2016

Aiding the Underdevelopment of African Economies

Hannah Storey
Dickinson College

Aiding the Underdevelopment of African Economies

Hannah Storey

Introduction

This paper tested competing arguments that foreign aid can substantially aggravate the patterns of underdevelopment in previous British colonies. I followed the Center for Global Development in taking into account Amartya Sen's understanding of development: "development consists of more than improvements in the well-being of citizens, even broadly defined: it also conveys something about the capacity of economic, political and social systems to provide the circumstances for that well-being on a sustainable, long-term basis" (Barder 2012). Generally in cases of underdevelopment the economic, political, or social system (or a combination of these three) in place is not sustainable and usually short-lived.

This study discusses six countries that were under the British Empire: Botswana, Ghana, Kenya, Nigeria, South Africa, and Zimbabwe. These countries were not discrete states before the British Empire moved in and created a more centralized government: the lands were populated by tribes in differing ethnicities that lived only in their regions. The countries in this study were chosen for a range of: geographical placement; potentially highly corruptible natural resources; political governance; and amount of foreign aid received. The data shown proves the arguments that foreign aid can aggravate the patterns of underdevelopment in previous British colonies, however, more substantially, other factors have slowed the development process. The arguments over foreign aid are still being contested, this paper is meant to show why.

Historical Data

Foreign aid can be strategic as well as exploitive: there is a broad spectrum of aid to Africa. After World War II was the boom of government and non-government agencies that were created to fight poverty, specifically in Africa (Easterly 2006). In the same time period that Africa was trying to grow economically, so was Asia, the difference was foreign aid reliance. Asia was able to "leap-frog" and rise above and have great economies while "aid-infested" Africa could not rise because it relied on aid (Moyo 2010, 29). Some Asian countries like China integrated their business practices in Africa which helped African states develop. The six countries in this study vary historically with their economic struggles but one factor remains the same: foreign aid.

Botswana

In 1966 Botswana gained independence from Britain. Botswana broke a record, for Sub-Saharan Africa, in highest growth rate per capita income from the 1960s-1990s of a 7% annual increase. This was due to diamonds, the main source of income in Botswana. Rich natural resources and minerals do not usually mean good for a poor state, however Transparency International ranked Botswana as one of the lowest states for corruption in Africa. During the early years Botswana relied heavily on foreign aid, more than any other country in Africa. “In contrast to many countries where donors effectively dictated terms or priorities to the host government, Botswana actively managed its relationships with donor agencies to make their priorities fit those of the government” (Lewis 2005). Behind Botswana’s success was good governance. The government of Botswana gained the trust of its citizens. As diamond extraction increased, Botswana was able to completely cut itself off from foreign aid. Since then, large developmental factors increased, including more than 6,000 additional kilometers of paved roads and life expectancy rising from thirty seven years to sixty years old (Pole 2011, 81). Good governance ultimately saved Botswana from corruption and ended foreign aid reliance so the country could focus on growing its economy through trading.

Ghana

Ghana gained independence in 1957, but the ruler, Nkrumah, was a Marxist. His rule created the collapse of the economy and the military had a coup while he traveled to China in 1966. For decades Ghana was ruled by military leaders and the economy continued to suffer. The poor governance of Ghana deterred the international community from giving large amounts of foreign aid to Ghana. But in the 1990s, Rawlings was elected and he turned the country into an actual democracy. With more stable government in place, Ghana’s economy started to grow and positively increase. Then the international community started increasing foreign aid to Ghana. The total flow of aid rose more than $300 million from 1985-1995 and in 1989 there was a surplus due to the amount of foreign aid received. (Sowa). Since then, Ghana has emphasized the importance of education to its people. Bettering education has created start-up businesses throughout the country, specifically technology start-ups. In the future these businesses can save Ghana from the vicious aid cycle. “Ghana can attain economic development by less depending on aid and switching to the localization of industries that will serve to provide a solid foundation for competition in the world market” (Yeboah 2009).

Kenya

Kenya gained its independence in 1963 with Jomo Kenyatta as president. Since the start of independence Kenya had struggled with the reliance on foreign aid. Even earlier this year Uhuru Kenyatta tweeted, “Dependency on giving that only appears to be charitable must end." Jomo Kenyatta was a good president and he made the first official republic in Kenya. His successor, Moi, however quickly became corrupted. During the time of Moi's presidency the Cold War was going on between the Soviet Union and the United States. In order to keep Kenya as semi-capitalist, America started heavily aiding Kenya to keep communist ideals out of East Africa. The price of coffee fell during this time and the price of oil increased, creating more of an independent economic struggle for Kenya. Corn is Kenya's main crop and it was controlled by a state marketing board, however when Moi received a heavy loan from the IMF, state marketing boards became disbanded. This resulted in the government of Kenya caring more about the international community then its own people. Kenya has struggled with foreign aid reliance and some of the largest numbers of citizens being in extreme poverty (Moyo 2010). But since Uhuru Kenyatta, son of Jomo Kenyatta, is currently president, things are shaping up for Kenya. He has drastically cut foreign aid numbers and the domestic economy of Kenya is getting stronger every day.

Nigeria

Nigeria became independent in 1960 but became a republic in 1963. Nigeria's independence sparked one of the biggest and deadliest African civil wars in history. In the 1970s it was one of the poorest countries in the world. "It is ironic that Nigeria is the sixth largest exporter of oil and at the same time hosts the third largest number of poor people" (Okon 2012, 32). To some this is not ironic: historically poor countries rich with a natural resource can become easily corrupt. Nigeria became heavily reliant on foreign aid and, unlike Botswana, the government in Nigeria was not looking for a positive future for its people. General Sani Abacha publically executed a famous human-rights activist and saw no punishment or withdrawal of aid afterwards. Two experts, Burnside and Dollar "interpret foreign aid as an income transfer, which can be invested to produce growth, or dissipated in unproductive government expenditure" (Okon 2012, 33). Botswana is an example of the first as Nigeria is an example of the latter. Nigeria has one of the lowest human development indexes in the world. Foreign aid has been negatively affecting Nigeria for the past decades and the government will continue to stay corrupt as long as the aid keeps freely flowing through the country.

South Africa

South Africa gained its independence the earliest out of the six cases in the year 1910. It has a globally integrated economy and the biggest economy in Africa. However, they are still receiving aid from the United States, the European Union, the World Bank, the African Development Bank, and Japan. In 2013 Great Britain cut aid off completely to South Africa. In the near future the rest of the givers will stop foreign aid to South Africa. "As Todd Moss points out, the most important factors in successful development are the attitudes, intentions, and actions of the governments receiving the foreign aid" (Nelson 2015). This might be one reason why Botswana still has the edge on South Africa in human development index. Economically, South Africa has the advantage compared to the other five cases. However, culturally the state struggles. Poverty and foreign aid are on the decline in South Africa, as these factors begin to correlate.

Zimbabwe

Zimbabwe gained its independence in 1965 as part of Rhodesia, shortly afterwards it became part of Britain for the second time, until Mugabe was elected president in 1980. Zimbabwe's president is still Mugabe, and although "elected" president he is far from democratic. His obscenely outward corrupt tactics are still getting aided by many Western countries including the United States. Mugabe has been reported for stealing a lot of the foreign aid that gets pumped into his country. Even for personal shopping trips, he will take a national airliner for himself. "Once the aid is in the hands of the state it is used for purposes conducive to the ruling regime's own purposes". Mugabe has also slaughtered a lot of his people, but not much reduction in aid happened (Peron 2001, 44). Zimbabwe is the most corrupt country out of the six cases studied. Through its entire independent history it has only had one ruler and the country continues to get billions of dollars in aid, yet the citizens have some of the lowest ranking scores in human development index as well as one of the highest ranking scores in the corruption index.

Historical Data Conclusion

The six cases have all have entirely different histories. However, each history has a similarity which is foreign aid. The historical data of each country helps put in perspective how foreign aid became a contributing factor to the underdevelopment in Botswana, Ghana, Kenya, Nigeria, South Africa and Zimbabwe. "Sixty years of countless reform schemes to aid agencies and dozens of different plans, and $2.3 trillion later, the aid industry is still failing to reach the beautiful goal" (Easterly 2006, 11). Easterly stated this almost ten years ago and now the foreign aid budgets of some Western countries continue to grow and economies in Africa continue to remain the same or worsen. Some issues with foreign aid are directly correlated to the issues with governance. The more money the country receives in aid, the more power the government has to control the country whether positively or negatively. Tiruneh concluded that foreign aid "failed to show significant influence on Africa's economic growth" (2006, 18). He attributes this finding to the way that aid money is used in the countries it is going to. He was able to also conclude that regime type played a role in the growth (or lack thereof) of economies in Africa.

Case Studies

In each case study gross domestic product, foreign direct investment, human development index, corruptions perceptions index, global competitive index, and net official development assistance and official aid are measured. These provide a sense of how each state is doing economically, developmentally, and politically.

