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**Aid:  
the drama, the fiction, and does it work?**

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## **Abstract**

The international community is under increased pressure to show results from the money invested through aid agencies. While support for international development has been large, there has also been a forceful critique. This paper argues that much of the public debate tends to be counter-productive, as it takes insufficient account of the diversity of aid motives, agencies, modalities, and problems addressed. Critical to the debate on aid, in my view, is to focus on the accountability towards both the funders and recipients of aid, and the international community needs to ensure strengthened accountability – rather than producing “results” – enables increased space for the development of developmental social contracts.

## **Keywords**

Aid, accountability, Millennium Development Goals, aid effectiveness.

## **Aid: the drama, the fiction, and does it work? \***

### **1 Aid: What's All the Fuss About?**

International development assistance is big business. Total global aid flows, from North to South, are probably over \$150 billion annually, a third of which goes to Africa. Maintaining levels of aid after the financial crisis was an important part of the discussion of leaders of the G8 and G20. China and India are rapidly entering the field of aid providers, following the emergence of Japan, South Korea, and others, and simultaneous to a re-emergence of US's interest in aid under President's Bush administration. And international private philanthropies have become significant, with the resources of the Gates Foundation for example outstripping the annual budget of major official donors like the World Health Organization, and donations by private medical companies adding significantly to overall aid flows.

The number of organizations can be “baffling”, according to the DAC, the OECD body that brings together dispersed aid statistics, and has worked hard towards coordination of donors. According to their count, there are no less than 200 bilateral and multilateral organizations channelling official development assistance – which includes the “official” agents alone – all with their own strategies, principles and reporting procedures. Many forms of large public-private partnerships – including in the health sector – have added to the complexity particularly in the last 20 years or so. In some developing countries, 40 donors are in operation, financing hundreds of projects, and it has been well established that this occupies far too large a part of recipient countries' administrations. Dutch aid, for example, despite efforts to concentrate efforts can be found in no less than 125 countries. Donors like the US – and China – have multiple agencies within the government responsible for various aid activities.

In the last decade, following a period of perceived aid fatigue, interest in development aid has seen a big surge.<sup>1</sup> Large disasters like the Gujarat earthquake, the Asian Tsunami and the earthquake in China mobilized governments and large constituencies of civil society, including of diaspora communities. The global Jubilee 2000 campaign advocated successfully for debt relief to the poorest and heavily indebted countries, and the Make Poverty History Campaign of 2005 advocated for substantially increased aid commitments. These raised awareness and interest in the aid industry, well

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\* The ideas for this paper were first presented at the International Poverty Reduction Center in China, Beijing, in February 2008, and were meant to inform the emerging debate on aid in China. Since then, comments by Shahin Yaqub, Adrian Davis and John Warburton have been very helpful, as have been the discussions with colleagues at ISS, including at a Research in Progress seminar, and a presentation of some of these ideas at a consultation for *Human Development Report 2010*, in November 2009. The paper draws heavily on the introductory textbook *How the Aid Industry Works*, which builds on my teaching in Canada and ten year experience working as Social Development Adviser for the UK Department for International Development. The paper reflects personal views and not those of any of the organisations I have worked for.

beyond the earlier popular advocacy for relief like during the Sahel emergency of the late 1970s. Anti-globalization and other protests frequently bring World Bank and IMF in the global public eye. Global civil society and protests against international institutions, in 2007 for example contributing to the resignation of the World Bank president, have become an inextricable part of globalization.

Alongside renewed concerns to alleviate deprivation in the South, global security concerns also have given renewed attention to global aid efforts. In the US, after 9/11 development was elevated after a decade of relative neglect, and became seen as one of the pillars of national security alongside defence and diplomacy, with “humanity” regarded as a “weapon of war”.<sup>2</sup> In other countries, security concerns have been less overt in influencing aid programmes, but the war in Iraq did become important for the UK aid programme for example, while Afghanistan became an important recipient of many countries’ aid. Nowadays most policy papers do regard security as one of the key questions for development policy, typically alongside climate change and poverty reduction.<sup>3</sup>

So aid has, by and large, continued to expand as a means of international engagement, humanitarian and otherwise. It has become the interest of an increasing number of players, of countries themselves still recipients of aid, and of individuals like former Presidents who probably feel they could have done more when in office. Development aid has proven very malleable (Riddell 2007), as for example the rapidly evolving approaches (de Haan 2009), and the marriage of convenience with security concerns as noted above have shown.

At the same time, and this is the main subject of this paper, views on aid are incredibly diverse, more so than any other form of public policy, with the exception perhaps of the debates on health sector reform in the US. This paper will analyze and try to contextualize these different points of view, which I label as the supporters, the opponents, the technocrats, the relativists, and the accountants. These differences are partly the result of a lack of conceptualization of what development policy is, but also very much the result of different underlying paradigms which have little to do with aid but will continue to divide the debate. In the conclusion of this paper I will explore the need for a better informed debate about aid, and what I clumsily think of as the triple unaccountability of aid. While originally written outside a Dutch context, the current paper aims to provide a contribution to the Dutch debate, where levels and modalities of aid are now heavily contested, and the debate is as polarised as elsewhere – unnecessarily so in my view.<sup>4</sup>

A final introductory word about terminology. The main subject of my discussion is what I prefer to call the “aid industry” (de Haan 2009): the institutions and organisations, that have been gradually professionalised, and whose main business it is to deliver aid, the official development assistance as defined by the DAC’s OECD and the increasing number of Non Governmental Organisations. The objective of aid has been variously defined – from, say, filling financing gaps to empowerment – making assessments whether “aid works” very difficult. Aid is thus not synonymous with “development” or “poverty reduction” – the latter are much broader

processes, with equally diverse definitions, which aid is meant to support, but does not necessarily succeed in doing, nor is it a necessary component.

## 2 The development drama<sup>5</sup>

Apart from health care reform in the USA, no area of public policy seems to generate more and more heated debate than aid. In fact, there is disagreement even on the terminology, as for a long time people – and recently China – have argued that “aid” or “assistance” has paternalistic overtones, and that the aim should be to develop “development cooperation”. Even more ambitiously, arguments have been made to define aid as “international cooperation”, and to ensure all public policies,<sup>6</sup> and both public and private sectors, of richer countries help to promote the case of poorer countries. In my view, while it is true of course that development is much broader than aid, it remains important to analyse the core of the aid industry, and how this is driven by political concerns of global diplomacy, and administrative concerns notably that of pressures to disburse or lend and increasingly pressure of accountability and performance management.

