

# Reforming the Financing of Multilateral Development Aid in the Sahel: Towards a More Targeted and Effective Approach

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**Abstract:** This paper explores the challenges and opportunities in reforming multilateral development aid for the Sahel, a region marked by extreme poverty, institutional fragility, and conflict. Despite the significant contributions of multilateral institutions to global peace, security, and poverty reduction, their aid programmes for fragile states, especially in the Sahel, have often been inadequate and poorly targeted. The paper critiques the current state of multilateral aid, highlighting the fragmentation of resources, the proliferation of aid actors, and the perpetuation of dependency. It argues for a more focused and strategic approach to aid, emphasizing the need for substantial investments in infrastructure, human capital, and governance reforms. Drawing from successful examples in Bangladesh and Rwanda, the paper suggests that aid should act as a catalyst for long-term development, supporting the strengthening of state institutions, promoting economic self-sufficiency, and encouraging private sector growth. By proposing reforms that ensure greater transparency, coordination, and accountability, the paper calls for a transformative shift in multilateral aid that can help the Sahel break the cycle of poverty and instability, contributing to both regional and global peace and prosperity.

**Keywords:** Multilateral system, Aid, Sahel.

## Introduction

The multilateral institutions created after World War II (the United Nations system and the Bretton Woods Financial Institutions) have made a major contribution to the reconstruction of devastated countries, the prevention of nuclear conflicts and the promotion of global public goods, such as environmental protection and the fight against pandemics. Above all, they have put the eradication of poverty

on the international agenda. Over the past decade, however, multilateralism has come under fierce criticism from both North and South. The proposed reforms focus on the governance of the Security Council or the representation of emerging countries in the Bretton Woods institutions, but they often neglect the fate of the poorest and most fragile countries.

This paper focuses on the critical situation of the Sahelian states,

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characterised by institutional fragility, conflict, persistent poverty and a marked dependence on aid. Going beyond a simple diagnosis, it suggests ways of refocusing multilateral aid on the essentials, so that it is both sufficiently substantial and better targeted. It also addresses the question of how to strike a balance between the inevitability of recourse to aid and the need to strengthen states to avoid chronic dependence.

## **A World That is Not Converging**

There are still wide gaps between fragile States and States in conflict and the rest of the world. In the Sahel, economic growth remains too weak to massively reduce poverty. The demographic explosion is exacerbating vulnerability, while food insecurity and environmental degradation are fuelling a cycle of violence that is holding back any sustainable progress.

According to the World Bank, almost 60 per cent of people living in extreme poverty in 2030 will be in a fragile state or in conflict. The Sahelian states are perfect illustration of this discrepancy: in 1990, they were already among the countries with the lowest human development, and the situation has hardly changed in these years. In 1994, four of these countries (Burkina Faso, Chad, Mali and Niger) ranked in the bottom ten of the UNDP Human Development Index (HDI). In the 2023-2024 report, they still occupy last places, despite the extension of the total number of countries ranked from 173 to 193. Thus, Burkina Faso has moved from 172 places to 185, Chad from

168 to 189, Mali from 167 to 188, and Niger from 169 to 189. Furthermore, in 2022, the life expectancy of an inhabitant of Niger (62 years) remains lower than that of a Canadian in 1940 (63 years), a comparison over a gap of more than eight decades.

In these circumstances, while global peace, security and environmental protection are important matters of collective responsibility, it is essential to prioritise the drift of fragile states, which may become 'blind spots' for development. The Sahel, which concentrates a large number of these fragile states, is a crucial test for the relevance of multilateralism in the twenty-first century.

## **The Development of Poor Countries in the Multilateral System**

### ***From Initial Ambitions to the Reality of Crises***

In 1969, the Pearson Commission recommended that developed countries increase their official development assistance (ODA) to 0.7 per cent of their GDP, believing that this volume was necessary to unlock growth in poor countries (Pearson et al., 1969). This recommendation was based on the Harrod-Domar model, according to which the lack of sufficient savings in developing countries is the main constraint to be removed in order to emerge from underdevelopment (Harrod, 1939; Domar, 1946).

