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Aid dynamics in selected SADC countries

Abstract

The research documents aid flows into selected Southern Africa Development Community (SADC) countries from 2004 to 2012. The study looked at Malawi, Mozambique, Tanzania, Zambia and Zimbabwe recognzing their characteristics such as endowments, economic and social phases and colonial ties. The research analyzed three types of aid: technical development, humanitarian and food development aid from Development Assistance Committee (DAC) facility using both qualitative and quantitative methodology to understand aid dynamics in the selected countries. A higher proportion of aid was received from the countries' former colonial powers and technical development aid was the main form of aid received. Food aid has high and positive degree of association with poverty outcomes and health status for selected SADC countries. The main policy implication that emerges from the research is that the type of aid received matters with the kind of intervention that government requires. Humanitarian, food and technical cooperation aid has positive impact on poverty outcomes.

Keywords: technical aid, food aid, humanitarian aid, Developmental Assistance and Committee (DAC), and SADC.
JEL Classification: F35, B2, E02.

Introduction and motivation

The economic effects of foreign aid have attracted a wide range of interest from development economists[1]. The involvement of countries and international institutions in extending aid to middle and low income countries raise some important questions on what drives the giving countries and or institutions to extend aid to a particular recipient country. What is the type of aid extended? What is the potential impact of such aid on growth of the recipient countries and social outcomes thereof? These questions provide the base for this paper primarily focusing on selected Southern Africa Development Community (SADC) countries[2].

The selected Southern Africa Development Community (SADC) countries especially Zimbabwe and Mozambique have interesting cases for two reasons; firstly both economies performed very well, the decade after independence in 1980 and 1975 respectively. Zimbabwe has poorly performed economically in the 2000s due to political instability. Mozambique witnessed growth renaissance in many of its social and economic sectors since mid-1990s. Zambia has championed good economic policies that saw it receiving aid forgiveness status from International Monetary Fund (IMF) in 2005[3]. Interestingly though these countries are going through distinct phases they have managed to attract aid. It is therefore imperative to investigate the types of aid extended, its sources and the impact of the aid extended on the country's economic and social outcomes.

The expectation is for aid to flow to countries with economic and social challenges such as outbreak of diseases, economic crisis, drought and floods and economically deprived nations. These views were tested in this research by tracking the dynamics of aid in selected SADC countries over time. The goal of this research is to document aid flows into Zimbabwe, Zambia, Tanzania, Mozambique, and Malawi recognizing the country characteristics such as endowments, economic and social phases and colonial ties.

The contributions of this paper are two folds: firstly it gives an account of aid flows by country, purpose and origin, which is a unique dimension for global literature and SADC region. Secondly, the paper tracks the degree of association of technical co-operation, food developmental and humanitarian aid with economic and social outcomes in SADC. The second dimension is unique since many studies in global literature focuse on the relationship between aggregated aid and social and economic outcomes. The result is interesting and has potential to invoke future policy and academic research in this area of finance. In reality aid flows is packaged as a response to specific economic and social sectors and circumstances in the recipient country. This dimension of associating aid with purpose is new and highly informative.

1. Related literature

There is scant literature on effects of foreign aid in SADC countries. Most of the literature is centred on aid effects in developing countries in general. This vast body of studies is divided into both theoretical and empirical effects of aid in developing countries. The literature focused mainly on two constituencies; one studying the effects of aid on receiving

[1] See, Morgenthau (1962), Chenery and Strout (1966), Papaneck (1972), Alesina and Dollar (2000), Burnside and Dollar (2000), Moyo (2009).

[2] For the purpose of this research paper we have chosen Zimbabwe, Zambia, Tanzania, Mozambique and Malawi as the major AID recipients in SADC.

[3] See IMF Press Release at https://www.imf.org/external/np/sec/pr/2005/pr05306.htm.

countries and the other investigates the determinants of foreign aid focusing on the supply-push factors. The pioneer research emphasized the need for aid to finance productive investments that would lead to a process of economic transformation of developing countries (Rostow, 1960). Lately, there has been increasing literature on the developmental effect of aid on recipient countries, which has produced mixed results. Part of the explanation of the mixed results was attributed to the different forms that aid can take when it is extended to recipient countries (Bjornskov, 2013).

Morgenthau (1962) identified six different types of foreign aid namely, humanitarian, subsistence, military, bribery, prestige and economic development aid. Humanitarian aid is a specific type of aid given to countries facing natural disasters such as famines and floods. The aim is to offer intervention aimed at helping human kind in countries without the capacity to react after such disasters. Subsistence aid, just like humanitarian aid is largely extended to countries that fail to provide basic social services to its citizen due to constrained source of resources. The basic state service provision function is assumed to be failing in this case. A bribe is part of aid directed to a country in which the donating country expects political favors from recipient country (Morgenthau, 1962).