While I disagree with the policy conclusions of Paul Collier, I share his concern that the quality of the public debate on aid needs to be improved<sup>7</sup> – and I do include in that the debates and teaching within the centres of development studies and training. But authors like Collier himself have done perhaps as much to confuse as enlighten their audience. For example, the exchange under the *Boston Review* feature “Development in Dangerous Places”,<sup>8</sup> the exchanges between Collier and Easterly for example became heated, predictably perhaps, but unlikely to generate much confidence: Easterly accuses Collier that his research is based on a logical fallacy and that he wants to re-colonise Africa,<sup>9</sup> and Collier responds – predictably – that his argument is misrepresented and that Easterly confuses him with Jeffrey Sachs.<sup>10</sup> And in his critique of the new star in the debate, Dambisa Moyo, who found notable support from Rwanda’s President Paul Kagame,<sup>11</sup> Sachs finds it necessary to highlight she is “an African-born economist who reportedly received scholarships so that she could go to Harvard and Oxford but sees nothing wrong with denying \$10 in aid to an African child for an anti-malaria bed net.”<sup>12</sup>

Paul Collier was also one of the participants at a public event about the pros and cons of aid, at the “Munk debate” at Toronto, 1 June 2009.<sup>13</sup> In this, Collier argued in a team with Canadian semi-celebrity Stephen Lewis – who a few years earlier in nationally broadcasted lectures, criticized most of the OECD countries for failing to live up to their commitments and failing to deal with the global AIDS pandemic (Lewis 2005) – against a team consisting of Hernando de Soto and Dambisa Moyo, former student of Collier, whose best seller *Dead Aid* argues that “in the past fifty years, more than \$1 trillion in development-related aid has been transferred from rich countries to Africa... [and] ... the recipients of this aid are not better off as a result of it, but worse—much worse.” The audience was asked to state whether they agreed with the statement “foreign aid does more harm than good”, both before and after the debate (a tiny number changed their opinion). The truth is, both

teams probably quoted a similar number of cases in which aid did good and in which aid did harm, and many cases of failure cited by Moyo for example refer to situations in which aid was explicitly appropriated by Cold War objectives. In October 2007, the conservative or libertarian think-tank John Templeton Foundation hosted a similar electronic exchange of ideas on the questions whether money would solve African problems, highlighting equally divergent views.<sup>14</sup> There is no data on how many people are interested in these debates, but Moyo's recent lecture in Amsterdam was described as looking like a "sold-out pop concert. People were almost lining up with sleeping bags."<sup>15</sup>

It is only a slight exaggeration to describe the debates in its extremes. At one extreme, there are many who claim that not enough aid is given, for example those in the Jubilee 2000 Campaign who advocated for debt relief, reversing the net transfer from poor to rich countries. And Jeffrey Sachs joined the camp of those forcefully advocating more aid, including as adviser to Kofi Annan (Sachs 2005). At the other extreme, there are those who believe too much aid is given, both in the general public that made up for the "aid fatigue" that appeared common in the 1980s and 1990s, and for example Bill Easterly (2006) who does not like the aid practices of ambitious planning, and believes development needs to be "home-grown".<sup>16</sup> Moyo (2009) is particularly critical of the dependency that aid has created, and the corruption it has fuelled. In the middle, as discussed later, there are those who focus on the ways in which aid is provided and assessed, and there are those who argue that aid really isn't all that important, and that trade and migration policies are much more significant.

Moreover, as there are large differences in the objectives of various countries' aid programmes, measurements and indicators of success also are radically different. For many agencies, progress against the Millennium Development Goals now provides a unified framework for the success of the international community. But individual agencies go about measuring progress in different ways, they frequently change their reporting procedures,<sup>17</sup> the way contributions are assessed are not at all clear or agreed, and Roger Riddell in a recent debate at "openDemocracy" rightly, in my view, emphasizes donors' tendency to focus on their aid's success stories rather than providing an honest assessment of what they achieve.<sup>18</sup> And where donors' national interests are seen as key to the development programmes, measurement of success of course differ as well, and rightly so.<sup>19</sup>

The rest of this paper looks at the main arguments in the development debate. It looks at why people or groups argue more aid should be given, and then the paper looks at the arguments why less aid should be given. We then move on to arguments over the ways in which aid is provided. The fourth set of questions is about whether aid is becoming irrelevant, given the huge increases in private flows.

### **3 The supporters: aid flows should increase**

Commitments to international development are frequently subject to international debates, among activists as much as government leaders. In 2007,



civil society organizations like Oxfam and ActionAid were quick to criticize that the OECD countries failure to increase aid to Africa, as promised during 2005, and the OECD and World Bank recognized that 2005 had been a peak year, following large-scale civil society advocacy and governments' attention.<sup>20</sup>

Calls for increased aid have been common at least since the 2<sup>nd</sup> World War. The following list illustrates this:

- The Pearson Commission, *Partners in Development: Report of the Commission on International Development* called for ODA commitment of 0.7% of Gross National Income (Pearson 1969).
- The Brandt Commission, *North-South: A Programme for Survival* (Brandt 1980) urged for doubling of ODA by 1985.
- The World Bank report *Sub-Saharan Africa: From Crisis to Sustainable Growth* (World Bank 1989) proposed a doubling of aid to Africa.
- The OECD DAC's *Shaping the 21<sup>st</sup> Century: The Contribution of Development Co-operation* (1995) called for increasing aid, but without quantification, and focused on enhancing effectiveness of aid.
- The UN *Monterrey Consensus on Financing for Development* (UN 2003) urged developed countries to make concrete effort toward the 0.7% target, and 0.15% to 0.20% to least developed countries, while stressing the need for a 'new partnership'. The second Financing for Development Conference held in Doha in 2008 reaffirmed the commitment, and called for greater efforts to mobilise resources.<sup>21</sup>
- The UN Millennium Project 2005 *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals* estimated countries' investment needs and proposed proportions for external assistance; *Human Development Report 2005* too argues for increases in as well as improvement of quality of aid.
- The Commission for Africa's report *Our Common Interest* (2005) called for an additional \$25 billion aid to Africa, and the UK DFID 2009 White Paper also set a target for increasing the aid allocation to Africa. The US committed itself to doubling aid to Africa by 2010.

The immediate post-War period witnessed large scale funding through the Marshall Plan, which provided infrastructure support to Europe. Aid to developing countries focused on technical assistance and cooperation, but in 1951 a commission set up by the UN Secretary General also recommended an increase of aid, to about \$5 billion a year, to help countries increase economic growth to 2 per cent (Riddell 2007: 27). Voluntary agencies started to expand work in developing countries. The early 1950s also was the period of the classic development theories, which identified both technical assistance and finance gaps as main obstacles for development.

At the end of the "Decade of Development" launched by President Kennedy, the report *Partners in Development* published in 1969 was one of the first and subsequently most-commonly quoted official report arguing for an increase in aid. The report was written by the commission set up by Robert McNamara, the newly appointed World Bank President, and chaired by Lester Pearson, Canada's Prime Minister. While being concerned about the disillusionments and distrust of the recently established aid programmes, it called for

rich countries to devote 0.7 percent of their national incomes (GNI) to international development, by 1975. It also argued for a simultaneous increase in the efficiency of aid, and focused on development with less explicit attention to poverty. The target was formally adopted by the United Nations in 1970, and aid levels indeed did rise during the 1970s – but with average spending never coming close to the target, except in a few countries.