Aid

Net official development assistance and official aid received is the overall amount of aid a state government receives annually from the developed world. The years taken into account were 1985-2013 for each case (appendix A), and the numbers are in millions of US dollars.

In figure 1.1 it shows the net official development assistance and official aid received for Botswana. Botswana is currently the only case in this study where the aid levels are overall consistently falling. 2008 is an outlier where aid spiked from less than $100 million to over $700 million, this was due to a Botswana's largest economic recession. Currently Botswana has stopped receiving aid, however they are still receiving other forms of assistance that is equal to just under $100 million.

Figure 1.2 shows the net official development assistance and official aid received for Ghana. Ghana's aid had been rising consistently until 2011 where figure 1.2 shows a fall in aid. Ghana's government made a plan to become a middle-income status state in 2011, and with that came the initiative to cut aid through the Ghana Aid Policy and Strategy. This is an on-going plan, the government has collaborated with many non-governmental parties to find the best solutions to cut aid while growing the economy and reducing poverty. Ghana is working on solutions to finance the gap by utilizing assistance over aid to fund its agriculture, infrastructure and other functional areas of its state. Ghana's aid and assistance is now under $1 billion which hasn't happened since 2004.

Figure 1.3 shows the net official development assistance and official aid received for Kenya. Since 1985, overall, Kenya's aid has skyrocketed, however in the 1990s due to governmental corruption foreign aid was slightly cut back. The current aid to Kenya is just under $3.5 billion and predicted to continue to rise. President Kenyatta of Kenya stated on social media earlier in the year that he does not want aid to rise, but fall dramatically. He urged other African states to join him, and a deal was struck, with collaboration the Triparite Free Trade Area idea was formed. This deal would unite twenty-six states ranging geographically from Libya, South Africa, to Mauritius. The thought of this trade area is to encourage individuals and companies to open for business and grow sectors that are already established like agriculture and manufacturing, in the hope that more and larger investors will invest in Africa. Kenyatta believes without the reliance on aid and creating a sustainable trade agreement his state and others will make Africa stronger economically.

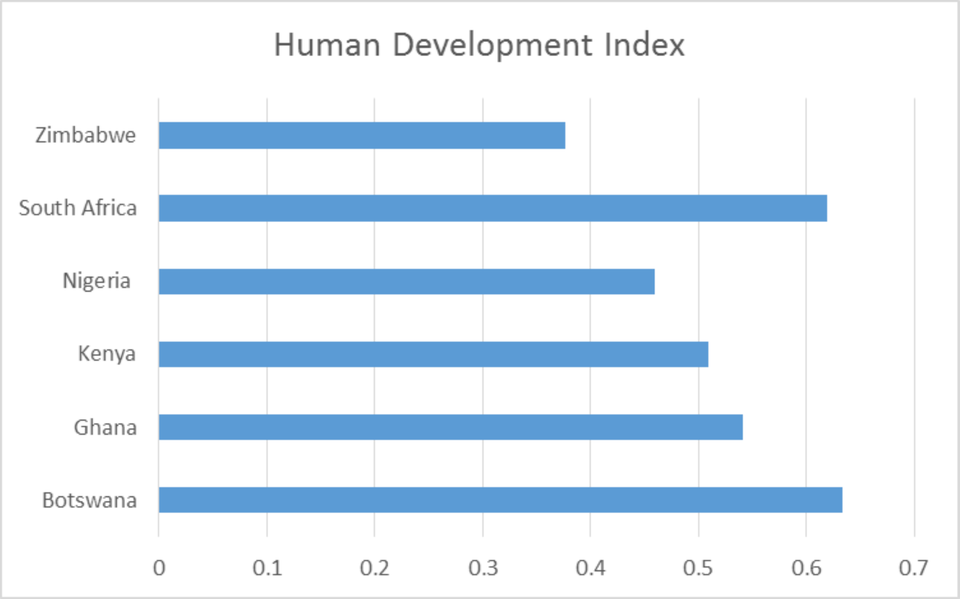
Nigeria's net official development assistance and official aid received is shown in figure 1.4. Nigeria has the lowest aid levels of the cases, however this is due to high government corruption and terrorist cells, so foreign developed states disagreeing with Nigeria's policies. In 2005 the aid and assistance increased, this was due to a widespread outbreak of HIV/AIDS that the World Health Organization considered a crisis. More recently military aid was cut to Nigeria in fear that the ongoing actions of Boko Haram could infiltrate the state's military and steal supplies and arms. One of the reasons aid levels to Nigeria are so much lower than the other cases are because of current human rights violations that the Nigerian army continues to violate. However very recently the U.S. has increased overall aid to Nigeria since the newly elected president, Muhammadu Buhari is in office. He brings a lot of optimism for Nigeria as well as the developed world, much more accountable then past presidents.

Figure 1.5 shows the net official development assistance and official aid received for South Africa. Over time the aid to South Africa has increased steadily. This year the United Kingdom completely cut its direct aid to South Africa. Britain wants to focus on trading with South Africa instead of just giving money. South Africa has the largest economy in Africa and has started providing other countries in its region with aid, so the UK thinks it is time to pull the plug of aid to South Africa. There is argument that South Africa was not aware of the UK's intentions, but either way it seems that the UK has good objectives and wants to see South Africa succeed economically and be on the front for Africa (Nelson, Mike).

Figure 1.6 shows the net official development assistance and official aid received for Zimbabwe. Zimbabwe has a history of being a large recipient of aid. There is a spike of aid in 2013 when it was considered a fragile state according to the OECD. Zimbabwe's gross national income dropped 40% since 2000. Zimbabwe's lack of an economy has caused the state to rely heavily on aid. There is a lack of domestic businesses since the import prices are cheaper and the domestic markets cannot compete. Zimbabwe currently receives over $800 million in aid, but the government spends an average of $3.9 billion. This is partly due to Mugabe the president of Zimbabwe being highly corrupt, yet the developed world still pumps $800 million of official aid into the country and the amount has been steadily increasing.

Human Development Index

The Human Development Index "measures the average achievements in a country in three basic dimensions: a long and healthy life, access to knowledge and a decent standard of living". HDI was created to show the longevity and decency of a state cannot solely be based on Gross Domestic Product. None of the cases in this study ranked higher than "medium" (ranges from very high to low) with Botswana as the highest score with 0.63 out of 1.00 for the best HDI of the six cases. South Africa was a close second with a score of 0.619 and the lowest HDI was Zimbabwe with a score of 0.376.



United Nations Development Program: http://hdr.undp.org/en/content/human-development-index-hdi

GDP

Gross Domestic Product is only the monetary value of finished goods and services that a state produces in their borders. The figures (in appendix B) list the GDP growth annually for each case and the aggregate is Sub-Saharan Africa. GDP is an important measure to analyze, however with developing nations it is especially important to utilize the other measures in this study to get a better-rounded scene of the stability of a state.

In figure 2.1 is the GDP annual growth percentage for Botswana from 1990 to the current day. Botswana's GDP is higher than the average GDP for Sub-Saharan at all income levels overall. In 2009 Botswana's GDP was in the negative, this was due to their industrial sector shrinking by 30% due to a low demand in diamonds, its main export. The world was in a recession during this time and expensive commodities were getting cut from budgets, thus the negative figure. Botswana went from one of the poorest countries to, very recently, a middle-income country through sound economic principles. Currently diamonds account for a third of its GDP, however its farming and tourism sectors are growing rapidly which count for almost the entire other two-thirds of GDP. For 2015 Botswana's GDP growth is 4.0%.

In figure 2.2 the GDP annual growth percentage is shown for Ghana. Up until 2012 Ghana had a steady increase in its GDP growth. Over half of the workforce is employed in the agriculture sector and Ghana relies heavily on exporting cocoa as well as gold. Ghana's economy dipped along with the rest of sub-Saharan Africa in 2009 when the world recession hit. Afterwards there was a sharp increase in its GDP annual growth rate due to increased demand for cocoa. In 2012 the state elected a new president, Mahama, and with him came a looser fiscal policy. Ghana's GDP growth rate has declined but still remains in the positive and with one of the largest growing entrepreneurship sectors in Africa Ghana may become less reliant on natural resources. Ghana's projected annual growth rate for 2015 is 1.2%.

In figure 2.3 the GDP annual growth percentage is shown for Kenya. Kenya's GDP has been in the positive for the last twenty-five years and fluctuating at about the same rate as the aggregate. Kenya's average growth rate has been 5% annually. Kenya is considered the business state of East Africa. Although the GDP has been growing at a steady rate, the main GDP source is still agriculture, 75% of which is small scale farming. Kenyatta has been striving for more infrastructure, which is Kenya's main issue and concern moving forward. There is a growing middle class focusing on entrepreneurship thanks to the government keeping domestic prices low for the small businesses trying to come into the market. Although there has been a decline in growth rate since 2010, Kenya's infrastructure is increasing and the decline is most likely due to terrorist attacks that have hampered Kenya's tourism sector.

