

## Effective Donor's Activities and the Problems of Corrupt Environment in Development Assistance: A Case Study of Selected Aid Agencies in Nigeria

Adeyeye Adewole

Department of General and Entrepreneurial Studies,  
Ondo State University of Science and Technology,  
Okitipupa, Ondo State, NIGERIA.

dradeyeyeadewole@gmail.com

### ABSTRACT

*The paper examines the issue of corrupt national development environment as key incentive to donor effectiveness or otherwise in development assistance. With selected samples of development aids organizations, the study examines the responses of aids organizations to Nigerian corrupt development environment and how corrupt environment has affected donors' incentives for effective Nigerian development activities. It is discovered that the corrupt development environment impacts heavily on development assistance while the study indicates that the Nigerian corrupt environment is a major disincentive to donor effectiveness in Nigerian development assistance activities. The paper concludes by advocating efforts to rid Nigeria of corrupt tendencies so that development assistance can make desirable impact in Nigeria development efforts.*

**Keywords:** Aid Donor, Aid agencies, Nigeria, Development Assistance, Corrupt Environment

### INTRODUCTION

One of the most critical engines for instigating desirable national development is development assistance mechanism. Barro R (1991, Simeon et'al (2006, Farah A. 2009, Romilly et'al (2013). Development assistance is much more desirable in recent times. This as against the backdrops of ravaging global unpalatable national development indices such as illiteracy, low standard of living, poor health and excruciating poverty particularly in developing countries. (Asolo.A 2001, Jen M 2010). Development assistance encompasses both financial and non financial instruments that are mostly deployed by donors with the aim of supporting recipient's countries or institutions in an effort to boost growth, reduce poverty and accelerate national developments momentum. The key instruments in development assistance according to Boone. P (1996) , Sahoo K & Saleh.N (2013) includes resource transfer in terms of one of admixture of finances, technical advice, policy analysis and human capacity enhancements.

Without doubt, most developing countries have utilized development assistance mechanism as veritable catalysts for national growth transformation. Bichaka F & Mohammed.I (1999), Minolu.C & Reddy.S (2010); Okon E (2012). Others have channeled and have successfully used assistance to reduce and re-direct their development horizon. (Mark. A & Soares J. 2013). In the past few decades for instances giant strides have been recorded through well-designed development assistance programs and projects. The effort has yielded accelerated growth, improvements in national development policies and institutional reforms. Specifically, the report by World Bank has confirmed the positive role of development

assistance. It asserts that the benefits of development assistance often extends beyond country specific examples and that it has also helped to accelerate growth and reduce poverty with its poverty reduction impact increasing over time (Wolferson J.D 2002)

Despite the fact that development assistance promises boundless capacity for helping to build a more inclusive world and reducing poverty, these potentials have not been fully maximized as a result of low effectiveness of development assistance occasioned by poor donor's incentives. In development assistance configurations, aid donors are crucial because they make available various forms of aids with a view to rendering assistance (Sach et'al 2004). Aid donors often go out of their way, to make commitment and sacrifices by pledging hard earned resources to assist felt needs of national or institutional recipients.

There is however unanimity of opinion among experts, that donor operates effectively when available incentive structures are in place. Apart from incentives that have been identified which include bridging disparity between aids recipient needs and donors interests Neumayer. E (2005, David F & George M (2007; Anne. B (2011); Subhayu B & Katarina.V (2013). Others such as efficient programme management-chain (Branczik.A,2004); prospects of projects' self-sustainability and the extent of local support through counterpart commitments (Rieff .D 2007); the critical challenge of institutional permissiveness through corrupt free environment as incentives for effective donors' performance has become an issue that warrant further study Mauro. P (1995); Steets. J (2011); Naraf. M (2012); Dahida D & Akangbe.O (2013), Naraf. M, Anderson B.(2013).

The issue of development environment and its implication for donor incentive has become so central in recent times. Experts have confirmed the centrality of development environment in development assistance configuration. This is because development environment represents basic socio-political and economic peculiarities which characterize development activities. As it were, development environment may acts as incentives or disincentives to development activities because of the enormous influence it exerts on national development momentum. While some development environment may be favorable to development assistance, others may not. One of the major disincentives to development assistance configuration is the prevalence of competition.

