREE	28	1.5	2	1

Source: Freedom House (various years)

Table 8 Freedom House Ratings for Ivory Coast, 2002-2012

CATEGORY/ YEAR	STATUS	FREEDOM RATING	CIVIL LIBERTIES	POLITICAL RIGHTS	PRESS STATUS
2002	PARTLY FREE	4.5	4	5	NOT FREE
2003	NOT FREE	6	6	6	NOT FREE
2004	NOT FREE	5.5	5	6	NOT FREE
2005	NOT FREE	6	6	6	NOT FREE
2006	NOT FREE	6	6	6	NOT FREE
2007	NOT FREE	6	6	7	NOT FREE
2008	NOT FREE	6	5	7	NOT FREE
2009	NOT FREE	5.5	5	6	NOT FREE
2010	NOT FREE	5.5	5	6	NOT FREE
2011	NOT FREE	6.5	6	7	NOT FREE
2012	NOT FREE	6	6	6	NOT FREE

Source: Freedom House (various years).

Indicators of Aid Effectiveness: Press Freedoms and Democracy

The data in Tables 7 and 8 show indicators used to measure over all freedom and freedom of the press, based on data provided by Freedom House (various years). This is very important to the study of aid effectiveness because aid flows are sometimes based on these results. Some donors also specifically allocate aid to improve these sectors. The DFID and USAID disburse aid to help strengthen civil society. Campaigns organized in

Ghana to encourage people to register to vote during general elections form part of the example of the efforts by DFID and USAID.

It is important to note that in the Freedom House data set, low scores are associated with better conditions in political rights and civil liberties. By contrast, countries that scored higher numbers in all categories are not considered free and are associated with few political rights and civil liberties. The data in Tables 7 and 8 suggest that results for Ghana have been very positive. Ghana is one of the few countries in Sub Saharan Africa that is deemed “free” by Freedom House. Freedom of the press is respected. During the period in question, 2002 through 2012, Ghana’s mean of the civil liberties and political rights scores improved from 2.5 to 1.5, due largely to improvements in the political rights’ scores. In terms of freedom of the press, Ghana scored an average of 26 out of 100 indicating that freedom of the press, which is one of the tenets of democracy, is observed in Ghana. Gordon Crawford argues that “democracy is expensive” and the U.K., the European Union and other donors continue to assist Ghana attain a consolidated democracy by offering democracy assistance through foreign aid (Crawford 2004, pg. 1).

Ivory Coast, on the other hand, is rated not free overall. During the past nine years the country has been rated as ‘not’ free when it comes to ‘freedom of the press’. The overall freedoms were considered “partly free” in 2002, but in September of the same year, a civil war started. There was a regression in the country’s score to “not free”. In 2006, efforts to have voter registration process and elections failed and this also affected scores that year. The country has an average of 6 in all categories, suggesting some level of freedom, but higher levels of abuse of civil and political rights are being observed

with clear room for room for improvement. The United States and USAID make efforts to promote democracy in Ivory Coast. Projects by donor agencies that were aimed at strengthening civil society and championing the cause of democracy clearly failed in the West African country. It should be noted that, several of Ivory Coast's problems can be attributed to the civil war and political conflicts, and have had less to do with aid.

Corruption also plays a huge role in the failure of democracy in the region. It undermines the efforts by donor organizations and countries in attaining democracy in Ivory Coast. Using these indicators as a benchmark for the effectiveness of aid is problematic when it comes to Ivory Coast because the civil war, which started in 2002, influences results from the country. That being said there is no evidence to prove that the country would have scored better if there had been no civil war. Between 2006 and 2010 when the political conflicts broke out again, the scores did not change, even though there were no conflicts.

Explaining the Variation in Aid Effectiveness: The Role of Corruption

To summarize the findings thus far, the data from aid indicators suggests that both Ghana and Ivory Coast made progress in several health indicators and in cellular phone usage. The magnitude of improvement in health indicators was generally better in Ivory Coast, but the absolute levels of infant mortality and tuberculosis remained lower in Ghana. However, there has been a sharp difference in democracy and press freedom. Political rights and freedom of the press have shown clear improvement in Ghana, while in Ivory Coast; this has not been the case. Although the civil war may have played some