In figure 2.4 the GDP annual growth percentage is shown for Nigeria. Nigeria's GDP growth rate is positive and has averaged a 6% rate annually. Nigeria's main source of GDP is oil. The state is highly reliant on oil and over half of the GDP is oil related. Nigeria's economy should remain positive as long as the oil industry remains demanding. The economy is hard to maintain and run because there is a huge lack in infrastructure, communications ability and electricity in state. Even though the fundamentals of GDP and the economy are doing well, the actual system is flawed. If Nigeria wants its economy to continue to grow then it needs some major improvement to help the infrastructure and people. Over 62% of Nigerians live in extreme poverty according the United Nations.

In figure 2.5 the GDP annual growth percentage is shown for South Africa. South Africa follows the path of the aggregate of Sub-Saharan Africa throughout the past twenty-five years, however South Africa's growth rate is larger. Unlike the other cases in this study, South Africa has a working, one of the top twenty in the world. Although the GDP annual rate is growing, professionals predict that the growth rate will not go above 3% annual rate until South Africa can resolve its power issues (Nelson, Mike). Just like the other cases have proven, electricity in Africa is affecting the economy's growth rates. Another issue that South Africa faces is unemployment: over 25% of the workforce is unemployed.

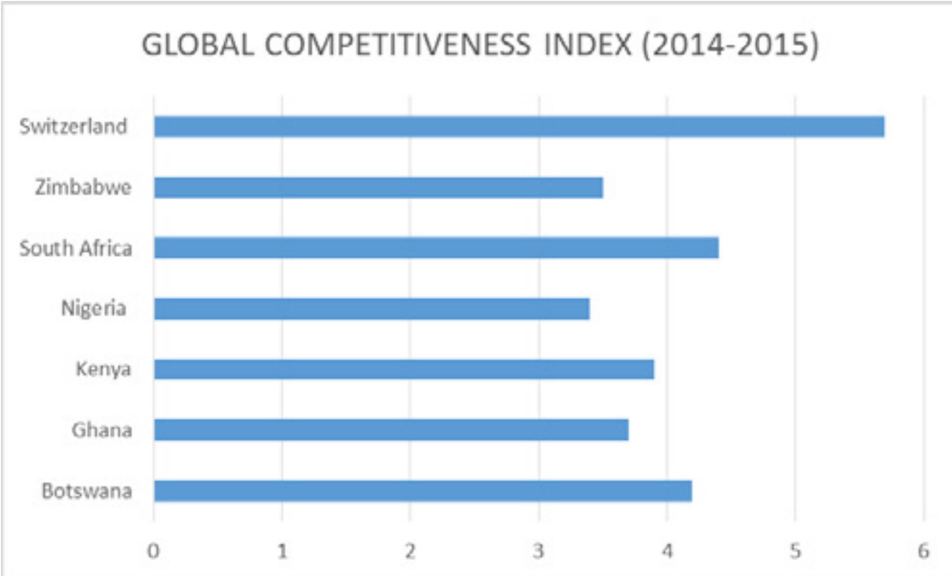
South Africa's GDP annual growth rate is higher than Botswana but not by much. However, its flexibility in the markets makes it stand out in Africa. South Africa relies on natural resources for some of its economy, but it has emerging sectors in transport, banking, legal, and communications that contribute substantially to the GDP as well.

In figure 2.6 the GDP annual growth percentage is shown for Zimbabwe. From 2000-2008 Zimbabwe's growth rate was negative. The economy shrunk by 40% in these eight years due to the president, Mugabe, evicting all of the white farmers from his state. The GDP relies entirely on the mining and agriculture sectors of the economy. During this time it made itself worse off by printing more money to fund its budget, which caused hyperinflation. The economy was able to slightly recover by dropping its currency and using SA rand as well as Botswana's pula. Currently the growth rate is 3.1% this year. Zimbabwe has a large reserve of valuable natural resources, however it does not have the infrastructure or proper global standards of labor to extract the resources. Without proper labor laws the developed world is less likely to buy the raw products from Zimbabwe when they can purchase "clean" products from other states.

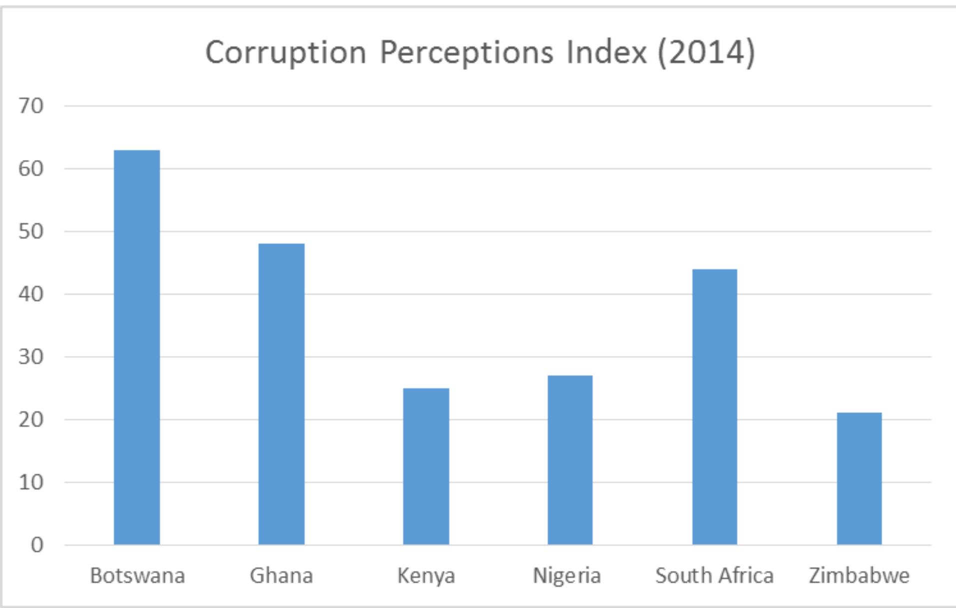
Global Competitiveness Index Score

Global Competitive Index Score measures twelve key pillars: "institution, infrastructure, macroeconomic environment, health and primary education, higher education and training, goods market efficiency, labor market efficiency, financial market development, technological readiness, market size, business sophistication, and innovation." (OECD, 2015). The highest ranking for 2014-2015 is Switzerland at 5.7 as shown in comparison to the six cases in this study.

South Africa ranked highest in the cases with a score of 4.4 and close behind Botswana had a score of 4.2. Botswana excels at the macroeconomic pillar with a score of 6.3 out of 7, but its innovation sector is where it needs the most improvement with a score of 3.0. Ghana's overall score is a 3.7 and its strength is health and primary education with a score of 4.5 and its weakness is infrastructure with a score of 3.0. Kenya's overall score is 3.9 and its strength is financial market development with a score of 4.8 while its weakness is infrastructure. Nigeria's score is the lowest at 3.4 overall. Nigeria's highest score is market size at 4.7 but its lowest score is infrastructure. South Africa has the highest score of the cases at 4.4 overall with its strongest score in financial market development with a score of 5.4 and its lowest score is in innovation at 3.6. Zimbabwe's overall score is 3.5 with its strength in health and primary education with a score of 5.0 and its lowest score in infrastructure at 2.5.



World Economic Forum: http://www.weforum.org/reports/global-competitiveness-report-2014-2015



Transparency International: http://www.transparency.org/cpi2014

Corruption Perceptions Index

Corruption Perceptions Index is based on how corrupt the public sector of a state is. The score is 0 (extremely corrupt) to 100 (no corruption). "It is a composite index, drawing on corruption-related data from expert and business surveys carried out by a variety of independent and reputable institutions."(OECD, 2015).

Foreign Direct Investment

Foreign Direct Investment is controlling and investing in a business or physical company/organization in on country while living in another country. FDI could be a solution to increasing the development of these states. A major player that has started FDI initiatives in Africa is China. Although China's incentives are self-interested and to exploit resources, they have had the most success in building structure in Africa. Hu Jintao comments that "China has firmly supported Africa in winning liberation and pursuing development" (Moyo 2009, 104). He thinks that foreign aid is throwing money at countries whereas FDI is structured and can lead to development and infrastructure. One article proved that FDI contributes to poverty reduction in Africa:

> Our results are also robust to the inclusion of other explanatory variables because even after controlling for institutional quality, human capital development, macroeconomic stability, infrastructure and financial development, our results showed that an increase in foreign direct investments to Africa has significantly exerted a postitive impact on povery reduction. (Fowowe and Babajide 2014, 337).

China has built schools as well as many roads in most of the cases in this study, which arguably would not have been built without the presence of China, even if it's to exploit natural resources like diamonds. The figures (Appendix C) show the net inflow of FDI to the case states in this study from 1980-2014.

