Foreign aid -
Aid dependency as an argument for policy reform

An elite survey on the dependency – development controversy within foreign aid

Bachelor thesis in political science
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Abstract

The inability of foreign aid to generate an appropriate model for development and the complexities related to Official Development Assistance (ODA) to the “Third World” are what initiated my interest to write about foreign aid. In this study I seek to further elaborate on this complex issue on foreign aid; does it lead to development or dependency?

Within the debate, the controversy exists around aid dependency and economic growth and is fuelled by the fact that Sub-Saharan Africa has barely achieved any poverty reduction since the 1960’s. Mr. William Easterly an ex-World Bank employee represents the critical opinion to Foreign Aid. He argues that the international foreign aid programme is characterized by a westernized, patronizing and post-colonial approach, which yields dependency rather than development in today’s world of free-market economies. Foreign aid as we know it must therefore be abolished. Mr. Jeffrey Sachs Current World Bank employee and UN secretary advisor represents the supporters of foreign aid. He argues that foreign aid works efficiently and calls for the doubling of foreign aid and the need for donor countries to reach the one percent target of GDP.

In this case study of foreign aid, the subject under investigation (the argumentation within the public debate) is studied through a historical perspective. Secondly a comparison will be made between the public debate and the way this issue is discussed among field workers.

An interesting observation when analyzing the discussions on foreign aid efficiency in international aid programme is that the polarization witnessed in the public- or “elite” debate is not as obvious when analyzing the opinion of aid-workers. This would imply that uncertainty about aid efficiency is exaggerated in the public debate.

By resolving problems of classical development theories, rather than rethinking the purpose of aid based on its positive affects, foreign aid may be robbed of its real potential.
Table of Content

1 Introduction .......................................................................................... 3
   1.1 Problem .......................................................................................... 4
   1.2 Purpose ........................................................................................... 4
   1.3 Delimitations ................................................................................... 5

2 Method ............................................................................................... 6
   2.1 An explorative paper ......................................................................... 6
   2.2 Qualitative data ................................................................................ 6
   2.3 A deductive method .......................................................................... 6
   2.4 The composition of the research ..................................................... 7
      2.4.1 Analyzing the debate ............................................................... 7
      2.4.2 Analyzing aid history and development theory ......................... 8
      2.4.3 The elite survey method ......................................................... 9
   2.5 Critical view of primary and secondary sources ............................ 10
      2.5.1 Validity, Independence, relevance and tendency ....................... 10

3 The state of the current debate / Pro- and Contra arguments ... 12
   3.1.1 Contra Arguments ..................................................................... 12
   3.1.2 Pro Arguments .......................................................................... 14
   3.1.3 Summary of argumentation ..................................................... 15

4 Conceptual context/development theories .................................... 16
   4.1 A short history of foreign aid and development theory ................. 16
   4.2 The history of modern development theory .................................... 18
      4.2.1 The Modernization Theory .................................................... 18
      4.2.2 The Dependency Theory ...................................................... 19
      4.2.3 The World-System Theory .................................................... 20
      4.2.4 Summary .............................................................................. 21

5 What views are reflected in the questionnaire ............................... 22
   5.1 Aid resulting in Dependency ........................................................ 22
   5.2 Aid resulting in development ......................................................... 23

6 Discussion and analysis .................................................................... 26
   6.1 A history of uncertainty ................................................................. 26
   6.2 The validity of questioning the debate ........................................... 27
   6.3 Dependency on different levels of development ............................ 29
   6.4 The complex situation in Sub-Saharan Africa ............................... 30

7 Conclusion ......................................................................................... 33
   7.1 Future studies ................................................................................. 35

8 References and sources ..................................................................... 37
1 Introduction

The complexities related to Official Development Assistance (ODA) to the “Third World” are what initiated my interest to write about foreign aid. For the past 50 years the world community has tried to cope with issues relating to globalization and all the political and economic turmoil’s which came with the end of colonialism and later communism. Despite global advances, the majority of the world population lives in the same or worse conditions than before their independence. The innovations in the fields of economics and politics have been accompanied by an equal amount of political and social struggles, increasing the gap between rich and poor world-wide. Those who intend to decrease the gap are faced with many unpredictable and uncertain problems.

When foreign aid was introduced, the target was to reduce poverty with 50% within 10 years. After more than 50 years and more than a 2,3 trillion $US spent on foreign aid, more than 2 billion people still living in extreme poverty conditions. Another example of development optimism in the past was the WHO declaration of Alma-Ata in 1978, setting a target of “health for all by the year 2000” (Declaration of Alma-Ata, 1978). Today the world is faced with HIV-epidemics, avian flue and malaria worse than ever. There are many indicators pointing to the failure of international aid. In spite of this, the global community is still looking for new solutions and setting new targets such as the Millennium development goals.

In Sub-Saharan Africa foreign development aid is the largest source of external finance as shown in figure 7. The experience of this region has had large impact on the general concept of aid efficiency. Dependency on aid (as aid’s share of national GDP) influences the main arguments presented on both sides of the debate. With Sub-Saharan Africa show the highest rates of aid dependency in developing regions, (see figure 4) this is the region which will be most effected by policy directives made by aid agencies, given that dependency has had influence in the creation of such policies.