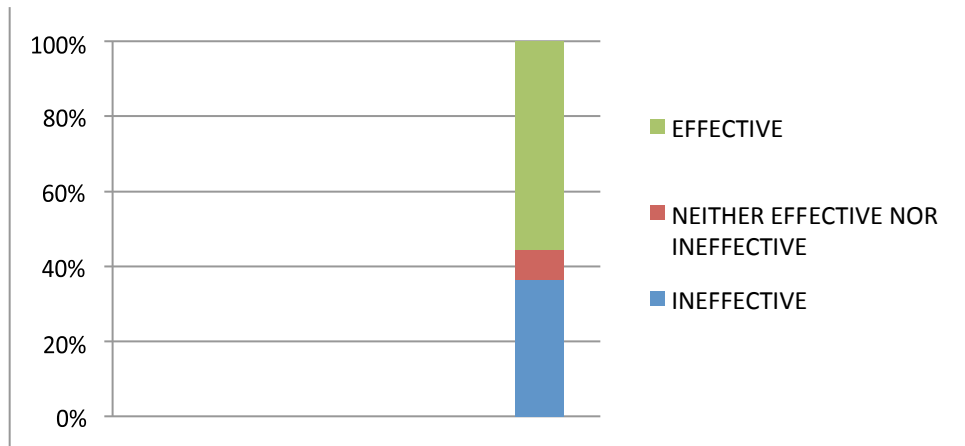
role in Ivory Coast, many of the problems predate the conflict.

This section analyses the prevalence of corruption and its impact on the effectiveness of aid. Data from Transparency International and newspaper reports were used to examine the levels of corruption in both countries. African countries are notorious for being corrupt and it has been argued that corruption is the cause of low levels of development in the region.

Perceptions of Corruption in Ghana

In 2012, Ivory Coast scored 29 out of 100 on the Transparency International corruption perception index. Ghana, on the other hand, scored 45 out of 100 on the index. The data for other years are consistent with the figures for 2012. In Ghana, Transparency International reported that a majority (55%) of Ghanaians feel the government is being effective in sighting corruption (Transparency International 2012). These data are reported in Table 9.

**Figure 8 Perceptions of Government Effectiveness in Reducing Corruption
Ghana, 2012**



Source: Transparency International

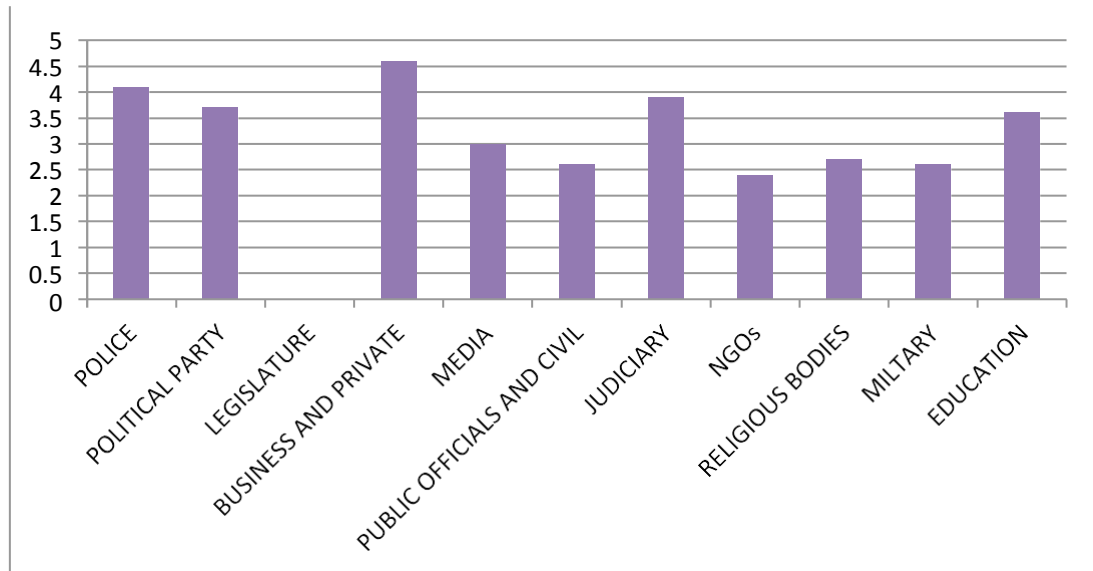
Table 9 Perception of Extent of Corruption in Different Institutions in Ghana, 2012

