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# Evaluating the Relationship between Conditionality and Foreign Aid Reliance

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**Evaluating the Relationship between Conditionality and Foreign Aid Reliance**
***A Case Study of Jordan***

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# I. The Problem

In the era of globalization, states are under greater pressure when dividing and directing resources. Despite globalization and modern neoliberal international political-economic dynamics which have engendered a reevaluation of developmental practice, the nation-state itself is still the primary driver of the development process.[1] In this context, the expenditure on foreign aid has come under speculation. Much of the criticism is derived from allegations of aid ineffectiveness and concern that aid serves as a disincentive for self-directed advancement. African countries are often cited as examples of the failures of foreign aid because of their seemingly permanent status as receiver without significant developmental improvement.

*Theories of Development and Views on Aid*

There are several main theories of development with which aid policy interacts. They include dependency, modernization, world systems, and globalization. Dependency theory claims that developed and prosperous nations require poorer, less developed countries in order to maintain their status.[2] The underdevelopment of the peripheral countries is not due to their lack of integration and liberalization, rather they are intentionally integrated into the system in this way. Essentially, the role of poor nations in the dependent system is to supply the natural resources, labor, and markets for the wealthy nations, which could not sustain their standard of living without the peripheral states. Dependency theorists view aid as a form of exploitation and self-enrichment in which first-world countries keep peripheral states subordinate and dependent on core donor states.[3]

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[1] F. Niyonkuru, "Failure of Foreign Aid in Developing Countries: A Quest for Alternatives." Business and Economics v. 7, no. 3 (2016), 1.

[2] Ruba Jaradat, "The Impact of Donor and Recipient Government Policies and Practices on the Effectiveness of Foreign Aid to a Middle Income Developing Country : Case Studies from Jordan", University of Huddersfield, (2008), 35.

[3] Niyonkuru, "Failure of Foreign Aid", 2.

Contrastingly, modernization theory argues that political development is supported by economic development and that the two are compatible and mutually reinforcing. It can be understood that political modernization includes the liberalization and democratization of government organization.[4] Modernization theorists' hypothesize that openness promotes modernization and aligns with the premise that the responsibility of development falls mainly on individual states. Importantly, the theory seems to imply that modernization and development are eventually guaranteed for all states, but that each state will become developed liberal democracies at a different pace. In modernization theory, aid can help to speed up the modernization process for states that lag behind, or it can artificially enhance political or economic modernization while neglecting the other necessary counterpart.[5]

Dependency theory and modernization theory function on the platform of the nation-state. Meanwhile, world-systems theory and globalization theory are based on global networks.[6] World-system theory is based on 'a unit with a single division of labor and multiple cultural systems'.[7] In this model, private accumulation of capital propels the global market and world economy. The modern world-system is a capitalistic world-economy where the system itself is not a political organization but rather is made up of the economic linkages between state political units and their interconnecting economies.[8] In general, neoliberal theorists may regard aid as 'an extortion of resources, a long earned asset being dashed to impoverished nations incapable of making best use of it to effectively come out of poverty', or see it as a way to open markets and increase profits.[9]

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[4] Jaradat, "Impact of Donor", 35.
[5] Niyonkuru, "Failure of Foreign Aid", 2.
[6] Jaradat, "Impact of Donor", 36.
[7] Ibid., 36.
[8] Ibid., 36.
[9] Niyonkuru, "Failure of Foreign Aid", 2.

In globalization theory, ‘the interpretation of the current events on the international sphere in terms of development, economic conditions, social scenarios, and political and cultural influences’ is a world in which states are increasingly more integrated into the global economic enterprise.[10] In this context, several progressions manifest; ‘worldwide active communication systems, and smooth economic conditions, especially high mobility of financial resources and trade liberalization’ as well as ‘the compression of the time and space of social relations and to the intensification of consciousness of the world existing as a whole’.[11] Increasing economic, political and social influences originate, exist, and transverse national borders. Similar to the world-systems theory, globalization theory emphasizes an international system which promotes escalating integration and homogenization, with special attention given to the importance of increased economic connection. Nonetheless, the most significant aspect of the globalization theory is its focus on cultural factors.[12] Globalization theorists’ see cultural relations as a key ingredient for contemporary development and therefore emphasize cross-cultural understanding between donor and recipient in aid provision.

*Concerns over Reliance*

Regardless of one’s ascribed theory of development, there are broad concerns over the effectiveness of foreign aid. These grievances generally relate to the dilemma of the installation of foreign dependency. Much like in dependence theory, aid reliance creates a global order in which less developed countries are economically dependent on larger economies. This is, however, often viewed as reciprocally problematic because it creates a power structure in which

[10] Jaradat, "Impact of Donor”, 37.
[11] Ibid., 37.
[12] Ibid., 37.

weaker states' economies are contingent on externally sourced revenue and are highly susceptible to political influence.[13]

Foreign aid constructs a paternal responsibility for donor states that is not always beneficial or desired, while the reliant recipient state is dependent on benevolent aid provision and therefore surrenders a certain amount of political sovereignty in order to maintain the supportive relationship. For example, long-standing recipients of U.S. developmental and economic foreign aid in the top ten receiving countries, including six African countries, Jordan, Afghanistan, and Pakistan, have not seen significant improvement towards self-reliance and development.[14] In addition to domestic concerns of superfluous spending, aid has been criticized as an extension of imperialist power which serves as a tool of compellence, promoting underdevelopment, and even hastening environmental destruction; claims which are especially delicate in relation to aid in the African continent.[15] But foreign aid is intended to have positive economic and political impacts, including democratization, transactional security, development, humanitarian relief, and social welfare.[16]

Reflected in the ideology expressed by the USAID, the intended end of foreign aid is the ultimate elimination of it.[17] A key obstacle in achieving this goal is aid reliance. What causes aid reliance? What factors, and at what level(s), are responsible for the enduring dependence on international assistance? Aid reliance may originate from decision-maker failure to properly allocate resources or from bureaucracy's misuse of funds due to pervasive state-wide corruption. However, this paper will explore the broader comprehensive relationship between conditionality

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[13] Frances Moore Lappé, Joseph Collins, and David Kinley. "Aid as obstacle" IDRC reports, v. 9, no. 2 (1980).
[14] Max Bearak and Lazaro Gamio, "The U.S. foreign aid budget, visualized" The Washington Post. (2016).
[15] Krishna Nath Sharm, "Self-Reliance and Aid: No Positive Relation." Economic and Political Weekly v. 2, no. 50 (1967).
[16] Raymond C. Offenheiser and Rodney Bent. "Foreign Aid Benefits Developing Nations", Greenhaven Press, (2010).
[17] USAID, "What We Do", United States Agency for International Development. (2019).