It is easy to be pessimistic and this is reflected in many reports and research on development aid. The work of William Easterly and others have come to the conclusion that aid can never be the solution to these problems. It creates dependency and backwardness. Others like Jeffery Sachs agrees that aid has failed, but the solution is to increase, improve and further develop foreign aid. The fact that much of the discussion within the debate is rests on a consensus that aid has failed (Mak B. Arvin, 2002) makes it interesting to explore exactly what it has failed to do. An additional question becomes whether such failure should define the overall work of the aid programme?

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1 Figures and graphs can be found on pages 41-48
In this study I seek to further elaborate this complex issue on foreign aid; does it lead to development or dependency? In this case study of foreign aid the subject under investigation (the argumentation within the public debate) is studied through a historical perspective. Secondly a comparison will be made between the public debate and the way this issue is discussed among field workers. In the end I will draw some conclusion about the viability of the pro- and contra arguments leading to the choice of specific strategies in aid allocation.

1.1 Problem

The main problem which I seek to understand and hopefully answer is based on logic positivistic theory about controversy. The polarized debate on aid efficiency made me interested in writing this essay. According to positivism, debates occur due to limited knowledge about the subject matter and no empirically legitimate answers can arise from such a debate (Barrotta Pierluigi, 2005). In today’s world this is obviously neglected as the debate has not resulted in a reduction of foreign aid. Today we instead see an increase in aid efforts based on arguments presented by the pro-side advocates.

The problem I discuss is the polarization of the debate and the fact that such polarization is neglected as foreign aid today is increasing to low-income countries.

In view of the above, I will look at these following research questions.

- Around what main arguments have the controversy arisen.

- Can there be found reasons to believe that the current debate is biased/polarized?

- Is a questioning of the pro- and contra arguments of the debate empirically legitimate?

1.2 Purpose

The controversy that exists within the debate on aid efficiency reflects a history of uncertainty within foreign aid programmes as well as within general development theory. Despite this fact, new strategies are formed claiming to be more efficient in poverty reduction.
Aid dependency represents such an effect and through the debate the pro-side has concluded that countries with good economic-policies avoid aid dependency. Thus, Aid is said to work in countries with good-economic policy.

The purpose of this thesis is to test the validity of the current debate on foreign aid and the controversy that it reflects.

1.3 Delimitations

Throughout the foreign aid programme, many economic- social- and political factors have influenced the choice of strategy and the overall impact aid has had on development. Therefore it is difficult to estimate what effects on development are the sole results of aid. Dependency on aid has become one of those effects directly related to aid on which strategies and argument within the public debate can be based. For this reason I limited myself to study the aid dependency argument keeps my study closely related to the debate, while at the same time omitting variables whose presence may only create confusion. Aid dependency is not the only factor having contributed to the controversy surrounding foreign aid. Therefore not the only factor influencing policy-making within the programme. However its influence is important and much information about the nature of the debate can be retrieved by comparing opinions about aid dependency.

The limited amount of questionnaire respondents in my study may raise questions about what real contribution their respective answers may provide. This fact is balanced with the questionnaire respondents having a high level of field experience as well as high positions within their respective aid agencies.

Because of the respondents are spread out around the world as I was conducting this thesis I had to limit myself to retrieving their views on aid’s contribution to dependency and development through a questionnaire. In a sense interviews would have given me a chance to explore their views in more depth.

Foreign aid and development assistance is a global challenge. This essay is a small contribution and can never be more than but “a grain of sand in a desert”. I fully realize that any question raised in this context generates many additional questions. Given the nature of the problem, anyone has to address it with a humble mind.
2 Method

2.1 An explorative paper

The method used in this case study on the foreign aid debate corresponds to the one described in Svenning (1997) as an explorative method. The problem definition, which in this case is the validity of the dependency argument in the current debate, is based on a theme or an occurrence rather on a specific problem. The way dependency is considered within the debate is that it is simply a non-questionable indicator of failing aid efforts. Thus I have no reason to believe anything else.

2.2 Qualitative data

There are two possible types of methods used when attempting to connect theory with the empirical findings under analysis – qualitative and quantitative methods. The two methods reflect the purpose of the researcher and his specific study and differ accordingly. A qualitative method is used when seeking to get as close to the empirical world as possible. It uses opinions and assessments of people engaged in the problem at hand. A quantitative method on the other hand bases its data collection and analyses on measurement rather than opinions and attitudes. Quantitative methods are believed to generalize more, while qualitative methods exemplify more (Svenning, 1997, p 65).

I chose to use the experience of aid workers as a source of information. It could be argued that ten people are a small group. On the other hand, since each represents more than 20 years of experience, in total my study reflects approximately 200 years of field experience. I have chosen to limit my research to their subjective view on dependency contra development. Due to limited time and resources the perspective of the developing world has been omitted.

The method used in this study is based on qualitative data. Development indicators are usually based on quantitative data (World Bank Staff (2004)). Due to many complexities and uncertainties, quantitative data runs the risk of simplifying. For example, if poverty is only defined as the number of dollars/day it gives valuable but limited information. Qualitative data add “flesh to the bone” (Bickman and Rog, 1998). A qualitative method is therefore used to get a subjective view of the subject matter.

2.3 A deductive method

The method used in this study is deductive in its design. It explores a field of international relations on the basis of already existing theories and a terminology used in the official debate. Pre-structuring my research has been especially vital due to the time-limit of a bachelor thesis and the purpose of this essay. A more inductive approach could be appropriate for future research.
2.4 The composition of the research

My research questions will be answered by using a deductive elite survey method. First I analyze the debate on foreign aid. Secondly I analyze the history of development thinking and foreign aid. After having prestructured my research I test the validity of my research questions on a handful of experienced and highly recognized aid field workers. In the end I will be able to say whether my reason for questioning the debate is valid or not.