The optimism around 1970 was not to last long, and was quickly followed by emphasis on “structural adjustment” and stabilization of economies, and “aid fatigue” based on perceptions that aid had failed to deliver results. Nevertheless, even throughout the 1980s there were calls for increasing aid, for example in response to the droughts and famines in Sahel and Ethiopia, by the World Bank in reports on Africa, because of increasing involvement of NGOs, end levels of aid did continue to increase slightly.

The 1990s, with the end of the cold war, and economic and budgetary problems in donor countries like the US and Japan, witnessed sharp reductions in ODA. The fall in aid to the poorest countries may have been even larger than the overall decline. The amounts of aid to allied countries, often corrupt and repressive, declined, but the donors may also have reduced their attention to conflicts and violence in developing countries. With the transition towards market economies, more attention started to be paid to the use of aid for governance reforms like in the former USSR, and for processes towards democratization in Africa.

From the late 1990s onwards, calls for increasing aid again became stronger, accompanied by a sharpened focus on poverty reduction as the overarching goal for development. An important OECD report in 1996 signalled a turnaround of the pessimism. The change of government in the UK in 1997 led to the formation of a new and separate ministry, and political interest including with stars like Sir Bob Geldof and Bono – and many pop-stars since – the formation of the Commission for Africa, reached enormous levels. Around the turn of the century, UN and World Bank produced a range of publications, highlighting the importance of and their commitment to poverty reduction and the Millennium Development Goals. In March 2002, a large number of countries once again came together, and pledged significant increases in aid flow, including the U.S.<sup>22</sup> This was followed by the 2005 Gleneagles Summit, and despite some scepticism commitments were reaffirmed later when Germany had taken over the chairmanship of the G-8. The UN produced a report (UN Millennium Development Project 2005) which included calculations about the amount of aid that would be required to achieve the MDGs.<sup>23</sup>

However, commitments have never been binding, and more often than not simply do not materialize. In donor countries, political pressure apparently is not large enough, and aid probably not important enough in national politics, for the commitments to materialize consistently. In fact, the “commitments” by national leaders usually do not have direct legal or administrative implications. Exceptions to this include the UK’s International Development (Reporting and Transparency) Act 2006, which commits the Secretary of State to report annually on various areas, including expenditure on international aid, progress towards the UN ODA target to make up 0.7% of gross national

income. But in this case, the commitment to increased aid is combined with commitments to enhance effectiveness (and transparency), making the increase in allocation far from automatic.

Thus, the calls for increasing aid are perpetual, and are increasingly specific, supported by estimates of financing needs, and always with attempts to focus on the poorest countries. But these commitments are not binding, or binding in a vague moral sense only. Calls for increasing aid also have been continuously combined with calls for improving the efficiency of aid, which we come back to later.

#### **4 The opponents: too much money goes to international development**

The idea that too much money is spent on international development aid is very common. Public opinion often holds that too much money goes to foreign aid, and that very little positive effects are achieved, often because of corruption of the rulers of poor countries. It appears that little of this is based on actual information. For example, in America polls show that the public often overestimates the amount given to aid, sometimes by as much as 30 times<sup>24</sup> However, most serious studies suggest that there is continued strong public support to providing aid, though perhaps too little is known about public attitudes towards aid,<sup>25</sup> and how these are mediated through their political representatives who themselves are simultaneously party of an ever-more important international diplomacy.

Similar to Moyo in 2009, and various publications in-between, twenty years earlier Graham Hancock (1989) argued in a book that has been re-printed several times and in various countries that the aid business should be abolished, and that the highly paid aid bureaucrats or “lords of poverty” should depart. In his view the industry’s history was littered with failures, and that it escaped public scrutiny. In an “ethnography of aid and agencies” (a slightly misleading title I suspect), Mosse and Lewis (2006: 8) state that “development policy continues to be characterized by a striking incongruence between .... an ubiquitous ‘seductive mix’ of ‘development buzzwords’ ... [and a] striking lack of progress in relation to a wide range of development indicators ...”<sup>26</sup>

Perhaps going beyond the outright rejection, and riding on the wave of interest in aid as highlighted above, former World Bank economist Bill Easterly, published his view on international development, as “the white man’s burden”. Based on his practical experience, he highlights the “tragedy in which the West spent \$2.3 trillion on foreign aid over the last five decades and still had not managed to get twelve-cent medicines to prevent half of all malaria deaths” (Easterly 2006: 4). According to Easterly, the main problem of aid has been the emphasis on grand plans and domination of “planners”, and the limited ability to motivate people to carry out such plans. He suspects that the increased commitments will be subject to a dominance of these planners, including those who think they can plan a market, and suffers from the failure to learn from past mistakes.

Calls for reducing aid are substantiated by different arguments, often interrelated. First, there is a common perception that aid has failed – as the quote from Easterly indicates, and Dambisa Moyo has most recently articulated forcefully.<sup>27</sup> An article in the conservative US journal *The National Review* in 2002 argued that “a strong case can be made that foreign aid has been the problem for many developing countries, rather than the solution”, while linking this to welfare debates in the US itself, “negative policies were perpetuated in the same way that welfare perpetuated dependency” (quoted in Lancaster 2007: 96). An article in *The Wall Street Journal* (August 22, 2007) stated; “Despite star power, aid doesn’t work”, highlighting the potential damaging long-run effects on governance and economic competitiveness.<sup>28</sup> Also, both Hancock and Moyo point out – not without reason, but without much precision – that countries who have not received aid have done well while those that have received aid have not developed. It is often argued that many of the aid recipients are not committed to development and poverty reduction, and some analyses has suggested aid may not help to improve governance.

Second, a strand of academic literature, often inspired by post-modernism, have challenged the nature of the aid industry altogether. Authors like Escobar, Ferguson and Ignacy Sachs “argue that the entire development discourse is Western created and imbued with the usual dichotomies of Western superiority... [and] ... justifies the existence of an interventionist and disempowering bureaucracy ... [T]his critique argues that the entire development edifice – the concepts, the language, the institutions built up around it – *causes* the problems it supposedly seeks to solve ...” (Uvin 2004: 32).<sup>29</sup> Much of the popular critique particularly against the World Bank, or globalization, obtains these forms of expression, and even programmes run by UN organizations like IFAD do not escape these criticisms.

Third, there is a less theoretical and more practical critique regarding aid dependency. In quite a few countries, particularly in Africa, donor funding forms near half of the government budget, and it has done so for extended periods of time. New funding often leads to setting up of new agencies, project units which operate outside the mainstream bureaucracy and with their own operations and procedures, including often staff salaries. This may not contribute to solving or even worsen problems of – and damage moral in – existing public policy institutions. Equally, new loans are often thought not to help countries get out of debt traps. Critiques of structural adjustment often argue along these lines, pointing out for example – as the campaigns for debt relief have done – that poor countries over the years have paid back far more in loans than they received.

