

BREAKING THE CYCLE OF UNDERDEVELOPMENT IN LESS DEVELOPED COUNTRIES

THE CASE OF THE DEMOCRATIC REPUBLIC OF CONGO

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Abstract

The purpose of this thesis is to shed light on the issue of aid dependence as a contributor to all areas of country wide development. This is accomplished through taking a look at aid dependence as a separate subject of study in development economics and making the impact of that dependence on general economic development more visible in order to demonstrate the validity of the concept as well as its general impact.

The analysis is conducted through the examination of various theories previously derived from scholars and the evaluation of their explanatory power on the theories. In order to illustrate the validity of all of those previously mentioned theories, their main merits will be applied to the area of child life course development within the examined case study - the Democratic Republic of Congo.

Therefore, the main findings of the thesis will illustrate the validity of the concepts mentioned and using the example of the DRC and its child life course criteria – mortality, nourishment and education – will provide for a detailed evaluation of that impact of aid dependency on the day to day lives of people within the DRC.

Key words: aid dependency, dependency theory, development economics

CHAPTER 1. INTRODUCTION

Ever since the 1950s, the problem of African countries not being able to achieve and sustain their own development was seen in the lack of funding. Therefore, the issuing of financial assistance was found to be a quality solution to the issue. However, the pursuit of additional funding provision over the years has backfired and created a dependence on foreign aid among the recipients of it, which meant that the economies of LDCs (less developed countries) still could not sustain their own needs, but now they had the assistance of their wealthier comrades to fall back on.

An illustration of this can be seen in Sub-Saharan Africa, where the rates to foreign aid investments are the highest on the planet. According to Lyons, the continent receives about \$50 million in assistance every year.¹ However, instead of seeing at least moderate levels of improvement in the living conditions of the poor, there seems to be little to no movement in this direction at all, leaving about 40% of Africans living under the poverty line.² As this is the case, the thesis will attempt to find determine the relationship between aid dependence and the lack of development, through answering the following questions:

Question 1: why has the increased supply of foreign aid to African states generated a dependency on aid instead of eliminating issues?

Question 2: through which mechanisms has aid dependence become an outstanding issue in regard to life course development?

¹ Juliette Lyons, "Foreign Aid Is Hurting, Not Helping Sub-Saharan Africa," Le Journal International Archives, October 13, 2014, https://www.lejournalinternational.fr/Foreign-aid-is-hurting-not-helping-Sub-Saharan-Africa_a2085.html.

² Yahya Ntsikayezwe Fakude, "Poverty and Suffering in Africa, Dimensions in the Democratic Republic of Congo," October 4, 2017, <https://medium.com/@ntsikayezwefakude/poverty-report-africa-dimensions-in-the-democratic-republic-of-congo-5bff2400f623>.

Apart from the financial side, aid dependency also manifests politically, through the exertion of foreign power over recipient countries as well as by increasing debt and corruption, making the recipient further unable to sustain its own development, and, in some cases, abandon the surge for development entirely.

This proves that aid dependence is still a rather crucial issue in the present and it needs to be studied more thoroughly in order to combat it as a possible solution to underdevelopment.

Attitudes towards foreign aid at its emergence were primarily positive, however, according to

Pankaj, this is due to the global recognition of the Harrod-Domar growth model. As described by the authors and according to the model, the main constraints

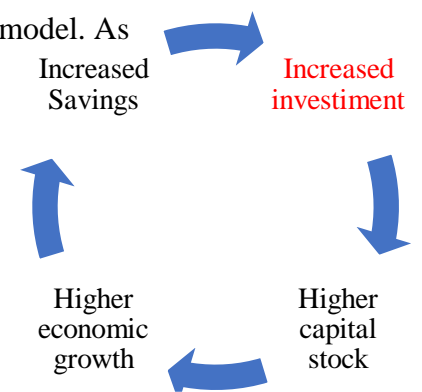
to the development of poor countries are the low levels of savings and investment rates. Therefore, the key to solving the issue of

underdevelopment in poor nations is to increase the level those levels

savings and investment rates alike. The optimal way to do this as shown by

the model and the figure on the right is through the artificial increase of these levels by

foreign contributions and injections of funds (foreign aid).³



Source: Data from Pankaj (2002)

With the development and overtaking of the neo-liberal worldview, however, opinions on the real contribution of foreign aid and its effects on economic and general development of nations stumbled upon serious questioning.

This is exactly what gave birth to differing theories of economic growth (those diverging from the Harrod-Domar model), paving the way to questioning the role of foreign aid to economic development. Since this time, there has been a clear polarization of those who

³ Ashok Kumar Pankaj, "Revisiting Foreign Aid Theories," *International Studies* 42, no. 2 (April 1, 2002): 104, <https://doi.org/10.1177/002088170404200201>.

advocate for and against the usefulness of aid, and there has been no consensus between the two sides.

Despite the obvious acknowledgement of the positive implications of the aid led growth model (i.e. increases in country GDP and some other general figures) this thesis focuses on the cases, where the aid dependency theory has proven to be more consistent than the Harrod-Domar model and has thus led countries to suffer from dependency rather than benefits of the aid. Therefore, other theoretical tools will be used to define the exact effects of aid and how it impacts development through dependence.

As stated by Pankaj, development economics does not typically recognize the independent existence of foreign aid as having a direct impact on country development. In fact, it is typically regarded merely as a component of economic growth, meaning that any theory, critical or not, focuses more on the characteristics of the growth model and not necessarily on the effects of foreign aid.⁴ This approach does not provide enough attention to the actual effects of foreign aid on growth and development and will therefore be further questioned by this paper.

This, as well as the aspects of aid dependency listed above shall lie in the base of the thesis, providing for a framework where it will **test the theory of aid dependency and prove its effects on economic and life course development through the example the Democratic Republic of Congo.**

⁴ Pankaj. *Revisiting Foreign Aid Theories* p. 108

Derived from the assumptions posed, a further assumption arises as follows: due to the underdevelopment or lack of industrialization in some developing countries, the children of those countries suffer from high levels of mortality, malnourishment and receive a lower level of education, therefore depriving them of opportunities in the future. Since it is assumed that ‘children are the future of every nation’, the hypotheses of the paper are that **lasting periods of life course underdevelopment lead to a continuous cycle of country wide underdevelopment, leading to a continuously underdeveloped nation.**

The issue of life course underdevelopment (further explained in chapter 2) shall serve as an illustration for the negative influence of aid dependency on development. This will further prove the existence of a causal relationship between the variables.

Since the subject of aid dependence has given birth to numerous conceptual debates as well as the derivation of several theories tied to the subject matter, (which will be further discussed in chapter 2) this thesis will pose for an exercise of theory testing. This testing will be executed through the detailed analysis on each of the several contrasting theories on the subject and further developed through the application of those theories to the empirical case study chosen as an illustration of the explanatory power of these theories.

As for the illustrational portion, the thesis will attempt to prove the existence and accuracy of the concept of aid dependency through a real-world illustration based on the case of the Democratic Republic of Congo. This country will provide for a perfect illustration of a well-endowed large state, surprisingly incapable of sustaining its own development.

The reason for choosing the DRC specifically, is the paradoxical nature. The paradox of the republic lies in the fact that despite being immensely gifted with natural resources like oil and diamonds, it still lacks the competence to become establish and sustain its own economic development internally. Therefore, it has to heavily rely on external financing of most of its economic processes, despite the fact that it could use those extremely valuable resources in order to afford achieving its goals.

And while it could be said that this is not only true for the DRC but for many African countries alike, the DRC was chosen as a case study for this analysis because while the country is still in the state of recovering from political crises and ranks as one of the least developed globally, it still manages to be the 1st ranking world cobalt producer (encompassing 43% of the worlds cobalt production) as well as 3rd largest tantalum producer and possess the 10th highest amount of gold reserves globally.⁵

Indeed, this could be seen as a typical case of *resource curse*, however, given the vast variety of the resources presented within one area as well as its enormous human as well as territorial capital, the belief of this thesis is that aid dependency plays a more significant role within the issues the DRC.

This, however, does not mean that the resource curse is not evident in the country as mentioned before, but for the purpose of the paper it will be looked at as merely a component facilitating the problems, rather than the full cause of the underdevelopment of the country.

⁵ KPMG, “Democratic Republic of Congo. Country Mining Guide” (KPMG Global Mining Institute, 2014), <https://assets.kpmg/content/dam/kpmg/pdf/2014/09/democratic-republic-congo-mining-guide.pdf>.