(1=less corrupt; 5=most corrupt)

POLICE	4.1
POLITICAL PARTY	3.7
BUSINESS AND PRIVATE SECTOR	4.6
MEDIA	3
PUBLIC OFFICIALS AND CIVIL SERVANTS	2.6
JUDICIARY	3.9
NGOs	2.4
RELIGIOUS BODIES	2.7
MILITARY	2.6
EDUCATION	3.6

Figure 9 Perception of Extent of Corruption in Different Institutions

1=Less corrupt 5=Most corrupt



SOURCE: Transparency International, Ghana Barometer 2010/2011

As one can see from the data in Table 2 and Figure 7, individuals in Ghana view several institutions and agencies, including the police, political parties, business and the private sector, military, NGOs, judiciary, religious bodies and public officials, as corrupt. The survey reports that businesses in the private sector are the most corrupt in Ghana with a score of 4.6 out of 5. Foreign aid from the United Kingdom and other donors are directed to the private sector to help with job creation. The DFID, for example, funds private businesses because it believes it will help drive the Ghanaian economy to another level. Bridging the gap between the north and south is done using private entrepreneurs.

The DFID provides aid to companies in the private sector because there is the belief that it will help create jobs. This venture has been very successful in Ghana because the private sector has helped to create jobs, but the impact on corruption has been negligible thus far. Even though the private sector drives the Ghanaian economy, there is still room for improvement. If corruption is minimized, foreign aid can be very effective.

The NGOs, religious bodies, the military and public officials and civil servants were all perceived as less corrupt by citizens. Transparency in these agencies will help eradicate poverty and all citizens will benefit from aid in the long term. The data on corruption among public officials, civil servants and NGOs is particularly important for our purposes. DFID and USAID work extensively through NGOs and with civil servants for health programs and democracy building, and the lower levels of perceived corruption in these two areas might be associated with the favorable outcomes for health and political rights.

Even though a majority of Ghanaians perceive certain arms of government and the private sector as corrupt, the survey also shows that majority of citizens (55%) believe the government efforts to fight corruption are effective. This suggests that the country might be moving in the right direction. Thirty-five percent of the respondents in the TI survey feel the efforts made by the government are ineffective and 8 percent perceive the efforts as being neither effective nor ineffective. If corruption is at a minimum, foreign aid in turn becomes effective in the long run. Aid will be used efficiently to benefit all citizens: school projects will be complete; government agencies like the Ghana Statistical Agency will become more transparent and the government will hold

civil servants and contractors accountable. This will ensure the timely execution of programs funded foreign aid.

Perceptions of Corruption in Ivory Coast

Perceptions of corruption in Ivory Coast have been very strong. Transparency International reviews the perceptions based on how the public perceives the government/public sectors. Ivory Coast is ranked 136 out of 177 countries and it scored 27 out of 100 in 2013. Transparency International findings show that a lot of corruption exists in various public sectors. In 2010, the organization reported that “distrust and corruption are defining features of the political landscape” (Transparency International 2010, pg.1). Jean –Francois Medard argues that corruption in Africa is “systemic and generalized: systemic because it is the rule rather than the exception, generalized, because it is not limited to certain sectors, but extended to the point that it covers the whole political, judicial and administrative sectors” (Medard 2009, pg. 379). This is a perfect depiction of corruption in Ivory Coast.

The notion that, corruption in many African countries is the main cause of poverty on the continent and the basis for the ineffectiveness of aid is well known. Fighting corruption has been the focus of a lot of donor countries and agencies to ensure that aid resources are utilized effectively. Transparency International reports that corruption in Ivory Coast is widespread and this has affected the country as a whole. The ten-year civil war also caused disarray in the country’s governance system. Sofia Wickberg, in a

Transparency International publication reports that “Côte d’Ivoire lacks some basic governance infrastructures and the weakness of law enforcement entities makes the governance system largely ineffective. Patronage and clan networks continue to play a central role in the Ivoirian society, and the administration does not operate transparently. The poor governance structure is becoming an obstacle for genuine reconciliation in a still-divided Côte D’Ivoire” (Wickberg 2013, pg.1). There have been all forms of corruption in the country. Wickberg (June 2013, pg.4) reports that “under Gbagbo’s administration in [Cote D’Ivoire], the proceeds from informal tax collection and trade in natural resources and arms gave public officials and political leaders incentives to impede peace settlement and political normalization.” The United Nations Development Program (UNDP) and the government of Ivory Coast established a program from 2009 to 2013 to encourage good governance and to help reduce corruption. This program was to create stronger government institutions and build a solid foundation for the practice of the rule of law. In recent times, the government of Ivory Coast led by Alassane Ouattara has also made efforts to control corruption. At the beginning of 2013, the government has embarked on a campaign to help reduce corruption in the country with the help of the MCC. This campaign is in progress but there has not been any success story yet.