A further and related argument against increasing aid refers to what is commonly called “absorptive capacity”. It is commonly argued that recipient governments simply do not have the administrative or policy capacity to effective use increased aid flows, particularly when these are disbursed in a short period of time. Economists warn for the implications of large financial inflows on the economy, and the possibility that this may cause “Dutch disease”, an appreciation of the exchange rate and resulting decline in competition of national industries.<sup>30</sup> However, there is some agreement among

economists that for most aid-dependent countries, a foreign aid contribution of about 20 per cent to the national budget does not lead to such negative effects, and the economic impact remains positive. Jeffrey Sachs has vehemently argued against arguments around absorptive capacity, highlighting for example that at current levels of funding it is impossible for health ministries in Africa to maintain a health care system.<sup>31</sup>

A fifth argument against increasing aid relates to the behaviour of the donors. While the history of the aid industry is full of commitments to focus on recipients' priorities, donors' motives and structures continue to drive the way aid is given. Aid is driven by foreign policy motives, which partly explain the great attention to aid during the cold war and after 9/11. Commercial motives have been equally important in the way aid is provided. Much of aid, even in the case of donors like Canada, is provided as "tied aid", where the money given need to be spent on goods and services of the donor country.<sup>32</sup> Donors' procedures also tend to be cumbersome, occupying valuable and often scarce government and administrative capacity. Donor projects and programmes often create parallel reporting structures, which is particularly problematic when large numbers of donors are present in countries with low administrative capacity. Finally, donor funding can undermine local accountability (Uvin 2004), a point to which we return in the concluding discussion in this paper.

## **5 The technocrats: amounts of aid matter less than how it is given**

The last arguments above, about "absorptive capacity", and donor behaviour, already move us into a different set of arguments about aid, those focusing on how aid is given, rather than simply whether should be more or less aid. As we already noted, demand for more aid often go together with calls for improving the quality of the aid system, for example the Jubilee 2000 campaign that argued that new resources should focus on poverty reduction, the Pearson Commission that also argued for improvements in efficiency, and the Monterrey Consensus that emphasized governance issues as central to delivering increased resources. The *Human Development Report 2005* similarly argued:

International aid is one of the most powerful weapons in the war against poverty. Today, that weapon is underused and badly targeted. There is too little aid and too much of what is provided is weakly linked to human development. Fixing the international aid system is one of the most urgent priorities facing governments at the start of the 10-year countdown to 2015.

There are very difficult issues about the delivery of aid. The following lists the more pertinent ones in discussions about increasing aid.

A first argument emphasizes that aid is not well targeted, that too much money is spent in countries that are not the poorest. There are powerful political forces determining that much aid is given to countries that are not poor, because of historical, political and strategic ties. Many organizations have tried to focus their aid on the poorest countries. Most recently the UK with its

public focus on Africa, and official government targets for increasing the share of the total aid budget to the poorest countries. But the pull of other political considerations remains large, and since 9/11 security concerns have led to an increasing – and often competing – focus on states that are thought to form threats of violence to the West. The USA aid programme is particularly openly tied to foreign policy concerns; in fact in 2006 a former USAid administrator openly criticized the European aid programmes for the failure to align aid to foreign policy concerns (Natsios 2006). Similarly, Kurlantzick (2007: 202) describes the Chinese aid programme as core element of China’s global “charm offensive”.

A second and related argument has stressed that much aid – even if it does go to the poorest countries – does not reach the poorest people. Since the 1950s the development industry has increasingly focused on ensuring aid benefits reach poor people: the Millennium Development Goals as agreed in 2000 are a clear example of an instrument that aims to ensure targeting.<sup>33</sup> Since the 1980s many development organizations not least the World Bank have been engaged in large scale exercises to make sure that it is actually possible to know how many people are poor, uneducated etc. But the ways in which aid does benefit poor people can be manifold – and indeed definitions of poverty continue to differ – and this underlies many of the debates about aid, including about whether to provide aid to national governments or to poor people directly; both obviously have advantages and disadvantages. Technically, assessing whether aid succeeds in benefiting the poor remains a very difficult question, and targeting can have unintended consequences.<sup>34</sup>

Third, even when it is agreed that the world’s poorest people should be the prime beneficiaries of aid, controversy arises about whether it is desirable to provide these countries with large or increasing amounts of aid. The argument, put simply, is that many of the poorest countries are not able to use aid effectively. This can be for a range of reasons, but much of the focus has been around the “governance” in these countries. The agenda of good governance is broad, and calls for improvements in political and economic institutions, administrative systems and government bureaucracies, and public service delivery.

An oft-quoted and influential – but also much criticized – World Bank paper by Paul Collier and David Dollar (1997, 2000) focuses on both the need to move aid to the countries with the largest numbers of poor people, and to those countries that are able to use aid effectively. In their view, based in statistical analysis comparing large numbers of countries (“cross-country regression”), such reallocation could increase the numbers of people lifted out of poverty from 30 million to 80 million per year. In Paul Collier’s popular 2007 book *The Bottom Billion* he again stresses the need to focus on countries where most poor people are (increasingly in 50-odd countries), and the need to address the development “trap” of good governance – to which he adds the need to address other traps, of conflict, the natural resource curse, and landlocked countries with bad neighbours. However, others warn that foreign aid may not be the right instrument to promote reforms – like former Sida Assistant Director General Gus Edgren who concludes aid is “not a joystick by

which donors can manipulate macroeconomic or political outcomes”(2004: 48).

Building on debates on structural adjustment, aid effectiveness and good governance, former Dutch development minister Jan Pronk (2004) has highlighted the role of aid as “catalyst”. He stresses that “good policies” are not exogenous, but part of development processes more broadly (and thus “well-focused aid conditionality” is preferable to “rigid selectivity”, p.16). The conditions for development can often “only be met with some outside help. Aid should ... be used primarily as a catalyst, sometimes to help generate other resources or gain access to them, sometimes to help create domestic capacity or manage conflicts ...” (p.17). Again, and even though Pronk has strongly supported the 0.7 per cent goal, how aid is used appears more important than how much is given.

Fourth, a relatively recent concern about how aid is given revolves around the political nature of the aid process.<sup>35</sup> Such a critique is by no means new, but the perceived failure of the “Washington Consensus” that dominated in the 1980s (and the aid fatigue that blamed corrupt governments for the failure of aid), led to increased attention to the importance of governance for development and poverty reduction, and the emergence of Poverty Reduction Strategy Papers which called for country-wide consultations to determine strategies for providing aid. The attention to the institutional determinants of development led an increasing number of authors to argue that aid needs to be much more sensitive to political conditions, and to calls for political analysis – such as DFID’s “drivers of change” – to inform aid allocation and strategies. However, as argued in De Haan and Everest-Phillips (forthcoming), it remains unclear if there is sufficient commitment within donor agencies to integrate or make explicit a deeper understanding of politics.