An additional grounding for the choice is the historical past and the consequences of that on the country's present predicament. Congo is a formal Belgian colony, which was only freed in 1960. This freedom has cost the DRC several waves of crises \and resulted in numerous cycles of uprisings due to the dissatisfaction of the public with its new regimes. The 'bad luck' the DRC has had with its rulers further intensified after the initially democratic later turned corrupt rule of Joseph Kabila, which is going to be described in a further entry to the thesis.⁶

Apart from the DRC case study, the issue of life course development and its situation in the DRC also needs to be clarified for the sake of the thesis. Life course development stems from life course theory, which is an interdisciplinary perspective, looking at the impact of multiple factors (such as aid dependency, as the question of the paper) on lives of humans from birth to death. The areas to be examined will be showcased in the methodological section of the thesis and will provide for an illustration of how aid dependency has deteriorated the lives of the youth in the country.⁷

All of the factors and characteristics mentioned above combined have made the DRC a quality case for analysis upon the validity of the aid dependency theory on life course as well as economic development. The criteria mentioned above, including the political instability and historical past of the nation, as well as its potential for growth makes it a quality decoy to analyze, making the analysis of it further applicable to other African countries as well.

⁶ KPMG. "Democratic Republic of Congo. Country Mining Guide" KPMG Global Mining Institute, 2014

⁷ Elizabeth D. Hutchison, "Life Course Theory," in *Encyclopaedia of Adolescence*, ed. Roger J. R. Levesque (New York, NY: Springer New York, 2011), 1586–94, https://doi.org/10.1007/978-1-4419-1695-2_13.

1.2 Methodology

The paper will begin the analysis through taking a look at the circumstances surrounding the DRC as well as its economic development in general by providing a brief description of the context within which the country has existed and by describing how it is currently functioning in general terms. Next, the paper will go into more detail by showcasing the existence of aid dependence in the country and proving that it has hindered economic development quite intensely over the past decades, showcasing those impacts through life course development.

In order to test the validity of the theories of a of aid dependency, the explanatory power of each of the proposed theories should be determined. This will be done through the assessment of the validity of each of the beforementioned theories and their applicability to the DRC and maintained as a framework for this analysis.

The conduction of this analysis will begin with the application of each of the individual theories proposed to the situation within the DRC. This will provide for the ability to see the situation from 3 different lenses and will determine whether the theories proposed have any explanatory power over the case of the DRC in general.

Further, the theories which did prove to be explanatory will be applied to the following areas of child life course:

Child mortality rates. One of the key and most pressing issues at the basis of the child life course problem is the mortality of children under 5 years old. This problem is increasingly

important in the DRC, especially given the several outbreaks of viruses such as the Ebola virus and some other less well-known diseases.⁸

Nutrition. A further problem, arising from the current unstable situation and threatening the further complicating the previously mentioned virus situations is the malnutrition aspect which includes the lack of clean food and water. This makes it harder to raise those children who survived the crucial 0-5 age.

School enrollment and years of education. A further issue stemming from all of those aspects mentioned above is the undereducation and lacking years of schooling among children.

The school completion rate in the republic is only 29%, which is extremely low and means that more than half of the population is uneducated, depriving the, of future opportunities of employment and life course development overall. One of the reasons for the undereducation is the failure of the government to uphold free primary education and make it compulsory, making parents choose not to spend their limited funds on child education.⁹

The problem arising from these characteristics is that they are depriving the future of the population from employment opportunities and also depriving the future of the DRC governance from an educated and wise group of people operating it.

The analysis through these aspects will demonstrate the impact of the dependency on aid and with it, the ineffectiveness of it on the children of the country and further prove the existence of the cycle of underdevelopment within the country.

⁸ WFP, “WFP Democratic Republic of Congo Emergency Situation Report #16” (WFP, December 30, 2019), https://docs.wfp.org/api/documents/c2d6b6a656334e909234b5f0509f666b/download/?_ga=2.117334976.718234782.1588077519-245908808.1588077519.

⁹ Sarah Bailey et al., “Hild-Sensitive Social Protection in DRC A Diagnostic Study” (Overseas Development Institute, May 2011), <https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7620.pdf>.

The detailed testing of aid dependency theory as well as its impacts on life course development will begin with the statement of the key theories to be tested as well as the establishment of a methodology based on which those theories will be tested (Chapter 2).

Next, the paper will establish the image of the DRC as a direct representation of a case of aid dependency (Chapter 3) and apply the beforementioned theories to the characteristics of the country in order to determine the existence and reasoning for the aid dependency in order to derive the explanatory power of each theory in the given cases (Chapter 4).

Further, the real-world implications of aid dependency going in limitations with the theories proposed will be illustrated using children and life course development (Chapter 5). The thesis will come to an end with a brief conclusion, describing the main findings, limitations and opportunities for further research established by the prior analysis.

CHAPTER 2. CONCEPTUAL REFLECTIONS

In order to clarify the most important concepts and underlying theories relevant to the analysis, the most important concepts and theories, or the ‘building blocks’ of the further discussion should be clarified through a review of existing literature on the subject of aid dependency and aid led growth.

To begin with, *Development Aid or Official Development Aid (ODA)* is the assistance obtained from external sources of developed countries (bilateral aid) and through institutions (multilateral aid) to less developed countries with the purpose of economic development and prosperity.¹⁰ This definition includes all ODA received through loans and grants provided both by individual lenders and international institutions.¹¹ Whereas the definition of development aid is rather straight forward, the perception of aid dependency and its paradigms is not as clear and evident.

Aid dependency occurs when a country cannot perform its key responsibilities for its citizens such as the provision of healthcare or schooling, which leads to a large portion of its budget to be derived from external aid over a long period of time. A country becomes aid dependent when this condition of inability to fulfill the basic needs of its public becomes long lasting or permanent.¹² This notion shall lie in the core of the thesis and shall be elaborated on in the conceptual section of the paper.

¹⁰ Ralf Rosenkranz, “Development Aid: What You Need to Know,” Devex, May 28, 2011, <https://www.devex.com/news/development-aid-what-you-need-to-know-74725>.

¹¹ Sam Jones and Finn Tarp, “Does Foreign Aid Harm Political Institutions?,” *Journal of Development Economics* 118 (January 1, 2016): 266–81, <https://doi.org/10.1016/j.jdeveco.2015.09.004>.

¹² Dambisa Moyo, *Dead Aid. Why Aid Is Not Working and How There Is a Better Way for Africa*, 1st ed. (Farrar, Straus and Giroux, 2009), https://www.researchgate.net/publication/38091995_Dead_aid_Why_aid_is_not_working_and_how_there_is_a_better_way_for_Africa.

. Scholars have defined this tendency as a force which needs to be escaped and have identified some of the causes of include:

- the historical past of the dependent nations in relation to their contributors
- the lack of availability of alternatives to use instead of aid
- the use of aid as a soft option which combines a minimal amount of effort with an opportunity for the establishment of political connections
- fear of displeasing the contributors by stopping the cooperation towards aid and
- a feeling of responsibility of the government in front of its citizens, which further deters it from stopping the aid inflows from accumulating in order to avoid disapproval from their citizens and other governments.¹³

As aid dependency is a rather broad concept, the vast scholarship that has described it indicates that there are three main characteristics to be noted when describing the mechanisms, according to which aid dependency occurs:

First cause. dependency is an international phenomenon, which is composed of 2 types of states – the core states and the periphery states. In the given system, the states of the core are defined as those wealthy nations (primarily members of the Organization of Economic Cooperation and Development (OECD)).

The periphery countries are mainly situated in Latin America, Asia and Africa and their main characteristics include low indicators of GDP per capita as well as Gross National Product

¹³ Yash Tendon, *Ending Aid Dependence*, 2nd ed., vol. 1 (Pambazuka Press, 2008), p. 75
<https://codkashacabka.files.wordpress.com/2013/07/ending-aid-dependence.pdf>.

and, most importantly, demonstrate a heavy reliance on a single trading good for the earning of foreign exchange.

Second cause. Wealthier nations benefit from the provision of development assistance both economically – by having easy access to all of the resources of the poor nations, which provides them with the opportunity to enjoy higher standards of living they are donating to, and politically – by projecting their own values and objectives onto the recipient country. While this is a valid and important point, this research will focus on other aspects of aid dependency, isolating their effects for the sake of proving the strength of the theory.¹⁴

The notion of resource curse provides a perfect description for this excretion and abuse of power.

Resource curse refers to the inability of some governments of resource abundant countries to use the natural resources available to them in order to strengthen the economy of the country.¹⁵ Due to inefficient use they create additional obstacles on the path to democracy, peace and efficient spending.

Finally, a key observation of aid dependency theory is that it is a deeply historically rooted process, which dates back to colonialism. Not only does this indicate that it would be rather difficult to stop this process, but also that developed nations can use their strengths and experience gathered in order to keep developing nations aid dependent forever.

¹⁴ Itai Kabonga, “Dependency Theory and Donor Aid: A Critical Analysis,” *Journal of Development Studies* 46, no. 2 (October 26, 2017), <https://doi.org/10.25159/0304-615X/1096>.