of aid provision and aid reliance, in which factors of corruption and individual decision-makers can be explicitly and implicitly included. Through evaluations of the length of aid collection, use of aid funds, indicators of self-sustaining growth, and state rhetoric on foreign aid provisions, aid reliance can be identified and assessed in relation to conditionality.[18]

## II. Two Alternate Hypotheses

### A. Individual Decision-Maker

At the individual level of analysis, a possible explanation for dependence on foreign aid is the decisions on the allocation of aid resources that are made in within government structures, often by individuals or small groups. Lack of effective aid dispersal at the point of entry prevents aid from engendering the desired development and contingent self-sufficiency and independence. An individual ideology which prioritizes a direction of aid towards maintenance and treatment of developing challenges without also addressing roots of developmental and provisional problems will lead to the continued need of international developmental funds. Individual decision-makers and/or small groups who have control over the use of aid may prioritize immediate needs and short-term policy due to personal experience and connections instead of investing in long-term developmental projects with aid funds, or individuals may be apathetic to aid to begin with making its application inefficient. The motivation of the individual or the small groups, due to intimate proximity which prioritizes immediate needs over long-term projects, or is apathetic to aid usefulness in the first place, promotes the ineffective use of developmental aid.

Jordan's government structure does not employ broadly applicable systematic governance or policy that aligns and directs government institutions. "Lack of coordination and cooperation

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[18]Robert Lensink and Howard White, "Aid dependence: Issues and indicator's", Almqvist & Wiksell, vo. 2 (1999).
[18]Hilde Selbervik, "Aid and conditionality: The role of the bilateral donor: A case study of Norwegian-Tanzanian aid relationship", (1999).

between the different government institutions or of effective monitoring and evaluation practices, centralized management" can hinder the implementation of aid programs.[19] Therefore, it is up to the independent institution which receives the aid to determine how much of their human capital and time they will devote to putting aid funds into action. In this way, aid effectiveness is highly reliant on individual "government employees to efficiently implement development projects".[20] Employees of the state typically receive low salaries and do not have a strong incentive system or career ladder.[21] Additionally, government jobs are considered stable and secured employment regardless of individual performance, which may disincentivize professional development.

The primary decision-maker or person in power in a department or ministry can either "be in favor of the development project or hinder its implementation".[22] Furthermore, aid projects that are explicitly promoted by or aligned with King Abdullah often receive more institution support and individual incentive to work towards aid goals. Because of this, King Abdullah has considerable power over the execution of aid projects. This shows how it is possible for the "practices and attitudes of government employees [to impact] the effective implementation of aid" as well as the power of the King to affect aid mobilization.[23]

Allocation of aid determined by the authority of an individual person(s) may result in the ineffective distribution and/or use of aid and maintained aid reliance. This suggests the hypothesis: ***If individuals are the primary determining authority on the distribution, utilization, and implementation of international developmental aid, then the state will become perpetually dependent on foreign aid.*** As a parliamentary monarchy, Jordan has both diffused and central

[19] Jaradat, "Impact of Donor", 270.
[20] Ibid., 269.
[21] Ibid., 270.
[22] Ibid., 270.
[23] Ibid., 269.

decision-making authorities, through the King and individual departments as discussed above. Despite the opportunity for flawed decision-making involving aid deployment in Jordan, I do not find this level of analysis to be wholly convincing since it is not guaranteed that individual or small group decision makers will necessarily make ineffective judgments in the use and implementation of foreign aid simply because of diffused government structure. This level of analysis requires that an assumption is made about the decisions of individuals and small elite groups. “Certainly the role that different individuals and groups have is important. But in addition to agency there is the important part of structure” both politically and economically that provide more a compelling explanation for the development of aid reliance.[24]

### B. Domestic Determinants

At the domestic level of the state, government, and institutions, corruption will prevent the adequate application of foreign aid. Similar to the individual level analysis where aid funds are unproductively dispersed, domestic level determinants where state function is distorted and undermined by commonplace corruption, foreign aid will likely never reach its imagined destination. This nefarious manipulation of aid, when occurring systematically on a state-wide basis, redirects aid from intended purposes, therefore preventing it from creating the desired benefit to the receiving state. This creates the hypothesis: ***If the recipient state has pervasive levels of state-wide corruption, then it will become reliant on foreign aid.***

While this hypothesis is more convincing because it answers the question in the individual level hypothesis of *why* funds are necessarily misallocated, it still does not adequately explain persistent aid reliance. Countries, where extensive corruption is recognized, are not likely to

[24] Guy Burton, "Constraints on Aid Conditionality: The Case of the European Commission and the Palestinian Authority", Journal of Global Analysis, vo. 3, no. 2 (2012), 23.

receive aid, nor to continue to receive it enough to become dependent. States receiving aid must be found to not intentionally misuse foreign aid and have protocol and precedent for the prevention and intolerance of systematic corruption. Jordan struggles with persistent aid dependence, but the states CPI (Corruption Perceptions Index) is moderate and continues to improve yearly.[25] Therefore, foreign aid reliance does not necessarily result from pervasive corruption.

## III. Testable Hypothesis

### C. International Environment

If individual action and state-level corruption are not satisfactory explanations for the genesis of foreign aid reliance then a broader level of analysis is required. Individual-level decisions on allocation and the possibility of corruption can both be addressed in the original dispensing of aid. That is the conditions with which the aid is provided. Donor countries are in the position to put restrictions and parameters on the handling and use of aid. This constrains aid use to donor preference, ensure proper use, and mitigate for effectiveness. On one hand, conditionality is thought to prevent corruption and misuse of aid which would result in dependence. However, this also prevents aid from being utilized based on state and locally determined needs, which makes aid less effective. Therefore, highly politicized restrictions and conditionality leave little room for state self-diagnosis of aid directives, creating a high probability for development of aid reliance. Hence; ***if highly restrictive conditionality is imposed on international aid - which will result in ineffective use of aid - then recipient states will become reliant on foreign aid.***

## IV. Measuring and Testing

### A. *Dependent Variable: Aid Reliance*

*Defining Reliance*

[25] Transparency International, "Corruption Perceptions Index 2018", Transparency International, (2019).