A fifth question about how aid is given stressed donors’ habits, the patterns of behaviour and incentives that limit aid effectiveness. Many argue that there are too many donor agencies, working in uncoordinated ways. “Tied aid”, the use of foreign aid for commercial purposes, have restricted its efficiency. While the UK for example “untied” its aid under the Labour Government, many countries continue to make collaboration with or purchase from their national companies a condition for the provision of aid,<sup>36</sup> and informal ways of tying continue to exist as well.

Further, current aid is commonly compared with the Marshall Plan directly after the Second World War, which disbursed large sums of money in a short period of time, compared to the much more long term and relatively small sums of money of development aid – even though, and this is only an apparent contradiction, donors suffer from disbursement pressure. Donor procedures tend to be cumbersome and time-consuming, aid flows are often unpredictable, and financial cycles on the side of the donors rather than demand by recipients, and donors’ priorities change frequently.

Some argue that donors’ attitudes may have the potential to undermine progress, and aid has the potential to contribute rather than reduce conflict. In a series of thoughtful contributions, Rosalind Eyben, former DFID Chief Social Development Adviser, has explored the motives and ways of thinking of officials in aid agencies. In particular, she has contrasted an approach of

“substantialism” in which officials see the world primarily of entities (amenable to measurement in a results-based management framework) with a “relationalist” approaches which take into account complexities and processes. Her focus on how aid institutions “think” is not a fundamental critique of aid, but an attempt to make these more self-conscious, and more effective without accepting the popular frameworks of assessing aid effectiveness.

These five sets of questions illustrate the empirical and theoretical complexity in which aid operates. These issues make it naturally difficult to measure whether “aid works”, as discussed a little later. The next section describes a different kind of argument, that aid is not all that important.

## **6 The relativists: foreign policy, trade and migration policies matter more than aid**

A fourth set of arguments emphasize that aid is not as important as many of its supporters argue. There are at least three important considerations, related to the position of aid to donors’ foreign policies, to the importance of aid compared to private financial flows, and its importance vis-à-vis remittances that (unlike aid) have rapidly grown over the last decades. I will argue that it is important to contextualize aid in this way, but that none of these make careful study of and open debate about aid less necessary.

First, as was highlighted already, and reflected strongly in writings originating in the US, aid is an instrument of foreign policy or diplomatic purposes. The United States and others provided aid as a tool in Cold War competition, and French aid has been instrumental in maintaining a sphere of influence. The recent rise of Chinese aid similarly can be interpreted as one of the tools of exercise of “soft power” (Kurlantzick 2007), and the recent resurgence of interest in aid in the US is closely related to the post-9/11 agenda and the new “transformational diplomacy” (Natsios 2006), though as mentioned earlier the way US does now articulate its objectives seem increasingly close to a “Paris Consensus”. Foreign policy considerations are important for all donor countries, even for those that have made development, poverty reduction, or humanitarian relief central to their policies. Alesina and Dollar (2000) based on quantitative analysis of bilateral aid, showed that foreign policy and strategic considerations (alongside economic needs of recipients and historical links) have a big influence on how aid is distributed.<sup>37</sup> In any case, it is critical to understand the role aid – as donors and recipient – plays in countries’ political and economic diplomacy.

A second important question is: how important is aid in a world where private financial flows are so large? It is often argued that looking at broader international policies is more important than aid alone, or indeed donor countries are criticized of hypocrisy when they provide aid while benefiting from for example import restrictions and subsidies to producers in the North, foreign investment that exploits countries in the South (with advice from donors helping to open up countries to global markets), the payments of interests on loans disbursed years if not decades ago, or the fuelling of conflict through the sale of arms by companies in the same donor countries. Under the leadership of Clare Short, the UK Department for International Development



for example made globalization the core theme of its Second White Paper, responding to a felt need to “make globalization work for the poor”. This argued for the need for consistency in policies of all government departments, a theme that is also critical in policies of particularly Nordic countries and donors. The “Commitment to Development Index”, is an initiative that rates rich countries policies in seven areas - foreign aid, commerce, migration, the environment, and military affairs – on the extent to which they help poor countries development.<sup>38</sup>

Similarly, emphasizing recent globalization trends – it has been stressed that the financial contributions of migrants from the South outstrips development aid. Recent estimates (before the financial crisis) put remittances at about US\$ 200 -300 billion, about double official aid flows. While earlier writings emphasized the danger of “brain drain”, i.e. the loss of human capacity following moves by educated people to richer countries, more recent analysis have emphasized the positive contributions of migrants, and some authors have even stressed that remittances do not suffer from the problems of aid flows, like difficulties of getting the money to the right people, corruption, etc.

These arguments are important, and a “development” agenda is about much more than aid. But aid does have its place. Wherever foreign policy considerations are dominant, fortunately constituencies for the use of aid for development purposes continue to exist. And private flows, through trade or migrants, cannot substitute for the essential role aid has played, and can play, in support to providing countries with the essential preconditions for their development paths. There may be too few success cases, but there are enough of them to illustrate the point that aid does matter, particularly in the places where development through market-led forces is less likely to succeed, even though that makes it more difficult for aid to be effective.

## **7 The accountants: how much do we really know about what aid achieves?**

Foreign aid has at times been a spectacular success... Foreign aid played a significant role ... contributing ideas about development policy, training for public policymakers, and finance to support reform and an expansion of public services. Foreign aid has also transformed entire sectors.... On the flip side, foreign aid has also been, at times, an unmitigated failure.... Consider Tanzania, where donors poured a colossal \$2 billion into building roads over 20 years. Did the road network improve? No. For lack of maintenance, roads often deteriorated faster than they were built... Foreign aid in different times and different places has thus been highly effective, totally ineffective, and everything in between.<sup>39</sup>

As a result of the growing critiques on aid, and a growing need to show results for tax payers money, there has been an expanding field of analysis of the impact of aid, and calls for better assessments (Riddell 2007). Questions asked and methodologies used vary a great deal. At one end of the spectrum, receiving relatively little public attention, there are hundreds of studies on the results of development projects – most development agencies do evaluations

of their projects, however limited. Methodologies for the study of impacts of projects are now well-established, and remain technically difficult. There has been some recent interest in using random experimentation (Banerjee 2007), but it is clear that this can be used in only a small percentage of projects and approaches. Perhaps most important, evaluation is not carried out systematically in the majority of cases, and are impossible to carry out in non-project approaches, such as sector approaches and budget support.