¹⁵ Natural Resource Governance Institute, “The Resource Curse. The Political and Economic Challenges of Resource Wealth” (NRGI, 2014), https://resourcegovernance.org/sites/default/files/nrgi_Resource-Curse.pdf.

According to Pankaj, initially, the activities of foreign aid served as a lifeline for third world countries after the 2nd world war. More than that, the provision of foreign aid served as a vital building block for the establishment and strengthening of North – South relationships approximately until 1980.¹⁶

All of these points prove, that foreign aid was crucial in the period. However, as visible in the present world of globalization and increased FDI, the presence and vital role of development aid or foreign aid has become less central. This is represented by the rather complete abolition of bilateral aid and its full replacement by multilateral aid.

Despite this shift, and the lessening of its global impact, multilateral aid remains an important component of economic development and a crucial political tool in the hands of powerful countries.

Contrary to the aid led growth model, therefore, this model contains the coupled knowledge of all of the scientists who have argued against the prevalence of the Harrod-Domar model and initiated the debate on aid dependency.¹⁷ As opposed to the original, the dependency theory identifies the following shortcomings when it comes to aid effectiveness:

1. The aid led growth model fails to realistically capture the relationship between donor and recipient countries, and, therefore, idealizes the effects of the aid. This creates an unrealistic portrayal of the effects the assistance will have on the developing nation, which is mainly a fault on the *planning* side of the operations, also discussed later in the paper.

¹⁶ Pankaj, *Revisiting Foreign Aid Theories*, p. 118

¹⁷ Pankaj, *Revisiting Foreign Aid Theories*, p. 110

2. Many external influences also play a role in shaping the effects of aid dependency on the poor nations. The external interferences mentioned include the internal economic functioning of the recipient country, global cooperation and world markets. These, and some other factors, according to the dependency theory can impact and shape the effects of the provided aid for the recipient country.

The political debate among the two theories currently is composed of 2 main arguments:

Proponents of FA: takes an idealist view to state that foreign aid promotes peace, stability and cooperation between countries internationally.

Opponents of FA: provides for a realist statement on that foreign aid is a foreign policy tool, which is used primarily to promote the interests of the donor country in the recipient countries set of values.

The economic side of the debate is composed of the following arguments:

Proponents of FA: aid offers financial relief to developing countries, minimizing their investment on essential tools required for further prosperity such as technology, foreign exchange as well as capital. Since the economies of developing countries are unable to generate. The required resources to guarantee these fundamental elements to development, foreign aid eliminates these hurdles on the pathways of developing counties, allowing them to focus solely on their developmental strategies.

Opponents of FA: state that there has been little to no direct correlation observed between the influx of foreign aid to those in need and the helpfulness of that. Furthermore, this side argues that even at a rather consistent and high level of developmental aid inflow, the incorrect use

of it and inability of correct implementation strategies for change create a misuse of the aid, generating little to no effects for the recipient and an inability to escape it. ¹⁸

The debate over the existence of aid dependency has been intensifying together with the amount of the aid being provided to developing countries. Several scholars have taken part in the discussion, adding further dimension to it.

The aid planning theory offers a rather constructive and detailed description to why and how aid dependency occurs in developing countries connected to the aid planning process.

In *The White Man's Burden*, William Easterly he emphasizes the amount and role of aid planning in a pursuit to perfect the scheme of aid provision to those in need, and states that this over planning is one of the reasons why aid loses its flexibility and fails to target some of the most important initiatives in developing countries.

In this work, Easterly brings up the debate between *searchers* (those who try to find ways to decrease poverty and suffering on a more local and urgent level) and *planners* (mainly higher-level aid providers, who emphasize planning and obliging to the plan, regardless of shifting circumstances).

As the author states, it is the prevalence of planners over searcher as well as their restricted and overly generalized view on aid reduction are what makes development aid miss the reaching of its targets, and the solution to it would be the alternative prevalence of searchers over planners¹⁹

¹⁸ Pankaj, *Revisiting Foreign Aid Theories*, p. 104

¹⁹ William Easterly, *The White Man's Burden: Why the West's Efforts to Aid the Rest Have Done So Much Ill and So Little Good*, vol. 1 (Oxford University Press, 2007), https://tudelft.openresearch.net/image/2015/10/28/the_white_mans_burden.pdf.

This theory of Easterly is also reflected in the aid industry theory described in work of Arjan Haan as he describes the *aid industry* as a tool that has emerged in the pursuit of generating more and more assistance to the developing countries in need. As stated by the author as one of his arguments, more often than not, it is not the amount of aid donated that matters but rather how that aid is targeted. As explained by the author, it is not enough to plan the allocation of aid, but it is just as, if not more, important to determine the pathways through which this aid will target those in need in all areas of the world and not miss a soul.²⁰

A perfect example to illustrate this is the somewhat strategic approach of USAID towards its aid providing decisions going openly in line with their foreign policy interests. Furthermore, even though the case mentioned previously is not consistently evident throughout all donors, it is true that even when the aid is truly targeted at the poorest countries and those most in need, it rarely reaches the poorest layer of the population which requires it the most. Without this detailed approach, aid dependency becomes less of a tool for assistance, and more something resembling ‘throwing money at a problem’, without regard for the actual effects of that strategy.

An additional way in which aid dependency manifests is the so called *over planning* which creates the *overleaping of aid*. As stated by Easterly himself, if there are 449 interventions planned for one destination, and one of those is focused on, there is not enough people to carry out the other 448²¹. Furthermore, this over focus on one or few programs with similar targets creates clashes in the so-called system of aid, which further lessens the effects of aid

²⁰ Arjan de Haan, *How the Aid Industry Works: An Introduction to International Development* (Bolder, USA: Kumarian press, 2009), <https://www.riennner.com/uploads/553a966f3bcd8.pdf>.

²¹ Easterly, *The White Man's Burden*. p.13

through facilitating an increased inflow of it without having a very specific target for the additional funds. Consequently, money is thrown at the problem, but the allocation of that money is faulty as it is impossible to know where it needs to be better targeted.

Therefore, despite all of the planning and strategic decision making involved in the provision and implementation of aid, the effectiveness of all that is still a big question and the aid dependency theory which originates from it needs to be tested and further developed for the purpose of finding a solution and facilitating further analysis.

Because the aid structure theory is so complex and wide in its scope, it will be the first theory put under the lenses of analysis in further chapters. Here, the aid structure as well as the overleaping of the aid will be examined on the economic development case of the DRC.

A rather different, but descriptive way of looking at aid dependency comes from the aid weakening theory,

, which states that pitying Africa has *not* been helpful in the past and that, in the pursuit to reduce the ineffectiveness of aid it is important to stop feeling sorry for the countries on the continent and let them find pathways to development on their own.

Not only has aid been ineffective in reducing poverty and underdevelopment for the nations, it has actually hurt more people than it has helped. The theory highlights 2 dimensions through which aid has been hurtful to the nations in question.

- 1) Depreciating the capabilities of African countries to help themselves. This can clearly be seen in daily life, when all references to African nations are generalized by the

image of a group of people who are unable to financially or otherwise support their own development, aimed at raising up to help them

- 2) The hypocrisy of aid. Here, the author points to the fact that the aid system exclusively benefits those who work in the aid industry, making it have a reverse effect by further assisting the rich and wealthy, but not really helping the poor.

As stated by the author, this hurting has manifested because governments and policymakers were made to wrongfully believe that the existence of aid and its provisions would work just as well in the long term as they did in the short term when they were introduced and saw a jump in development for the recipient countries.²²

As defined by *Dead Aid*, this is called the *micro-macro paradox*, the essence of which lies in the fact that one good deed can truly be beneficial in the short term but could harm future possibilities for development. To put into the context of aid, one input of foreign funds (be it a monetary injection from a foreign investor or assistance from an IO) can help boost the development of a nation for a short while. However, as time goes on, the effects of this injection will deplete, while the country will still have not found a scheme to generate alternative funding to sustain the level of development. Therefore, more injections of such nature will be needed and the possibility for the country to find its own source of development will remain at a minimum.

The effects mentioned manifest mainly politically, through increases in corruption as well as through the exertion of the political views of the lenders to the territory of the recipients, which thus grants the donors total support from the recipients in order to avoid the lessening

²² Moyo, *Dead Aid*. pp. 29-48

or stopping of aid inflows. Thus, the aid dependency does not only stop the countries from developing, but it wipes their identities and turns them into supporters of the lenders permanently, further weakening the recipients strength not only internally (worsening their reputation in the eyes of the citizens) and externally (in the eyes of other countries).

The aid weakening theory will be the 2nd case to analysis, and its effects will be demonstrated on the political and developmental proportions of DRC development.

A third opinion on the aid dependency theory central to the ongoing debate is that expressed by aid structure theory. Contrary to the authors mentioned above, the originator of this theory sees the essence of the issue with aid dependency in the nature of the aid itself, rather than how it is used or implemented by the recipient country.