Figure 3.1 shows the net inflow of FDI to Botswana. Overall the FDI to Botswana has increased in the past twenty-five year. It is in the top fifteen states in Africa to invest in, considering the oil rich states are included in the top fifteen this a lead for Botswana. The International Finance Services Center (IFSC) has pledged £1.3 billion, according to Mmegi, to Botswana for newer sectors like renewable energy and technology. (Mmegi Online, 2015). The spike in FDI in 2011 is due to the bounce back in the global economy after the recession. The trend shows that FDI will continue to grow for Botswana.

Figure 3.2 shows the net inflow of FDI to Ghana. Overall the FDI has continued to increase to Ghana and has a positive correlation with its economic growth. The data is not surprising since Ghana is rich in gold, diamonds, oil and other natural resources. It helps the business sector is one of the "friendliest" to work with, according to Forbes Magazine. Its government has been working to combat corruption as well as opening more free trade markets, with these incentives, investors are going to continue to increase FDI to Ghana.

Figure 3.3 shows the net inflow of FDI to Kenya. FDI has increased to Kenya over the years, and will continue rising as Kenya takes on the role of business capital for East Africa. In 2007 FDI rose dramatically to Kenya due to Kenya taking off in entrepreneurship, sadly right before the global recession in 2008. FDI has since risen from \$100 million to \$400 million since the recession. Tanzanite and uranium are the main exports that are increasing Kenya's FDI. Natural resources are increasing Kenya's FDI however only slightly, due to recent terrorist attacks and the government still being corrupt a lot of foreign investors are still skeptical to invest. Kenya's main problem that it is facing is government corruption.

Figure 3.4 shows the net inflow of FDI to Nigeria. Nigeria has the lowest recorded FDI out of the cases, with \$5,000 currently in net inflow. Nigeria's oil and natural gas sectors are attracting attention of investors. The oil and natural gas companies rely on FDI for investments and are hoping to continue to see growth so these companies can contribute to the power sector of Nigeria. Electricity is a major issue for Nigeria, and with an increase in FDI it can increase its funding for the power sector. Besides oil and natural gas, Nigeria does not have much FDI, this is a concern looking forward, and Nigeria needs investments in other sectors to see a growth in infrastructure.

Figure 3.5 shows the net inflow of FDI to South Africa. South Africa's overall FDI has been decreasing in recent times and the FDI market is shrinking in South Africa since its moving away from emerging markets to more secure modern markets. South Africa's natural resource markets are suffering from the decrease in FDI, as well as the recent xenophobic attacks in the state. These cultural issues are what is holding foreign investors back from South Africa once again. At this point foreign investors think that South Africa should not be having these problems so they are moving more towards the E.U. and U.S. when investing. To secure future FDIs South Africa needs to settle its cultural issues and convince investors its markets are increasing.

Figure 3.6 shows the net inflow of FDI to Zimbabwe. FDI has been increasing in Zimbabwe with its main contributor being China. It's spending the bulk of the FDI on infrastructure focusing on building up roads, schools, and the power grid. Zimbabwe has a lot of natural resources that China wants and without China Zimbabwe would not have much FDI. The Western world disagrees with Mugabe's presidency and that takes a large portion of where FDI comes from away. Until Zimbabwe elects a new president that is decently democratic, the FDI increases will only be coming from China.

Analysis

The figures in appendix A are for net official aid and assistance that shows the more corrupt the country is, typically the higher the net official aid and assistance is, and the less developed they are. This however excludes Nigeria, but that is due to the fact the government has been corrupt for so long that the aiding world does not want to help Nigeria's policies. Nigeria seems to be an outlier in all of the data analyzed in this study. In the human development index (excluding Nigeria) the lower scores have the higher amounts of aid. All six cases scored positively in annual growth rate for GDP, all six states have rich natural resources so this result is not surprising. Some of the more aid-dependent states had even higher GDP growth rate which is a result of these natural resources. Botswana and South Africa were the top two in global competitiveness index score. South Africa has the largest economy in Africa and Botswana has good global competitiveness since it has showed itself as a developing economy to invest in with good governance policies as well as a safe diamond market. Each country had a strength and weakness in the global competitiveness index score a similarity seemed to be the weakness in the infrastructure sector. Corruptions Perceptions Index showed the correlation of bad governance and high levels of foreign aid. Lastly the foreign direct investment data brought up the fact that all of Africa including these cases are still emerging economies which include more risk for investors.

Conclusion

This paper determined that competing arguments that show foreign aid can aggravate the patterns of underdevelopment in previous British colonies is a factual statement. However there is some correlation between levels of aid and patterns of underdevelopment in these specific cases, therefore it is not substantial. Larger sums of foreign aid to these six states are not helping the economies or livelihoods of the states. Through testing the levels of HDI, FDI, GDP, Corruptions Index, Global Competitive Index, and overall inflow of foreign aid, this study concludes that foreign aid does affect the underdevelopment of the cases studied, but other factors are also contributing to the underdevelopment as well.

Bibliography

Ayensu, Edward, 2015. "Human Development Reports." International Human Development Indicators. http://hdr.undp.org/en/countries.
Barder, Owen. 2012. "What Is Development?" Center For Global Development. http://www.cgdev.org/blog/what-development

Brätigam, Deborah A., and Stephen Knack. 2004. "Foreign Aid, Institutions, and Governance in Sub-Saharan Africa." *Economic Development & Cultural Change* 52, no. 2: 255-285. http://www.american.edu/sis/faculty/upload/Foreign-Aid-Institutions-and-Governance-in-SubSaharan-Africa.pdf

CIA, April 12, 2007. "The World FactBook." Central Intelligence Agency. https://www.cia.gov/library/publications/the-world-factbook/fields/2116.html.

Easterly, William. 2006. *The White Man's Burden: why the West's efforts to aid the rest have done so much ill and so little good.* New York: Penguin Press.

Fowowe, Babajide, and Mohammed Shuaibu. 2014. "Is foreign direct investment good for the poor? New evidence from African countries." *Economic Change & Restructuring* 47, no. 4: 321-339. https://ideas.repec.org/a/kap/ecopln/v47y2014i4p321-339.html

Glassman, James. 2011. "Foreign Aid: The Good And Bad." *Forbes.* http://www.forbes.com/sites/jamesglassman/2011/04/08/foreign-aid-the-good-and-bad/.

Kenyatta, Uhuru. Twitter Post. May 18, 2015, 8:59 AM. https://twitter.com/ukenyatta/status/600329920775061504

Lewis, Stephen, October 28, 2005. "Explaining Botswana's Success: The Importance of Culture." *Carleton College.* https://apps.carleton.edu/campus/president/slewis/speeches_writings/botswana_success/.

Marawanyika, Godfrey, and Rene Vollgraaff, February 11, 2015. "Zimbabwe's GDP Set to Expand 3.2% in 2015 as Deflation Persists." Bloomberg.com. http://www.bloomberg.com/news/articles/2015-02-11/zimbabwe-s-gdp-set-to-expand-3-2-in-2015-as-deflation-persists.

Moyo, Dambisa. 2010. *Dead Aid: why aid is not working and how there is a better way for Africa.* New York: Farrar, Straus and Giroux.

2009. "Why Foreign Aid Is Hurting Africa." WSJ. http://www.wsj.com/articles/SB123758895999200083

Nelson, Mike. 2015. "South African Foreign Aid." Africa in World Politics. http://africanworldpolitics.site.wesleyan.edu/2015/10/21/south-african-foreign-aid/.

OECD, 2015. "Global Profiles." Data. https://data.oecd.org/.

Okon, Emmanuel, 2012 "Five Decades of Development Aid to Nigeria: The Impact on Human Development." *Journal of Economics and Sustainable Development 3*, no. 1: 33.

Peron, James. 2001. "The Sorry Record of Foreign Aid in Africa | Foundation for Economic Education." FEE Freeman Article. http://fee.org/freeman/the-sorry-record-of-foreign-aid-in-africa/.

Pole, Punam, 2011. "Chapter 4." In *Yes Africa Can Success Stories from a Dynamic Continent.* Washington, D.C.: World Bank.

Tiruneh, Gizachew. 2006. "Regime type and economic growth in Africa: A cross-national analysis." *The Social Science Journal* 43:3: 3-18.

Transparency International, 2014."How Corrupt Is Your Country?" 2014 Corruption Perceptions Index. http://www.transparency.org/cpi2014/infographic/compare.

World Bank, 2015. "Data | The World Bank." Data | The World Bank. http://data.worldbank.org/.

Yeboah, Stephen. July 3, 2009. "Weaning Ghana off Foreign Aid: Is It Possible?" *Ghana Web.* http://www.ghanaweb.com/GhanaHomePage/NewsArchive/Weaning-Ghana-off-Foreign-Aid-Is-it-Possible-164621.

