

An entrepreneurial approach transforming African aid



Generous people around the world (with the US being the largest donor) provide billions in aid to countries and causes in Sub-Saharan Africa. Much of that aid fails to effectively address long-term problems, and in many cases creates negative unintended consequences. What's needed is entrepreneurial thinking to solve underlying real problems instead of just addressing the resulting symptoms. Our approach focuses on smaller, local aid to create self-sustaining communities and economies that will create financial independence and enable true self-determination.

A village-level alternative to failed African aid

There is probably no better example of unintended consequences than the last half-century of Western aid to Africa. The African continent, and especially Sub-Saharan Africa, have been awash in humanitarian aid. In addition to the hundreds of billions of dollars directed toward helping poor and starving people, swarms of well-intentioned experts and consultants have tried mightily to solve the problems of starvation, drought and economic collapse.

But today, despite the torrent of money and intellectual capital expended, the situation is little or no better, and in some ways is worse. One telling metric, per capita income, is stagnant or declining for most of Africa.¹ The success rate for over five decades of Western aid has largely been dismal.

The need for aid remains, but what's needed just as much are better ways to apply that aid. Entrepreneurial philanthropists are finding success with new approaches aimed at transforming the life of residents in Sub-Saharan Africa. Rather than macro societal changes and massive infusions of food and cash, they are implementing smaller scale efforts that can form

the groundwork for sustained improvement to the health, well-being and financial situation of residents that will empower true self-determination.

The failed model of large-scale aid — why Africa needs aid

Africa's population was largely organized into thousands of individual tribes. In the early 1900's, it was under European control, however, in 1950 the European government abandoned the continent, leaving behind little to no governing structures. The lack of any strong, central authority resulted in a dearth of social and economic systems to support residents. The leadership vacuum combined with the animosity between the tribes spawned a seemingly endless series of vicious conflicts. Millions of residents suffered displacement at best, and violent attacks and dismemberment or death at worse. Amplify that situation with recurring natural disasters, largely droughts, and it becomes clear why so many in the region are in desperate need of help. For decades, our hearts have been broken—and our wallets opened—by images of emaciated African children starving to death in the streets or outside dusty hovels.

The response from Europe and, to a larger extent the U.S., has been massive donations of food and money. Emergency disaster relief has become the permanent model of assistance. Africa receives roughly \$50 billion in annual international assistance.

Unfortunately, it seems that most of that aid has done more harm than good. It has created what some refer to as a *poverty industry* worth billions of dollars. Rather than improving life for the 600 million people living below the poverty line, most aid enriches the already rich while driving the poor to become even poorer.²

Government issues

Most foreign aid simply provides additional resources to the corrupt governments and regimes in power. Clear correlations have been found between increased

aid and increased corruption.³ Money intended for humanitarian relief and economic development is often used by the ruling authority to buy military equipment to secure their power, or simply to enrich themselves.⁴

Beyond impeding the flow of aid to those in need, these regimes also make it difficult for individuals to fend for themselves through private enterprise. Corruption and nepotism among those in power, combined with the chaotic nature of life in the region, makes it all but impossible to start and run a commercial endeavor of any significance. The impediments to entrepreneurship are uncountable. African governments are, for the most part, destroying their own economies.

The West is aware of the ineffectiveness of its aid programs, but aid bureaucracy churns on unimpeded.⁵ This is partly because, like a massive ship unable to change course, it tends to continue on its failed trajectory. There is also the fear of Westerners being called racists if they criticize a black-ruled country.⁶

Unintended consequences

The well-intentioned efforts of Western aid to bring comfort and support to Africa's poorest citizens has resulted in a number of unintended consequences & long-term corrosive effects. Recurring aid creates dependency rather than independence. African countries are so used to receiving aid funds that they don't promote local business. Economist David Osterfeld stated that "Aid has in many places actually destroyed the possibility for sustained economic growth by driving local producers, especially farmers, out of business." Local businesses and even whole industries were ruined.

- Cotton was once a staple crop in Africa, primarily for making clothes. Westerners donated untold volumes of gently used clothing to Africa, this drove down demand for cotton, and largely killed the industry.
- Drug donations ravaged parts of Somalia's developing health system. The country once had a healthy drug and medicine distribution system staffed by educated medical professionals. Today, untrained people hand out cheap, donated drugs.

Giving people free things takes away the incentive to work, does not empower self-determination, reinforces the chains of dependence, and destroys the businesses that were key to local economies.⁷ These unintended consequences, in many situations, actually created more poverty.



Everyone has heard the proverb “Give a man a fish, he will eat for a day; teach a man to fish, he will eat for a lifetime.” The **Maasai Girls Rescue Center (MGRC)** in Tanzania is putting that proverb into action, but with an addition. Beyond teaching its students to “fish,” it’s providing them with a “fishing pole”; the tools, skills and environment to become self-sufficient.



The MGRC ecoVillage, is based on other similar, successful children's centers/communities. It is currently being built in Karatu, near some of Tanzania's spectacular natural resources that draw international visitors. In the future, the girls and local community members will operate the ecoLodge, where socially conscious guests will provide the income needed to support MGRC. This holistic approach integrates the center with the local community, weaving the girls' growth and development with that of their community, improving both.

Compared to the large- and mid-level efforts with ongoing costs in the tens and hundreds of millions of dollars, the ecoVillage will require only a few million in capital for construction. The goal, to have operational costs subsidized by the ecoFarm and ecoLodge. A 40 percent guest occupancy rate at the ecoLodge will generate enough funds to cover all of MGRC's operational expenses.





Projects like the ecoVillage represent a major departure from the traditional forms of aid to Africa. They overcome the caustic, unintended consequences of aid, creating local trade rather than destroy local economies, and create a pathway to long term independence. The MGRC entrepreneurial venture will give the Maasai people a modern-day way to make a living in a region where two-thirds of the population lives below the poverty line.

Transformation—one village at a time

Experts point to the need for macro-level changes that could improve the lot of the poor and starving in Africa. These changes include different monetary policies; improved governance and judiciary systems, and reduced corruption. Those changes will be hard to implement because they threaten the positions of those in power. Decades of efforts to implement these top-level changes have resulted in little progress.

Our vision of entrepreneurial, village-level initiatives provide a dramatically different and better model for systemic, long-term, low-cost transformation in the lives of Sub-Saharan residents. The generous donors and philanthropists who support these localized initiatives will be able to take greater satisfaction from the donations because they will be able to see tangible proof that their dollars are making a difference.



Initiatives like the ecoVillage won't quickly solve all of Africa's problems or eliminate the need for large-scale aid. What they will provide is a genuine grassroots approach to empowering people, giving them hope and lifting them out of poverty, through self-sufficiency and independence.

References

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