According to the book mentioned above, the notion of aid encompasses a wide variety of concepts (i.e. political and military support, humanitarian, emergency aid as well as others).

In order to determine whether it is effective or not, it is important to understand the nature of the aid system and its impact on the recipients. The author distinguishes several types of aid, which are tabulated on the left. After providing this distinguishing, the author proposes that all of the types of aid mentioned in the table do exist in the current world, to varying degrees, which has contributed to the blurring and lack of transparency within the aid itself.

This blurred combination of aid has created a system, which has worked in the past, but is less functional in the present. The lack of transparency and inability to climb out of the dependency trap is exactly what has generated the aid dependency as stated by this paper.

As further proved by Stanford, in addition to the importance of the quality or structure of aid the intensity and volume of it matters as well. According to the authors, a foreign aid contribution, which constitutes more than 15-20% of government spending over a long period of time leads to aid dependency.²³

As hypothesized by the aid structure theory, in order to break out of this continuous cycle, it

Table 3 Summary of the characteristics of different types of aid

Type of aid	Legitimacy of claim to be considered as development aid	Parties to the negotiations	Role for international organisations
Red (ideological) Aid	No legitimacy as aid	Between (unequal) sovereign states	No role for global IGOs (e.g. IMF, WB, WTO, WIPO, DCF, OECD)
Orange (commercial) Aid	No legitimacy as aid	Between commercial parties; also, state to state.	Only facilitative role (e.g. ITC, chamber of commerce)
Yellow (strategic/security) Aid	Depends on situation and political perspective	Between sovereign states	Role for political or military alliances
Green/Blue (GPGs, international legal commitments, compensatory finance) Aid	High degree of legitimacy as 'commitments'; but <i>not</i> as 'aid'	Inter-governmental negotiating machinery	Main function of IGOs within negotiated mandates
Purple (solidarity) Aid	High degree of legitimacy	State to state, people to people, people to state	No role for global IGOs

Source: Tendon, p.105

is important for the mechanisms of aid to transfer from a mixed provision to an overwhelming majority of green/blue type aid, which would make it as transparent and legitimate as possible. Not only would this increase the levels of trust coming from societies in their respective governments, but it would also provide for a more realistic view of aid and restructure the global mindset of aid provisions.²⁴ This would in turn, shift the global structure of aid provisions and institutions in a way that would make expectations more realistic and achievable. This would then provide a way to regulate goals, which would decrease the global levels of aid dependency by further lowering expectations. In all, the aid system would become more transparent, adequate and acceptable. Aid structure theory coupled with elements of aid weakening theory will constitute the final part of the further analysis and will

²³ Victoria Stanford, "Aid Dependency: The Damage of Donation," 31 2015, <https://www.twigh.org/twigh-blog-archives/2015/7/31/aid-dependency-the-damage-of-donation>.

²⁴ Tendon, *Ending Aid Dependence*. p. 105

be demonstrated through the child life course aspect mentioned in the methodological section of the paper in order to show the impacts of aid dependence on daily life.

From the description mentioned above it can be derived that there has been no consensus on whether or not aid is effective, even among knowledgeable and well-established scientists. Despite the obvious acknowledgement of the positive implications of the aid driven growth model, this thesis focuses on the cases, where the aid dependency theory has proven to be more consistent.

CHAPTER 3. DRC AS A CASE OF AID DEPENDENCY

The Democratic Republic of Congo is one of the largest countries on the African continent and is situated in the very center of its horizons. The country gained its independence from being a former colony of Belgium in 1960, however, continues to live in political and economic uncertainty today due to the composition of conflicting with several generations of its political leaders choosing an autocratic type of ruling rather than a

2.2.6. Top 10 ODA recipients in Africa
USD million, receipts from all donors, net ODA receipts

	2015	2016	2017	3-year average	% of all recipients
1 Ethiopia	3 235	4 074	4 117	3 809	7%
2 Nigeria	2 432	2 498	3 359	2 763	5%
3 Tanzania	2 582	2 318	2 584	2 495	5%
4 Kenya	2 464	2 188	2 475	2 376	5%
5 Democratic Republic of the Congo	2 599	2 102	2 280	2 327	5%
6 South Sudan	1 675	1 587	2 183	1 815	4%
7 Uganda	1 628	1 757	2 008	1 798	4%
8 Morocco	1 481	1 992	1 885	1 786	3%
9 Mozambique	1 815	1 529	1 776	1 707	3%
10 Egypt	2 499	2 130	-114	1 505	3%
Other recipients	28 643	27 733	30 247	28 874	56%
Total ODA recipients	51 055	49 908	52 800	51 254	100%

Source: OECD, (2019) p.4

diamonds and cobalt to utilize in its daily life. Unfortunately, the resources given to the area have not been able to stabilize its development, but they do provide a ray of hope for a brighter future to the residents.

In addition to the abundance of resources the nation possesses, it is also one of the largest recipients of foreign aid received from OECD countries. As a matter of fact, it ranks as number 5 among the recipient countries as shown by the table presented.²⁵

Despite living in almost constant conflict with its government adding to the multiculturalism of the area, the residents have been gifted with a wide variety of natural resources such as wood,

²⁵ OECD, "Development Aid at a Glance. Statistics by Region." (OECD, 2019), <https://www.oecd.org/dac/financing-sustainable-development/development-finance-data/Africa-Development-Aid-at-a-Glance-2019.pdf>.

This state of aid reception has been constant over the past 10 years. This, in addition to the position of the DRC relative to other African countries in the amounts of aid reception can be seen in the data presented within the tables. ²⁶

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
ODA(bn USD)	1.348	1.767	2.362	5.526	2.846	2.584	2.4	2.599	2.102	2.293	2.51

Source: Data from World Bank Group (2018)

Despite all of the resources it possesses, and all of the efforts put into its development by International Organizations (IOs) such as the International Monetary Fund (IMF) and the World Bank (WB), the DRC still remains one of the least developed nations on the continent and in the World.

In order to fully understand why developmental assistance is needed in the area, a short assessment of the political and economic situation is also required. The politics of the DRC can be described as imbalanced, harsh and somewhat tragic, especially when talking about the situation within the period of the 2000s and between 2017-2019. This time period was characterized by numerous attempts of the government to stifle the power and silence any democratization attempts of their public through several bans on peaceful demonstration s as well as other expressions of free will. Not only were the security forces controlling the uprisings allowed to use excessive force and ammunition over peaceful catholic protestors on numerous occasions, but this approach was also taken to postpone elections between 2018 and 2019 to deter citizens from making a decision on the future of the dominant ruler and their party.²⁷

²⁶ World Bank Group, “Net Official Development Assistance Received (Current \$US), Congo, Dem.Rep.,” The World Bank Data, 2018, <https://data.worldbank.org/indicator/DT.ODA.ODAT.CD?end=2018&locations=CD&start=2009>.

²⁷ Human Rights Watch, “Democratic Republic of Congo. Events 2018,” Human Rights Watch, 2019, <https://www.hrw.org/world-report/2019/country-chapters/democratic-republic-congo>.

As can be noticed from the description, the presidency of Joseph Kabila largely aimed at a rather autocratic regime and followed the pursuit of silencing any and all action or protest critical of his ruling. This was also reflected in the refusal of the country to attend an international donor conference, where it was to be granted an additional \$1.7 billion for emergency assistance and development needs.²⁸



4.5 million

people were displaced from their homes due to clashes among armed groups and government forces.



13 million +

people need humanitarian assistance.



140+

armed groups were active in eastern Congo's North Kivu and South Kivu provinces.

Source: Human Rights Watch (2020)

This radical approach to governance therefore led to 4.5 million misspaced citizens even more of those requiring humanitarian assistance as demonstrated by the figures on the left.²⁹

The politics of Kabila therefore constrained not only the decision-making powers of the public within the.

DRC, but also hindered the perception of the state on an international level, further diminishing the reputation of the country both on a national and international level. This, together with the other issues mentioned further in the paper are what brought upon the fundamentals of aid dependency and its detrimental effects to economic and life course development in the DRC.

The government of Joseph Kabila was finally replaced by Felix Tshisekedi, a representative of the opposing party of Union of Democracy and Social Progress (UDPS) in 2019. He was

²⁸ Claver Lumana Pashi, "Beyond Dictatorship in the Democratic Republic of Congo," in *Regime Change and Succession Politics in Africa: Five Decades of Misrule* (New York, NY: Routledge, 2013), 74–75, <https://books.google.com.ua/books?id=ssfA2sz0p2wC&pg=PA74&lpg=PA74&dq=joseph+kabila+autocrat&source=bl&ots=E-DLnOuwR9&sig=ACfU3U1IyysWXuuG11zBqZqFxFxMOzDm7i1A&hl=ru&sa=X&ved=2ahUKEwiDrdmdtojpAhUJwqYKHfRdCEkQ6AEwAXoECAoQAQ#v=onepage&q=joseph%20kabila%20autocrat&f=false>.