Appendix A

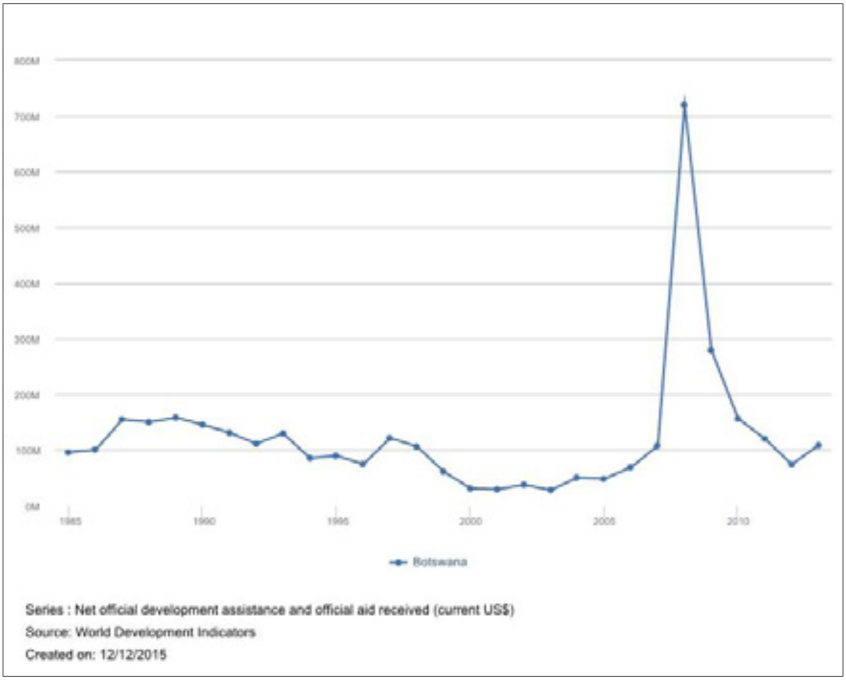


Figure 1.1

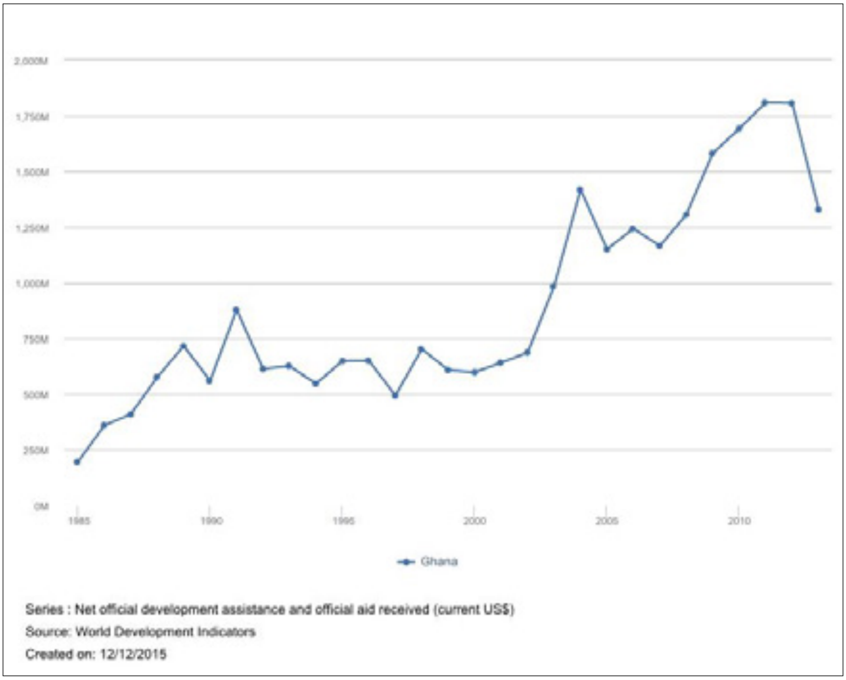


Figure 1.2

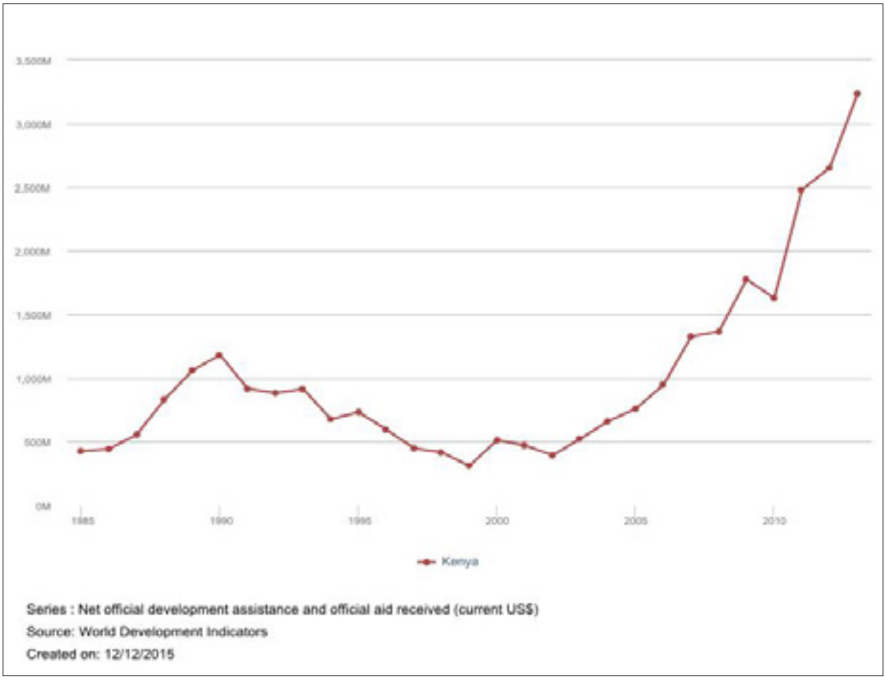


Figure 1.3

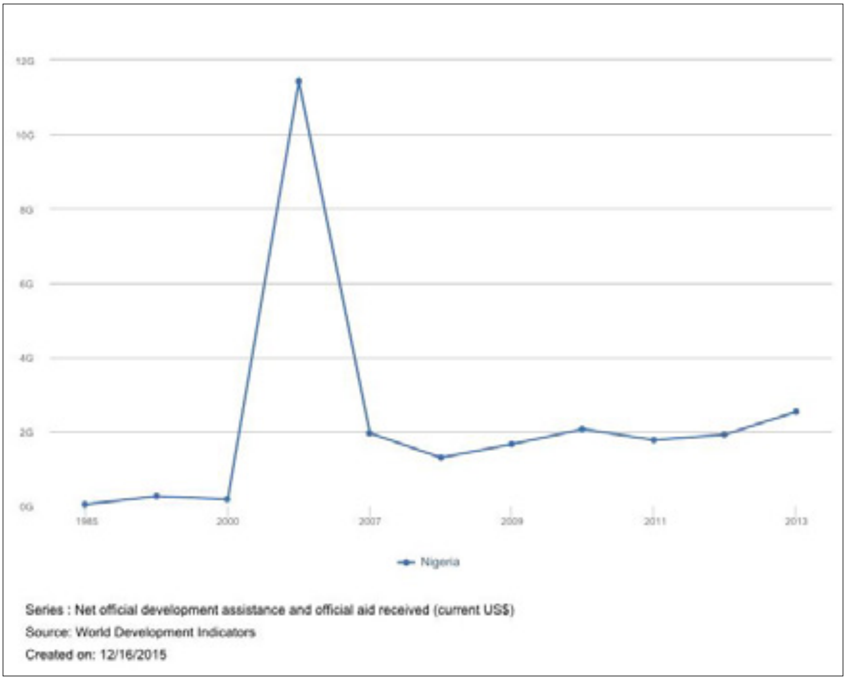


Figure 1.4

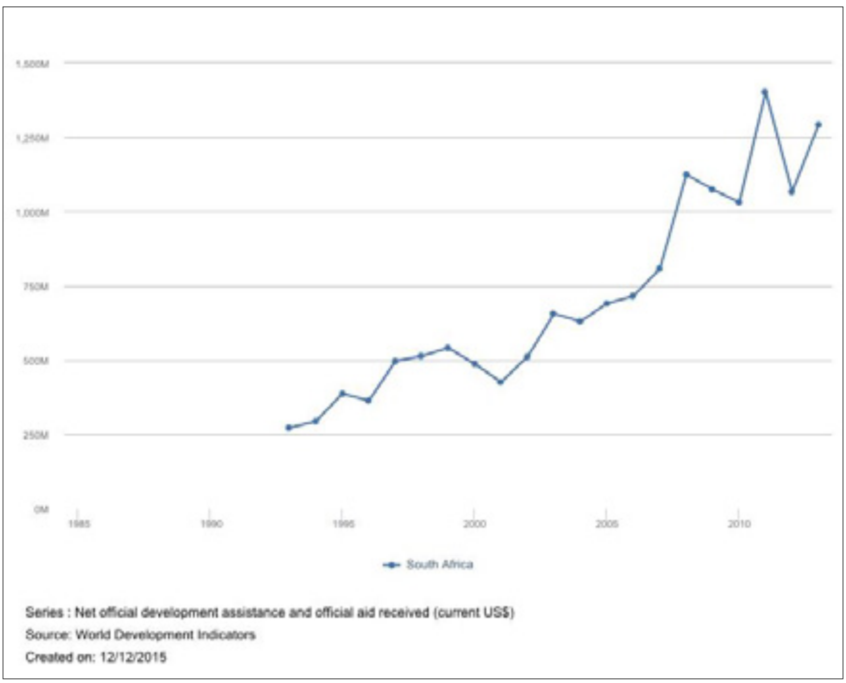


Figure 1.5

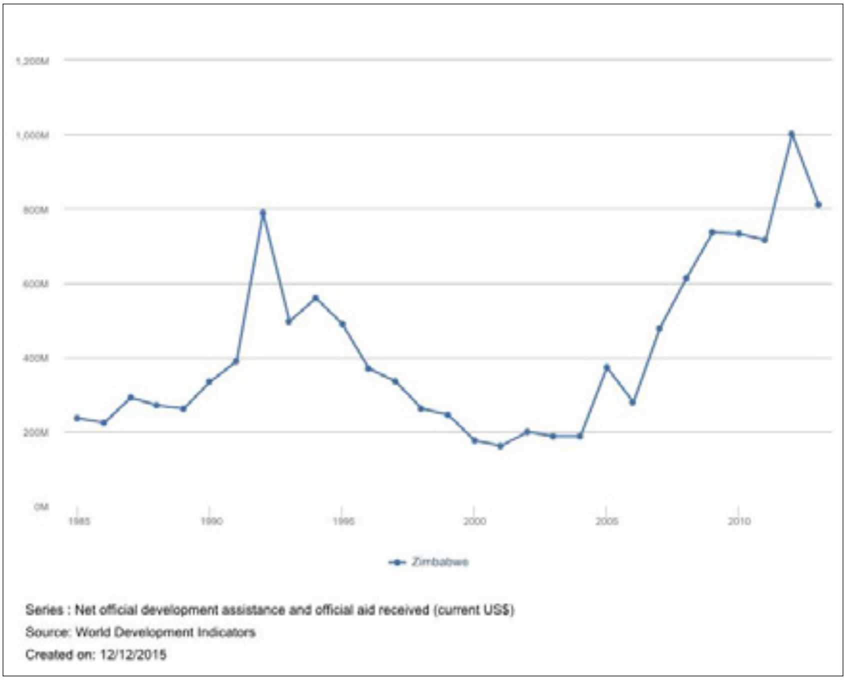

1,200M
1,000M
800M
600M
400M
200M
0M
1985
1990
1995
2000
2005
2010
Zimbabwe
Series : Net official development assistance and official aid received (current US$)
Source: World Development Indicators
Created on: 12/12/2015