Table 10 Comparison of Overall Perceptions of Corruption, 2008-2011

10=Less corrupt, 1=Most corrupt

YEAR/COUNTRY	CPI 2011 SCORE	CPI 2010 SCORE	CPI 2009 SCORE	CPI 2008 SCORE
IVORY COAST	2.2	2.2	2.1	2.0
GHANA	3.9	4.1	3.9	3.9

Source: Transparency International Corruption Perception Index

Despite the recent efforts to reduce corruption patronage culture continues and corruption is still prevalent. Table 2 presents the Corruption Perception Index and the scores for Ghana and Ivory Coast from 2008 to 2011. Ivory Coast has very low scores on the index meaning corruption is very high. The higher the corruption level the chances are foreign aid is ineffective. In 2008, Ivory Coast scored 2.0, 2.1 in 2009, 2.2 in 2010 and 2.2 in 2011. Corruption levels have been increasing over the years. The political instability during this period can be attributed to this level of corruption. With the collapse of the country's central governance system, there was no accountability in the government. Ivory Coast's GDP in 2011 was about 24.2 billion and in 2012, it was about 24.6 billion. There has been no significant change during this period even though the country received aid during this period from France, but aid was not efficiently utilized.

Explaining the Variation in Aid Effectiveness: The Role of Aid Design

Ghana and Ivory Coast have colonial ties with Britain and France respectively. It is argued that a country's colonial relationship or history can determine the aid relationship they will have. According to the OECD statistical data, Ghana has been receiving aid from Britain since 1960 with the highest disbursement received around the mid-2000s. Britain is committed to developing Ghana's economy by providing foreign aid that will help the economy grow. Institutions like the executive and legislature are being strengthened to help with the transformation of the economy and country as a whole. Andrew Mitchel, Britain's Development Secretary is optimistic about Ghana's economy. He proposes that with Britain's foreign aid about 144,000 jobs will be created by "promoting investments and linking producers to markets" (Mitchell, January 2012).

Up until 1958, France was practicing the policy of association and assimilation that allowed a few selected elites from Ivory Coast apply for French citizenship; the other citizens were referred to as subjects. France has very strong influence in the affairs of Ivory Coast. The treaty of cooperation signed in 1961 provided phases of a close relationship between both countries. France continued to provide foreign aid to Ivory Coast even in times of conflicts. France provides all forms of aid including military, humanitarian and economic. During the 2010/ 2011 conflicts France continued to disburse millions of dollars in aid even though the country was in turmoil and there were no strong institutions to make sure aid is properly utilized. This also contributed to corruption in the country because there was no form of accountability. After the conflicts France also disbursed over 400 million dollars to help with the reconstruction of the

country and revamping of the economy. France's finance minister after the conflicts reiterated France's commitment to helping Ivory Coast attain economic development.

Even though France was committed to helping the West African country, the French government expressed its displeasure with the government because several French companies and citizens were displaced due to these conflicts. Alassane Ouattara after being sworn in as president quickly went into talks with France to make sure aid flows were stable. France continues to have strong ties with Ivory Coast; it continues to be the West African country's biggest donor.³

Colonial heritage plays a very important role in the disbursement and effectiveness of foreign aid. The results in both countries differ but donor countries continue to offer foreign aid because of the colonial relationship. France and Britain are committed to growing the economies of Ivory Coast and Ghana respectively. The criterion set by France, however, has been lax and government officials are not held accountable. This has encouraged corruption and nepotism. The regular Ivorian does not fully benefit from the value of foreign aid. The weak institutions, corruption and the ineffectiveness of aid in Ivory Coast are partly due to the civil war and political conflict in Ivory Coast. Ghana on the other hand, has a strict criteria set by DFID which monitors most of its projects.