²⁹ Human Rights Watch, "Democratic Republic of Congo. Events 2018."

elected to be the successor of Kabila and promised to represent all of the Congolese people equally and work together with his partners to bring equality and peace to the country.³⁰

This is a rather promising declaration, which has generated hope throughout the population and might contribute to the shift from aid dependency discussed further in the paper. Now, in order to determine the existence of aid dependency on all levels of child life course, it is important to determine and concentrate on the main areas being under risk in the DRC and see the situation as it is today.

For the sake of this essay, all of these aspects are going to be regarded as the key determinants of life course development, shaping the future of the Democratic Republic of Congo and outlining their opportunities, especially with respect to development and even more to the potential decrease of aid dependency through strategic steps. As mentioned previously, an educated and healthy population is a basic precondition to the economic development of a country, therefore, it is of vital importance that all of these aspects be regulated in the DRC. In pursuit of this, the paper will shed some light on the problems the country is facing with attention to the mentioned problems and provide some possible solutions to it for the sake of the future of the well-being of the nation.

³⁰ Reuters, "Felix Tshisekedi Wins DR Congo Presidential Vote: Electoral Board," January 10, 2019, <https://www.aljazeera.com/news/2019/01/felix-tshisekedi-wins-dr-congo-presidential-vote-electoral-board-190110020354170.html>.

CHAPTER 4. TESTING THEORIES: WHY IS THE DRC AID DEPENDENT?

4.1 Testing aid planning theory

To test the theory proposed by William Easterly, it is important to take a look at each of its components as separate entities and derive whether the theory is explanatory of what is occurring in the DRC or not. This pattern of discussion shall be applied to all of the theory testing of this paper.

4.1.1 The prevalence of planners over searchers

As stated by Easterly and upheld by current dynamics, the prevalence of planners over searchers is evident as ever. As planners are characterized by their belief that they are aware of the pathway to solve the issues at hand, whereas searchers are skeptical of this and try to

find solutions to problems, the prevalence of patterns is evident. A quality illustration of this misbelief is the existence of the Millennium

Education			
Impact to be achieved by 2012	Key Outcomes	How	DFID Resources
<ul style="list-style-type: none"> • Increase in primary Gross Enrolment Rate (GER) to at least 75% with equal access for boys and girls. • Demonstrable government commitment to delivering education services through financial commitments and political action. • Substantial improvement in management and financial management systems, together with improved government capacity to carry out these functions. • Improvements realised to the quality of education in the public sector. • Sector strategy in place and implementation supported through a government led sector-wide approach. 	<ul style="list-style-type: none"> • Costs of education sector increasingly covered by resources from the state, including teachers' salaries. • Government's payment systems for education streamlined and strengthened. • Levels of primary school fees to be charged standardised and gradually reduced. • System for registration and management of primary schools and teachers re-established, and all elements of the education sector properly registered. • Legal framework for the education sector revised. • Appropriate accountability mechanisms established. • Sector planning, budgeting and co-ordination mechanisms strengthened. 	<ul style="list-style-type: none"> • Essential studies in the management and financing of primary education undertaken. • Census of teachers and school mapping undertaken. • Government supported to undertake key reforms to department in charge of payment and registration of schools and teachers, and other essential reforms to the system. • Funds provided to contribute to the costs of primary education (and so fund the reduction of fees). • Independent commission established to review legal framework. • Civil Society supported to hold government accountable for the delivery of primary education. • Government supported to lead planning and co-ordination in the sector. • Common funding mechanism established. 	<ul style="list-style-type: none"> • £55m over 5 years.

Source: OECD (2012) , p. 20

Development Goals (MDGs) established by the UN, operating in African countries and the DRC specifically (Arjan de Haan (2009)). The 8 goals established for the purpose of economic and social enhancement as well as the propaganda of equality. These goals established in 2000 appear to be very noble. However, the pathways according to which they are supposed to be reached were unclear then and remain unclear now.

The table presented on the left was derived from a country plan for the development of the DRC developed in 2012 can serve as a good enough illustration of this drawback of planning. Specifically taking a look at the *how* portion of the second table, it can be seen that the goals are established very vaguely and not elaborated on to an extent that would be able to guarantee transparency.³¹

This illustrates that planners do indeed prevail over searchers in the DRC, and to add to that, they are rather vague in their goal definition, making the implementation of the goals all

the more difficult. This brings the discussion to its second point, where the faults in the implementation are elaborated on.

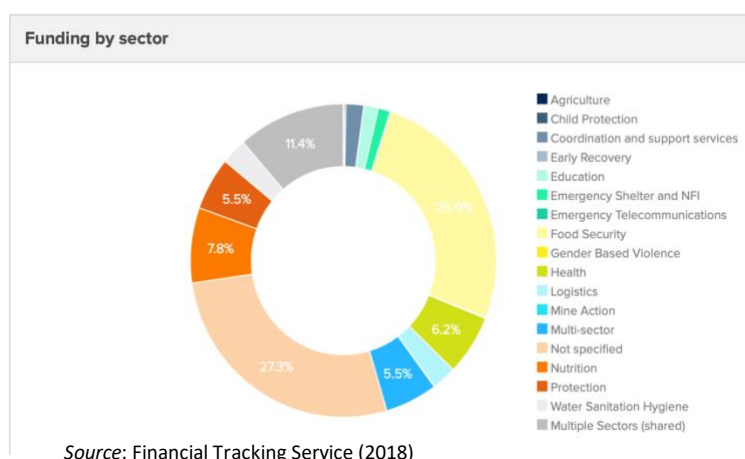
As also mentioned by Easterly, the abundance of goals established often leads to a lack of focus on individual goals and also to the overleaping of some goals which creates confusion and brings even more uncertainty as well as a lack of transparency to the scheme. In illustration, between 2006 and 2012 an overall number of 195 projects merely within the health sector were implemented, all of which included external funding from organizations such as the United Nations, the Global Fund to fight AIDS and many others.

An example of this overplanting is as follows - the management cost as well as the international technical assistance of the health program within the 9th European Development Fund between 2006 and 2009 amounted to \$30.5 million, which is 38% of the total budget of the program of \$80 million. To highlight the importance of this, in 2013 the government spent

³¹ OECD Department For International Development, "Democratic Republic of Congo. Country Plan" (OECD, 2012), <http://www.oecd.org/countries/democraticrepublicofthecongo/40692153.pdf>.

a similar amount – \$30 million – for the purchase of equipment that fully equipped 660 health centers and 132 district hospitals.³²

Not only does this demonstrate the overconcentration of operations, it also provides us with a



possible key as to why aid dependency might occur – due to this wide amount of operations with sometimes converging and other times different purposes, it could be complicated to keep up with the financial flows of the

overleaping of this aid and other types of assistance and at the same time gather enough knowledge about such a vast area in order to make it possible for all of the aid to reach the people who need it most. The complication of the process of keeping up with the aid can be seen in the chart on the left, which showcases the sectoral allocation of the assistance and highlights that most of the aid is classified under *not specified* (27.3%), proving that the purpose of it is unknown.

The two components mentioned together therefore generate serious grounds to assume that they foster aid dependency in the DRC and make it safe to assume that the planning theory proposed by William Easterly can be applied to the case of the DRC.

4.2 Testing aid weakening theory

The second theory to be tested is the one proposed by Dambisa Moyo on the weakening of state capabilities. According to this theory, the effectiveness of aid spikes at first attempt to

³² Hyppolite Kalambay Ntembwa and Wym Van Lerberghe, “DEMOCRATIC REPUBLIC OF THE CONGO Improving Aid Coordination in the Health Sector” (WHO, 2012).

introduce it and diminishes after further injections of aid are made. However, if the aid is being provided over a long period of time, the recipient country becomes addicted to it, making the effectiveness of it gradually diminish.

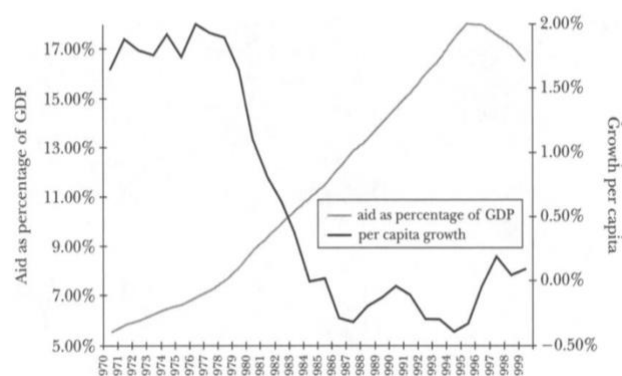
In the case of the DRC specifically, one of the reasons for such diminishment is the corrupted nature of the Congolese government. The governing party under Joseph Kabila showed itself to be rather misleading and ended in the former president and his family taking ownership of more the 80% of businesses in the DRC. Furthermore, according to Hamza, more than \$1.3 billion of the nation's revenue earned through copper provisions went mysteriously missing. The rule of Kabila was also characterized by an inflation in process for standard resources, which is peculiar given the amount of aid the state received over the time.³³

However, not all of the problems within the state can be claimed on the ruling of Kabila.