New programme or sector-wide approaches have developed their own forms of evaluation and monitoring. Sector Wide Approaches emphasize that the approach is a different mode of aid delivery, particularly in the way donors work with governments. They are not just a programme or set of activities, but are a way to coordinate and support sector activities, and aim to improve policies and resource allocation. Policy changes are of course very complex and difficult-to-trace processes, which requires more qualitative approaches. Evaluation methods used for projects are thus not appropriate, as it is much harder to measure for example the quality of policy, or whether aid has contributed to changing resource allocation.

On the other side of the scale of aid modalities – and following Mosley’s (1987) discovery of a micro-macro paradox which stated that aid is efficient at the project level but had no clear effect on the overall economy<sup>40</sup> – there has been an ever-growing and contested wing of the aid industry looking at the impact of aid at the macro-level. These studies have used mainly cross-country statistical analysis to look particularly at the impact of aid on economic growth, and on the Millennium Development Goals (Fielding et al. 2008). One of the key findings was that aid works well in the right policy environment (Burnside and Dollar 2000), but this has drawn criticism both on technical analytical ground, and because of its relevance (aid needs to work in bad policy environments). Bourguignon and Sundberg (undated) concluded that as the “empirical literature on aid effectiveness has yielded unclear and ambiguous results”, more work is needed to understand the “black box” of policy making (“empirical” relating mostly to cross-country regressions).

As I discuss more extensively in *How the Aid Industry Works* it is critical to understand the reasons why efficiency of aid is considered so important, how this question is operationalised, and the impact an emphasis on results can have. Moreover, we need to accept the inherent limitations of exercises to assess aid effectiveness, as both dependent and independent variables are variously defined, and establishing causal links – even if there is agreement on the variables – has so far proven to be elusive. This brings us back to the original question, of why these views are so different.

## **8 So why are views on the aid industry so different?**

The views on aid diverge for many reasons. In the first place, as highlighted, aid has been explicitly defined as fulfilling different purposes: to support allies during the Cold War, support to countries and governments considered helpful in a global security agenda or address the conditions in which radicalism is likely to arise, to help countries develop, to address global poverty, etc. The aid institutions differ, often reflecting national idiosyncrasies, they “think”

differently, and they are apparently always changing. Moreover, the policies of agencies tend to be inaccessible to outsiders, their language is often intractable, using large number of acronyms. As there are potentially many objectives of aid and institutions that implement high-level commitments, of course, conclusions about whether aid works are likely to differ as well.

Second, aid has been studied from different theoretical angles – often without being made explicit – reflecting the varying perspectives in social and political sciences: realist perspectives highlight the role of foreign aid as an instrument of political power; Marxist or dependency scholars see aid as an instrument to maintain positions of control in world capitalism; and scholars in a liberal tradition emphasize aid as a reflection of collaboration between states. A constructivist lens highlights that foreign aid is an expression of norms and ideas, to assist in the improvement of quality of life, while deconstructivist approaches focus on aid practices as a “discourse” and ways of exerting power. None of these theories adequately explain the complexities of aid (Lancaster 2007): its principles always reflect a combination of motives or incentives, as indeed was shown in statistical analysis by Alesina and Dollar (2000), and aid practices tend to take their own dynamics as all policies tend to do through the institutions responsible for their implementation. The emergence of new donors particularly from East Asia (with its own very different development path) is likely to bring yet other points of view to the debates.

Third, even if we discount the foreign policy and commercial purposes of aid, and focus on the developmental aspects, there is still an enormous variety of purposes that can be categorized as development oriented: humanitarian relief, balance of payment support, promoting economic transitions and reform, promoting democracy and gender equality, addressing conflict and post-conflict situations, all can legitimately be classified as “real” aid. Poverty reduction can be achieved through a range of instruments, including those that help create an environment for economic growth, policies that help provide services for the entire population (e.g. health, education), or programmes that are targeted to the poor (like micro-finance, cash transfers to the poor). And while the Millennium Development Goals now provide a generally agreed framework of measuring progress, there are still many questions about whether and how one can attribute any of the progress or lack thereof to the aid industry.

But fourth, the differences also can have deeper underlying theoretical and ideological reasons. The ideological differences between Right and Left of course have exercised a great influence on framing the aid debate (Thérien 2002), and changes in political power influence the changes in the shape of aid institutions. Partly mirroring these differences – but important to distinguish – are differences in perceptions about responsibilities of the state, in terms of their duty to provide for their citizens, as well as ability to promote economic growth. US national public (state-funded) social policies, for example, are relatively ungenerous compared to European counterparts, as the debate on health care reform illustrates; but at the same time and not inconsistent with aversion to a large state, private charities are larger in the US than elsewhere. These differences are clearly reflected in patterns of aid. Similarly, there are differences in expectations about the extent to which governments can

promote economic growth and how much of this should be left to the private sector; again ideas about the ability of the state are reflected in ideas about what aid can contribute, and how much and how it should be given.

These differences will continue to exist, and it is critical to understand the under-lying differences, because so much of the debate is not really about aid, but about much deeper beliefs in values of social justice, and ideas about how this can and should be achieved.

## 9 And what's all the fuss about?

The title of the opening section of this paper does not mean that the debate on aid is unimportant. Far from it, and as mentioned above I share Paul Collier's hope that the quality of the debate can be enhanced. The fuss, the upheaval, I believe, is both disproportionate and counter-productive. It is disproportionate as amounts of aid are, after all, not big. They are fractions of donor countries' military spending, for example those for the war on terror, or are miniscule in comparison with the numbers that floated around during the recent financial crisis (for example, \$ 2 trillion of US debt). As Dambisa Moyo (2009) rightly highlights, China's aid to Africa is only a fraction of total Chinese investment; (fortunately, she adds). It's very clear from all research that the humanitarian motives are only a part of the reason why countries give aid – this does not mean that we should not try to make humanitarian motives more important, and I believe this has indeed been achieved over the last twenty years, but it would be wrong to judge aid *as if* only the humanitarian motives matter.

Perhaps more important, the fuss can be counter-productive too. The yes-no and pro-con debates have become an inevitable part of the aid industry, much like the debate on or protests against and defence of globalization has become an inseparable part of globalization. It is of course not my intention to deny the usefulness of expressions of different opinions, however I do believe it is critical to move from the for-against mode of debate, and think about three different modes of accountability, as in the end it is and should be accountability to stakeholders that drives changes to aid approaches. One of these modes of accountability, perhaps the least important one, is that of the star performers in the aid drama: it would be helpful for the debate, and would create space for Southern voices, if commentators – both the pros and cons – would be more balanced in their descriptions of what aid does, and the limitations of their analysis.<sup>41</sup> The both disappointing and plain and simple fact is that there probably have been as many cases of successes of aid as there have been failures, and that failures will continue to exist where development itself is failing, or merely contested.