The terminology of aid reliance and aid dependence are often referred to in debates of the efficacy of foreign aid. However, it is important to explicitly define what constitutes dependency on aid, how dependency is determined and measured, and what normative assessment is made about aid reliance. Aid dependence and reliance are commonly referred to with the intention to mean; "(1 receiving aid at all or aid above a certain level, (2 receiving more aid than can usefully be utilized, (3 ineffective aid, (4 when aid itself generates either the "need" for aid or mitigates against achieving its intended objectives, or (5 when the design of aid programs (or policies more generally) is dominated by the donor community".[26] However, these sprawling uses of the term obscure the more explicit definition of aid dependence and reliance, which is, briefly, the continual, functional dependence of an economy on international funding. It is widely assumed that "a country which appears to require large aid inflows to either sustain or achieve modest improvements in living standards" is aid dependent.[27] When state provisions and operations become reliant on external funding in order to maintain performance, a state is necessarily dependent on those external sources of revenue. A more finite definition may express aid dependence as "the case of a country needing aid to obtain an objective in the foreseeable future, where aid is explicitly necessary to achieve the objective".[28]

*Determining the Extent of Dependency*

Level of dependence is generally determined and measured as a ratio of aid amount to GDP (the percentage of aid to GDP which denotes dependence can range from 15-45% depending on the source) or conversely the simple litmus test of whether a specific objective could be completed

[26] Lensink, White, "Aid dependence", 7.
[27] Ibid., 15.
[28] Ibid., 7.

without externally sourced funding.[29] For example, aid may not be needed in order to achieve net economic growth, but it could be that economic growth would not also encapsulate poverty reduction initiatives without external sources of influence and funding. Alternatively, it is possible for a state to not be aid dependent if the specific objective is to reduce poverty, but the same state could be classified as dependent if the objective was reducing poverty by 5% by the year 2025.[30] Additionally, it is important to acknowledge that "aid alone will never ensure attainment of the objectives of development" because "outcomes are expressed as a function of aid and some other factors – and inputs of all factors are required".[31]

When aid dependence is determined by the percentage of GDP, it is assumed that high ratios of aid as revenue is indicative of ineffective or incapable independent governance. To be sure, "high aid inflows can be a problem since (1 they simply cannot be productively utilized; and (2 they not only allow an economy not to adjust but rather encourage it to move to an even less sustainable policy path".[32] There is also concern that when aid constitutes a large percentage of government revenue, a mindset of "let the donors do it" emerges which actively "undermine[s] indigenous institutions".[33] By this determinant of aid dependence, a "large number of developing countries remain highly aid-dependent, in terms of aid-to-GDP ratio".[34]

*Normative Evaluation of Aid Reliance*

Unchecked aid dependency is seen as a resource drain and fruitless cost for donor states, while also representing challenges to recipient government sovereignty while further undermining

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[29]Hailu Degol and Admasu Shiferaw, "Determinants of 'Exit' from High Aid-Dependence", Journal of African Economies, vo. 25, no. 5 (2016), 673.
[29] Lensink and White, "Aid dependence", 16-17.
[30] Ibid., 16-17.
[31] Ibid., 18.
[32] Ibid., 21.
[33]Lensink and White, "Aid dependence", 66.
[34]Degol and Shiferaw, "Determinants of 'Exit'", 671.

domestic capacity.[35] Furthermore, there is strong evidence that suggests that high degrees of aid dependency are "self-reinforcing, stifle creativity and self-reliance".[36] There is a general push to reduce aid amounts as a way to cut back on aid reliance, but consider that "a country may experience a reduction in aid-to-GDP ratio (and therefore aid reliance) even as the volume of aid rises so long as the rate of increase is slower than GDP growth rate", so "a reduction in aid dependence may not necessarily mean a reduction in the volume of aid flows".[37] Additionally, objective evaluations of foreign aid must be critical of the automatic categorization of aid dependence as fundamentally bad. Confusing aid dependence with "bad aid" is not always necessary. "Bad aid may simply be ineffective aid, or more perniciously, aid with harmful effects so that the recipient would be better off with less aid".[38] But if aid dependence is simply the inability to achieve an objective without external intervention, isn't aid just functioning as it is intended to?

*How Dependency Develops*

There are several possible explanations for the occurrence and development of foreign aid reliance. High aid flow from uncoordinated donors, each with distinct project goals, may perhaps "overwhelm the management capacity of governments" by inflicting large transaction costs of managing aid projects, conducting evaluation, and reporting.[39] Or perhaps a kind of dependency syndrome occurs in a similar manner to the "welfare trap" in which aid disincentivizes reform, trapping recipients into the continued need for aid.[40] Others argue that aid is "unnecessary and

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[35] Degol and Shiferaw, "Determinants of 'Exit'", 670.
[35] Lensink and White, "Aid dependence", 19.
[36] Degol and Shiferaw, "Determinants of 'Exit'", 671.
[37] Ibid., 684.
[38] Lensink and White, "Aid dependence", 7.
[39] Paul Collier, "Aid 'Dependency': A Critique", Journal of African Economies, vo. 8, no. 4 (1999), 528.
[40] Collier, "Aid 'Dependency'", 528)

indeed a distraction”, emphasizing that “governments should focus on attracting private capital rather than aid”.[41] Further hypotheses speculate that “aid flows, determined by donor fads, are so fickle that they are a source of instability rather than a basis for sustained growth.[42] Yet another model establishes that “while in good policy environments aid is beneficial, it may nevertheless be the case that, beyond a certain amount, at the margin aid becomes detrimental” because “the government becomes so overwhelmed by aid projects that the business of government becomes dominated by the need to satisfy donors, replacing the need to satisfy citizens”.[43]

The strongest theory on the development of aid reliance is the effect of aid on fiscal policy. “Large and sustained aid inflows undermine tax capacity and public investment” and there is legitimate concern that foreign aid “can reduce government’s reliance on the domestic tax base” by substituting aid for tax-based revenue, therefore weakening their domestic tax effort, discouraging necessary policy reform which would enhance domestic revenue, and undermining state accountability.[44] In this way, aid would indeed hinder reform rather than support it and make it “possible that aid generates aid dependence by undermining domestic institutional capacity or by eliminating the need for policies to move the country to self-reliance”.[45]

Objectively, aid may, or may not, incentivize a decrease in tax revenue. Indeed, foreign aid has the potential to increase tax revenue through improved taxation systems and collection policy reforms stipulated in conditions of the donation.[46] Additionally, while aid may negatively influence domestic tax efforts, “in effect, the population is choosing that some of the benefits of aid accrue

[41] Ibid., 529.
[42] Ibid., 529
[43] Ibid., 530.
[44] Lensink and White, “Aid dependence”, 20.
[44] Jean-Louis Combes, Rasmane Ouedraogo, and Sampawende Tapsoba, "Structural Shifts in Aid Dependency and Fiscal Policy in Developing Countries", Applied Economics, v. 48, no. 46 (2016), 4427.
[45] Lensink and White, “Aid dependence”, 20.
[46] Combes, Ouedraogo, and Tapsoba, "Structural Shifts”, 4428.