The chart below, for instance, illustrates, that even before the president came into ruling over the area, the aid to development correlation was very weak at best. As visible from the chart, not only does aid not drive economic growth within

this time period but it actually drives it into the opposite direction.³⁴

Aid and Growth in Africa
(10-year moving averages)



Source: Data from Easterly, "Can Foreign Aid Buy Growth", p.35

³³ Mohamed Hamza, "DRC: What Is Joseph Kabila's Legacy after 18 Years in Power?," Reuters, December 25, 2018, <https://www.aljazeera.com/news/africa/2018/12/drc-joseph-kabila-legacy-18-years-power-181224090825920.html>.

³⁴ Ana Swanson, "Does Foreign Aid Always Help the Poor?," October 23, 2015, <https://www.weforum.org/agenda/2015/10/does-foreign-aid-always-help-the-poor/>.

The chart also shows that the increases in aid percentage to GDP absolutely does not increase growth in the given time period.³⁵

One more aspect of aid weakening theory worth mentioning is its impact on the governmental structures of the DRC. As can be seen from the descriptions above, the presidency of Joseph Kabila was marked by the loss of transparency and the loss of trust of the people towards their government. While through all of this time, programs by external IOs were still being implemented, the transactions among the organizations in question were still foggy and lacked evidence on daily life. This coupled with some internal conflict which is still evident in the country and the complete destructions of the institutions which could facilitate and uphold the implementation of the aid made the situation far worse for the citizens.

As the destruction of institutions and the lack of transparency continues, the government of the DRC also stopped relying on their citizens for taxation. Not only does the population not trust their government to use their tax money appropriately, but some of the potential taxpayers do not poses the required amount of funds to pay those taxies. As a consequence of this, the country is constrained by both the large tax gap, peristent over its territory and an unusually low level of utilization for its VATs.

Reminder: some of the citizens of the country live below the poverty line (USD \$1,25.day) so there is no possibility for them to pay taxes.

In addition to the other factors described above, this also nudges the government of the DRC towards aid dependency as it cannot use funds generated from its public to fund itself or sustain its development neither in the short nor the long term.

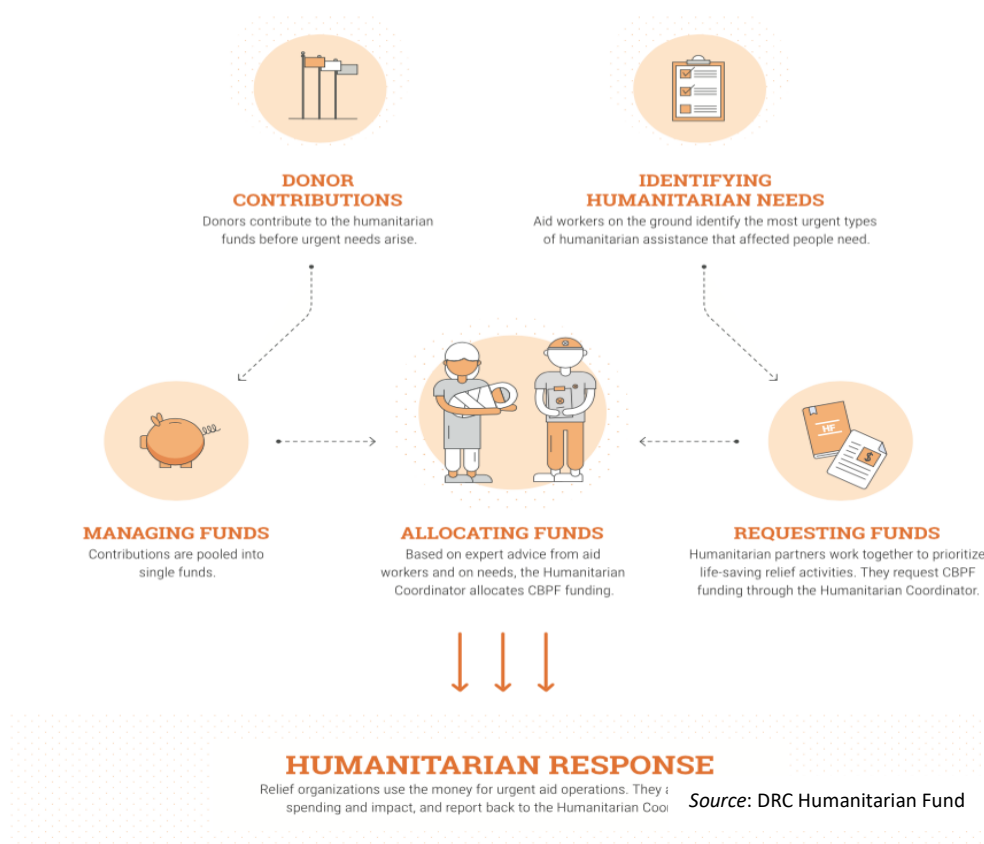
³⁵ William Easterly, "Can Foreign Aid Buy Growth>," *JOURNAL OF ECONOMIC PERSPECTIVES* 17, no. 3 (2003), <https://www.aeaweb.org/articles?id=10.1257/089533003769204344>.

An additional argument, which further proves the falsifiability of the aid weakening theory is the changes the aid has imposed on the country's internal mechanizations. According to Matti, the increasing levels of aid incoming from the West brought with it the shift of values within the country. This manifested through the shift to the promotion of market liberalization, democratic and structural reform as well as increased privatization. ³⁶

As a complement to the weakening of the internal system, the institutional workings of the nation and the also suffered. Due to the volatility of the aid and the levels of dependency as proven by the previous sections, the levels of uncertainty remain consistently high in all areas affected by the

dependency. Therefore, it is these two factors which makes the institutions and the country as a whole vulnerable and weak economically and politically.

A final point to make related both to the prevalence of planners over searchers and the issue of aid structure theory mentioned further is demonstrated by the scheme above. The chart



³⁶ Stephanie Matti, "Resources and Rent Seeking in the Democratic Republic of the Congo," *Third World Quarterly* 31, no. 3 (November 3, 2010): 401–14, <https://doi.org/10.1080/01436597.2010.488471>.

shows the response mechanism according to which the DRC collects and allocates – basically plans – aid.

There are several issues with the planning process which can be identified:

- There is no direct connection between donor contributors and the identifications of humanitarian need
- There is also no connection. Between those responsible for the allocation of funds and the donors as well as identifiers of needs for aid.³⁷

All of these points could serve as proof towards the fact that the complexity of the system lacks direct connections between the *planners* and *searchers* or implementers of the aid allocation and that most of the process is occupied by planners. Therefore, the theory proposed by Easterly proves to hold in relation to assistance provided to the DRC.

From this analysis it can be derived that aid dependency indeed does manifest through corruption, institutional uncertainty and political weakening as part of the reasons for it in the DRC. In addition, it is safe to say as derived from the chart above that the correlation between an increase in aid and its effectiveness in economic growth is not observed in Africa at all.

From the downward shift of the chart it can further be derived that aid does weaken the functionality of the nations which are receiving it and therefore creates dependency.

4.3 Testing aid structure theory

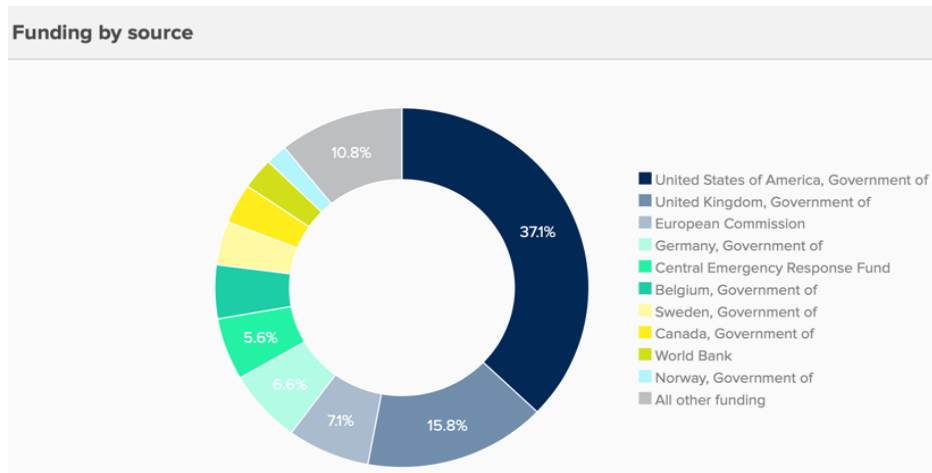
In order to test the aid structure theory, the type of aid as per the definition by Yash Tendon provided to the DRC needs to be defined and evaluated. According to Tendon, all types of aid

³⁷ DRC Humanitarian Fund, “DRC Humanitarian Fund Annual Report” (DRC HF, 2017).

are indeed evident in the DRC and the goals of that aid can be disputed. Some examples would include aid from the US (red) or any other country towards the DRC. The point is that all of the donors attempt to exert their power over the land of the DRC through red and orange or, at most, purple aid.