Figure 1.6

Appendix B

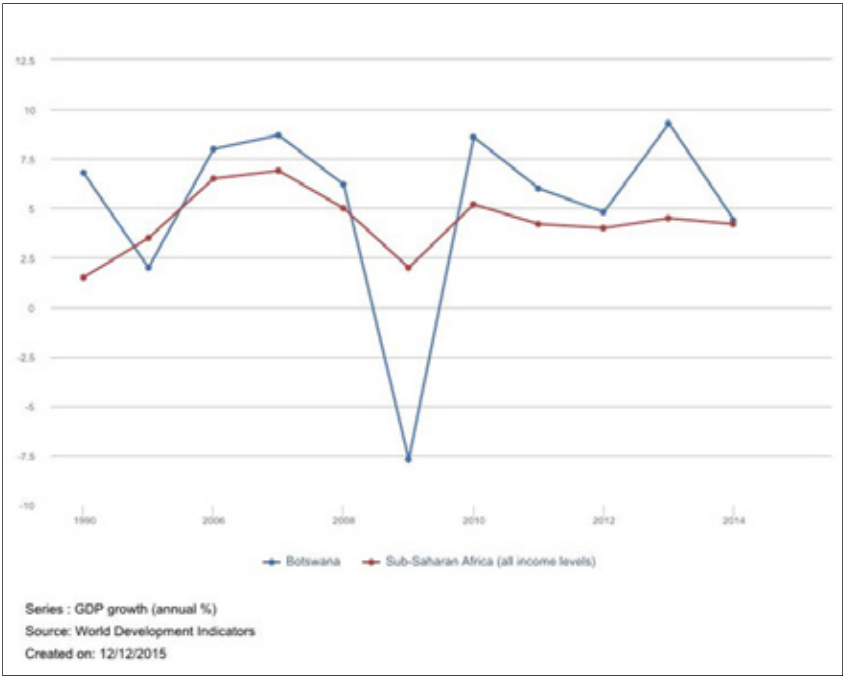


Figure 2.1

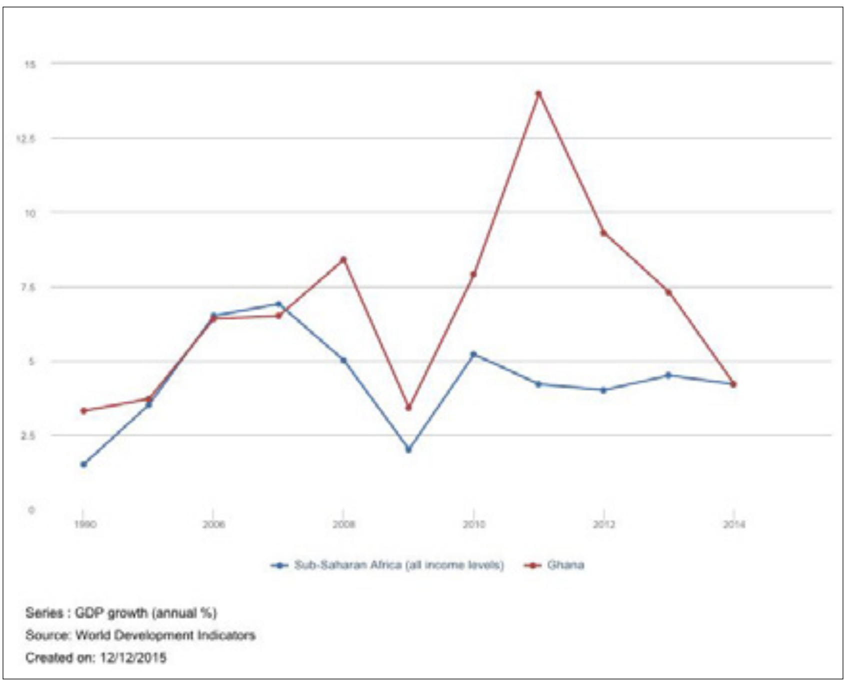


Figure 2.2

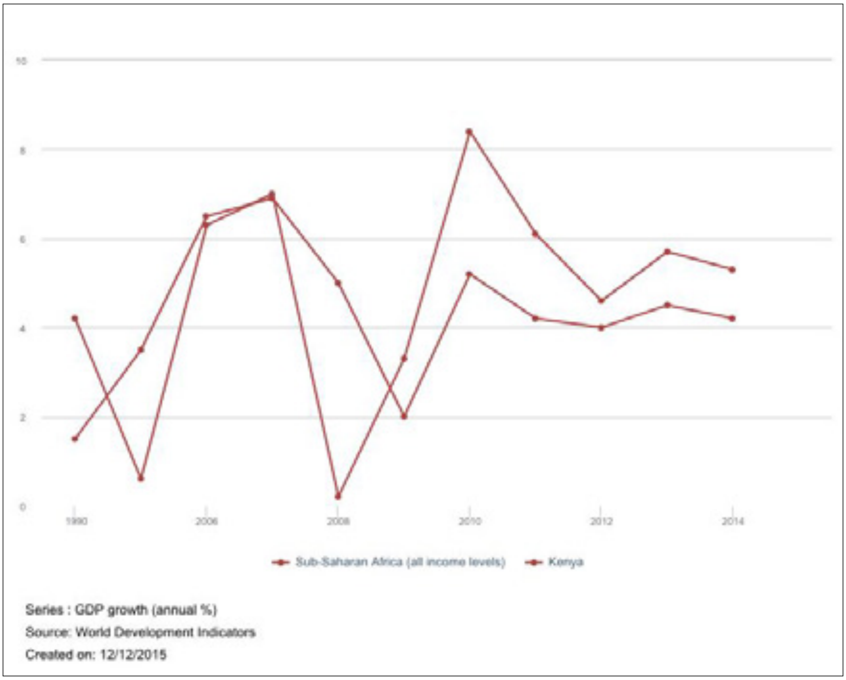


Figure 2.3

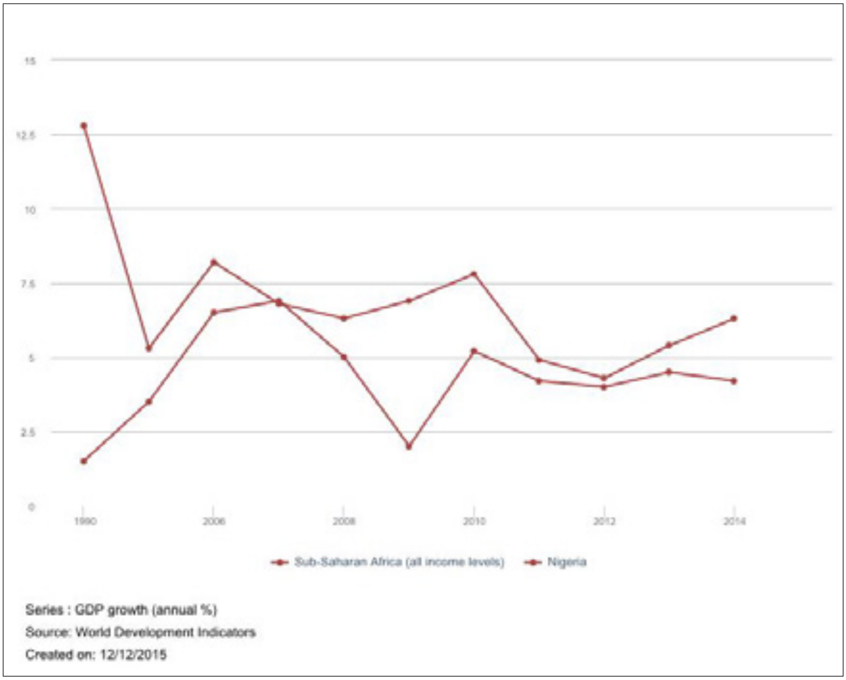