to households most efficiently by passing the money on to them to spend, by means of reducing taxation, while some of the benefits of aid accrue to households most efficiently through increased public expenditure".[47]

Interestingly, "the likelihood of an upward shift [in aid dependency] increases with the acceptance of market-oriented policies or the presence of an IMF program" and "downward shifts [in aid dependency] occur more often as recipient countries develop or do not exhibit diplomatic ties with the key players in international relations, that is, the United States or Russia".[48] "Experiencing an aid upward shift leads to a loss of about 2.3% of tax-to-GDP, discourages public investment, [and is] associated with a decrease in capital expenditure" while also reducing investment spending and increasing current government expenditure".[49] Additionally, "countries with initially modest aid-to-GDP ratios are more likely to stave off high dependence on aid and to reduce it even further" while "countries with initially high aid dependence are more likely to remain heavily reliant on aid and become increasingly so".[50]

*For the Purpose of this Study*

By looking at the length of time that a country has received aid, indicators of self-sustaining growth, and state rhetoric on foreign aid provisions, as well as the indicators established above, the existence and degree of reliance on aid can be evaluated. The case study of Jordan is useful in this endeavor because the Middle Eastern kingdom is largely assumed to be reliant on foreign aid. The state is a long-standing recipient of international aid, including from U.S. sources. Additionally, King Abdullah II of Jordan often stresses the obligation of the international community to pay their share in the international crisis mitigation, particularly referencing the

[47] Collier, "Aid 'Dependency'", 533.
[48] Combes, Ouedraogo, and Tapsoba, "Structural Shifts", 4427.
[49] Ibid., 4435.
[50] Degol and Shiferaw, "Determinants of 'Exit'", 689.

need for foreign aid contributions for hosting refugees. Therefore, there are satisfactory sources and previous studies available for the evaluation of aid reliance in Jordan that can assist in its use as a case study.

It is important to emphasize that an underlying assumption of aid is that "as long as financial aid is delivered to countries with good policies, aid-dependence will decline due to rising per capita income. However, strict aid conditionality has a bad performance record" and "unless aid allocation is transformed by restraining donor strategic interests, aid will remain ineffective which in turn may perpetuate aid-dependence".[51]

## B. *Independent Variable: Conditionality*

*Defining Conditionality*

Conditionality is the use of conditions and restrictions attached to a provided benefit which stipulates the provision of such benefits or ensures that the provisions are utilized in terms that are deemed acceptable by the source. In foreign aid, this concept functions by making aid provision originally or continually contingent on the agreement to specified terms of use by the receiving state.[52] Commonly, conditionality is established as the "preconditions laid down by lenders".[53] Ideally, aid conditions involve a process of mutual negotiations and arrangements which ultimately conclude in an "imperfectly enforceable dynamic contract between the donor and the recipient government".[54]

*Imposing Conditions*

[51] Degol and Shiferaw, "Determinants of 'Exit'", 671.
[52] Gabriella Montinola, "When Does Aid Conditionality Work?" Comparative International Development, v. 45, no. 3 (2019), 358.
[53] Rich Roland, "Applying Conditionality to Development Assistance", Journal of Policy Analysis and Reform, 11, no. 4 (2004), 323.
[54] Almuth Scholl, "Debt Relief for Poor Countries: Conditionality and Effectiveness", Economica, v. 85, no. 339 (2019), 626.

The practice of conditionality on aid can be applied through several different combinations of stipulations. Conditionality can be positive and ex post, which is the selectivity of aid provision “not only in the choice of aid projects, but selectivity in the appreciation of policies in developing countries that attract aid”.[55] Traditionally and for the purpose of this investigation, conditionality is negative and ex ante, meaning that it applies specific requirements to be followed upon receiving aid, essentially allowing donors to ‘‘buy’’ policy reform in recipient countries.[56] Negative, ex ante aid “responds to specific events in a given recipient country” by holding the threat of suspending aid over borrowing states as a “direct and articulated response to a perceived abuse” of human rights or aid precondition agreements.[57]

Conditions may include the practice of ‘tying’ aid or stipulating that some of the aid given be spent on goods and/or services from the donor country. Tying foreign assistance to the purchase of specific donor produced goods is a tactic of donors to ensure a return on investment.[58] Enforcing ex ante conditions on countries receiving aid is a primary way for donors to “put in place measures that would make it possible for them to get paid back”, it was a sort of “substitute for collateral assets” that were assumed to ensure success of aid provisions and projects, at least for the donor economy.[59] Others see ex ante conditions as a safeguard against moral hazards and a way to “ensure effectiveness in resolving problems for which they were to resolve”.[60] It is assumed that negative, ex ante conditions stipulated for aid are enforceable by

[55]Roland, "Applying Conditionality”, 328.
[56] Hannes Oehler, Peter Nunnenkamp, and Axel Dreher, "Does Conditionality Work? A Test for an Innovative US Aid Scheme." European Economic Review, v. 56, no. 1 (2011), 138.
[57]Roland, "Applying Conditionality”, 325.
[57]Bernhard Reinsberg, "Foreign Aid Responses to Political Liberalization", World Development, v. 75 (2015), 47.
[58]Burton, "Constraints”, 13.
[59] Ibid., 13.
[60] Niyonkuru, "Failure of Foreign Aid", 3.

the threat of withholding aid installments, canceling project support, or cutting off future aid if there is a failure to implement conditions.[61]

Ex ante and negative conditionality can include provisional conditions which are political and/or economic. Political conditionality explicitly focuses on the regime, human rights record, and political situation of the aid-receiving state while economic conditions seek to reform the economic policy and institutions.[62] Conditions that dictate funding for social welfare provision, environmental protection and climate change, support to non-state organizations involved in human development, and food security and migration issues are more closely related to political conditionality as they are intended to promote good governance, protection of human rights, protection of natural resources, and state building in post-conflict cases.[63] Conditions attached to aid which are contingent on specific fiscal or economic reforms, or otherwise generally buttress national budget are generally regarded as economic conditionality. Aid can also include "humanitarian aid meant to offer quick relief intervention to alleviate suffering due to man-made disasters and conflicts" but this is not so much developmental aid than it is emergency, short-term humanitarian assistance.[64]

In the international bilateral and multilateral donor community, there is high variability in the kinds of provisions that can be imposed. Specifically, bilateral government donors "are not legally constrained in their use of political conditionality".[65] But, contrastingly, the World Bank