As provided by the book, loans such as those of the OECD make a case for orange aid. Yes, according to the organization it is considered to be development assistance, however, its value is lost because of all of the ties the aid brings with it, which creates more obligations than assistance on the side of the DRC. Not only do these obligations deter the attention of the state from the pursuit of development, it also makes depletes its reputation and alters its behavior to the mandate of the donor. Due to these extra ties, orange aid has a tendency to further turn into red aid, losing its legitimacy and emphasizing the superiority of the donors. The same is usually true for state to LDC provisional aid and alike. According to the author, practicing red aid has become so widespread, that it has become a normal way of conducting business in this scenario.

However, not only does this weaken the position of the recipients, but it also makes the provision of aid seem more as a way of conducting a one-sided business rather than assisting with development. Taking a look at the chart below, which demonstrates all of the sources of aid for the DRC as per 2020, it can be noticed that most if not all of the donors include superior states, which are likely to impose ideological ties to their assistance. However, as most of those mentioned are members of the UN, it is possible that a proportion of the assistance is granted upon the conditions of the organization.



Source: Financial Tracking Service (2018)

This is not to say that all aid is provided without condition, as UN assistance does entail some rules to

change. Despite the fact that the conditions imposed by the organization are very noble, they still constrain the power of the state to govern over its own territory, lessening the possibility for development and setting the mindset of the government to be that the country cannot survive without external assistance and cannot abandon the aid.

The points mentioned above uphold the fact that aid structure facilitates aid dependency and makes the struggle of states towards development that much harder through weakening their powers. The patterns of aid contributors drawn upon further prove that the situation is prominent in the DRC as well.

In order to tackle this obstacle, according to Tendon, it is important to prioritize Blue/Green aid, which is the most straight forward and transparent system among all of those analyzed in his book. This would involve the increased intrusion of the UN or the WB as facilitator but would make the aid itself more transparent and easier to define.³⁸

To reduce aid dependency and make aid as transparent as possible, it is important to incorporate these facts and reduce the number of conditions which are imposed on aid. This

³⁸ Financial Tracking Service, "Congo, Democratic Republic of The," Financial Tracking Service, 2018, <https://fts.unocha.org/countries/52/summary/2018>.

does not only concern the DRC, but the assistance to LDCs in general. However, because it is difficult to define the exact ties the donors impose on different recipient countries, it is hard to decipher whether this conditionality has an impact on the state or not.

As an argument of this thesis, aid structure does not necessarily have a direct impact on the intensity of aid dependency, but rather influences the state by weakening its independent power towards development. This goes in line with the assumption of Dambisa Moyo and does have a direct effect on the DRC as assumed by the paper.

Text Table 1. Democratic Republic of the Congo: Selected Economic Indicators, 2018-24
(in percent of GDP, unless otherwise indicated)

Baseline Scenario	2018	2019	2020	2021	2022	2023	2024
	Prel.	Projections					
Real GDP	5.8	4.3	3.9	3.4	4.5	4.3	4.6
Consumer prices, period average	29.3	5.5	5.0	5.0	5.0	5.0	5.0
Revenue and grants	11.6	10.8	10.6	11.3	11.7	12.0	12.3
Revenue	10.4	9.5	9.1	9.7	10.0	10.2	10.5
Grants	1.1	1.3	1.5	1.6	1.7	1.8	1.8
Expenditures	11.2	10.9	10.8	11.1	11.5	11.8	12.2
Of which: capital expenditures	1.7	2.1	2.4	2.6	3.0	2.7	3.5
Overall fiscal balance (commitment basis)	0.4	-0.2	-0.1	0.2	0.2	0.2	0.1
Current account balance, incl. transfers	-4.6	-3.5	-4.2	-4.4	-4.3	-4.4	-4.5
Gross official reserves (weeks of imports)	2.6	3.7	3.9	4.2	4.6	4.8	5.0
External public debt	13.7	13.3	12.7	12.1	10.9	9.8	8.9

Source: International Monetary Fund (2019)

GDP and government spending.

The first thing to mention is the structure length and volume of aid. This links with the argument of Yash Tendon about the structure of aid. As defined previously, aid that accedes 15-20% of government spending creates aid dependency.

As demonstrated by the chart on the left, the financial assets received by the DRC in the form of grants amounted only to 1.1% of total GDP, which is a rather small number for the country.

In order to further prove the existence of aid dependency in the DRC, it is also important to draw upon its contribution to

However, taking a look at the age of external debt (debt of the state in front of foreign countries), it amounts to 13.7%. This coupled with the grants received already amounts to 14.8%, and, if we were to add the number of unconditional ODA received, this would surely surpass not only 15% but even more than 20%, which also translates to government spending.³⁹

Therefore, according to the benchmark offered by, as well as the results of testing on aid structure, the DRC is aid dependent.

Even though, as per the analysis provided above, the dependency rate is significant, it definitely has decreased from the 25.7% high rate of dependency reported by Matti in 2005.⁴⁰ However, despite the decrease, the DRC continues to depend on the aid for building infrastructure, stabilizing the economy as well as state activities.

³⁹ International Monetary Fund, “DEMOCRATIC REPUBLIC OF THE CONGO” (IMF, September 2019).

⁴⁰ Matti, “Resources and Rent Seeking in the Democratic Republic of the Congo.”

CHAPTER 5. CHILDREN AND LIFE COURSE DEVELOPMENT

In order to demonstrate the vitality of the arguments listed above, they are going to be applied to child life course.

The situation concerning children living in the DRC can be described as being one of the most complicated and near-helpless in Africa. Despite efforts of organizations such as the UN and its several branches, the state still struggles with reducing under newborn mortality rates (keeping at a number of 88.1/1000 of deaths) and under 5 mortality rates (80.1/ 1000 births). For the sake of providing a comparison, this rate is considerably lower globally with the US ranking at 5.5, Greece at 4.0 and the Czech Republic at 3.0. the comparison illustrates that despite the visible decrease in child mortality rates demonstrated in the graph provided, the rates tend to be twice as high as those of developed nations, which still poses a problem for the DRC.⁴¹

The situation regarding nutrition is not much more satisfying. As provided from the table below, derived from a report by USAID (who is one of the primary donors of the country), despite the ongoing efforts of the organization, at least one third of the child population within the nation suffers from diseases associated with malnourishment. As further illustrated by the chart, the efforts put in by the institution between the years 2007 and 2014 have only brought the percentage rates to a decrease of approximately 3%, which is a rather small contribution over the time span of 7 years given the amounts of contributions the country has made to the cause. ⁴²

⁴¹ United Health Foundation, “A Call to Action for Individuals and Their Communities Annual Report 2018” (United Health Foundation, 2018), https://assets.americashealthrankings.org/app/uploads/2018ahrannual_020419.pdf.

⁴² USAID, “USAID Democratic Republic of the Congo: Nutrition Profile” (USAID, March 2018), <https://www.usaid.gov/sites/default/files/documents/1864/DRC-Nutrition-Profile-Mar2018-508.pdf>.

DRC Nutrition Data (DHS 2007 and 2013–2014)		
Population 2016 (UNICEF 2017)	78.7 million	
Population under 5 years of age (0–59 months) 2016 (UNICEF 2017)	14.5 million	
	2007	2013–2014
Prevalence of stunting among children under 5 years (0–59 months)	46%	43%
Prevalence of underweight among children under 5 years (0–59 months)	25%	23%
Prevalence of wasting among children under 5 years (0–59 months)	10%	8%
Prevalence of low birth weight (less than 2.5 kg) (of children whose birth weights are known)	8%	7%
Prevalence of anemia among children 6–59 months	71%	60%

Source: USAID (2018) p.2

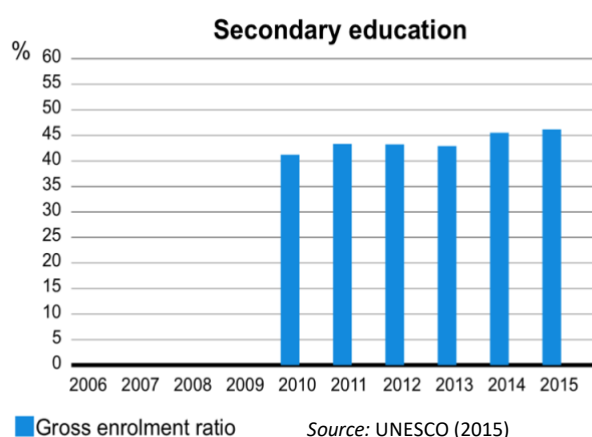
Some more recent data shows that the situation in the DRC is still complicated and the progress continues to be slow.