The more important point here is the interaction between the accountability to the intended beneficiaries of aid and accountability to the taxpayers of the donor countries (note that I do use this terminology of aid and taxpayers intentionally, not that I believe the relations should be more equal as the Paris Agenda rightly argues, but because I observe they simply are not). The aid industry remains primarily accountable to its taxpayers, and this is both inevitable and desirable. The importance of this form of accountability has become abundantly clear with increased emphasis on results-based

management, which is at the same time an instrument for making aid more effective, and an instrument for *showing* the tax payers what their support is achieving – the two things are consistent but not the same, of course. Despite advocates' efforts to enhance the understanding of aid programmes, it remains the case that the taxpayers know very little about the practices of their own countries' parts of the aid industry. They tend to be primarily led by the way this performance is translated to them by the development departments or NGOs, who in turn feel under pressure by the critiques of aid. Again, as with the heated debate among the specialists, and as for example the debate on social sector spending and structural adjustment has indicated, this pressure can and often tends to crowd-out space for development in recipient countries.

Least accountability exists towards the recipients of aid. For “the poor” aid maintains the nature of a gift, and one that it is probably even less predictable than children's birth day gifts. In my own experience, I found grateful recipients where our money had done some good, but I have barely if ever been challenged by recipients who did not receive what they thought they were entitled to, in the way my students have challenged me when I do not provide the services they feel I am contractually obliged to, or in the way I would challenge my municipality if public services are failing. And the donors' partner governments operate in the same philanthropic mode when it comes to the way they use aid: on the one hand they do not have control over aid resources, but on the other hand they do not need to tax citizens to provide the services they deliver with aid money. Aid can and has led to (increased) corruption, but this in my view is not (no longer) the main issue; rather, the social contract that has been formed in aid dependent countries limits the building up of accountability that are part and parcel of the building up of inclusive states.

Neither is the question where aid money should be spent, in social sectors, for economic growth, infrastructure, etc., the key one. The specialist debates on this have been held mostly in the North, within and between donor agencies, and often in polarised modes similar to the debates over whether aid works. For example, the donors' emphasis in the 1990s on social sectors may have contributed – if it was not accompanied by efforts to enhance revenue generation – to aid dependency, but the critical question is whether these debates and donors' support have enabled the building up or contributed to crowding out national public policy debates on paths of development. The way donors have managed to “ignore” for example agricultural development or investment in infrastructure, suggests that the objective of enhancing ownership over development is still a distant hope. The international community, under increased pressure to show results and in its increasing diversity, still needs to find ways to allow space for national politics and strengthening taxation which is critical for a developmental social contract.

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## Notes

- <sup>1</sup> Surprisingly, perhaps, this has been less the case in the Netherlands, where the political changes since 9/11 and the two high-profile murders popularity of aid seems to have waned alongside a crumbling of support for a multi-cultural society (Bodelier and Vossen 2007).
- <sup>2</sup> Brigety 2008; also Brainard 2007, 52; and Natsios 2006 for a critique of European approaches to aid which in his view had hoped to isolate aid from foreign policy. The “3D approach” is now much more widely accepted, with the Dutch for example priding itself on having developed it. Almquist (2009) on the other hand describes a US approach to aid (as emerged under President Bush) which is much closer to a “Paris Consensus”.
- <sup>3</sup> For example UK’s DFID 2009 (and see Maxwell 2009 for a review), the Dutch Ministerie van Buitenlandse Zaken (Ministry of Foreign Affairs 2007), Norway’s policy as presented at the Development Studies Association conference in September 2009.
- <sup>4</sup> Vocal criticism are voiced not only by parties on the right of the political spectrum, but also for example – just in the last few weeks – in the quality paper NRC Handelsblad (for example by Marcia Luyten, 28-29 November 2009; see also <http://marcialuyten.nl/>), the interview “Diva’s in debat”, in *Internationale Samenwerking*, September 2009), the VPRO programme *Tegenlicht* on “En wat als we de hulp stoppen?” (what if we end aid?, 30 November 2009), and in the curious debate about the PhD by Wiet Janssen (2009), of which four Dutch professors publicly declared that it was of insufficient quality for a PhD (Janssen argues – in my view too very biased – that results of Dutch aid are generally not sustainable and the Ministry employs insufficient management capacity to administer aid properly).
- <sup>5</sup> This term was suggested by Linda Herrera, who generously allowed me to use it for this paper, while encouraging me to further explore my conclusions about the aid industry.
- <sup>6</sup> This is also known as policy coherence, or whole-of-government approach, and has been thought particularly relevant with respect to trade and more recently security.
- <sup>7</sup> In an interview the the Dutch newspaper *NRC Handelsblad* (9 October 2009) after the publication of his new *Wars, Guns & Votes*.
- <sup>8</sup> [http://bostonreview.net/BR34.4/ndf\\_development.php](http://bostonreview.net/BR34.4/ndf_development.php).
- <sup>9</sup> “Given that Collier’s evidence base collapses when subject to scrutiny, it is all the more disturbing that his policy recommendations are remarkably interventionist” (<http://bostonreview.net/BR34.4/easterly.php>).
- <sup>10</sup> Collier also asserts that “many influential development experts agree with me that peacekeeping is one of those policies we should implement more vigorously” (<http://bostonreview.net/BR34.4/collier2.php>), which as stated is hard to disagree with but neglects the critique of and documented problems with this form of international public action.
- <sup>11</sup> In the *Financial Times*, 7 May 2009, <http://www.paulkagame.com/blog4.php>. On the other hand, former Ghanaian President John Kufuor maintains Moyo does not speak for Africa and aid remains necessary (*NRC Handelsblad International*, 2 December 2009).
- <sup>12</sup> Quoted at the Eldis Aid and Debt blog, 26 May 2009, [community.eldis.org/aidanddebt/Blog/Sachs--take-on-Moyo-and-Easterly](http://community.eldis.org/aidanddebt/Blog/Sachs--take-on-Moyo-and-Easterly). Reactions by Dutch academics and practitioners have been even more antagonistic. Tom Dietz felt the need to stress “she is cute”, and compares her with Dutch anti-immigrant politician Geert Wilders. “The same professionalism, the same extreme simplification of the message, the same lack of serious alternatives” (*NRC International*, 9 October 2009 ([www.nrc.nl](http://www.nrc.nl))).
- <sup>13</sup> Still available on the website [www.munkdebates.com](http://www.munkdebates.com).
- <sup>14</sup> <http://www.templeton.org/questions/africa> (accessed November 2007).
- <sup>15</sup> *Internationale Samenwerking*, November 2009 (interview with Moyo).
- <sup>16</sup> In Easterly’s words: “The biggest difference between Sachs and me is that he thinks aid can end poverty and I think it cannot ... The end of poverty comes about for home-grown

reasons, as domestic reformers grope their way towards more democracy, cleaner and more accountable government, and free markets” (quoted in Harman 2007).

<sup>17</sup> For example, DFID changed the format of their LogFrame in 2009; while I do accept that the new format is better, and it may be necessary to retrofit existing projects, the point here is that the change complicates assessments.