In Nigeria national development configuration for instance, development environment possesses unique identities and beliefs systems. Asolo A.2001, Dike.V.E 2005). These belief-systems permeates national psyche and it forms blue-print of national homogeneity. One of the main feature of Nigerian development environment which has metamorphosed into shared national character is wide-spread corruption or corrupt tendencies.(Onyemelukwe J 1991). Available reports indicate that the Nigerian development environment is chronically corrupt.(Fagbemi K 1992, Ogbeidi 2012). Nigerian development terrain is awash with development indiscipline, unethical practices and corrupt activities. (Dixon. S 2000, Oye N.D 2013). Various studies on national Corruption Perception Index (CPI) have consistently rated Nigeria as a corrupt nation ( Transparency International Index 1996-2006).

This situation has critical implications for Nigerian overall development facilitation processes as well as development assisting mechanisms. For instance, the 1990's and early 2000's reports fingered Nigeria as the most corrupt country in the world, and this condition has fueled palpable disinterest and discouragements from potential development partners and investors about Nigeria. With other subsequent reports indicating that the situation has not

changed, the World Bank and IMF were reported to have threatened that Nigeria may lose future development assistance from them on account of high corruption. (Asolo.A 2002). It is also on record that most development programs and policies of the Nigerian nation since independence have failed to achieve desired effects due to chronic corruption (Makinde. T 2005, Yoman S 2010, Barnes. A 2010, Adeyemi. O 2012). The corruption menaces in Nigeria have been re-branded into what is popularly called “Nigerian factor” which implies that efforts at development calculation in Nigerian development scene must take corruption cost into consideration.

Given the spate of international development assistance and donor activities in view of Nigerian corrupt environment, the study examines how development aid agencies are responding to the Nigerian corrupt development environment. Specifically, this study examines how Nigeria corrupt environment has affected the effectiveness or otherwise of donors activities in Nigerian development assistance. The study also examine how corruption in Nigerian development scene has affected development facilitation in general.

## **METHODOLOGY**

A survey of 850 development assistance organizations was done using questionnaire between March and September 2010 and revalidated between November 2013 and April 2014 to examine the potency of corruption in Nigerian development environments and its impact on donors’ incentive for effective development assistance activities. Questionnaires were administered on sampled heads of various development assistance agencies in Nigeria.

The choice of heads of development assistance agencies is informed by the result of studies carried out by (Walton C 1969), which puts the responsibility for informed knowledge about organizational position on various categories of heads of organizations. The aid agencies sampled cover both the unilateral, bilateral, and multilateral agencies operating in Nigeria development terrain.

The questionnaire involves response to six (6) Blocks of questions, with each block containing numbers of questions: Block 1 involves detail information about each of the aid donor agencies. Block 2 involves information on respondent’s knowledge of Nigeria corrupt development environment. Block 3 asks about respondent’s encounter with corrupt Nigeria development environment. Block 4 asks about the impact of Nigerian corrupt environment on effectiveness of development assistance Block 5 asks about the degree impacts of Nigerian corrupt development environment on donor’s propensity for effective performance. Block 6 asks about corrupt development as a disincentive or incentive to effective development activities.

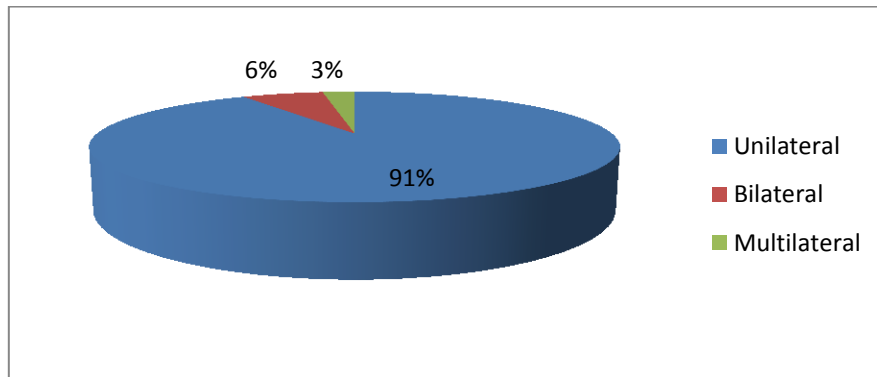
## **RESULTS**

### **Institutional Characteristics of Development Aid Organizations in Nigeria**

Table 1. Institutional Characteristics

<i>Degree</i>	<i>Freq.</i>
Unilateral	776
Bilateral	53
Multilateral	21
<i>Total</i>	<i>850</i>