[61] Roland, "Applying Conditionality", 324.
[61]Niyonkuru, "Failure of Foreign Aid", 3.
[62] Nadia Molenaers, Sebastian Dellepiane and Jorg Faust, "Political Conditionality and Foreign Aid", World Development, v. 75 (2019), 2.
[63] Niyonkuru, "Failure of Foreign Aid", 2.
[64] Niyonkuru, "Failure of Foreign Aid", 2.
[65] Bernhard, "Foreign Aid Responses", 48.

and other multilateral development organizations, are unable to impose political conditionality" and instead impose stringent economic conditionality.[66]

*Brief History of Conditionality in Foreign Aid*

The widespread practice of disbursing developmental aid is commonly associated with the Marshall Plan established during the Cold War. It is generally regarded as both successful and generous. However, in terms of contingencies on aid disbursement, it is also associated with 'severe conditionality'. "Every country benefiting from American assistance had to sign a bilateral agreement binding it to balance budgets, restore financial stability and stabilize exchange rates at realistic levels".[67] Prior to the Marshall plan, conditionality was utilized only by the International Monetary Fund (IMF), "which conditioned its loans on countries' reducing their fiscal and current account deficits".[68] Then in the 1980s, the World Bank also began to "tie disbursal of its funds to structural adjustment, which included measures similar to those required by the IMF as well as privatization and public sector reform".[69]

Shortly thereafter, almost all bilateral government donors began to stipulate disbursement developmental aid on recipients being "on track with IMF and/or World Bank programs".[70] This translated into the ''short-leash'' conditionality of the 1990s in which donors released aid in several installments, with each sum dispersal dependent on the progress of the recipient state in accomplishing reform.[71] From here, bilateral aid conditions expanded past the economic restrictions of the IMF and World Bank to include "conditions to cover government expenditure and public sector employment, then began to deal with opening up the economy to greater

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[66] Bernhard, "Foreign Aid Responses", 48
[67] Roland, "Applying Conditionality", 322.
[68] Ibid., 322
[69] Ibid., 322
[70] Montinola, "When Does Aid Conditionality Work", 358.
[71] Oehler, Nunnenkamp, and Dreher, "Does Conditionality Work", 140.

competition, and finally, currently, to deal with the design and practices of the institutions of governments".[72] Over time, trends in aid conditions evolved, beginning with the focus on "'nation building', strong executives, and rigorous revenue collection regimes" and then shifting to the "desirability for small government, mantras of deregulation, privatization, and outsourcing".[73] The current trend in conditionality is to focus on selective or ex post aid while also "reducing support for stand-alone projects, and increasing support for sector-wide reforms".[74]

*The Purpose of Conditionality*

In theory, aid will be ‘‘remarkably effective if it induces governments to adopt growth-inducing and poverty-reducing policies". It is assumed that through conditionality developed states can force growth-inducing and poverty-reducing reform.[75] Since poor countries do not have enough liquid capital that is necessary to invest in these kinds of reform, they require an external funder to close the "financing gap".[76] There is evidence that "self-enforcing conditional aid" does indeed strengthen the economy and help states develop at a faster rate. Yet, it is likely that much foreign aid is not effectively directed or used, thus development remains largely stagnant.[77]

Supporters of conditionality maintain that stipulating the adoption of market-oriented policies and other donor directed reform prevents foreign aid from simply "propping up" inefficient governments. Conditions are "intended to make development assistance more

[72]Roland, "Applying Conditionality", 324.
[73]Ibid., 324
[74] Tony Killick, "Politics, Evidence and the New Aid Agenda", Development Policy Review, v. 22, no. 1 (2004), 5.
[75]Oehler, Nunnenkamp, and Dreher, "Does Conditionality Work", 139.
[76]Roland, "Applying Conditionality", 322.
[77]Scholl, "Debt Relief", 628.

effective and increase living standards in recipient countries".[78] As reforms are implemented, and aid funding is increasingly functioning in more satisfactory policy environments, the effectiveness of aid will increase, the economy will grow faster, and the need for aid will decrease. Expanded, this process has four stages; "(1 'low aid, low growth' stage of initial aid receipt, (2 'high aid, low growth' stage in which increased aid flows have no immediate impact because of lag, (3 'high aid, high growth' stage in which aid flows remain high, and become more effective, and 4) 'low aid, high growth' stage in which aid diminishes but growth continues at a high pace".[79]

However, donors are not always able to strictly impose conditionality.[80] "Donors may see their ability to impose conditions undermined by recipients, third parties and donors themselves".[81] Firstly, countries receiving aid can attempt to limit conditionality by using domestic vetoes and/or by simply refusing to carry out some of the conditions imposed. Secondly, third parties can undercut donors' ability to enforce conditions. For example, historically lax enforcement of conditionality has been linked to political pressure from major states. Specifically, "punishment for noncompliance with IMF conditions is significantly weaker for countries that are considered to be important to the United States".[82] Lastly, donors themselves, when acting collectively, may contradict each other's strategic interests if they lack coordination.

*The Case against Conditionality*

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[78]Montinola, "When Does Aid Conditionality Work", 359.
[79]Jaradat, "Impact of Donor", 38-39.
[80]Burton, "Constraints on Aid Conditionality", 22.
[81]Ibid., 16.
[82] Oehler, Nunnenkamp, and Dreher, "Does Conditionality Work", 139.

Although the existing assessments of conditionality are inconclusive, a large number of studies have concluded that ‘‘there is no empirical evidence showing that conditions enhance ownership or make program success more likely”.[83] Still, others insist that “conditionality as an instrument to promote reform has been a failure”.[84] Empirical evidence of the ineffectiveness of traditional conditionality would reasonably cause a shift away imposing conditions on aid. However, for both bilateral and multilateral donors, this has not been the case. Instead, there is a noticeable “decline in the average number of conditions”.[85]

At the core of anti-conditionality arguments is the concept that conditionality necessarily “implies the presence of conflicts of interest” between donors and receiving states.[86] The power dynamic between donor and recipient is significant in aid-donor relationships. Donors tend to be stronger than recipients in aid relationships and conditionality is a potent tool for the donor, especially when aid is significant in amount and/or need. Due to the asymmetric donor-recipient relationship, recipients are often “willing to compromise and accept conditions that could be harmful in some respect in order to secure aid”.[87]

For this reason, conditions on foreign aid are often determined by donors and with their objectives in mind, rather than the recipients’ needs.[88] It therefore also becomes likely that aid and conditions are constructed to “advance the strategic and political interests of donor countries” who “have an incentive to cater to their domestic public opinion”.[89] Their objective in offering and conditioning aid is to acquire and maintain allies, natural resources, and military