Military foreign aid is traditionally extended by the giving country to a recipient country seeking to buttress its alliance to the latter (Morgenthau, 1962). This can come in the form of donations of military equipment and helping in training of troops. Prestige aid and bribes have in common the fact that its true purpose is usually concealed by the ostensible purpose of economic development (Morgenthau, 1962). Lastly, aid for economic development is extended to developing countries targeted for economic development purposes and can take the form of budget support, technical assistance and funding developmental research programs in developing countries. Morgenthau (1962) argues that the common characteristic of all the six types of aid is that in all cases it involves the transfer of money or goods from one country to another.

Chenery and Strout (1966) analyzed the allocation and use of foreign assistance in the recipient countries. The main concern of the work was to detail the correlation of foreign aid and Gross Domestic Product (GDP) per capita. They advised that a system for transferring resources must include: (1) a basis for determining the amount of the transfer, (2) specification of the form of resources to be furnished, and (3) a basis for controlling their use. The authors suggest for aid donors to target aid provision to developing countries where it would be used most effectively. Papaneck (1972) found positive impact of aid on growth for the cross country analysis. These are among first studies that encouraged policy makers to entertain aid in a bid to fight poverty in their economies.

Alesina and Dollar (2000) investigated on the determinants of foreign aid allocation from donors to recipient countries. The study considers seven variables as pull factors considered by donors namely; colonial past, income of the recipient country, openness, democracy, religion, participation in Middle East conflict and friends of the United Nations (UN). They found out that donors give more aid to their former colonies, for instance France and the United Kingdom (UK) give 57% and 87% respectively of their total aid to former colonies. Poorer countries are favored by most donors as destination for aid; the study shows that this factor is most considered by the Nordic countries followed by the United States of America (USA). However, France does not consider this variable and Japan's aid outflows increase with income and then declines as income continue to increase. For the purpose of this paper it is important to highlight that Malawi, Tanzania, Zambia and Zimbabwe are all former British colonies while Mozambique is a former Portuguese colony.

The openness variable is significant for Australia, Austria, France, Japan, United Kingdom (UK), United States of America (USA) and the Nordics indicating that donor's favors giving aid to countries that are more open than closed. This is supported by the proponents of foreign aid who argue that it rewards countries undertaking good policies. For all the major donors in the survey the study shows that they all direct more aid towards countries that democratize for the exception of France which does not put much weight on democracy when giving aid. Germany and Japan were also found to put less weight on democratizing when giving aid. Religion was found not to be a major factor in determining aid allocation by the major donors.

The variable on being a friend of the United Nations (UN) shows that all aid donors favor giving more aid to countries that support their positions in United Nations (Alesina and Dollar, 2000). They provide two explanations for this result; firstly they argue that aid is used to buy United Nations (UN) votes. Secondly the United Nations (UN) votes show the political alliances established by countries which in turn partly determine the direction of aid flows.

According to Elesina and Weder (1999) who investigates on the impact of corrupt governments in determining aid flows, they found out that there is no evidence that bilateral or multilateral aid goes to

less corrupt governments, in fact they found evidence to the contrary that more corrupt governments receive more aid. Their study further shows that Scandinavia countries give more aid to less corrupt government, while the United States of America (USA) give more aid to more corrupt government although the latter advocates for democracy over dictatorship.

The debate around economic effect of foreign trade has stem from proponents who argue that foreign aid has a positive effect on economic development. While the critics find evidence to the contrary and argue that foreign aid can be the problem of why developing countries are failing to transform their economies. Burnside and Dollar (2000) investigated the relationship between foreign aid, economic policies and growth of per capita Gross Domestic Product (GDP) on developing countries. Their study concluded that aid has a positive effect on growth in developing countries with good economic policies such as fiscal, monetary and trade policies and has little impact on countries with poor policies. The study also finds out that there is no significant tendency of bilateral aid to favor countries with good policies, however for aid managed by multilateral institutions they concluded that good policies are considered when giving aid to countries. Last, their study concluded that there is need for aid to be allocated on the basis of good policies if it is to achieve its maximum developmental potential in developing countries.

Knack (2004) looked at potential impact of aid on democracy of a country receiving aid. Financing judiciary and legislatures reforms are some channels identified that aid can strengthen democratization of countries. The study found no evidence in support of aid intensity and democratization of economies. Hudson (2004) examined the effectiveness of aid in the past and its potential impact in the future. They observed that various channels have been explored as potential links between aid, growth and poverty. The varied results that have been obtained in literature are due to different sample sizes, varied definitions of variables and method of estimation. The reviewed literature concludes that aid should be issued based on current realities not future promises by recipient country.