### Chart of Analysis



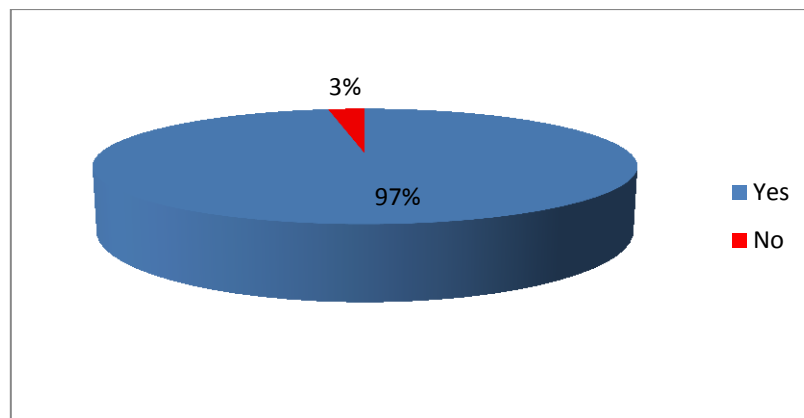
91.3% (776) of the Aid Organizations in Nigeria development terrain were unilateral development assistance organizations; bilateral organizations were 6.2% (53) while the multilateral agencies represent 2.5% (21) of the total sample.

### Aids Agencies' Awareness of the Corrupt Nigerian Development Environment

Table 2. Awareness of the Corruption

Option	Freq	Percentage
Yes	827	97%
No	23	3%
Total	850	100%

### Chart of Analysis



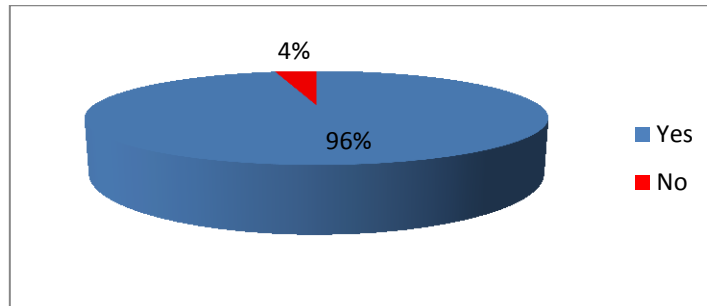
827 (97%) of Aids Organizations surveyed are aware of the corrupt Nigeria development environment while only 23 (3%) claimed to be unaware.

## Aids Agencies Direct Encounter with Corrupt Nigerian Development Environment

Table 3. Direct Encounter with Corruption

<i>Option</i>	<i>Freq</i>	<i>Percentage</i>
Yes	819	96%
No	31	4%
<i>Total</i>	<i>850</i>	<i>100%</i>

Chart of Analysis



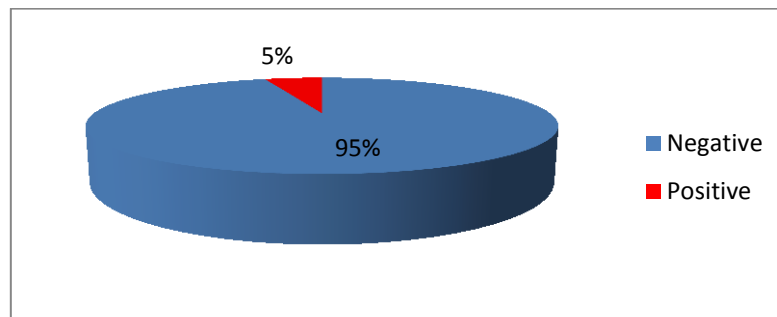
96% (819) of the organizations surveyed had encounter with Nigerian corrupt development environment while 4% (31) never had encounter with corrupt Nigerian development environment.

## Impacts of Nigerian Corrupt Environment on Effectiveness of Development Aids Activities

Table 4. Impacts on Effectiveness of Development Aids Activities

<i>Option</i>	<i>Freq</i>	<i>Percentage</i>	<i>Degree</i>
Negative	807	95%	342
Positive	43	5%	18
<i>Total</i>	<i>850</i>	<i>100%</i>	

Chart of Analysis



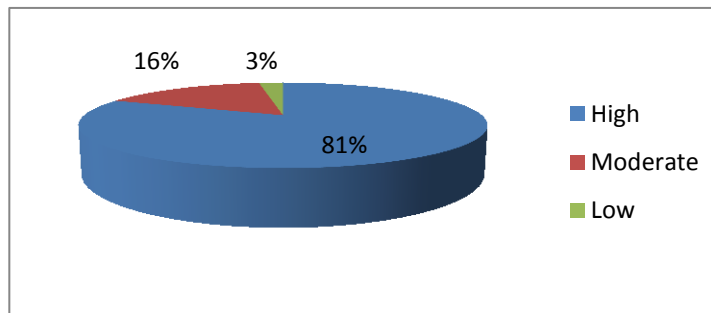
95% (807) of the organizations surveyed indicated that the impact of Nigeria Corruptive environment on effectiveness of development activities was Negative while 5% (43) believes that it was positive.