[83]Oehler, Nunnenkamp, and Dreher, "Does Conditionality Work”, 139.
[84] Killick, "Politics, Evidence and the New Aid Agenda", 13.
[85] Ibid., 14
[86] Oehler, Nunnenkamp, and Dreher, "Does Conditionality Work”, 139.
[87]Jaradat, "Impact of Donor”, 65.
[87]Burton, "Constraints on Aid Conditionality”, 14.
[88] Sana' Nayef Elhennawi, "Impact Evaluation of Foreign Assistance and Donors Efforts on the Development Performance: Case of Jordan", Global Journal of Economics and Business, v. 1, no. 1 (2016), 30.
[89] Bernhard, "Foreign Aid Responses”, 49.

presence.[90] In prioritizing and conditioning their domestic concerns, donor countries are able to "stabilize their economies and strengthen their influence over developing countries" through developmental aid. Through conditionality, donors can promote not only commercial objectives but values, cultural aspirations and political interests in recipient states. It is then possible for "donor countries to interfere with the internal affairs of a recipient country through conditioned aid and through domestic governance related projects" which effectively handicaps recipient state sovereignty.[91]

This dynamic, in which "strengthening economic ties with recipient countries allows donor countries to utilize foreign aid to open new markets and support their commercial interests", can create a quasi-imperialist relationship.[92] Embedded values in aid conditions impose donor objectives on recipients generally.[93] Those who support this critique on aid and conditionality often reference that "France and the UK give most of their aid to former colonies and the aid programs of the U.S. are dominated by strategic interests" rather than the necessity of economic development.[94] Tied aid is particularly critiqued as an "imperialist means for donors to maintain influence and control of undeveloped states in the long term and keeping a hand on the management of the affairs of other nations for their own gain.[95]

Even disregarding the possibility of intended imperialist policy, conditionality often results in "donor agencies attempt[ing] to prescriptively transfer knowledge based on their own universalizing theories instead of trying to adopt a contextually grounded process of learning

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[90] Jaradat, "Impact of Donor", 5.
[91] Jaradat, "Impact of Donor", 265.
[92] Ibid., 6.
[93]Roland, "Applying Conditionality", 323.
[93]Eduardo Araral Jr., "Is Foreign Aid Compatible with Good Governance?", Policy & Society, v. 26, (2007), 1.
[93]Burton, "Constraints on Aid Conditionality", 16.
[94] Jaradat, "Impact of Donor", 6.
[95] Niyonkuru, "Failure of Foreign Aid", 3.

with recipient counterparts".[96] Even assuming that political and economic conditions achieve the intended reform, there is a risk that the "fiscal austerity measures would reduce the already low living standards of the poor, trade liberalization would ruin domestic industries and increase unemployment, and capital account liberalization would open up less developed countries to investments from multinational corporations (MNCs) but only benefit the MNCs and a small group of elites".[97] Therefore, the conditions themselves create significant costs because they require policy measures that probably would not have been implemented otherwise, or at least not at the same pace. This not only generates political and economic risks but also "reduces government ability to manage these risks".[98] Additionally, transactional costs are further incurred with the monitoring and reporting that conditions necessitate.[99]

Imposing conditions on aid deliverance can vary the effectiveness of aid use depending on the degree of conditionality. It can be assumed that both highly restrictive conditional aid and unrestricted aid can produce foreign dependence, and have negative effects on the productiveness of foreign aid. Conditionality can be evaluated by referencing direct terms of aid, as well as looking at the way aid is, and is not, used. The long history of foreign aid to Jordan will provide a wealth of information on the differing levels and qualitative significance of conditionality. In particular, as one of the few states that is a primary recipient of U.S. aid in both the developmental/economic assistance category as well as the security assistance category the conditionality and effectiveness of both kinds of aid can be analyzed comparatively.[100]

## V. Case Study: Jordan

[96] Burton, "Constraints on Aid Conditionality", 14.
[97] Montinola, "When Does Aid Conditionality Work", 359.
[98] Killick, "Politics, Evidence and the New Aid Agenda", 21.
[99] Ibid., 22.
[100] Max Bearak and Lazaro Gamio, "The U.S. foreign aid budget, visualized", The Washington Post, (2016).

*Country Context*

The Hashemite Kingdom of Jordan is classified as a middle-income country and has made significant strides towards economic and political reform but remains underdeveloped for a variety of reasons.[101] Despite having limited natural resources, the Kingdom possesses a largely favorable and decently effective policy environment which makes it an attractive recipient of foreign aid. Although small in terms of land area, its strategically significant geopolitical positioning also attracts aid donors who are particularly interested in security, of which the United States is a sound example.[102] Many donor states, the U.S. included, have retained close aid relations with Jordan in part due to its international and regional geopolitics. However, lack of resources and an only partially developed service economy makes Jordan susceptible to external shocks.[103]

This vulnerability, coupled with a policy environment and relative stability which promotes aid favorability, makes Jordan a receiver of relatively large amounts of foreign aid which is estimated to make up between 4% and 10% of its yearly GDP.[104] Beyond an internal economy that is highly reliant on external factors, Jordan also faces serious challenges with limited arable land, lack of adequate water resources, and continuous conflict in the region, often in states who share direct borders.[105] Water scarcity, in particular, is a significant constraint on development. Therefore, considerable amounts of the Government of Jordan's (GOJ) expenditure goes towards maintaining security, stability, and mitigation. With the expanding

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[101] Jeremy Sharp, "U.S. Foreign Assistance to Jordan." Congressional Research Service, (2014), 5-6.
[101]Jaradat, "The Impact of Donor", 16.
[102] Ibid., 16.
[103] Sharp, "U.S. Foreign Assistance to Jordan", 5-6.
[103] Jaradat, "The Impact of Donor", 16.
[104]Jaradat, "The Impact of Donor", 16.
[105] Ibid., 16.

population, partially inflated by large refugee flows, the national economy struggles to keep up with the rate of population growth which stagnates income, threatens widespread unemployment, and stresses limited resources.[106] Such challenges will require major investments in social services.[107] "The economic outlook of Jordan is expected to witness a high level of uncertainty due to the rapid increase of international oil prices, the level of foreign aid, the regional political situation, and the flows of short-term external capital".[108]