2.4.1 Analyzing the debate

What is of importance in this part is around what major topics or arguments the controversy of the debate exists. Tendencies of dependency, the unchanged amount of people living in poverty versus the fact that aid seem to create economic growth where there are good-economic policy are the main arguments under debate. Dependency is the main argument under examination in this thesis.

When analyzing the debate on foreign aid and aid efficiency I have had to gather my material from various tabloids and newspapers on the web. Surely there exist papers and summaries of the debate, from which I could have retrieved some information. A risk with such summaries is that they have probably been done in order for the author to pursue a specific goal and therefore runs the risk of being biased. What I have done is to summarize the main arguments presented by two major actors within the field of foreign aid representing different sides of the debate; Jeffrey Sachs a World Bank employee and foreign aid supporter and William Easterly an ex-World Bank employee who has a more critical approach. In addition to these two theorists some additional pro- and contra argument from different scholars and theorists are presented.

When collecting my material, I have applied a broad rather than a restricted approach. My main interest has been to depict issues that the debate has arisen. Thus, the quotations on pages 14-17 are retrieved from different sources (SPIEGEL, The Guardian, OmVärlden etc.), from actors of different association with foreign aid. I do this in order to get an as broad definition of aid dependency as possible. A consequence is that aid dependency may be considered by the reader to be presented as having far too much impact on the debate and policy-making than it actually has. This is not my intention and the reader should bare in mind that this thesis is limited to explore the dependency argument specifically.
2.4.2 Analyzing aid history and development theory

The history of foreign aid is important in my thesis. By analyzing the history of aid and development theory, I am conducting a comparison between tendencies of certainty and uncertainty. The presence of uncertainty and inconsistency over confidence and consistency in development theory will increase the validity of questioning the overall reliability of the pro- and contra arguments present in the debate. This part together with the debate represents the conceptual context of foreign aid.

Collecting the historical information was done with a broad rather than restricted method. I am not certain about what amount of material is considered broad and restricted, but my intention has been to seek information from as many sources possible. Time has limited me on this matter. The internet has been of use and by comparing how different authors retell important events.

Ravi Kanbur presents the history of aid since the 1950’s. In addition he presents quotations in which major contributors of development theory give there respective views on the character of ODA (official development assistance) at different points in time.

Eric Thorbecke similarly gives a summery of the evolution of the development- and aid doctrine together with the major strategies which have replaced each other throughout the past 50 years.

Ian Golding’s paper on globalization and development is another source that explains the history and the changes that the foreign aid programme has gone through.

All three theorists point at similar events having affected the evolution of the aid doctrine. The historical background also includes a part on how colonialism has affected the modern view of development and foreign development assistance in general.

The summary is based on a paper by Tunde Obadina. What is of interest is the mixed attitudes about the affects on development this early form of intra-state relations has had. While colonialism is the foundation of economic dependency some argue that it has at least helped introduce a modern view of development needed as the capitalist view of development is the model currently dominating welfare theory.

Ravi Kanbur is an international professor of applied economics and management professor of economics at Cornell University. He has also served on the staff of the World Bank. Eric Thorebecke’s paper on the evolution of development thinking is considered a reliable source as he is a professor in development economic at Cornell University. The paper from which I retrieve parts of the historical summery of aid is but one of many papars he has written on the topic of development economics. Ian Golding is the World Bank Deputy President. This justyfies the use of some of his thoughts on what have been the driving forces in the formation of the development and aid doctrines during the past 5 decades.
2.4.3 The elite survey method

My elite survey verifies and answers my research questions and fulfills my main purpose. There are three ways of gathering survey data: the face-to-face method, the mailed survey and the telephone survey. In addition to this there exist elite interviewing (Marcus E. Ethridge, 1994). The method used in my thesis is an elite-survey in combination with a mailed survey. The main reason for using an elite-survey method is that quality rather than quantity is strived for in this essay. The debate on foreign aid show proof of a controversy based on uncertain experience and inconsistent theories. In order to retrieve reliable information about this, “inside” information is valuable, which the elite aid personnel can provide.

On the topic of aid efficiency and practice, I feel that an elite survey is appropriate. The many international and domestic factors that influence the development in the third-world makes it hard to estimate the effects of aid on development. Dependency has come to represent such a measurable effect. However the magnitude of it’s harmful consequences is less recognized. Hence it’s minor strength as a contra argument in the debate. The level of dependency can be quantitatively measured but its importance in development theory is harder to measure. In this sense finding a consensus or not about the dependency-development relationship among elite aid workers may supply a sort of measurement of its importance when discussing aid strategy.

The purpose of my questionnaire is to verify whether it is legitimate to question the validity of the debate on the basis of the dependency argument. Dependency has come to signify the direct negative results from aid and the failure of aid within the debate. On a policy-making basis its presence has affected strategies through the need for good economic policies. By letting experienced aid personnel explain why they believe that aid has contributed to dependency or development, I test whether the relationship between these two is considered differently among the respondents than in the debate. The results are discussed in combination with the tendencies of uncertainty in aid history, summarized at the end of the theory-part of my thesis. The questionnaire is used to verify the existence of uncertainty despite the certainty expressed by each side of the debate. The results will therefore verify whether a questioning of the debate is valid or not.