<sup>18</sup> Riddell 2009; he does however remain optimistic that the “gap between what [aid] is achieving and what it could achieve ... can be narrowed”. Other contributions to the debate on “openDemocracy” included Phil Vernon (2009), who argued for, *inter alia*, subsidiarity, meaning that aid strategies, decisions implementation and monitoring should take place at the lowest possible level; and Robert Picciotto (2009) who believes more and better targeted and administered aid is necessary.

<sup>19</sup> The recent evaluation of Dutch development policy in Africa asked three questions: whether *aid* reduced poverty, whether *diplomatic efforts* enhanced peace and human rights, and whether efforts towards *coherence* (e.g., EU import restrictions on agricultural products) enhanced market access and economic opportunities for Africa (van Ojik 2008).

<sup>20</sup> Written in a slightly earlier period, Isbister (2003: 221) noted “[f]oreign aid has declined so much in both quantity and quality as to be almost irrelevant to the economic development of the third world.”

<sup>21</sup> <http://daccess-dds-ny.un.org/doc/UNDOC/LTD/N08/630/55/PDF/N0863055.pdf?OpenElement>

<sup>22</sup> Monterrey Consensus Report of the International Conference on Financing for Development Monterrey, Mexico, 18-22 March 2002: <http://www.un.org/esa/ffd/aconf198-11.pdf>

<sup>23</sup> The desirability for increased aid was highlighted for example by analysis like Howard White (2005) in an *IDS Bulletin* on “Increased Aid: Minimising Problems, Maximising Gains”. But Tony Killick in the same Bulletin argues additional aid will divert attention from attention to quality and effectiveness of aid. Manor in that Bulletin sums up the arguments for and against increasing aid: views continue to differ around questions of absorptive capacity, possibilities for governance reform, likelihood that aid will be delivered in coordinated manner, donors ‘unhelpful habits’, and continued questions around aid dependency.

<sup>24</sup> Opinion polls in America show that citizens greatly overestimate the amount of aid given by their government, by as much as 15 times according to one and 40 times according to another poll (quoted in Bolton 2007: 154-55).

<sup>25</sup> Riddell 2007, Chapter 7; OECD DAC at [www.oecd.org/document/31/0,3343,en\\_2649\\_201185\\_38405727\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/31/0,3343,en_2649_201185_38405727_1_1_1_1,00.html). A number of OECD countries have undertaken dedicated efforts to enhance understanding of the campaign on Millennium Development Goals.

<sup>26</sup> Mosse and Lewis 2006: 8. The reference to buzzwords in development practices is from an article by Cornwall and Brock. Based on experience working for DFID, Bolton (2007) argues that aid is incapable of solving the problem of poverty in Africa, though he does believe that aid provided in the right way can work if countries are well governed, as was the case in Uganda in the 1990s.

<sup>27</sup> She quotes for example Rwanda’s President Kagame (2009: 148-9): “the donors should ask: what are we doing wrong, or, what are the people we are helping doing wrong? Obviously somebody’s not getting something right. Otherwise you’d have something to show for your money.” Study of Rwanda of course highlights the enormous difficulty of assessing whether aid works: the international community failed to intervene in the 1994 genocide, but has since played an important role in the remarkable recovery, but more recently it – and the use of aid – has been criticized for its role in the Congo.

<sup>28</sup> Article by Arvind Subramanian, who with Raghuram G. Rajan wrote a 2005 IMF Working Paper titled ‘What Undermined Aid’s Impact on Growth’. [http://blogs.cgdev.org/globaldevelopment/2007/08/a\\_farewell\\_to\\_alms\\_if\\_only\\_thi\\_1.php](http://blogs.cgdev.org/globaldevelopment/2007/08/a_farewell_to_alms_if_only_thi_1.php)

<sup>29</sup> Many of the authors in this strand of ‘deconstructive’ commentary are anthropologists. A related anthropological approach, less critical, focuses on describing “the interaction of ideas and relationships in development arena” (Mosse and Lewis 2006: 5). In ‘critical perspectives’ on development, Kothari and Minogue, quoting Ignacy Sachs, argue “there has been a failure of the postwar development project” (2002: 2).

<sup>30</sup> In a recent article Andrew Fischer (2009) argues for a reconsideration of the insights of structuralist insights and developmentalism, and for the need for concessional finances particularly as there is a global trend of flow of resources away from poor countries.

<sup>31</sup> According to the 2005 Human Development Report (p.79) average health spending in Sub-Saharan Africa was \$3 - \$10 per capita, while the cost of providing basic health care was estimated at \$30 per capita.

<sup>32</sup> See the independent reviews *The Reality of Aid*, [www.realityofaid.org/roa.php](http://www.realityofaid.org/roa.php).

<sup>33</sup> Fukada-Parr and Hulme (2009) discuss why the MDGs became widely accepted as an international normative framework of development; in their view they stalled in implementation: “when it comes to global altruism the economic and political interests of states, and the elites who manage national affairs, take priority.” The on-line source *The Broker* (14 May 2009) published an interesting article by Andy Sumner on the agenda “post 2015”.

<sup>34</sup> Arguments against targeted poverty approaches are summarised in Mkandawire (2005). A different but no less important issue is whether setting of targets can distort policy processes, which in the UK for example has been discussed with respect to targets for waiting lists.

<sup>35</sup> De Haan and Everest-Phillips forthcoming; Booth et al 2006 discussing PRSPs; Black 2007: Chapter 6.

<sup>36</sup> OECD DAC statistics (Table 23) provide information about status of tying aid, with Greece and Canada having the highest levels of tied aid among countries that provide information. But other examples of tied aid remain, including in the Netherlands and Sweden, often through informal practices

<sup>37</sup> For a recent analysis see Berthélemy (2007), which focuses on the influence of rent-seeking behaviour in donor countries; and Kuziemko and Werker (2006) which looks at the role of U.N. Security Council membership on receiving US aid.

<sup>38</sup> [http://www.cgdev.org/section/initiatives/\\_active/cdi/](http://www.cgdev.org/section/initiatives/_active/cdi/). This ranks 21 rich countries on four development-related scales: aid flows, openness to Third World exports, performance in peacekeeping, investment, migration and environmental policies. The Netherlands, Denmark, Portugal and New Zealand ranked best, Norway and Britain fall in the middle, and Canada, Australia, the United States and Japan score lowest.

<sup>39</sup> [siteresources.worldbank.org/INTASSAID/Resources/Overview\\_\(ENGLISH\).pdf](http://siteresources.worldbank.org/INTASSAID/Resources/Overview_(ENGLISH).pdf); the following draws on de Haan 2009: Chapter 8.

<sup>40</sup> Roodman’s “guide for the perplexed” (2007) notes the research on the effects of aid at macro-level is older, and started in the 1960s.

<sup>41</sup> The entry of “African-born” Moyo in the debates among the starts is of course highly significant from the view of identity politics, but it has not so far improved the quality of the debate.