There is some disagreement on the level of poverty in the Hashemite Kingdom, who estimates their own poverty around 30%, which doubles the World Bank estimate of 15%.[109] Regardless, poverty is a serious challenge to social and economic development, but also attracts donors. For both the Government of Jordan and potential aid donors, poverty alleviation is a major priority.[110] To Jordan's advantage in the international aid environment, the state's "social indicators are above the average for Middle East and North Africa (MENA) countries and are better than a number of middle-income developing countries" which has allowed it to make substantial progress in the expansion of human capital specifically.[111] However successful, these reforms came at significant financial costs and with questionable economic efficiency.[112]

Such a fickle national and regional environment creates unstable conditions for development despite ambitious economic reform and substantial foreign assistance. In general, Jordan faces three main challenges to sustainable development, which were explored above; 1) regional conflicts which jeopardize security and strain resources, 2) high government

[106] Jaradat, "The Impact of Donor", 16, 18.
[107] Ibid., 18.
[108] Ibid., 17.
[109] Ibid., 18.
[110] Ibid., 18.
[111] Ibid., 18.
[112] Ibid., 18

expenditure coupled with shock-vulnerable income models, and 3) poverty and unemployment along with expanding population.[113]

*Barriers to Development*

Jordan still faces serious challenges of economic underdevelopment and backwardness, such as external economic dependence, which prevent self-sustaining economic growth and requires drastic reforms in fiscal institutions.[114] In addition to this, Jordan faces legitimate resource challenges which only intensify with mass influxes of refugees. This necessitates not only continued economic development aid but short-term humanitarian relief aid. It is this type of emergency humanitarian aid which King Abdullah routinely implores from the internationality community, in fact, 45% of total foreign aid can be categorized as short-impact.[115] The desire for economic reform and development as well as mounting security and refugee crisis related expenses cause Jordan to largely continue to seek out foreign investment.[116]

*Recipient of Developmental Aid*

Jordan receives one of the largest U.S. developmental aid packages globally and has received U.S. economic aid since 1951.[117] It received $1.5 billion in bilateral aid from the U.S. in 2017 as well as approximately 500 million in bilateral and multilateral loan aid from the World Bank (USAID and World Bank sites). The U.S. figure accounts for a majority of aid, with other notable donors including the EU, Japan, Germany, Spain, and Saudi Arabia.[118] "Large amounts of aid Jordan receives mainly supports its economic growth and balance of payment situation"

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[113] Jaradat, "The Impact of Donor", 19.
[114] Vel Pillai, "External Economic Dependence and Fiscal Policy Imbalances in Developing Countries: A Case Study of Jordan", Journal of Development Studies, v. 19, no. 1 (1982), 5-6.
[115] Jaradat, "The Impact of Donor", 42.
[116] Pillai, "External Economic Dependence", 6.
[117] Sharp, "U.S. Foreign Assistance to Jordan", 12-13.
[118] Jaradat, "The Impact of Donor", 21.

which signifies a lack of coordination among different donors.[119] Aid is primarily funneled and coordinated through the Jordanian Ministry of Planning and International Cooperation.[120] The most recent aid agreement between the U.S. and Jordan was established in 2018.

> *On February 14, 2018, the United States and Jordan signed a new Memorandum of Understanding (or MOU) on U.S. foreign assistance to Jordan. The MOU, the third such agreement between the U.S. and Jordan, commits the United States to provide $1.275 billion per year in bilateral foreign assistance over a five-year period for a total of $6.375 billion (FY2018-FY2022). This latest MOU represents a 27% increase in the U.S. commitment to Jordan above the previous iteration and is the first five-year MOU with the kingdom. The previous two MOU agreements had been in effect for three years.*[121]

U.S. aid in Jordan primarily seeks to promote economic growth, water-scarcity solutions, tourism, health, democracy and governance, environment, and education, as well as a substantial military aid commitment.[122] USAID and the Department of State are the primary project donors and work in close partnership with the Government of Jordan as well as the private sector and social organizations. “Despite budget cuts in USAID programs elsewhere, annual funding levels in Jordan have increased”.[123] A majority of this aid is given through cash transfers with the intent to assist the state with foreign debt payments, the Syrian refugee crisis, and the costs of fuel imports.[124]

*Conditions of Aid*

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[119]Jaradat, "The Impact of Donor”, 21.
[120] Ibid., 21.
[121] Sharp, "U.S. Foreign Assistance to Jordan", 12-13.
[122]Jaradat, "The Impact of Donor”, 25.
[123]Jaradat, "The Impact of Donor”, 25.
[124] Sharp, "U.S. Foreign Assistance to Jordan", 13.

Jordan has strong relationships and systems of collaboration and cooperation with donors. The government of Jordan and its donors "collectively design evaluation framework at the planning phase of the project as well as several evaluation approaches".[125] Despite imperfect institutional capacities, systems, economic culture, in general, "Jordan is not subject to harsh or significant aid conditionalities" including stipulations of substantial government reform or corruption control measures" because it is broadly considered by the international community to already possessing a relatively positive policy environment for aid.[126] The common assumption is that states who succeed in the satisfactory implementation of aid programs do not need the correctional direction of conditionalities in the first place. Furthermore, aid typically produces positive returns "until it reaches somewhere between 15% and 45% of recipient GDP".[127] Therefore, Jordan does not require much conditionality because it receives a low amount of aid relative to its GDP and the impact of foreign aid on the economic growth in Jordan can comfortably be assumed to be positive.[128]

However, only around 35% of aid Jordan receives is contractually untied.[129] In reality and practice, this number is likely even lower because aid can be tied unofficially and informally without explicit parameters recognizing it in the aid agreement. This type of de facto tying is especially common in long-term standing aid relationships between donors and recipients, which is highly descriptive of Jordan's relationship with at least U.S. donations.[130] "Substantial amounts of foreign aid is tied aid in one form or another" and can be highly detrimental to aid

[125] Elhennawi, "Impact Evaluation of Foreign Assistance", 37.
[126] Jaradat, "The Impact of Donor", 266.
[127] Ibid., 42
[128] Ibid., 42.
[129] OECD, "Survey on Monitoring the Paris Declaration: Making Aid More Effective by 2010", (2008), 10.
[130] Jaradat, "The Impact of Donor", 64.

effectiveness.[131] Tied aid has been shown to "increase the cost of aid projects and programs around 15–30 percent" which translates into a decrease in the value of foreign aid by 13–23 percent.[132]

Despite low conditionality, there is still potential for tied aid and political conditions on aid "to weaken democratic prospects for developing countries" like Jordan "as it could cause social discontent that creates divisions in the society".[133] Jordan already has a predisposition to political instability and resistance due to refugee inflows and resource scarcity. Any attempts by donors to limit government expenditures by reducing government programs, "especially in the light of the fact that the government of Jordan is the biggest employer in the Kingdom" could destabilize the country irreversibly.[134] In fact, this dynamic has already been witnessed. In the summer of 2018, the Jordanian Government tried to take away government subsidies on bread in order to reduce government expenditure, an action backed by the IMF. This resulted in mass protests that saw the Prime Minister Hani Mulki resign.