The government institutions have been solidified and DFID has made efforts to curb corruption. Even though both countries receive aid from various countries and agencies, the colonial heritage makes France and Britain one of the largest donors to Ivory Coast and Ghana respectively.

³ Although USAID makes an effort to tie aid to reduced corruption, its efforts have been undermined by the French aid position.

To summarize, the varying results in aid effectiveness may be due to difference in design aid programs. France does not make the Ivorian government and its agencies accountable for aid flows and projects. Funds have been misappropriated, making aid ineffective. The USAID on the other hand has been successful in Ivory Coast because it makes the government responsible. Aids for projects are allocated and clear goals are set for governments. However, USAID is a smaller donor in comparison to France, which reduces its leverage.

In Ghana, DFID manages most of the projects within the country office, and officials are on the ground overseeing most projects. Aid is also disbursed at different stages of a project; this makes the governments more accountable. The USAID also manages a country office in Ghana. There are field officers on the ground to monitor all projects. This reduces the potential impact of corruption in Ghana. This diminishes the risks of corruption on all levels of aid projects in recipient countries.

Conclusion

The process and execution of foreign aid is different in Ghana and Ivory Coast. This explains why aid is effective in Ghana and it's relatively ineffective in Ivory Coast. The results from the health data do not present much of a difference when it comes to the prevalence of diseases in both countries. My hypothesis is that foreign aid has been more effective in Ghana than in Ivory Coast, but when it comes to the health indicators the results prove that the outcomes in the study of health indicators have been relatively similar. Overall, Ghana continues to have better results when it comes to the

effectiveness of foreign aid. Also, aid pertaining to the ‘fixing’ of the health system in both countries has been the same. Governments in both countries have made efforts to restore the health system in the last decade.

However, as noted, there have been striking differences in the effectiveness of aid in building civil society and promoting democracy. Ghana has seen a much better outcome in comparison to Ivory Coast. Although Ivory Coast’s civil war clearly made the situation worse, most of the problems predated the outbreak of hostilities. Arguably, differences in levels of perceived corruption – along with the design of aid projects of the largest donors – were associated with the worse outcome for democratization.

Both African countries will continue to receive foreign aid from the donor community. The effectiveness of aid boils down to commitment by governments to reduce corruption. Aid donors have to also play their part in order to achieve their objectives. Donor countries and agencies must follow up on aid disbursements and demand to see positive results. With constant aid flows and each party playing their part, both Ghana and Ivory Coast can become self-sufficient and eventually wean off foreign aid.

CHAPTER FOUR

Conclusion

This chapter presents the findings of this research and offers a way forward on how to reform aid programs in Ghana, Ivory Coast and Africa as a whole. Donor agencies and states will continue to disburse aid to African countries because the continent has a long way to go when it comes to economic development. It is arguably the poorest continent in the world with short life expectancy, majority of the population living on less than a dollar a day, and low levels of economic development.

Findings and Policy Implications

The research in this thesis has produced the following findings:

- France does not adhere to strict criteria when it comes to the disbursement of foreign aid to Ivory Coast.
- Economic development levels are still low in Ivory Coast and Ghana; it could take decades of support from donor agencies and countries to reach an acceptable level of development.
- The United Kingdom is committed to helping Ghana attain full economic growth and results from Ghana show that there is justification for the

continued disbursement of aid to the West African country.

- Foreign aid appears to be effective in Ghana and citizens have been benefiting from the disbursement of foreign aid.
- Foreign aid has been appears to be ineffective in Ivory Coast because leaders in Ivory Coast are not held accountable by its citizens and institutions are weak. It must be pointed out that health indicators produced similar results in both countries, but overall, aid has been more effective in Ghana in terms of democracy and governmental stability.
- The civil war and political conflicts in Ivory Coast is partly the cause for the ineffectiveness of foreign aid in the country.
- Strict rules and reforms will improve the delivery and utilization of aid in Ivory Coast.
- The “big push theory” which suggests that, the African continent cannot develop without foreign aid explains France and Britain’s commitment to providing foreign aid to Ivory Coast and Ghana respectively.

Based on the finding of the research the following generalizations can be made:

- Corruption plays a central role in the ineffectiveness of foreign aid in African countries.
- Colonial heritage has a huge influence of the level, type of and the conditions attached to the disbursement of aid in African countries.

- There should be an overhaul of the aid system; this will ensure the effectiveness of foreign aid in African countries.