The results from the interviews is my primary data. I use it to verify the tendencies of uncertainty I have found when looking at the conceptual context of foreign aid. All respondents answered me back very quickly, which excludes any belief of them having discussed their answers with each other. One problem with elite surveys is that there exist reason to believe that the respondents are unlikely to disagree with the official position of the organization in which they work.

During the selection of my respondents I have emphasized two attributes; 1) Years of experience. 2) Their specific positions within an aid agency. All respondents individually have more than 20 years of field experience in development assistance. Their position within the aid organisation helps recognize their level of knowledge and reputation. I chose these questionnaire subjects by contacting those aid workers whom I have had contact with during my own international experiences.
The questionnaire is formed in a way that each respondent answer to what degree he/she believes that aid has contributed to dependency on the one hand and development on the other. The questions are formulated in such a way that each respondent gets a chance to further elaborate his/her answers. In the debate aid dependency is defined and viewed in a similar fashion on both sides; namely as an indicator of generally failing aid efforts. The contra side argues that dependency rather than development is the affect of ODA. The pro side argues that dependency clearly is a proof of failing aid efforts but that it can be avoided. That is to say that ODA can contribute to development in countries with good economic policy.

The validity of the debate will be analysed through this argument. By placing dependency and development as opposites, the respondents will show to what extent they recognise that dependency has come to signify the oposite to development. Through their views on development and dependency I will discussion wheter a questioning of the debate, based on the dependency argument, is empirically defendable.

2.5 Critical view of primary and secondary sources

In accordance with modern methodology my se lection is based on a critical choise of my material. The information retrieved from my sources is presented throughout my thesis in two separated parts and is both secondary and primary in nature. Primary versus secondary sources/data differs in how closely they represent the true values and attitudes of the initial source. The secondary sources are the texts which I have retrieved from the internet and analyzed. Within some papers there exist quotations from other theorists through which in-formation can be collected. Critically viewing ones sources is done by looking at validity, independence, relevance and the tendency of a source to twist the story under analysis (P. Esiasson, 2005). As soon as secondary sources are used these criteria becomes threatened.

2.5.1 Validity, Independence, relevance and tendency

Much of the secondary data is retrieved through Ebrary - on line library. The remainder of the information present in the background ant historical chapter has been retrieved by “googling” on “aid efficiency”, foreign aid, ODA, development theory etc. in different combinations. By comparing web pages explaining the same situation and evaluating this information based on my prior-experience I have chosen the least subjective texts. Secondary texts on historical occurrences have been similarly compared with figures and tables presented by DAC (Development Assistance Committee), the World Bank, the UN etc. in order to avoid validity problems. The validity of a source cannot be assured, but by making my process transparent I aim at avoiding the problems related to validity. Foreign aid, development theory, ODA and aid efficiency are all a part of a terminology used by developed countries to explain the situation from their point of view. The documents used as secondary data are all written by the “men in power” and represents the view of the donors rather than the recipients of aid. I am aware of this unequal distribution of power and to use a critical approach to these documents I aim at avoiding the influence this has on my pa-per. The theories and documents produced on the topic of foreign aid have a built-in de-pendency due to politics and power structures. The debate exists because of different views. By trying to cover most aspects in the debate the independence criteria is covered. The relevance is covered by looking at the debate today in tabloids and newspapers in comparison to past material on the subject matter. The tendency of a source to twist its content due to
external influences is always present when looking at politically discussed matters. In the context of development assistance and the documents produced there will always exist a tendency to twist stories in order to benefit from it. By being aware of this when researching my secondary sources I have reduced the impact of the tendency problem in this paper.

The primary data is based on the information retrieved through the questionnaire. By choosing the respondents strategically rather than randomly I have assured that the respondents are qualified to answer my particular questionnaire. If the validity is threatened it is because of a limitation of which I am aware. Three of the questionnaires were never returned. This has an impact on the validity of my research. The seven questionnaires retrieved however, gave me enough information to form a discussion. I am aware that those given the chance to be heard in this paper are part of a small elite and the voices of other stakeholders are not represented. This problem exists as a fundamental part of the current discussion of foreign aid because the voices from the developing world are limited. This creates a problem when discussing independency, relevance and tendency as well.
3  The state of the current debate / Pro- and Contra arguments

In this section I present the current debate on aid efficiency. This section will provide an insight into what arguments are of main importance and to what purpose these arguments are used. As history explains there is today a general consensus on both sides of the debate that aid has failed. Economic growth in Sub-Saharan Africa has been weak despite the quantity of foreign assistance given, what additional arguments are used to directly put the blame for such “backwardness” on the foreign aid programme?

Since the 1950’s, Official development assistance (ODA) or foreign aid has been playing a crucial role in the development process of third world countries. By analyzing the history of aid alongside the history of development thinking in theory, two of the major controversies in development thinking and practice have been the battle between capitalism and communism, the opening up of markets vs. the centralisation of power and finally modernization school of development vs. dependency theory. After the fall of communism in 1989 it has been argued that the development- and aid doctrines melted into one as poverty reduction became the major objective for both development theory and foreign aid allocation. A new concern about dependency emerged alongside ODA-efforts; now the dependency on aid as ODA’s part of recipient countries GDP became the new hot topic within the donor community. ODA was directly responsible for tendencies of backwardness in the Third-World (according to Thorbecke quoted in Kanbur (2003). Dependency leads to a fall in ODA during the 1990’s, see figure 1). We shall now see how such tendencies of “aid dependency” have influenced the public debate and the arguments that create aid allocation strategies on both sides.