Collier (2006) considers whether African countries can absorb doubling of aid. He found that there is aid which promotes rent seeking behavior in Africa and is subject to diminishing marginal returns. He pointed out the critique of aid as having been the cause of Africa's problems, of which expansion of aid could intensify and not resolve problems. The research recommends for consideration to be made on aid provision modalities to offset diminishing marginal returns of aid.

Loxley and Sackey (2008) investigated on the effectiveness of aid on growth in 40 African countries. Their results which were estimated using fixed effects growth model found a positive relationship between aid and growth. Aid was found to increase investment which is a major transmission mechanism in the relationship between aid and growth. A further extension of their study on the sources of development finance shows that aid, remittances from workers abroad, debt-service resources and domestic savings are important sources of capital for development. Their study concludes that aid remains important for the continent's growth but they also advocate for the need for African countries to strategize in order to reduce dependence on aid.

Clemens et al. (2011) looked at aid flow and its impact on budget balance, revolutions and the reverse impact of inflation, openness on Aid flows for selected group of countries. The main focus of their research was on the timing of effects between aid and growth. Their main finding was that increases in aid have been followed on average by modest increases in investment and growth. Following Bjornskov (2013), who studies the effect of different types of aid on economic growth. The study differentiates aid flows into three types, for economic, social and reconstruction purposes. The finding from the study was that aid for reconstruction purposes has a positive effect on the recipient country, while the other types did not have effect on recipient country. In examining the relationship between foreign aid and growth in real GDP per capita, Hansen and Tarp (2000) conclude that aid increases the growth rate. The results further showed that the positive effect of aid on growth is not conditional on the recipient having good policies. Lastly the study shows that the positive impact of aid on growth is driven through investment.

Clearly making a shift from the literature discussed earlier above, Moyo (2009) argues that foreign aid has resulted in negative growth in developing countries in the African continent. The primary causes of such negative developmental outcomes have been identified with three main factors. Firstly aid in Africa has been associated with rampant corruption in which aid that is extended to help the vulnerable, ends up in the hands of corrupt leaders. Secondly aid creates a dependency syndrome in which the recipient governments rely on free aid to support its programs at the expense of widening its tax base. In this way it is argued that aid helps to sustain inefficient governments and thus affecting growth (Moyo, 2009). Aid is also associated with its Dutch disease effect, this is when the money inflows lead to strengthening of the local currency and thus making imports cheaper and exports expensive, which has a negative effect on an already small

industrial base in developing countries growth over the different phases that the countries passed through. In sum, Moyo (2009) envisages a negative relationship between aid flows to African countries through fostering corruption and this slows economic growth and increase poverty.

The key message from literature points to the need to detail aid flows by aid provider and purpose of aid issuance. The key part is to look at the country capacity to absorb aid and channel it for intended purpose. The other component that emanates from literature is the issue of aid dependence and aid fatigue in developing economies. Lastly, we noted the association of aid with countries with natural resources endowments. The expectation is for aid to flow to countries with economic and social challenges such as outbreak of diseases, economic crisis, drought and floods and those economically deprived nations. These views were tested in this research work by tracking the dynamics of aid in selected African countries over time. The goal of this research is to document aid flows into Zimbabwe, Zambia, Tanzania, Mozambique, and Malawi recognizing the country characteristics such as endowments, economic and social phases and colonial ties.

2. Evidence of aid flows to selected SADC countries

The overall objective of the paper is threefold, namely to examine the nature of external assistance, to consider the causes and path of policy reforms, and to trace the relationship between aid and reforms. This section reviews literature on aid committed and disbursed to five countries that comprise our paper. The paper looks at aid that comes from Organization for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) facility. There is recognition in literature that there is a power shift in donor funding recipients to poor country, with an increasing role for emerging countries such as China, Saudi Arabia, the United Arab Emirates, Korea, India, Venezuala, Kuwait and Brazil (Woods, 2008).

2.1. Evolution and type of aid in Zimbabwe. Zimbabwe has experienced a precipitous collapse in its economy between 1999 and 2009. The economic regression witnessed by Zimbabwe for a decade long crisis could have decelerated health, education and quality of life of Zimbabweans. Clemens and Moss (2005) noted that persistence economic shocks led to extreme poverty and deaths of infants due to lack of medicine for HIV/AIDS in Zimbabwe. They found lack of evidence for this crisis to be blamed on drought or donors pull-out but pointed to economic misrule as a potential cause of economic regression. If their result is credible, then its worthy documenting the aid flows in Zimbabwe during this period by scale, type and donor. The research looked at humanitarian, developmental food aid and technical cooperation aid.