Figure 2.4

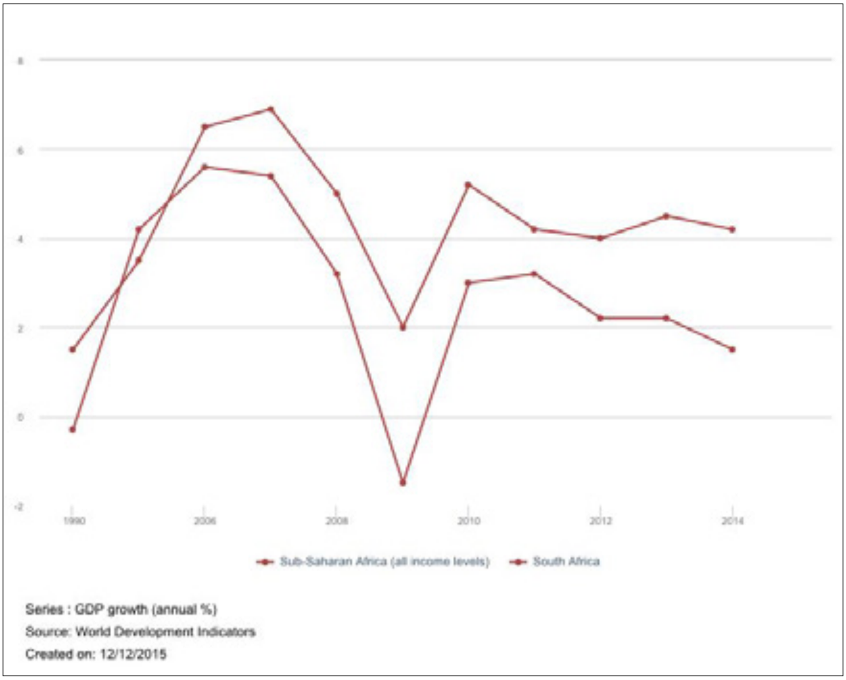


Figure 2.5

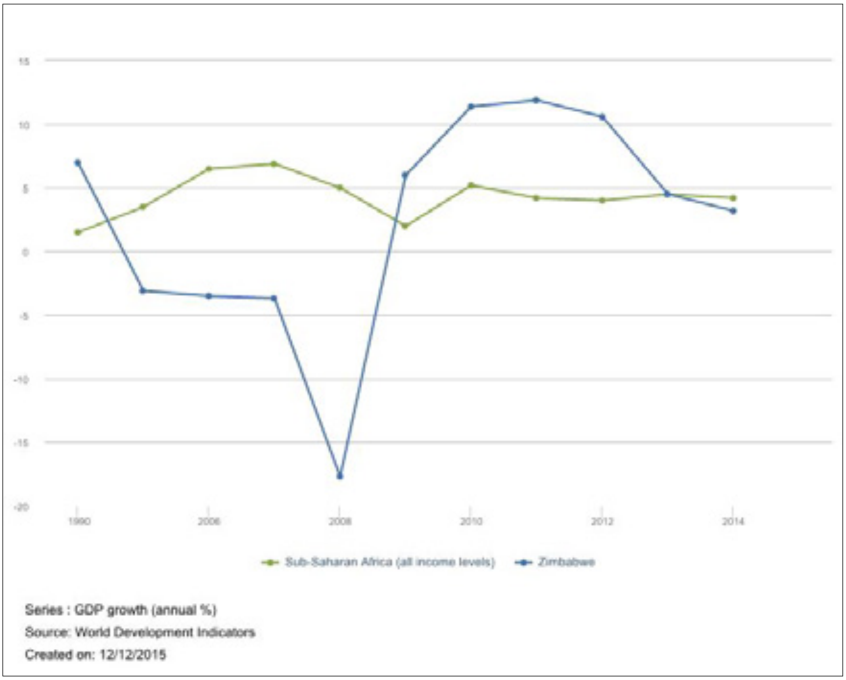


Figure 2.6

Appendix C

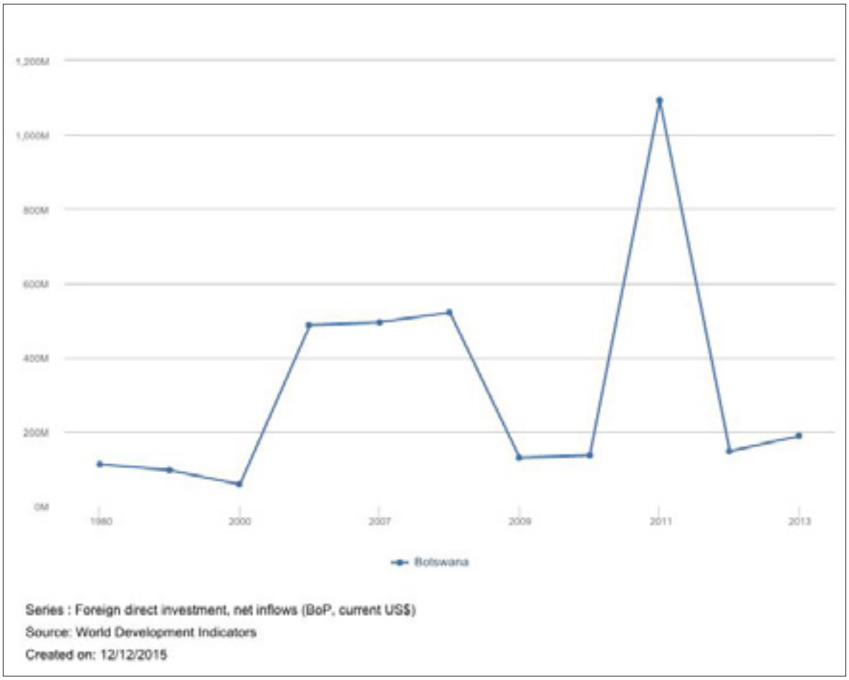


Figure 3.1

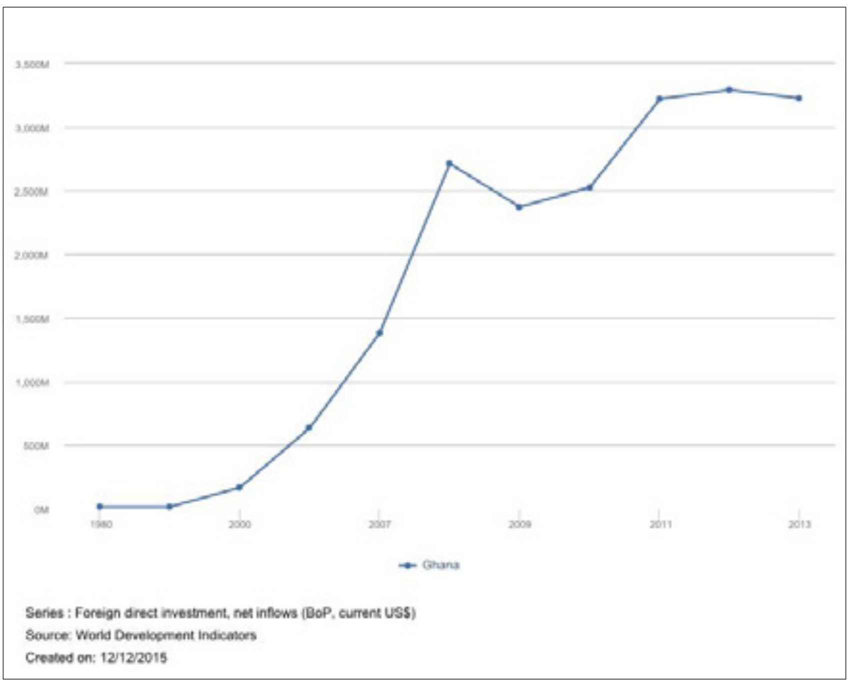