3.1.1  Contra Arguments

The following observations and quotations have lead many political intellectuals to dismiss foreign aid as only creating a vacuum in which independent development is not probable. One advocate of the contra-side of the debate is ex World Bank employee William Easterly. He was fired from the World Bank in 2006 after having drawn conclusions:

After $2.3 trillion over 5 decades, why are the desperate needs of the world's poor still so tragically unmet? Isn't it finally time for an end to the impunity of foreign aid? Aid dependency rather than development has been the result of 40 years of foreign aid to LDC’s. (William Easterly, 2006, p1)
“Foreign aid programmes for providing economic assistance to less developed countries have fallen on hard times... This is due in part to the diversion of attention of the donor countries to other foreign policy issues... There has, however, also been a growing disenchantment with the potential for development in the poor countries and also with the role which foreign aid can play in development.” (Kanbur, 2003, p 15)

“Between 1990 and 1998 the number of people living in poverty actually increased in sub-Saharan Africa from 242 to 291 million people.” (Ian Golding, 2006, p19)

“[T]he decade of the 1990s was marked by a strong and lingering case of ‘aid fatigue’ influenced by the rising fear that foreign assistance was generating aid dependency relationships in poor countries. The issue of the effectiveness of aid conditionality was also critically debated.” (Ravi Kanbur, 2003, p5)

“The 1974 World Food Conference proclaimed that "every man, woman and child has the inalienable right to be free from hunger and malnutrition in order to develop their physical and mental faculties." This was to have been achieved "within a decade," but we have failed, despite improvements in science and technology. Today, hunger, poverty and social disintegration stalk the globe, not just in the South but also in the North, and the gap in living standards between the North and the South continues to widen.” (Cheddi Jagan, 1996, p1)
The feeling that aid programs have been inefficient in carrying out their initial tasks together with the fact that ODA have been a part of developing countries budgets, through budget support, for over 5 decades has caused foreign aid to come under great pressure to yield results. As progress mainly in Sub-Saharan Africa, but also other regions of the world has been stagnating, it can be observed that the last decade a growing extreme of thought calling for a general decrease of aid, sometimes even its abolishment, has emerged:

“Foreign aid has probably created more problems than actually solving any. Taught helplessness is one of them. Difficulty in demanding political responsibility another.…” Corruption is seen as an economical crime, when it really is political. International aid organizations render such corruption possible, as they are willing to pay for government incompetence.” (Aidan Hartley, 2006, p1)

According to William Easterly, the international foreign aid programme is characterized by a westernized, patronizing and post-colonial approach (Guardian Unlimited, 2005), which yields dependency rather than development in today’s world of free-market economies. Foreign aid as we know it must therefore be abolished.

3.1.2 Pro Arguments

Indicators, presented by the World Bank in their annual development reports of recent years (2000 – 2004), show improvements. In many parts of the world, including some recipient countries in Sub-Saharan Africa, child-mortality rates have decreased, life-expectancy has increased and literacy-rates are improving (World Bank Indicators, 2004). On the basis of such observations supporters of foreign aid have been just as eager to protect ODA’s good name. In response to the growing concerns about ODA´s real possibility in positively assisting development, mainly in the Least Developed Countries (LDC’s), supporters write in a development report by the World Bank in 1998 that aid has at times been a spectacular success:
“Recent cross-country evidence has shown that foreign aid has a strong, positive effect on a country’s economic performance if the country has undertaken certain policy and structural reforms. But the evidence also shows that aid in general has not been going to countries that have undertaken these reforms.” (World Bank Group, 2001, p1)

Current World Bank employee and UN secretary advisor Jeffrey Sachs is one such supporter of foreign aid and the Millennium Development Goals. He argues that ODA works efficiently under circumstances of good economic policy. He also calls for the doubling of foreign aid and the need for donor countries to reach the 1% of GDP-goal, something which only Sweden and Norway are predicted to meet in 2006 (Ian Golding, 2006):

"Our generation for the first time in human history really could see to it that extreme poverty on the planet is ended, not just by half but ended by the year 2025... The required doubling of annual official development assistance to $135 billion in 2006, rising to $195 billion by 2015, pales beside the wealth of high income countries — and the world’s military budget of $900 billion a year.” (Jeffrey Sachs, 2005, p1)

3.1.3 Summary of argumentation

After exploring the polarized debate on foreign aid one development indicator continues to appear as both sides argues for increase or decrease of aid. That indicator is aid dependency. On the contra-side aid dependency is used to prove the real negative effects of aid on development. On the pro-side dependency is used in a similar fashion. The pro-side believes that dependency can be avoided by allocating more aid to countries with “good economic policies”.

A source of the controversy present in the debate is thus aid dependency. This affect from aid has come to signify the “bad” that aid has created. As many low-income countries have not shown any proof of real economic achievements it is understandable that the aid dependency argument has become an empirical proof of the failure of aid.
4 Conceptual context/development theories

This section covers the evolution of development thinking and the history of foreign aid. This part is used to answer my second research question; Is there reason to believe that the current debate is biased/polarized?