Table 1. Aid flows in Zimbabwe, current prices (USD millions)

Year	Humanitarian aid	Technical cooperation	Food aid	DAC countries, total gross disbursements	Share of humanitarian aid	Share of technical cooperation	Share of food aid
2004	50.66	52.01	3.4	166.67	0.30	0.30	0.02
2005	55.7	62.06	2.27	188.19	0.33	0.33	0.01
2006	82.34	63.45	2.4	199.97	0.32	0.32	0.01
2007	126.14	40.4	30.17	371.89	0.11	0.11	0.08
2008	295.57	40.31	33.38	532.7	0.08	0.08	0.06
2009	321.07	53.49	18.88	620.71	0.09	0.09	0.03
2010	152.96	75.88	29.89	525.89	0.14	0.14	0.06
2011	118.79	82.17	13.11	537.45	0.15	0.15	0.02
2012	108.42	90.81	12.57	673.3	0.13	0.13	0.02

Source: OECD ODA Dataset.

Kanbur et al. (1999) found that large gross flows of project aid overwhelm the management capacity of recipient governments. That purports us to look at the scale of aid through a 9 year period. From Table 1, food aid increased four-fold and has been increasing steadily over time. The proportion of humanitarian, technical co-operation aid decreased gradually. The food aid proportion in total aid received was steadily kept around 2% over time. The period of 2007 through to 2012 saw a steady proportions of these 3 types of aid and can signal Zimbabwe has been trapped into welfare dependency syndrome. The economic fortune of the country worsened during the period under-consideration, which means aid funds might not have been beneficial to social and economic goals, Clemens and Moss (2005).

2.2. Evolution and type of aid in Zambia.

Table 2. Aid flows in Zambia, current prices (USD millions)

Year	Humanitarian aid	Technical cooperation	Food aid	DAC countries, total	Share of Humanitarian aid	Share of technical cooperation	Share of food aid
2004	8.02	141.77	8.8	753.91	0.01	0.19	0.01
2005	26.67	162.2	3.83	1434.5	0.02	0.11	0.003
2006	17.62	177.6	3.27	1204.71	0.01	0.15	0.003
2007	5.96	64.19	12.7	716.45	0.01	0.09	0.02
2008	12.68	70.17	15.8	727.99	0.02	0.10	0.02
2009	13.68	76.4	13.9	703.39	0.02	0.11	0.02
2010	2.91	68.11	10.1	594.51	0.005	0.11	0.02
2011	2.09	92.11	8.6	678.82	0.003	0.14	0.01
2012	3.59	80	0.72	653.49	0.005	0.12	0.001

Source: OECD ODA Dataset.

Zambia has been relying on foreign aid since its independence in 1966 (Carlsson et al., 2000). Over the years Zambia has developed to be one of the most aid dependent country in Africa. The importance of foreign aid is shown by the fact that it accounted for 43% of Zambia's total state budget between 2000 to 2005 and reaching a peak of 53% in 2005 (Rakner, 2012). Financial aid to Zambia has however been tied to economic reforms presented as conditions for aid support (Rakner, 2012). Table 2 above shows that Zambia has received more technical cooperation aid than humanitarian and food aid over the period under review, which supports the view that aid in Zambia, is tied to economic reforms.

2.3. Evolution and type of aid in Tanzania. Tanzania is one of the major recipients of foreign aid in Africa. Kabete (2008) argues that foreign aid plays a very crucial role in Tanzania as it is used to finance government budget and imports. The importance of foreign aid is further shown by the fact that between 1967 and 1998 the country received US$ 20 billion worth of aid which accounted for about 80% of all net official external capital flows (Rugumamu, 1999). In the 1990s two thirds of the Tanzania's imports were financed by foreign aid (Kabete, 2008). While it is important to note the importance of aid in Tanzania, it is crucial to understand the nature of aid flows received by the country. In the table below we look at humanitarian, technical cooperation and food aid flows into Tanzania.

Table 3. Aid flows in Tanzania, current prices (USD millions)

Year	Humanitarian aid	Technical cooperation	Food aid	DAC countries, total	Share of humanitarian aid	Share of technical cooperation	Share of food aid
2004	38.12	170.01	3.94	1079.65	0.04	0.16	0.004
2005	30.04	171.21	0.61	864.74	0.03	0.20	0.001
2006	39.05	204.08	3.91	994.59	0.04	0.21	0.004
2007	25.26	94.85	12.8	1801.06	0.01	0.05	0.01
2008	31.12	122.19	21.2	1350.95	0.02	0.09	0.02
2009	32.89	160.43	2.36	1375.94	0.02	0.12	0.002
2010	20.64	145.39	11.3	1606.51	0.01	0.09	0.01
2011	28.06	199.01	10.2	1630.26	0.02	0.12	0.01
2012	17.23	191.1	8.2	1690.92	0.01	0.11	0.005

Source: OECD ODA Dataset.