## Degree of Negative Impact of Nigerian Corrupt Environment on Effectiveness of Development Assistance

Table 5. Negative Impact on Effectiveness of Development Assistance

<i>Degree</i>	<i>No</i>
High	691
Moderate	136
Low	23
<i>Total</i>	<i>850</i>

Chart of Analysis



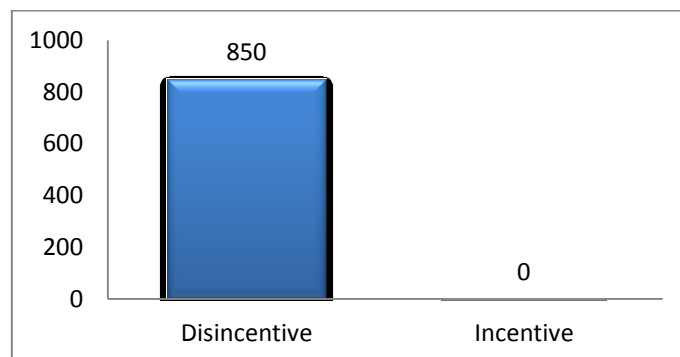
691(81.3%) of organizations sampled agreed that the negative impact of corrupt Nigerian environment on effectiveness of development activities was high, 136(16%) moderate while 23(2.7%) agreed that it was low.

## Corrupt Development Environment as a Disincentive or Incentive to Development Aid Assistance

Table 6. Corrupt Development Environment as a Disincentive or Incentive

<i>Option</i>	<i>Freq</i>	<i>Percentage</i>
Disincentive	850	100%
Incentive	00	0%
<i>TOTAL</i>	<i>850</i>	<i>100%</i>

Chart of Analysis



All the 850 respondents concurred that corrupt development is a disincentive to development aid assistance in Nigeria.

## **DISCUSSION**

It is obvious from the result of study that development environment covers both external and internal activities within a particular development milieu. 95% of respondents affirm the reality of development environment and they all concur that the environment of development in national context plays significant role in the development assistance activities, particularly the works of (Asolo. A 2001, Dike .V.E 2005 Barnes .A 2010). The result of the study also shows that development environment is central to development assistance configuration. This is confirmation of previous studies that upheld the critical importance of development environment configuration to development facilitation. The study also shows that development environment provides key incentive platform for effective development assistance activities. The study clearly indicates that aids agencies are aware of the corrupt Nigeria environment. While about 96% have had direct encounter with corrupt Nigerian development environment in the course of their development assistance activities whopping 807 or 95% of respondent insists that the Nigerian corrupt environment affect effectiveness of development assistance activities. It is confirmed by this study that the impact of corrupt environment have negative effect on development assistance hence the Nigerian development environment is a major disincentive to development assistance activities due to corrupt environment..The implication of this is that development environment could either be an incentive or disincentive for effective development assistance activities. The Nigerian corrupt development environment has clearly been confirmed by this study not to encourage effective donor's assistance for more development assistance.

Although, there might still be the need to embark on further study on the structure and character of corruption in Nigerian environment and how they have impinged on donor's effectiveness in development assistance program. It is generally noted that development assistance agencies have templates to guide abuses in development program executions, therefore, corruption at the level of donor themselves can be controlled to some extent. It may be difficult to control corruption at the level of aids recipients. For instance, it how aid is used, may be important to determine by what and at what time and where can corruption take place. The true identity of aid beneficiaries may also not be clear to donor agencies as a result of manipulations and corrupt tendencies. All these are critical areas that require further research.

## **CONCLUSION**

As the needs to encourage more development assistance activities in Nigerian development scene become inevitable, it is important that aid organizations are motivated. One of the key motivational mechanisms for donor's effectiveness is making the development environment free of corrupt activities. Efforts should be made to clean-up Nigerian development environment of corrupt tendencies which have acted as a major disincentive to the effectiveness of development assistance agencies. Some efforts in this regard may include, declaration of war on all forms of corrupt practices in Nigeria; adoption of good corporate governance, enculturation of a new social-value system, severe punishment for corruption offenders and strong legal frameworks to check corrupt practices. In doing this the entire



Nigerian socio-political and economic landscape would begin to take on a new corrupt-free system that is development friendly. In that wise, the Nigerian development environment which has the potentials of positively impacting development assistance towards effective activities would have successfully played the expected role instead of being a disincentive to development assistance due to corruption.

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