4.1 A short history of foreign aid and development theory

This historical perspective is based on Ravi Kanbur’s thesis “The economics of international aid” and Erik Thorebecke’s book “the evolution of the development doctrine”. These are two separate works about the historical path of the development- and the aid doctrines.

During the past half century two main forces have influenced and determined development assistance. 1) The evolution of development theory. 2) The evolution of geopolitics (Ravi Kanbur, 2003). Tied aid and later conditional aid are additional key terms determining the modern history of development assistance. The humanitarian objectives in the UN charter have always been an important reference to all foreign aid policies (UN Charter, preamble).

International foreign aid or development aid is relatively young compared to migration, international trade, finance etc. It dates back to the early 1950’s and the Marshall plan. The origins of foreign development assistance however can be found in the old colonial empire’s investments in there respective colonies. Post- and neo-colonialism literature agree that such investments came from the empires initiatives to exploit their controlled regions for the benefit of the mother nation. Whatever may have been its pluses and minuses, colonialism denied peoples’ right to self determination (Tunde Obadina, The myth of Colonialism). Although these efforts differ from how development assistance is currently handled, they continue to have effect on the general opinion on aid present today. The social and economic development of the third world as a policy objective between states in international relations dates the beginning of a new world order very different from that present during the colonial period.

The modern concept of development assistance can be traced back to the end of the Second World War and the bilateral assistance exercised through the Marshall Plan and also the creation of multilateral institutions such as the UN, the World Bank and IMF (International Monetary Found). This initial phase of development assistance was concentrated on the rebuilding of Europe and ensuring the stability of the world financial system (Ian Golding, 2006). It was less focused on the poor countries of the world. As Europe rebuilt quite rapidly the present development assistance techniques were redirected to include the newly independent states of South America and later on Sub-Saharan Africa. They were subject to rather different issues and problems than in post-war Europe. Despite the different circumstances for economic growth, “developing” countries were to copy the experience of industrialized countries which would give raise to a “catch-up” development process in these regions (see modernization theory).
With the establishment of the UN there was a moral obligation introduced, which guided donor countries to aid the poor countries of the world. The cold war added geopolitical purposes for allocating aid that challenged the humanitarian objectives. These geopolitical forces were to make sure that newly decolonized states did not turn over to “the other side” in the battle between capitalism and communism. It remained an influential factor until the fall of the Berlin Wall and communism in 1989.

Economic growth was the main purpose of aid and development theory during the 40’s, 50’s and 60’s (see figure 8). This was believed to form the base on which governments was to remain without getting overthrown as well as remaining favourable to the west (Ravi Kanbur, 2003). Thus the role of the government in developing countries was of great importance and central planning was preferred as the catalyst for development.

The 70’s reflects a change in development thinking. The classic growth models in some developing countries, primarily in South America, had now in practice resulted in great gaps between the rich and the poor. This was noticed by Fishlow in 1972 when studying the effects of economic growth in Brazil. The real poverty gains from growth disappeared. Dependency as a development theory had gained support as dependency tendencies emerged in recipient countries. As geopolitical objectives continued to play a large role in aid allocation and strategy during the late 60’s and 70’s the importance of multilateral aid organizations in third world development increased as such resources for the reconstruction of Europe was no longer needed. What had been further recognized in the 70’s was the limited influence of the “trickle down effect”. The Classical economic theory that believed that tax cuts for the wealthy classes would through increased investment “trickle down” to the lower income classes and increase the overall wealth of society (nationalencyclopedin). However, it had little or no effect on poverty reduction and thus attention shifted toward focus on the social sectors rather than over all economic growth. New strategies were formulated focusing on education and health largely thanks to the growing influence of multilateral organization like the World Bank backed up by UN agencies.

At the end 80’s many lessons had been learned. The complexities of the world market became obvious during the oil crisis of 1973 to 1979. The fear and combat of communism seemed to have overshadowed the real purpose of aid. Bilateral aid was receiving increased criticism and tied, aid alongside the increased recognition of dependency, fuelled a pessimistic view on foreign aid. For international relations the 80’s was a turbulent decade. After the oil crisis during the 70’s, international banks lent huge amounts of OPEC-savings to developing countries, more due to their own interests then poverty reduction purposes. This caused the debt crisis in South America and Africa during the 80’s. Debt relief accompanied poverty reduction efforts of foreign aid at this time, but now such assistance was conditioned on policy reforms. Government subsidies to domestic production in the 60’s and 70’s received more criticism as free trade arguments emerged especially within the World Bank.

The debt crisis resulted in attention being shifted from poverty reduction efforts to macro-economic measures such as debt relief and program aid (budget support). The development doctrine and aid doctrine melted into one during the 80’s as the donor community realized the importance of international trade for development (Ravi Kanbur, 2003). This was made clear during the international oil and debt crises during the 70’s and 80’s (debt- as well as oil crisis). Conditioned- or tied aid remained, but changed character from stressing the need for political to more economic reforms.
The end of the cold war dates the end of an era of geopolitical objectives guiding development assistance (Erik Thorbecke, 2005). The emphasis on poverty reduction gained momentum and structural change from command economic policies to market based economic policy was considered extensively. During the 90’s the East Asian “miracle” became the model to follow in development and foreign aid theory. Foreign aid received criticism during the late 80’s and the 90’s. It was considered, primarily by the Reagan administration to interrupt the free market operations and private-sector development. An important factor which let foreign aid continue to play a role in development was the loss it would lead to among donor country creditors if aid was abandoned completely.