Thirty years later, Jeffrey Sachs pointed out that the South Korean

example illustrates the effectiveness of consistent and targeted aid for human capital formation, compared with other countries, such as Ghana, which have remained in a poverty trap (Sachs, 2005). The recent history of Asia confirms that considerable external savings can finance accelerated growth and rapidly lift millions of people out of poverty.

Significantly, between 1960 and 1970, South Korea received around \$18 billion in official aid and official assistance in constant 2021 dollars. By way of comparison, over the same period, Burkina Faso, Chad, Mali and Niger received a total of almost \$5 billion (just over \$1 billion per country); less than a third of the amount allocated to South Korea. This difference in volume has enabled Korea to invest massively in its human capital and infrastructure, catalysing rapid industrial development.

### ***The Turning Point of Structural Adjustment***

In the 1970s, underdeveloped countries called for a 'new international economic order' at UN meetings. In the absence of concrete measures, this demand went unheeded. The debt crisis of the 1980s brought a large part of sub-Saharan Africa under the sway of structural adjustment programmes, defined and supervised by the Bretton Woods Institutions.

The aim was to restore macroeconomic equilibrium by liberalising markets and opening up trade, making the granting of concessional loans or debt relief conditional on these reforms. Criticism of the social impact of these adjustments

led the World Bank to include the fight against poverty among its conditionalities and to set up the HIPC (Heavily Indebted Poor Countries) initiative for multilateral debt relief.

### ***UN Agencies and Human Development***

The United Nations agencies (UNDP, UNICEF, etc.) refocused on human development, following the work of Amartya Sen, who advocated for broadening freedom and strengthening human capacities (Sen, 1985, 1999). The aim was to increase not only income but also access to education, health, and fundamental rights.

This global approach to development became all the rage in the 1990s, with the end of the Cold War and the ideological victory of market economies. However, it broadened the scope of aid, leading to a multiplication of actors and objectives, sometimes at the risk of diluting overall effectiveness.

### **The Root Causes of Persistent Poverty in the Sahel**

In fragile states, and particularly in the Sahel, insecurity and poverty feed on each other. The lack of essential public goods (education, health, security) makes communities vulnerable to the slightest shock, be it climatic events, inter-community conflicts or economic crises.

Unemployment and the exclusion of young people exacerbate instability, providing fertile ground for jihadist groups.

Demographic growth remains explosive, with no real policy of birth control, because in an unstable environment, large families are seen as insurance against poverty. However, according to J.K. Galbraith, this 'accommodation' to poverty perpetuates the vicious circle: fear of tomorrow takes precedence over any dynamic of progress (Galbraith, 1979).

### ***The Choice of Emigration***

For many young people, emigration to Europe represents the only path to liberation. The phenomenon gives rise to political tensions in the host countries and is indicative of global negative externalities. A more constructive approach would be to address the root causes of migration by creating productive jobs for young people in the Sahel.

### ***The Need for Better Targeted Aid***

To break the cycle of poverty, multilateral aid must be substantial enough to finance infrastructure development and sufficiently focused on cultivating human capital. Eventually, private capital will take over, as was the case in Asia, if the security and institutional context becomes stable enough to accommodate labour-intensive industries.

Even countries reputed to be underprivileged (like Bangladesh and Burma) have embarked on industrial development, mainly in textiles. But success depends on significant improvements in security, governance and economic policy. In the Sahel, the exploitation of mineral resources could be a complementary avenue, provided that there is transparent management to avoid the 'resource curse'.

## **The Limitations of Multilateral Aid: Inadequacy and Dispersion**

Since the mid-1980s, development aid has been the subject of much criticism, often justified by its lack of coherence and limited results in fragile states.

### **1. Hypertrophy of the 'aid industry'**

The broadening of development objectives (human rights, gender equality, environmental protection, etc.) has led to a proliferation of NGOs and agencies operating on multiple fronts. This swells the 'aid bureaucracy' and fragments interventions, especially when the beneficiary states, already weak, are overwhelmed by varied but scattered programmes.