Tanzania as shown on Table 3 has more aid channelled towards technical cooperation rather than humanitarian or food aid. The same observation was pointed by Therkildsen (2000), that most of donor funding are sector-wide program approach. In the 1990s, World Bank and International Monetary Fund (IMF) funded the structural and enhanced structural adjustment program (Therkildsen, 2000). The aid channelled towards humanitarian and food is less than 5% of total aid disbursed for the last 9 years. The trends pointed to the developmental nature of aid being channelled to Tanzania and Mozambique (Table 4).

2.4. Evolution and type of aid in Mozambique. Mozambique like Tanzania has a larger proportion of its aid apportioned towards technical cooperation. The expectation from these trends is for a strong and robust association between technical cooperation aid and their economic development growth rates overtime.

Table 4. Aid flows in Mozambique, current prices (USD millions)

Year	Humanitarian aid	Technical cooperation	Food aid	DAC countries, total	Share of humanitarian aid	Share of technical cooperation	Share of food aid
2004	3.47	197.35	33.43	735.27	0.005	0.27	0.05
2005	7.2	180.32	17.62	772.35	0.009	0.23	0.02
2006	5.55	207.78	23.5	950.05	0.006	0.22	0.02
2007	21.41	133.13	48.91	1071.84	0.02	0.12	0.05
2008	29.38	187.86	50.18	1347.5	0.02	0.14	0.04
2009	27.6	169.77	52.07	1255.41	0.02	0.14	0.04
2010	15.55	156.19	47.68	1274.69	0.01	0.12	0.04
2011	17.19	174.44	41.19	1500.73	0.01	0.12	0.03
2012	18.29	177.54	56.89	1381.12	0.01	0.13	0.04

Source: OECD ODA Dataset.

Table 4 above shows that food and humanitarian aid is the second and third largest source of aid into Mozambique respectively. These two sources of aid have shown a general increasing trend over the period under review.

2.5. Evolution and type of aid in Malawi. Malawi, just like Tanzania is heavily depended on foreign aid for budget support. Dionne et al. (2013) argue that 37% of Malawi's budget was sponsored through donor support in 2009. Despite being dependent on donor finance, Malawi has experienced a turbulent history with donors. First was a period of one rule from 1966 to 1994, in which the country experienced a difficult period with donors, which led the country to transform into a multi-party state after pressure from the donor community (Resnick, 2012). After the democratic transition, the country further experienced a difficult patch which led to International Monetary Fund (IMF) suspending lending as a result of fiscal indiscipline by the country's leaders between (1994-2004) and (2005-2012) (Resnick, 2012). In 2011, following government repression on protesters major donors such as the United Kingdom (UK), the United States of America (USA) and European Union (EU) suspended aid to Malawi to show their discontent with government action against its citizens (Wroe, 2012). Since aid is very important to Malawi it is crucial to understand the types of aid that had been flowing into the country.

Table 5. Aid flows in Malawi, current prices (USD millions)

Year	Humanitarian aid	Technical cooperation	Food aid	DAC countries, total	Share of humanitarian aid	Share of technical cooperation	Share of food aid
2004	5.18	101.8	11.3	332.25	0.02	0.30	0.03
2005	35.73	95.7	12.5	343.32	0.10	0.28	0.04
2006	49.31	97.4	17.8	413.9	0.12	0.24	0.04
2007	10.77	62.98	31.2	611.84	0.02	0.10	0.05
2008	7.4	66.6	38.0	452.81	0.02	0.15	0.08
2009	4.1	79.41	47.4	439.84	0.001	0.18	0.11
2010	8.03	76.79	41.5	522.01	0.02	0.15	0.08
2011	12.7	72.45	53.1	451.14	0.03	0.16	0.12
2012	49.39	77.94	46.3	645.75	0.08	0.12	0.07

Source: OECD ODA Dataset.

Table 5 above shows that Malawi has received more technical cooperation aid since 2004. Generally the amount of technical cooperation aid has shown a decreasing trend from 2004 to 2008 which confirms the difficult period that the country experienced with donors during this period. Both humanitarian and food aid have increased from 2004 to 2012. The next section looks at association of aid and targeted goals.