The Ivory Coast and Ghana will need to take a critical look at their political institutions and reevaluate how foreign aid is used. The culture of nepotism which has plagued the African system needs to be addressed. Benefits from foreign aid should profit the whole society and not a selected few governing elites. Government institutions are relatively weak therefore it makes it difficult to ensure accountability and the effectiveness of foreign aid. To achieve economic development and become self-sufficient, African countries need to solidify their institutions and create a culture based on merit and not on nepotism.

Strong administrative structures and accountability by politicians will support African countries to be on a path to economic development and self-sufficiency. Donor agencies and countries should also manage the disbursement of aid effectively. They have to hold recipient countries responsible for the aid given to them. France, for example, has to hold the government of Ivory Coast accountable for the billions of dollars in aid which are misappropriated every year. The IMF should set clear goals for recipient countries and hold the authorities responsible for misappropriated funds.

Corruption has to be tackled from top to bottom in African countries. Foreign aid will never be effective if corruption is not addressed strategically. Political leaders, government officials and citizens have to be transparent. Governments in African countries should embark on anti-corruption campaigns to help minimize or

eliminate corruption in the system. African countries are rich in natural resources, which can help the states grow economically, but these resources are mismanaged due to corruption.

Ghana is on the road to success but the government needs to make more efforts to completely eliminate corruption. In Transparency International perception corruption index, a majority of the citizen's perceived several institutions in the country including the private sector and government institutions as corrupt. The government needs to work on its image and also educate citizens on the dangers of corruption in a developing economy. If corruption is less, foreign aid will be utilized efficiently: this will lead to economic development in the long term.

In contrast, the government of Ivory Coast needs to make a conscious effort to rebuild. Ivory Coast is one of the largest producers of cocoa in the world and the revenue derived from these exports can help the West African nation wean off foreign aid if managed properly. The country's economy is strongly connected to that of the global economy due to the high level of exports. A country divided by civil war and political instability can only be moved forward if reconciliation negotiations are fair and strong. Ethnicity also plays a huge role in the reconciliation efforts. If ethnic groups put their differences aside and concentrate on moving forward from the civil unrest, government can function properly, institutions will be strengthened and the country can work together to attain high levels of economic development.

Limitations of the Study

The findings of this study are also limited in several respects. First, this study compared the effectiveness of aid in only two countries, Ghana and Cote D'Ivoire. The results indicated a difference in the effectiveness of aid, with the outcomes varying mainly in the area of governance and democratization indicators. Although I selected Ghana and Cote D'Ivoire carefully to avoid problems of selection bias, a study of more countries over the same period of time might have produced different outcomes and findings. Certainly, future researchers might investigate aid effectiveness in Ghana and Cote D'Ivoire in a larger study that includes more African countries.

Second, due to lack of data on perception of corruption, the time frame for the study was short. A study of the impact of corruption on aid effectiveness over a period greater than fifteen years might have produced different results. A longer period could perhaps indicate that corruption does not have an impact on foreign aid: aid would be effective, with or without the existence of corruption.

Third, there could be other indicators or factors that impact the differences in the effectiveness of foreign aid in both countries that were not examined in this study. This might include, for example, the scale and problems resulting from the civil war in Ivory Coast. The study did indicate that corruption was worse following the war and this reduced the effectiveness of aid.

Finally, the direction of causality could be different. There have been arguments that foreign aid causes (or increases) corruption instead of the corruption

reducing the effectiveness of foreign aid. This is a limitation to this study, and perhaps there have been cases where economies of countries are plagued with corruption due to the increase or introduction in foreign aid. Due to the nature of the data on corruption, it is often difficult to assess this issue directly. However, future research on aid in Africa should address the question of causality between aid and corruption.

Concluding Observations

There have been arguments that foreign aid makes African countries overly dependent. African countries cannot develop economically without the help of aid provided by donor countries and agencies, but they will have to eventually wean off foreign aid in order to succeed and become self-sufficient.

Foreign aid has been a blessing to most African countries because without it the continent will continue to be “backward” economically; it will be difficult to reach its current status without the help of aid. This research has laid out why aid is effective in Ghana and ineffective in Ivory Coast and how both countries can improve on the current aid situation. There is a lot of work to be done, but if donor agencies and countries adopt strategies like DFID’s, recipient countries will be accountable and this will make foreign aid very effective.