### **2. Insufficient Volume and Scattering of Resources**

The Millennium Development Goals (MDGs) and then the Sustainable Development Goals (SDGs) have multiplied the priorities. Aid does not always match these ambitions. The result is a scattering of resources that dilutes the real impact in the countries that need it most, particularly those in conflict or extremely fragile situations.

### **3. Tensions Between Humanitarian aid and Development**

In crisis, humanitarian aid is often perpetuated because it is impossible to invest effectively in long-term development. Constant assistance feeds dependency, without strengthening public capacities.

#### 4. Suspicion of Neo-colonialism

Bilateral aid, especially in Africa, is still associated with neo-colonialism. Even when it claims to be generous, it is perceived as primarily serving the geopolitical interests of donor countries. Conversely, multilateral aid could escape this suspicion. However, it sometimes lacks volume and suffers from complex governance.

#### 5. Lack of Coordination and Conflicts of Interest

Projects piloted by a variety of organisations complicate the task of local governments, which find it difficult to harmonise interventions and develop coherent policies. Human and financial resources are often fragmented, limiting institutional consolidation.

Despite progress in certain areas, multilateral aid remains both inadequate and misdirected, raising the crucial question of how it can be overhauled, particularly for the Sahelian states.

### **Aid, Dependence and Necessity: Clarifying the Contradiction**

The major contradiction lies both in the need for aid (to compensate for weak fiscal resources and stimulate development) and in the risk of dependence (which results in less accountability from national governments and the perpetuation of poverty).

#### ***Breaking with Dependency***

- **Transparency and Accountability:** Aid must be designed to

strengthen governments' tax-raising capacity and budget management. Rather than replacing governments altogether, multilateral donors can demand precise monitoring of budgets, audits, and greater transparency in order to ensure that they are properly managed.

- **Gradual Transition:** The aid must include an exit clause or gradual reduction. A timetable for fiscal autonomy sets out clear stages. As growth increases, the share of aid in GDP decreases, and the State increases its compulsory levies.
- **Strengthening Institutions:** To avoid aid being captured by corrupt elites, conditionality must focus on institutional reforms: the fight against corruption, independence of the judiciary, and professionalisation of tax administration. Technical assistance can help establish a credible tax system capable of financing public goods in the medium term.

#### ***Aid as a Temporary Investment:***

Rather than locking economies into a state of dependency, multilateral aid can play the role of a 'seed investor', creating the conditions for solid growth. Once basic infrastructure (roads, energy, drinking water) and human capital (education, vocational training) are sufficiently developed, the private sector can take over.

Concrete mechanisms:

- **Trust funds:** Rather than continuously feeding national budgets, independently managed

multilateral trust funds can be created to finance structuring projects co-piloted by governments and civil society.

- Equitable public-private partnerships: Carefully select PPPs to ensure a fair distribution of risks and rewards.
- Governments must receive a fair rent on natural resources, reinvested in education and health.
- Contractual and flexible aid: Payments are made in instalments, subject to the achievement of realistic objectives (e.g. school enrolment rate, reduction in infant mortality, development of local taxation).

## **Towards Renewed Multilateral Aid**

### ***Moral and Philosophical Principles***

- The imperative of changing behaviour: In areas where poverty is structural, aid must break passivity and stimulate the economic participation of populations. The aim is to create real incentives, by investing in sectors such as technical training or local entrepreneurship.
- Libertarian paternalism: Funding should encourage productive behaviour (small-scale industry, modernised agriculture) without imposing inappropriate cultural or social programmes.
- Efficient altruism: Investment choices must be based on proven social utility and evidence of effectiveness (evidence-based). Building a transport network and improving access to energy or

drinking water often have a more profound impact than multiple, dispersed social programmes.

### ***Key Sectors for the Sahel***

1. Transport infrastructure: Opening up countries, reducing logistical costs and strengthening the authority of the State.
2. Renewable energies: Take advantage of the sunshine in the Sahel to supply villages with electricity, and SMEs with clean electricity, and encourage the installation of light industries.
3. Universal access to drinking water: A high social return, in particular, to reduce infant mortality and water-borne diseases.
4. Basic education: Combating illiteracy, democratic participation, and preventing radicalisation.
5. Rural development: Support climate-smart agriculture, promote livestock farming and income diversification in landlocked areas, to discourage people from joining armed groups.