**Reliance on Aid**

Trade shocks, which Jordan is greatly vulnerable to, can have significant negative impacts on economic growth. For this reason, aid supplied to Jordan is essential in providing a "cushion for negative growth effects of harmful export price shocks". To begin with, consistent levels of aid, even in moderate amounts, can act as a buffer by "decreasing the proportionate change in foreign currency inflows". Additionally, "counter-cyclical changes in aid can diminish

[131] Ibid., 2.
[132] Jaradat, "The Impact of Donor", 63.
[133] Ibid., 64.
[134] Ibid., 58.

the change in these currency inflows" which help maintain economic stability in times of external shocks.[135]

*The National Agenda*

Since 2005 Jordan has been implementing an "ambitious political, social and economic reform program" with the intent of "transforming Jordan into a modern, knowledge-based economy with increased productivity and employment".[136] This long-term development strategy, known as the National Agenda, seeks to boldly "reform and modernization of the country's economic, institutional, and political infrastructure", at least rhetorically. While significant improvements have been made under this reform strategy, these developmental activities have also caused a rise in price levels and thus increased public expenditures.[137]

In pursuit of large-scale reform, the government of Jordan has neglected economic integration and placed a low priority on creating stable revenue sources, leading to underdeveloped economic institutions.[138] The "absence of systematic, long-term policy of resource mobilization and inadequate fiscal institutions" is potentially a side-effect of aid reliance in which aid is substituted for tax revenue.[139] In fact, aid provided to Jordan is regularly substituted for domestic revenue and investment, accounting for 4-10% of gross national income.[140] Despite increased public expenditure and lack of attention on alternative revenue sources "it is safe to conclude that aid does not lead to extravagance by the recipient government". However, "without continued aid, the Jordanian fiscal system cannot be sustained

[135] Ibid., 40.
[136] OECD, "Survey on Monitoring", 2.
[137] Pillai, "External Economic Dependence", 9.
[138] Ibid., 11.
[139] Ibid., 11.
[140] Pillai, "External Economic Dependence", 16.
[140] OECD, "Survey on Monitoring" the Paris Declaration: Making Aid More Effective by 2010. N.p.: OECD, 2008. (1)

for any length of time".[141] Since 2010, foreign aid has been an "essential resource of funding development projects and programs in Jordan".[142]

### VI. Conclusion - What Actually Effects Aid Reliance?

A variety of variables influence the effectiveness of aid, and therefore the continued need for it. Successful aid is commonly associated with ownership by the government and participation by the affected people, strong administrative and institutional capacity, sound policies and good public sector management, and close coordination by donors.[143] Recipient governance, policies, commitment to project objectives, donor involvement, type of development projects, design and implementation, the relationship between the donor and the recipient, government employees, and aid conditionality all have profound weight in the successful implementation of aid.[144]

Aid effectiveness is contingent on donor-to-donor and donor-to-recipient coordination as well as political, social, and cultural aspects of the recipient state.[145] The role of donors in "ensuring the effectiveness of the aid goes beyond selecting recipients" and imposing conditions.[146] "Donor use of a partner country's established institutions and systems increases aid effectiveness by strengthening the partner's long-term capacity to develop, implement and account for its policies".[147] Additionally, "aid is most effective when it supports a country owned approach to development" and less effective policies are dictated by donors, thus giving recipient states low ownership and directing capacity of aid.[148]

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141 Pillai, Vel. 1982. "External Economic Dependence", 17.
142 Elhennawi, "Impact Evaluation of Foreign Assistance", 33.
143 Lensink, "Aid dependence", 19.
144 Jaradat, "The Impact of Donor", 275.
145 Ibid., 32, 43, 59.
146 Ibid., i.
147 OECD, "Survey on Monitoring", 7.
148 Ibid., 2.

In the case of Jordan, donors give aid for a variety of reasons, including to address humanitarian needs, support economic growth, and to further strategic interests in the region.[149] In general, there is coordination and coherence between the donors and the government of Jordan in relation to objectives of aid.[150] The moderate use of conditionality and aid tying have helped to promote reasonably successful short and long term public investments, development in human capital, and broad political and economic reform. However, after 6 decades of receiving moderate developmental aid, Jordan has not been able to achieve self-sustaining growth, significant poverty reduction, resource sustainability, or categorically good governance (democratization, etc.).[151]

To some, this represents a general argument against foreign aid. Instead of providing for development, aid "distorts markets, crowds out private investment, funds inefficient projects, is co-opted by corrupt officials and leads to a culture of dependency.[152] To others "the basic fallacy inherent in official development assistance is that it can reach the powerless by going through the powerful".[153] Much like development theories view on aid, "rather than being left out of the development process" underdeveloped countries are both a resource and victim of quasi-imperialist aid policies, which function through conditionality.[154]

Aid provision will remain a discursive topic, and the merits of conditionality are highly debatable. In the case of Jordan, it would seem that the moderate, middle line of conditionality allows for slow but attainable development, given the uneasy successes of the National Agenda. However, other complicating factors which are not associated with conditional aid, such as

[149] Burton, "Constraints on Aid Conditionality", 13.
[150] Niyonkuru, "Failure of Foreign Aid", 3.
[151] Lensink, "Aid dependence", 16.
[152] Jaradat, "The Impact of Donor", 9-10.
[153] Lappé, Collins, and Kinley, "Aid as obstacle", 18.
[154] Ibid., 18.

regional instability and resource scarcity, still pose significant challenges to self-sustaining growth and therefore help create aid reliance. The episode of protest and government turnover in 2018 suggest that strictly applied conditionality could have detrimental political effects on the country, resulting in an increased need for foreign assistance. If donor governments are indeed invested in the genuine development of middle and low-income states such as Jordan, conditionality need not be entirely avoided, but it should be limited to only conditions which are mutually agreed to be directly related to unique country requirements for growth, and donors should be prepared to apply conditions flexibly as to avoid destabilizing domestic political environments of recipient countries. This case study suggests moderate conditionality does not produce aid reliance, but that highly restrictive conditionality as the *potential* to produce ineffective aid environments that will lead to dependence. Future studies may seek to explore if the alternative situation of completely condition-less aid leads to the creation of development-friendly environments or produces aid reliance, as well as to evaluate this paper's hypothesis with a case study that has a higher degree of conditionality with stricter enforcement.

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