APPENDIX A – TABLE 2

Appendix A contains a table of selected features of US AID Programs in Ghana.

These features were used to measure the impact of aid in Ghana.

1. Agriculture

MEASURE	IMPACT
1	\$46 million in incremental sales attributed to Feed the Future (FTF) implementation
2	21,223 people received short-term agricultural sector productivity or food security training.
3	18, 513 rural households benefits from project activities and training.
4	12,669 vulnerable households benefited.
5	7,418 farmers applied new technologies or management practices.
6	6,043 hectares brought under improved technologies or management practices.
7	533 organizations received assistance to increase food security.
8	348 agriculture-related firms benefited from private sector capacity building projects and trainings.
9	224 people who received short term agricultural enabling environment training.
10	148 organizations applied new technologies or management practices.

2. Health

AREA OF AID	AMOUNT (US\$)
HIV/AIDS	\$10.6 million
Malaria	\$27.5 million
Maternal/Child Health	\$3.8 million
Tuberculosis	\$900,000
Water and Sanitation	\$1.1 million
Family Planning and Reproductive Health	\$1.8 million
Nutrition	\$600,000

3. Education and social services

AREA OF AID	AMOUNT (US\$)
Basic Education	\$11.7 million
Social Assistance	\$20,000

4. Governance and Democracy

MEASURE	IMPACT
1	17 subnational entities improved their performance.
2	12 mechanisms supported for citizen engagement with regional
3	5 subnational entities increased their annual own-source revenues.
4	1,022 people trained in fiscal and management skills to strengthen local government.

APPENDIX B - ABBREVIATIONS

African Development Bank	AfDB	Citizen of Ivory Coast	IVORIAN
British Broadcasting Cooperation	BBC	Japan International Cooperative Agency	JICA
Central Intelligence Agency	CIA	Millennium Development goals	MDG
Danish Development Agency	DANIDA	Joint United Nations Program on HIV/AIDS	UNAIDS
Department for International Development	DFID	Non-governmental Organization	NGO
Economic Community of West African States	ECOWAS	Organization for Economic Cooperation and Development	OECD
Economic Reform Program	ERP	Poverty Reduction Strategy Paper	PRSP
European Union	EU	United Nations Children's Fund	UNICEF
Food and Agriculture Organization of the United Nations	FAO	United Nations Development Program	UNDP
Gross Domestic Product	GDP	United Nations High Commissioner for Refugees	UNHCR
Citizen of Ghana	GHANAIAN	United Nations Educational, Scientific and Cultural Organization	UNESCO
Highly Indebted Poor Countries	HIPC	United Nations World Food Program	WFP
International Fund for Agricultural Development	IFAD	West Africa Economic and Monetary Union	UEMOA
International Monetary Fund	IMF	The World Health Organization	WHO

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CV

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CAREER PROFILE

A competent, skilled and results-driven professional with a strong record of achievement in providing the necessary management expertise to ensure streamlined operations, client satisfaction, significantly increased proficiency and profitability.

Expertise includes - “Hands-on” Management Style; Resource Allocation; Budgetary Process; Change Management; Team Building; Continuous Improvement; Retail Operations; Customer Service; Employee & Client Relations

Excellent communicating, listening and negotiating skills, coupled with the ability to effectively establish and maintain rapport with all levels of personnel, management and clients.

Proven background at high levels of leadership, team building, planning, organizing, and problem-solving, all of which realized significant contributions to bottom-line results.

People Oriented • Service Oriented • Results/Profit Oriented

EDUCATION

Master of Arts Political Science-International Relations **12/14**
University of Nevada Las Vegas

B.A Arts Political Science minor English **5/09**
Kwame Nkrumah University of Science and Technology

EMPLOYMENT

OPERATIONS MANAGEMENT TRANIEE **2/14-present**
YRC Freight, Phoenix, Arizona

- Responsible for managing all activities of drivers and dock workers in End of Line facilities. Utilizes available resources to move freight in the safest and most cost effective manner to meet or exceed customer expectations and to achieve company goals.
- Developing daily delivery plan utilizing equipment, manpower and other resources to ensure an effective, efficient operation. Supervise all activities of drivers and dockworkers responsible for

efficient loading/unloading of trailers along with productive pick-up and delivery of freight at customer locations.