Figure 3.2

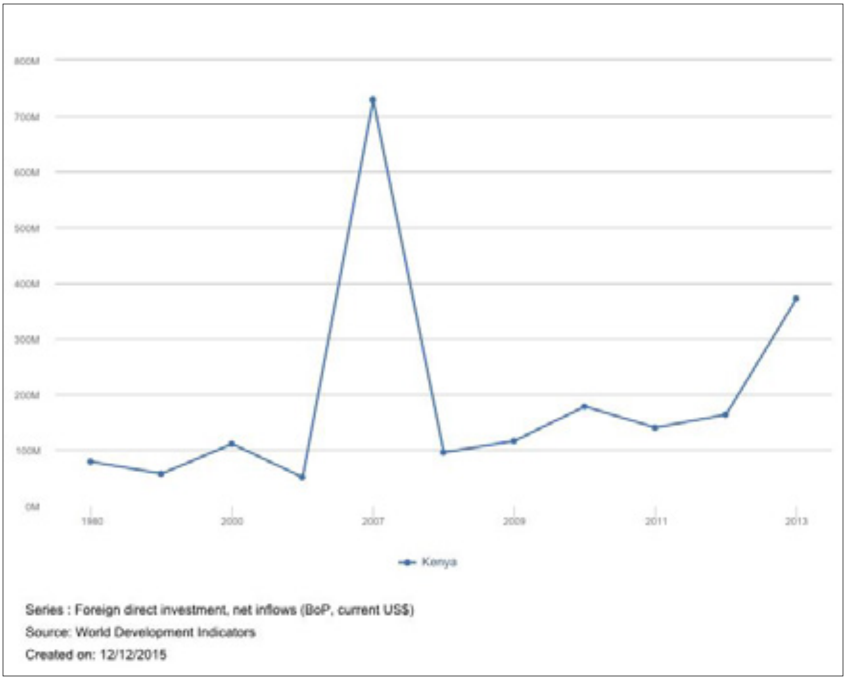


Figure 3.3

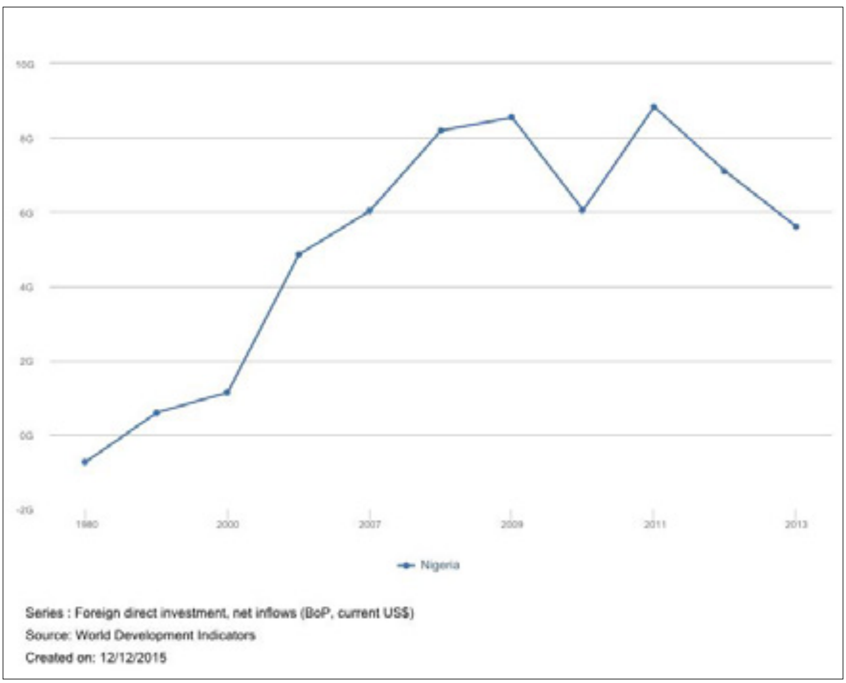


Figure 3.4

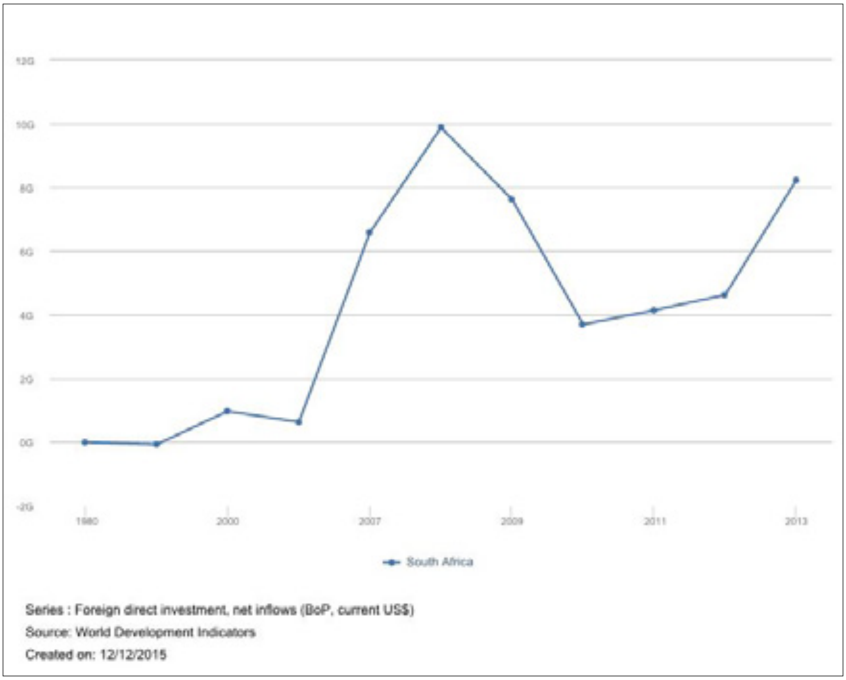


Figure 3.5

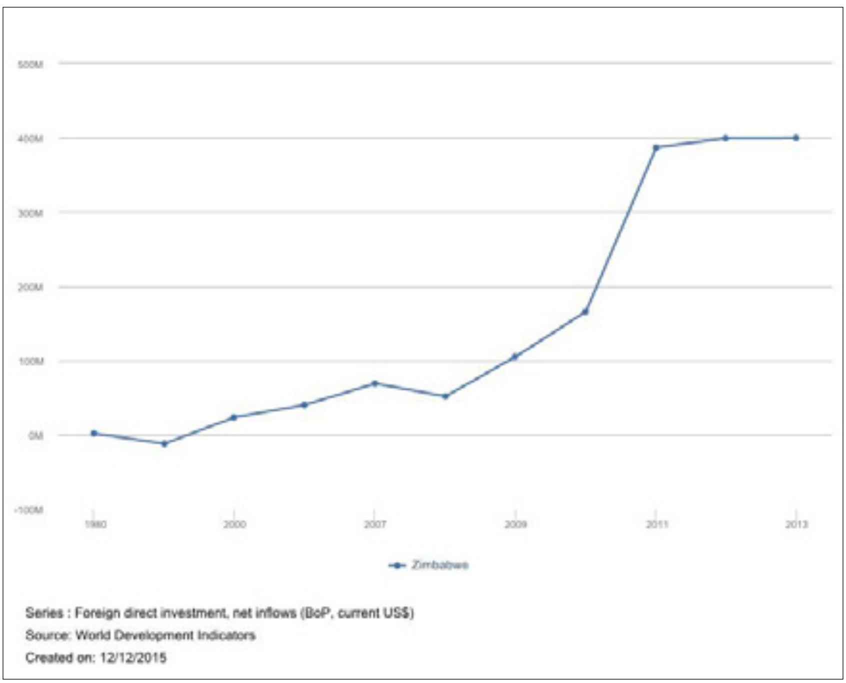


Figure 3.6