2.6. Aid flow by donor type and recipient country. In this section we track the main sources of aid into the five countries that are in our analysis. The source of aid flow is important given the different particular context that characterize each country in the analysis. We first review aid flow data from international institutions mainly United Nations (UN) and European Union (EU) and then the biggest donor countries in the world namely the United Kingdom (UK), the United States of America (USA), France, Japan and Germany.

2.7. Aid flows from International Institutions (refer to table 8 to table 16, in annexure section). It is clear that the largest aid donor institution is the European Union (EU) which committed a total of US$4158.7 million worth of aid to the five countries. European Union (EU) institutions also remain as the main sources of aid in all the five

countries. The second source of aid for Zambia, Malawi, Tanzania and Mozambique came from the IMF, while Zimbabwe did not receive any aid inflow from the fund. The third source of aid for the period under review was the United Nations Children Fund (UNICEF) for all the five countries and last is aid that came from United Nations Development Programme (UNDP). The largest recipient of multilateral aid over this period was Tanzania which received US$ 1620.86 million worth of aid and Zimbabwe received the least amount of multilateral aid worth US$ 540.88 million received over the period under review. Mozambique, Zambia and Malawi received US$ 1425.11 million, US$ 1288.96 million and US$ 1168.36 million worth of aid respectively over the period under review.

The United States of America is the largest single country donor having committed US$ 8795.56 million worth of aid. The United Kingdom (UK) is the second largest single country donor, having donated US$ 6111.22 million worth of aid over the period under review. The United Kingdom (UK) is the main source of aid for Malawi, Mozambique, Tanzania and Zimbabwe over the period under review. It is also important to note that all countries except Mozambique are former colonies of the United Kingdom (UK) and thus reflecting that more aid tends to flow to former colonies.

Japan is the second largest aid donor to Zambia followed by the United Kingdom (UK) over the same period. Japan is also the second major source of aid for Tanzania and Malawi, while Germany is the second largest source of aid for Mozambique and Zimbabwe. For the five countries in our analysis, Tanzania is the largest recipient of donor country aid having received a total of US$ 6799.38 million worth of aid. This is followed by Zambia, Mozambique and Malawi who received US$ 5087.1 million, US$ 4287.07 million and US$ 3315.83 million respectively over the period under review. Zimbabwe received the least amount of US$ 2205.36 million worth of donor country aid.

On the one hand Tanzania therefore stands out as the largest recipient of aid from the countries under review. On the other hand Zimbabwe received the least amount of aid both from the institutions and from donor countries. The United States of America (USA) and European institutions are the main donors of aid to the five countries. However the United States of America (USA) is the largest donor of aid over the nine year period under review. This further supports the view that aid donors tend to favor their former colonies to be their aid recipient since four of the countries are former colonies of the United Kingdom (UK).

3. Winners and losers in aid flow in terms of quantity and composition

We looked at the scale of aid received by each country that comprises our study and the quality of composition of aid flows. If the country receives higher proportion of technical cooperation aid, we define that country as a winner-aid recipient since that type of aid build capacity to sustain domestic means of production. If the country receives more humanitarian and food aid over the 9 years, we classify that country as a loser-aid recipient, since those aid offers piece-meal solutions to social challenges and encourages aid dependency.

Table 6. Total DAC disbursed aid per capita (current prices, USD$ millions)

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Zimbabwe	13.13	14.71	15.72	29.19	41.67	48.16	40.17	40.42	49.04
Zambia	66.75	71.75	94.75	58.98	56.61	54.76	44.95	51.52	46.44
Tanzania	27.27	22.17	24.93	44.74	32.42	32.3	36.82	35.98	37.08
Mozambique	35.85	36.27	43.6	48.58	59.09	55.19	56.72	69.64	59.06
Malawi	24.72	25.35	30.2	29.54	30.93	30.11	34.63	29.13	40.59

Source: OECD ODA Dataset.

In terms of aid beneficiary as a proportion of population in the country, Mozambique, Zambia and Malawi benefited much from the aid they have received. Zimbabwe and Tanzania were the least aid recipients proportional to the size of their population for the period of 2004 through to 2012. Malawi, Mozambique, Tanzania, Zambia and Zimbabwe both received more technical aid than humanitarian aid for the 9 year period under review; so all 5 countries can be classified as winners in terms of quality of aid it has received. The next section will look at the association of these aid flows with poverty, health and economic growth outcomes to confirm whether these countries were really "winners" in terms of the aid they received.

3.1. Degree of aid association with targeted economic and social goals. In this section, we will look at the association between type of aid that comprises our study with intended outcomes such as health status, human capital and economic development. The data that comprises the study spans to 9 years thus a meaningful econometric exercise

will not suffice to document the relationship. Due to the lack of data, the researchers will utilize Spearman rank correlation test. This paper looked at the degree of association between humanitarian aid and health status, food aid and poverty and technical cooperation aid and economic development.