The Asian financial crisis hit hard in 1997 and once again the certainties displayed by policy makers in how to combat poverty was proven weak and the IMF and Washington consensus was increasingly questioned. It can be said that the development community had run out of “big ideas” (Erik Thorbecke, 2005) Policies had jumped back and forth from between stressing the involvement of Governments and the role of the market. In the 21st century the Millennium Development Goals are introduced as a new initiative. The international market continues to play an increasingly big role on aid policy. The role of governments is still considered to be essential to the development process as budget support and “program aid” increases alongside a total increase of aid (Ian Golding, 2006).

4.2 The history of modern development theory

Development theory and the foreign aid doctrine have been intertwined with one another during the past half century. During this time period focus within the development community has largely been on the development of the “developing” countries. Two different schools of thought have dominated development theory during the past 50 years; the modernization school and the dependency school. A third school of thought can be said to be an extension of the dependency school and that is the world-system school. The controversy between the two major development schools may help to better understand the controversy existing within the public debate.

4.2.1 The Modernization Theory

The end of the Second World War introduced an era of economic expansion and polarization of the world. The terms First-, Second- and Third Worlds were introduced to explain the different political and social characteristics among countries. The Modernization School of thought emerged as a result of the polarization of the world and through the emergence of America as superpower after the war. The newly founded nations after independence of the former colonies were in need of a model of development.

The US urged social scientists to come up with a development plan for Third-World countries instead of loosing them to the communist block. This theory of development took for granted that the Third-World countries had fallen behind in the social and cultural evolution and needed to follow the path of the developed countries. Development was seen by the developed nations (primarily the US) to have to do with social and cultural evolution rather than economic improvement. Through different stages the Third-World, by imitating the path of the “First-World”, would reach modernization. Their cultural heritage was seen as the main reason for no reaching development.
The most famous contributor to this theory of development was the neoclassical economist W.W Rostow. He explains five stages which a traditional society must pass to reach a state of mass consumption (Rostow, 1960).

In 1949 the US president at that time Harry S. Truman, in his inaugural speech, was the first to publicly divide the world into “developed” and “underdeveloped” countries. His statement would prove to be far more problematic than anticipated. It gained its support through the efforts which development assistance had stood for in war-thorn Europe. The objective of the Truman doctrine was to support Turkey and Greece. Both countries were under political pressure from the Soviet Union and its allies in 1947 (Erik Thorbecke, 2005).

President Harry S. Truman contributed to the polarization of the world into developed and developing countries. Development assistance would be given for the developing countries to redirect and channel resources from the traditional to the moderns sector. The way to do this was through industrialization.

4.2.2 The Dependency Theory

The Dependency Theory arose as a direct challenge to the modernization school. It is based on Marxist ideas. Economists and politicians around the world in the early 1950’s started to recognize that the developed nations needed a core-periphery economical relation with developing countries in order to remain wealthy.

This founder of the theory was and Argentinean economist, Raúl Prebisch. As a result of the great depression and its negative effect on the Argentinean economy he went from being a supporter of neoclassical Keynesian economics and comparative advantage to the formation of a completely new theory of economic thought (see development theory in Reference list).

The classical macroeconomic theories which had prevailed before the 1950’s did not take into consideration that the developing countries was never really present in theory as well as in practice (postindustrial.net, paragraph 4). Prebisch saw that the current world system of trade functioned in such a way that the developing countries (the periphery) produced and exported primary goods or raw materials to the developed countries (the core). They produced secondary goods or manufactured goods back to the periphery, thus creating a core-periphery relationship from which developed nations could collect all gains from technological improvements and trade.

Another example of the dependency theory was the German economist Hans Singer. He formed the Singer-Prebisch thesis. It proved that the terms of trade between industrialized and non-industrialized countries showed proof of declining returns for the periphery as technological progress only improves the developed countries terms of trade. Prebisch and Singer thus concluded that the periphery, due to technological advancement favouring “core” production, would be able to import less and less for any given amount of goods exported.

Thus the classical dependency theory disagrees completely with free-market economists and internationalism. It was practically implemented as the ECLA (Economic Commission of Latin America) promoted protectionist economic policies together with industrialization in South America. Prebisch suggested through the ECLA that the South American countries could accelerate industrialization through import subsidies. Development assistance in
the form of privatizing foreign companies as in Argentina (nationalencyklopedin) would play the role of developers of the domestic industrialization process. The poorer countries would still sell their primary products on the world market, but their foreign exchange reserves would not be used to purchase manufactured goods from abroad. However, as Argentina and other South American countries involved in this program of development implemented by the ECLA started to show stagnation in production and declining exports in the late 50’s, critique toward the “classical” dependency theory emerged.

From 1964 to 1969 he served as the secretary-general of the 1964 established United Nations Conference of Trade and Development (UNCTAD). During this time he advocated Third-World’s trade integration on the global market. This first reaction to the modernization school of thought was rather a reaction against the centrality of the state in governing and controlling development strategies in developing countries from a liberalistic point of view than a pure Marxist or neo-Marxist dismissal of the world market.

The failure of the “classical” dependency cleared the way for Neo-Marxist dependency theory also known as the radical dependency theory. This branch of the dependency theory surfaced with Russian economist and Marxist Paul Baran and Andre Gunder Frank. They saw the underdevelopment of the Third-World is a direct result of its integration on the capitalistic world economy. These theorists argued for a complete breaking with the world market system. They claimed that it had only strengthened the core-periphery dependency and worsening of the situation of developing countries.