- Manage work assignments, monitor performance and provide training on job duties, company policies and procedures. Communicates company safety program and enforces safety rules and compliance with all government regulations.

Key Achievements

- Demonstrated strategic planning ensuring continued operating cost savings, and annual enhancements in ongoing quality improvement, productivity enhancement, and substantially increased customer service levels and employee morale.
- Significantly reduced overtime expenses through strategic staggering of start times for different functions in the building from 11.8% to less than 1.5% of hours worked.
- Improved the employee retention rate by 20% through the implementation of employee recognition programs and by creating a pleasant and professional work environment. Results were Improvements in customer service and satisfaction, waste reduction and improved morale.
- Initiated change management campaign focusing on work methods and cross-training in multiple work tasks and established work teams with newly trained personnel. Directed work teams to key areas of responsibility on daily basis with designated member of each work group responsible for all areas within a production zone
- Successfully utilized Lean and 5S principal significantly reducing waste and increasing overall efficiency.

MEN'S DESIGNER BUSINESS LEAD (VENDOR COORDINATOR) 2/12-11/13

Macy's, Las Vegas, Nevada

- Develop relationships with customer, matching their brand needs with the best Macys solutions available. Manage customer experiences from client cultivation, through sale and building brand awareness. Evangelize, showcase, and educate clients & potential clients about Macys, inside the store environment. Drive consistency of effort in utilizing the tools and training provided to deliver world class customer experience in our professional solutions offerings.

- Motivate and generate excitement around new initiatives and selling techniques within the total store team. Determine and implement future growth approaches in order to continually bring qualified business customers into the store. Engage, educate, excite, and empower both employees and customers alike with the same level of passion and commitment .

- Coach sales groups resulting in accomplishing new levels of performance in areas of customer service and team building. This included scheduling daily work activities while maximizing available resources through strategic planning, analysis and communication to the store team.

Key Achievements

- Instituted store-level daily communications tool emphasizing one-on-one discussion with sales associates, visual team, department managers and store manager communicating daily numbers, operational effectiveness and issues while offering open forum to discuss areas in need of improvement as well as positive recognition
- Built strategic partnerships with newly emerging vendors; negotiated marketing, store-level promotions and sales goals with various vendors. Most significant result being store promotion and partnership with G Star, Buffalo Jeans, Diesel, representing a \$100,000 investment.

- Developed and conducted training, driving sales, promotions and marketing of 14 brands at the retail level. Provided extensive advisory experience to store associates on promotional/marketing efforts along retail channels.
- Solidified an exclusive partnership with various vendors, expanding product awareness and distribution operations throughout major vendors that included G Star, Diesel, Buffalo Jeans, Affliction and others smaller vendors.
- Pioneered product positioning strategies and marketing plans that included partner with the visual merchandising team on product sets, consistently realizing a 10% -20% Return on Investment (ROI).
- Heightened product awareness levels and drove profit margins through negotiations with 14 vendors, stipulating the implementation of merchandise displays, product assortments, pricing structures, sales allowances, rebates, and monthly promotions based on season and consumer preferences for existing products.

PROCUCT SPECIALIST/SALES ASSOCIATE

11/09 -2/12

Macy’s, Las Vegas, Nevada

- Determine specialized product needs and services by working directly with customers. Performing sales leadership with a focus on customer service, knowing product line thoroughly and provide suggestions to customers.
- Responsible for handling cash, credit and debit transactions, maintaining stock levels, counting inventory, pricing merchandise, setting up displays and promotional materials, and learning about loss prevention policies. Assisting customers in an enthusiastic and professional manner; provides outstanding customer service as well as establishing, developing and maintaining customer relationships and being a team player. Recommended and executed department level pre-season assortment.

Key Achievements

- Identified low performing product, and re-distributed product-patterning strategies to accommodate consumer buying trends, maintaining a steady revenue gain of 15% to 20% over a year. Conducted monthly information and training sessions for sales associates for my area of responsibility.
- Developed, conceived and facilitated seminars centering on sales associate development, selling, promotions and retail credit programs educating both associates on how to improve sales and promotions.
- Served a primary point of contract for all concerned in relation to inventory replenishments, product shipments, pricing, and display issues to ensure expedited problem resolutions and customer retention levels.
- Performed sales forecasting and competitive analyses to determine product performance levels and the need for new product developments and modifications on an annual basis.

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