Table 7. Correlation matrix aid, poverty, GDP per capita and health status

	Total aid	Technical aid	Humanitarian aid	Food aid	GDP per capita	Poverty	Health status
Total aid	1						
Technical aid	0.91	1					
Humanitarian aid	0.74	0.78	1				
Food aid	-0.07	-0.02	0.57	1			
GDP per capita	0.03	-0.33	-0.12	-0.08	1		
Poverty	0.07	0.24	0.59	0.53	-0.01	1	
Health status	-0.03	-0.07	0.57	0.97	0.16	0.58	1

Food aid has high and positive association with poverty outcomes and health status for selected SADC countries. The degree of association between food aid and economic development as GDP per capita growth is however negative. Humanitarian aid has a positive and high degree of association with poverty outcome and health status (access by the population to quality health facilities). Humanitarian aid has however negative association with rate of growth of the economy. Growth in the economy has surprisingly negative association with poverty and positive association with improvement in health facilities. Technical development aid has a negative association with growth in economy and health access for selected countries. Technical aid has positive association with poverty outcomes.

The results of the correlation tests show that giving SADC countries high level of food and humanitarian aid will only solve transitory problems of poverty and address health access by the population. It is however unfortunate that these forms of aid will not generate more income that will allow them to be self-sufficient. The results show that technical development aid which is meant to kick-start and sustain development however has negative association with the rate of development in SADC. Aid conditionality associated with technical aid coupled with nature disbursement of the aid to the recipient countries can provide an explanation to this result. All three forms of aid have positive association with reducing poverty for selected SADC countries.

Concluding remarks and policy implications

The results of this study entail that giving SADC countries high level of food and humanitarian aid will only solve to transitory problems of poverty and address health access by the population. It is however unfortunate that these forms of aid will not generate more income that will allow them to be self-sufficient. This paper found that technical development aid that is meant to kick-start and sustain development however has negative association with the rate of development in SADC. Aid conditionality associated with technical aid coupled with nature disbursement of the aid to the recipient countries can provide an explanation to this result. All three forms of aid have positive association with reducing poverty for selected SADC countries.

The main policy implication that emerges from the research is that all the three types of aid have a positive impact on poverty outcomes. If the aid donors are giving is aiming at reducing poverty and intervening during disasters on a short term basis, they should provide high level of humanitarian aid and food aid. On the one hand in order for governments in SADC to be able to deal with poverty in a sustainable way then they need to put in place policies that attract more technical cooperation aid. On the other hand donors also need to advance more technical cooperation aid if the same objective is to be achieved. If there is health access problem in SADC, however there is need for more food and humanitarian aid. Of these three forms of aid none of them can be used to generate growth in recipient countries, therefore SADC countries should look at other homegrown solution to generate and sustain economic development.

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Appendix

Table 8. International Monetary Fund (IMF), Concessional Trust Funds, current prices, USD$ millions

Year	2007	2008	2009	2010	2011	2012	2013
Zimbabwe							
Zambia	42.06	11.04	243.52	56.13	29.04		
Tanzania	4.28		306.71	30.35			113.39
Mozambique	4.98		153.28	21.67			
Malawi	10.21	96.91		21.18		39.89	19.78

Source: OECD ODA Dataset.

Table 9. United Nation Development Fund (UNDP) − total commitments, current prices, USD$ millions

Year	2007	2008	2009	2010	2011	2012	2013
Zimbabwe	3.38	2.66	7.44	9.71	6.93	7.59	6.96
Zambia	4.61	12.61	5.43	6.08	4.02	4.44	4.29
Tanzania	9.51	10.83	10.6	10.24	6.57	8.07	11.35
Mozambique	8.32	9.06	8.01	8.16	6.85	7.17	6.61
Malawi	8.24	10.24	12.45	9.71	9.08	8.13	7.21

Source: OECD ODA Dataset.

Table 10. United Nation Children Education Fund (UNICEF) − total aid commitments, current prices, USD$

Year	2007	2008	2009	2010	2011	2012	2013
Zimbabwe	4.65	4.56	6.62	5.76	6.14	4.76	5.25
Zambia	10.01	8.89	8.95	9.04	8.52	8.23	8.27
Tanzania	15.03	17.94	21.46	21.14	20.18	14.56	19.07
Mozambique	14.31	15.68	16.31	15.83	16.57	14.49	16.15
Malawi	11.89	9.26	9.34	9.87	13.56	8.09	8.11

Source: OECD ODA Dataset.