## **Strengthening Governance and Coordination**

### ***Better Management of the Multiplicity of Players***

The proliferation of international and local NGOs has often resulted in a maze of short, disjointed projects, while the beneficiary states lack coordination capacity. It is essential to:

- Consolidate aid governance: Set up a single monitoring desk for each fragile country, coordinate interventions while respecting the



principle of national ownership.

- Make NGO accreditation conditional: Require certification, financial transparency and alignment with the national development plan, to avoid unfair competition for the same resources.

### ***Proposed Governance Tools***

- Unified national plans: Each government defines clear priorities, validated by donors. Projects are part of a coherent strategic framework, with common performance indicators.
- Coordination bodies: State-led inter-agency committees oversee the implementation of projects to reduce duplication and rationalise the use of funds.
- Independent evaluation: Regular audits, carried out by independent bodies, assess the impact of the actions undertaken. The results are made public, to make both governments and donors accountable.

## **Supporting Policies with Case Studies**

To give these recommendations a firmer footing, it is useful to briefly consider two examples:

- Bangladesh: Despite an initially unfavourable environment (overpopulation, cyclones, poverty), the country invested in microfinance and textile manufacturing. Multilateral donors supported the health sector and female education, which helped to contain population growth and improve productivity.

- Rwanda: After the genocide, massive coordinated support (IMF, World Bank, various donors) helped rebuild public administration, invest in ICTs and launch the 'Vision 2020' initiative. Despite controversies over governance, the State has carried out reforms to channel aid towards structuring projects.

These examples show that even in disadvantaged or post-conflict contexts, consistent and coherent multilateral action can lead to considerable progress provided that governance is strengthened and aid is clearly geared towards building local capacity.

## **Mechanisms for Anchoring Aid in a Dynamic of Sustainability**

### ***Financing in the Form of Grants and Limited Concessional Loans***

In countries with a weak fiscal base, debt can quickly become unsustainable. Inspired by the recommendations of the Meltzer Commission and the HIPC initiative, aid should be largely based on grants for priority sectors (IFIAC, 2000). Concessional loans must be strictly supervised, with suspension clauses if the debt exceeds certain thresholds.

### ***Targeted Public Investment***

To break the assistance dynamic, aid must concentrate its resources on projects that have a multiplier effect: infrastructure, education, health, agricultural productivity. Monitoring must assess the direct impact on job creation and

income growth, so that the social return on investment can be measured quickly.

### ***Support for Taxation and the Mobilisation of Domestic Resources***

An essential component of multilateral aid must be aimed at modernising tax administration, combating fraud and tax evasion, and promoting export industries that create local added value. By increasing the share of domestic resources, governments acquire greater autonomy to finance social spending, while at the same time being accountable to their citizens.

### **Conclusion**

Multilateral aid reform is crucial to restoring hope to populations trapped in endemic violence and poverty. The Sahelian states illustrate the need for aid that is both sufficient and better directed, targeting structuring sectors (infrastructure, energy, water, education, rural development) and strengthening local institutions.

The main challenge is to strike a balance between the urgent need to support countries that are virtually failing and the desire to avoid any form of dependency. This requires clear mechanisms to ensure transparency, accountability and coordination. Aid must become a genuine 'seed investor', anchoring Sahelian Africa in global growth and mitigating negative externalities (migration, conflict, food insecurity).

Ultimately, only a serious overhaul of aid governance, combined with substantial and concentrated investment, will enable the Sahel to become an area of stability and prosperity. The fate of these states is not just a humanitarian or moral issue: it concerns peace, global security and the very credibility of multilateralism in the 21st century.

All this also requires, within the countries concerned, the installation and persevering consolidation of democratic governance capable of fostering the establishment of inclusive economic institutions, and the functioning of competitive markets, with no barriers other than the regulations required to correct the failings of the market itself.

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