Nutrition situation

Source: Scaling UP Nutrition (2019)



The trend is also reflected in school attendance rates across children in the country. According



to UNICEF, approximately 7 million children between the ages of 5 and 17 are not attending school. This is a large number and therefore poses a threat for the future of the nation. Furthermore, only 67% of the minority who are actually enrolled in primary education

institutions will complete 6th grade as per 2019.⁴³

⁴³ Scaling Up Nutrition, “Democratic Republic of the Congo,” SUN, 2019, <https://scalingupnutrition.org/sun-countries/democratic-republic-of-congo/>.

The main issue concerning education in the DRC therefore lies in poor attendance of secondary school, with minor numbers of attendance in primary school which are not as significant. As visible from the graph, the rise in enrollment rates between 2010 and 2015 seems to be rather small (only 6%).⁴⁴

In addition, the attendance rate has further suffered a considerable drop between the years of 2015 – 2019 indicating a 43% drop in participation rates between primary and secondary school for the population.⁴⁵

This proves that the programs implemented seem to not be working. There are several reasons, which have been identified as a response to the aid not being efficient. These reasons include high fertility rates, which lead to an overwhelmingly large number of children in the country as well as the lack of communication and interest in school. While this thesis acknowledges the importance of that influence, it does not deal with these inferences, but rather focuses on the implications of aid dependency.

The beforementioned structure of the aid provided to states, as defined previously does also have an impact on the effectiveness of the aid and it is facilitating dependency. Most of the aid programs targeted on education, such as *Every Child Learns*, which has attempted to achieve universal primary education through strengthening the educational system. Given the goal to be achieved, the aid itself had a very high level of control over the effects as well as the implementation by the country. The changes imposed by the organization included a reorganization of staff, compulsory additional training, reforms within schools' systems and

⁴⁴ UNESCO, "UNESCO Report on the Democratic Republic of Congo," 2015, <http://uis.unesco.org/en/country/cd?theme=education-and-literacy>.

⁴⁵ Debbie Landis et al., "The School Participation Effect: Investigating Violence and Formal Education among Girls in the Democratic Republic of the Congo," *Compare: A Journal of Comparative and International Education* 49, no. 5 (September 3, 2019): 817–36, <https://doi.org/10.1080/03057925.2018.1464384>.

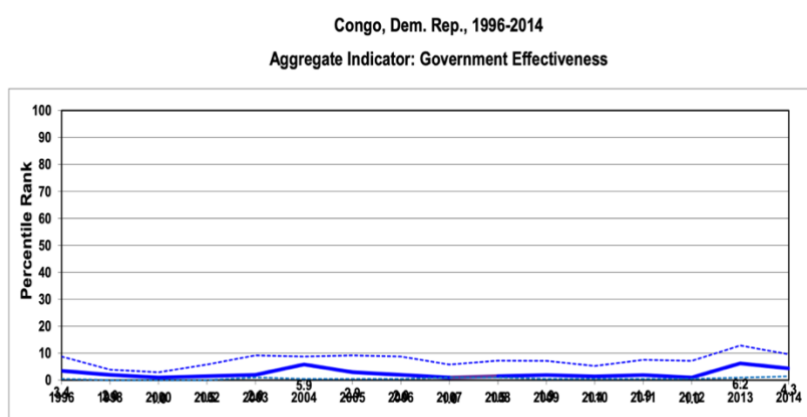
others. Therefore, it can be concluded that there was a high level of conditions to be followed in order for the DRC to receive its additional funding it had to comply with the necessary conditions imposed by the organization. This conditionality not only makes the aid *red* (as defined by Tendon), but also facilitates the weakening of state individual capabilities.

When it comes to the weakening of state capabilities, a key role should be attributed to the effectiveness of the local government. This level of effectiveness was measured by the World Bank Group for the DRC and is summarized in the graph below:

As visible from it, the levels of government effectiveness over its territory has not improved in the period of time between the years 2008-2014.⁴⁶ To

prove the relationship between

the two variables the amounts of ODA received over the period of time should also be demonstrated.⁴⁷



Source: The World Bank (2014)

⁴⁶ The World Bank, “World Governance Indicators” (World Bank Group, 2014), <http://documents.worldbank.org/curated/en/481681468179095252/pdf/105432-WP-PUBLIC-Congo-Dem-Rep.pdf>.

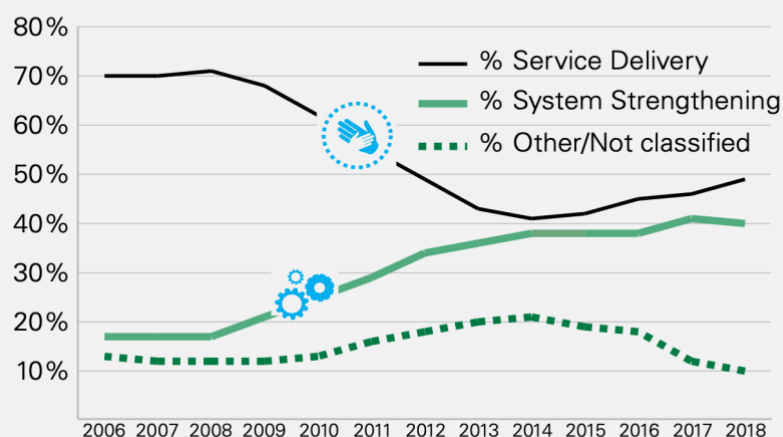
⁴⁷ World Bank Group, “Net Official Development Assistance Received (Current\$US), Congo, Dem.Rep.”



Source: World Bank (2020)

FIGURE 3b: Evolution of UNICEF education spending by type of activity

Source: UNICEF (2020)



The tendency can also be observed as relative to the decrease in the amount of spending on systematic change as illustrated by the graph to the left. As the levels of aid decrease – the quality of internal governance improves.

As illustrated by the points mentioned, there appears to be a clear line of correlation between the lessening of aid levels, and thus, lessening of the influence of programs such as *Every Child Learns* and the quality of governance which appears to be slightly on the rise in the same timeframe. Therefore, the belief of the thesis is that aid dependency has a direct effect on the quality of governance within the DRC, including education and all other aspects of life course development.⁴⁸

⁴⁸ UNICEF, “Goal Area 2 - Every Child Learns- Global Annual Results Report” (UNICEF, 2018), <https://www.unicef.org/media/55331/file>.

The figures presented above demonstrate this trend, and therefore, make it safe to say that there is a definite and clear relationship between the aid weakening governance theory and life course development. As for the other theories mentioned in earlier chapters, as demonstrated by the prior analysis, those also have a definite impact on the lives of children in the DRC of the present, however, whereas the impact of those theoretical concepts on general country development is evident, the concrete impacts of it on child life course cannot be so easily determined and clearly stated. Therefore, further analysis is needed in order to clarify the planning and structure side of the arguments specifically on the child life course aspect.

CONCLUSION

This thesis attempted to determine the effects of aid dependency on the Democratic Republic of Congo and illustrate some of its dimensions through child life course. It has done so through the analysis of the effects of aid programs as well as aid structure and its weakening effects on the states, basing the research on previously derived theories of aid dependence.

Through the analysis, the paper has come to several important conclusions. First, aid dependence has not been paid enough attention to and needs to be analyzed on a country-specific basis, resembling the current research. This is because, as the example of the DRC has shown, some countries have not been analyzed on the count of dependence as a cause for underdevelopment, which can have an effect on economic development.

Second, as shown by the paper, aid dependency does exist in the country and has a visible effect on its status. This been demonstrated upon several occasions throughout the paper and proven through testing. Although most theories did prove to be explanatory in case of

economic development, the direct impact to child life course development was only traced in the aid structure dimension of the analysis. this is because even though the aid weakening and planning theories did prove to be valid in regard to the economic development of the country, the validity to child life course was harder to establish and requires a deeper and more detailed analysis.

Third, the thesis has found that aid dependence does not only impact development in general, but also areas of child life course development and, thus, believes that many other areas are threatened as well. In particular, the weakening of national strength as well as the ineffective structure of the aid provided by international institutions has had the most impact on the case.

All of these issues have led to the conclusion that aid dependency is a real and complex issue, and some of the theories examined do prove its impacts through child life course. However, not all of the dimensions can be proven based on the case of child life course. For example, the existence of the overcomplexity and overconcentration of the aid can only be justified through the analysis of a much broader area than life course and requires a separate discussion.

It is the hope of the writer that this thesis has succeeded in shedding some light on the issue of aid dependency and its importance to the economic development of African countries and shown the emerging importance of this issue to humanity.

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