

USAID and African Corruption: the Relationship Between Governance
Aid and the Transparency International Corruption Perceptions Index for
Selected African Countries over 11 Years

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ABSTRACT:

In this study, the link between aid from U.S. Agency for International Development (USAID) for good governance and democratic institutions on the one hand, and corruption on the other, was examined. The correlation between the two was found to be zero. As Montinola and Jackman found that high levels of corruption are associated with low levels of economic growth, this finding is significant in its probable repercussions for aid goals of all types.

INTRODUCTION:

Low economic growth is strongly correlated with high corruption.¹ At the same time, good governance, including competitive democratic elections with a high level of citizen participation, has been shown to be negatively correlated with corruption, although, in at least one study, the correlation found was perhaps weaker than expected.² It therefore follows that if an aid program aims to advance the development of target countries, aid to improve governance and promote democracy should be an important part of the aid package. Indeed, without first creating a base of competitive democratic governance, aid for other development purposes (e.g. economic, agricultural) seems likely to be wasted entirely or nearly so.

From 1998 to 2008, the United States Agency for International Development (USAID) has spent nearly an estimated \$21 billion dollars on aid to Africa. Of this aid, just over \$1 billion was spent on programs aimed at promoting good governance, democracy, and increased citizen participation in government.³ Because the success of these programs in reducing corruption impinges heavily upon the success of other programs, and due to the large sums of money involved, it makes sense to assess the efficacy of aid programs – particularly ones associated with democracy,

1 Montinola, Gabriella, and Robert Jackman. "Sources of Corruption: A Cross-Country Study." *British Journal of Political Science* 32 (2002): 147-170.

2 *ibid.* It is important to note that the correlation was weakest between non-democratic governments and partially democratic ones. A stronger negative correlation was found between corruption and democracy when comparing partially democratic governments and highly democratic ones. This means the correlation between corruption and democracy still stands, but that a well functioning democratic government may be required for significant improvements in corruption.

3 *U.S. Agency for International Development*. 18 November 2008 <<http://www.usaid.gov>>.

governance, and anti-corruption – in reducing corruption in the countries in question.

This study takes a look at 48 African countries receiving different amounts of aid over the past 11 years. It seeks to discover if a correlative link can be found between (1) the amount of aid for governance programs as well as overall aid (both expressed in USD per capita) and (2) a change in the country's rating on the Transparency International Corruption Perceptions Index (TICPI).

The results of this study are important because they cast doubt on the efficacy of USAID's current programs and priorities. Since no correlation was found, this calls into question not only how much is spent on anti-corruption aid and how it is spent, but also how and how much aid money is spent in general, as money spent for economic development is likely to be ineffective in a country with high levels of corruption (strongly correlated with low economic growth).⁴

METHODS:

For this study I used publicly available USAID Congressional Budget Justifications from the USAID website. For the years 1999 to 2006, I used figures on the actual aid that went to programs in each country (see appendix). For the years 1998 and 2007-2008, I used the amounts USAID was requesting from Congress, as the updated information for 2007 and 2008 is not yet available, and I could not find the data for 1998. Because of this, there is a certain amount of estimation involved in the aid figures, but I do not think it is significant to cause problems in the assessment of the data.

Another main source of data for this study was Transparency International's Corruption Perceptions Index. All the recent publications I found used this index when speaking about corruption. The index cannot, of course, be completely objective, though TI does its best to phrase questions clearly. The subjectivity across countries is partially compensated by a study over time comparing countries to themselves.

Finally, I used the U.S. Census Bureau⁵ for the population data from 1998, and the CIA

⁴ *ibid*

⁵ McDevitt, Thomas M. "World Population Profile: 1998." U.S. Census Bureau. Walter C. Odom. February 1999. U.S. Census Bureau. November 2008 <<http://www.census.gov/ipc/prod/wp98/wp98.pdf>>.

World Factbook⁶ for data from 2008. I then took their mean and set that for the year 2003. For simplicity's sake, I used the population data for 1998 for determining aid per capita for the years 1998 – 2001, the mean for 2003 for the years 2002 – 2004, and the data for 2008 for the years 2005 – 2008.

I used aid per capita because the absolute numbers could be misleading. \$10 million can be a lot of money or a little money depending on how many people it is supposed to aid. Geographical size could also be a factor, but I left that out to keep things simple. In addition, aid as a percentage of GDP would be misleading because GDP is also correlated with corruption. This would tend to show countries receiving low aid per USD of GDP as having less corruption. This would be inaccurate since the high GDP would make the aid look smaller and would probably also be the result of lower corruption in the first place. It could *not* be interpreted to mean that lower aid means less corruption.

I then added up the per capita aid received for each country, both in total and as aid for democracy, governance, and participation, and performed a T-test to compare it with the change over the 11 years in the TICPI. In addition, since the TICPI covered only a small number of African countries in 1998 (15 countries), I also did T-tests for the years 2003 to 2008 with a larger sample (24 countries).

RESULTS:

I found no correlation between either total aid provided by USAID per capita, or governance aid, and the TICPI. This was true for both time periods examined (1998 to 2008 and 2003 to 2008). The T-test results were 0.0 for all categories (with 2 significant figures taken for all calculations). See the appendix for the actual data.

6 "Field Listing – Population." The World Factbook. Central Intelligence Agency. November 2008 <<https://www.cia.gov/library/publications/the-world-factbook/fields/2119.html>>.

CONCLUSION AND SOURCES OF ERROR:

The conclusion to be drawn from the data is straightforward: USAID's programs have had no discernible effect on corruption in the African countries surveyed by Transparency International. The consequences of this conclusion are far-reaching. Because high levels of corruption are strongly correlated with low levels of economic growth, the lack of success in reducing corruption could also have dire effects on growth and development economically. Entrepreneurship and general economic development are unlikely to take hold in places without good governance and all its trappings – the rule of law, protection of property, etc. It is in my judgment therefore crucial that USAID begin to think more in terms of solutions to corruption problems, as these seem to be some of the core problems preventing African development.

That said, there are a few possible sources of error. One of them is the relatively small number of countries in Africa covered by the survey. I would consider this more of a problem, however, if the correlation were less clear. At the same time, it is still conceivable that there are countries in Africa where governance aid is serving its intended purpose, though the data make that seem rather unlikely.

A second, and more probable, source of error is the Transparency International Corruption Perceptions Index itself. Quantifying corruption is exceedingly difficult, and, as the name of the index implies, subjective. For this reason, comparisons across countries are of limited value, especially when their numbers are similar. As I have compared countries to themselves over time, I have avoided some of this complication. However, it is possible for perceptions of corruption to change without corruption itself being altered to any great extent. Improvements in telecommunications and media coverage, for example, could mean that people in a country become more aware of corruption, thereby causing the level of perceived corruption to rise. At the same time, such improvements in telecommunications could conceivably *reduce* corruption with citizen

awareness. This could eliminate improvements in actual corruption as displayed on the CPI.

Nonetheless, the fact that the results were so clear – a correlation of zero – leads me to believe that USAID has indeed been unsuccessful at reducing corruption in Africa. I would also conclude that other aid programs will continue to be unsuccessful in promoting economic development in Africa and elsewhere as long as issues of corruption are not addressed more effectively.

Works Cited

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