Table 11. EU Institutions − total aid commitment, current prices, USD$ millions

Year	2007	2008	2009	2010	2011	2012
Zimbabwe	94.19	32.73	81.78	51.37	61.18	137.22
Zambia	57.22	499.08	58.22	83.31	5.56	100.39
Tanzania	82.42	37.84	583.02	37.09	58.15	171.06
Mozambique	154.62	602.75	39.92	69.3	58.28	156.79
Malawi	52.57	138	121.64	244.04	18.89	270.07

Source: OECD ODA Dataset.

Aid flows from donor countries.

Table 12. United Kingdom − total aid disbursed, current prices, millions USD$

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Zimbabwe	49.66	46.74	69.87	94.1	89.24	109.86	108.05	77.53	219.97
Zambia	282.21	162.19	85.46	75.68	83.8	73.9	79.3	89.97	84.01
Tanzania	160.49	220.29	214.92	230.47	238.84	215.21	240.01	185.06	246.39
Mozambique	65.92	80.84	99.36	115.72	197.88	54.64	104.42	191.4	134.59
Malawi	118.58	102.74	171.29	133.72	146.85	111.7	148.03	104.1	196.22

Source: OECD ODA Dataset.

Table 13. United States − total aid disbursed, current prices, USD$ millions

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Zimbabwe	56.75	56.34	64.02	78.98	87.72	111.41	126.29	154.56	185.91
Zambia	109.96	85.36	108.85	153.38	226.66	255.61	277.91	397.9	435.49
Tanzania	89.49	93.69	121.58	166.89	246.95	283.65	457.41	541.27	568.74
Mozambique	82.31	110.79	379.57	165.29	226.49	231.86	225.12	276.69	305.09
Malawi	30.44	41.65	36.39	139.09	222.9	249.74	175.22	180.07	174.08

Source: OECD ODA Dataset.

Table 14. Japan − total aid disbursed, current prices, USD$ millions

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Zimbabwe	3.56	4.09	6.54	11.71	9.97	12.38	18.92	18.1	21.82
Zambia	21.79	748.09	31.53	94.61	37.14	36.64	44.69	45.49	47.24
Tanzania	157.88	36.11	39.39	687.7	65.59	71.91	94.1	81.53	128.67
Mozambique	19.84	15.2	106.83	27.77	23.72	60.67	62.48	31.28	55.75
Malawi	38.49	32.64	28.16	221.82	30.79	35.8	69.46	28.64	54.94

Source: OECD ODA Dataset.

Table 15. France − total aid disbursed, current prices, USD$ millions

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Zimbabwe	3.14	3.64	3.57	15.45	7.39	4.61	3.03	1.82	2.18
Zambia	104.13	16.13	85.37	1.46	1.59	7.73	0.84	0.82	0.8
Tanzania	122.83	4.96	3.75	4.9	6.67	8.69	9.13	7.13	12.27
Mozambique	24.94	24.03	18.92	19.55	23.25	24.68	20.76	13.8	15.51
Malawi	2.55	2.91	1.79	1.77	5.72	1.3	1.07	0.9	0.58

Source: OECD ODA Dataset.

Table 16. Germany − total aid disbursed, current prices, USD$ millions

Year	2004	2005	2006	2007	2008	2009	2010	2011	2012
Zimbabwe	15.69	13.5	9.93	19.45	24.85	34.71	33.08	58.5	56.73
Zambia	36.22	118.15	287.54	40.68	45.47	55.75	34.59	39.56	35.41
Tanzania	58.32	49.88	49.34	65	87.43	87.13	134.48	93.51	109.73
Mozambique	39.1	43.08	65.3	64.55	79.62	118.32	81.21	96.46	62.47
Malawi	24.63	26.14	23.83	24.36	29.63	30.2	41.93	26.31	46.66

Source: OECD ODA Dataset.

Table 17. Correlation matrix

cor (obs = 5)	total aid	taid	haid	faid	gdpp	poverly	education	healthy	health status
total aid	1.000								
taid	0.9127	1.000							
haid	0.7355	0.7757	1.000						
faid	-0.0657	-0.0221	0.5739	1.000					
gdpp	0.0292	-0.3329	-0.1197	-0.0827	1.000				
poverly	0.0699	0.2367	0.5930	0.5316	-0.0131	1.000			
education	-0.2540	-0.5130	-0.1470	0.1176	0.9108	0.2700	1.000		
healthy	-0.6949	-0.7686	-0.6320	0.1361	-0.0287	-0.5991	0.0090	1.000	
health status	-0.0343	-0.0678	0.5728	0.9680	0.1602	0.5803	0.3465	0.0640	1.000