### 4.2.3 The World-System Theory

This development theory is an extension of “classical” dependency theory. It was introduced as a major contribution to the debate of world wide development in the early 1980’s through Immanuel Wallerstein (see references: World-System). He was an American historian and he argues that the ‘periphery’ (the semi-periphery and periphery, both between and within countries) localities are, in fact, exploited and kept in a state of backwardness by the developed core; a core which profits from the peripheries' cheap, unskilled labour and raw materials (i.e. from those nations’ lack of a skilled workforce and industries that can process raw materials locally). This is very similar to classical and neo-Marxist dependency theory and can be explained by the fact that many of the neo-Marxists dependency theory designers inspired Wallerstein as he took the core-periphery model to another level. Adre Gunder Frank and Paul Baran worked with Wallerstein during the 80’s in the development of this new perspective on development.

Immanuel Wallerstein developed a theoretical framework in 1974 to understand the historical changes involved in the rise of the modern world. The modern world system, essentially capitalist in nature, followed the crisis of the feudal system and helps explain the rise of Western Europe to world supremacy between 1450 and 1670. He claims that the world capitalist economic system arose as a response to the crash of the feudal system. It is based on the same structure. On a state vs. state relation rather than the people vs. the state as in the feudal system and as the feudal system crashed it created an economic crisis, which the modern capitalist world order was to combat to sustain economic growth (Modern History Sourcebook: Summary of Wallerstein on World System Theory). The new world economy, means Wallerstein, differed from earlier empire systems (the feudal system) because it was not a single political unit. Empires depended upon a system of government which, through commercial monopolies combined with the use of force, directed the flow of economic goods from the periphery to the centre.
The world system theory has not played any significant role in foreign aid strategy. Its role has been more philosophical and theoretical that a practical tool in foreign aid implementation as it simply takes dependency school to another dimension without presenting any real solutions. The world city hypothesis presented in a paper by John Friedmann in 1986 explains how the world economy naturally creates a spatial polarization, which works to widen the gap between peripheral and core countries (John Friedmann (1986))

4.2.4 Summary

Regardless of dependency argument the above historical presentation gives many examples explaining why a polarized debate has formed around foreign aid. A high level of uncertainty about what strategies should be applied to foreign aid in practise can be seen both in development theory as well as in the history of the foreign aid programs. Development in general has been considered to occur through macroeconomic consideration in whatever country it is ardently desired. On no other social scientific basis has there been or is it prooven that theory about development can be formed. It is thus possible to question the founding theories and experiences that have formed the debate based on tendencies of inconsistency and uncertainty.

I have thus managed to logically defend a questioning of the base values and ideas on which the controversy about foreign aid has emerged. This is to say that the controversy exists less due to a variation in empirically correct approaches to the problem but more due to presence of uncertainty about the effects of aid.

Now it is time to see whether my questioning is empirically justified on the basis of an evaluation of the dependency argument.
5 What views are reflected in the questionnaire

In this section the results from the questionnaire are presented (the questionnaire is attached). Ten aid workers were asked the question; "Based on Your experience and knowledge from international aid, what is your overall answer to the following statement: International Aid has contributed to dependency/development?"

They were given three possible answers: I fully agree, I agree to some extent or I do not agree. An open question was added to give the respondent an opportunity to explain and elaborate their answer.

5.1 Aid resulting in Dependency

TABLE 1: Result from the first general question: - From your experience as aid worker, does foreign aid lead to dependency?

<table>
<thead>
<tr>
<th>Dependency</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I Fully Agree</td>
<td>2</td>
</tr>
<tr>
<td>I agree to some extent</td>
<td>4</td>
</tr>
<tr>
<td>I do not agree</td>
<td>1</td>
</tr>
</tbody>
</table>

All subjects except one seem to have realized that foreign aid has contributed to dependency. However all agree that the same aid considered here has definitely contributed to development.

Two out of seven respondents fully agree that foreign aid contributes to dependency. Their arguments are as follows:

“Foreign aid creates dependency in most cases… It is easy for high-technological countries to see how irrationally people are working in a developing country and therefore they send in machinery and technical assistance …… When ODA eventually decreases, because it always does, the locals don’t have enough resources or knowledge to run such machinery and when it brakes down it gets left standing for the same reason”

“Much international aid is provided conditionally… In Afghanistan for example, where US AID is the by far dominating donor only American companies are contracted to construct schools, print textbooks, build roads, provide “experts” etc… A poor country ……. has no other choice than to accept American companies constructing mobile nets, exploiting mines, establishing universities etc. This dependency also creates a new mentality of opportunists and “yes-men”, which maybe in the long run is the most detrimental to independent development.”

Four out of seven respondents agree to some extent that development assistance contributes to dependency. Here follows there arguments:
“Tanzania would be a good example on this as well as Zambia. However, it is quite obvious that donor countries as well as recipient countries are more aware nowadays of this problem. Actions have been taken to try to solve the matter”

“I would like to point at the case of Mozambique where dependency is (almost) total. However, the dependency is symbiotic because donors seem as dependent on the success case of Mozambique as Mozambique is dependent on the massive aid. The question can be posed regarding if this dependence has been inevitable or not. Hans Abrahamsson points at alternative development strategies in his doctoral thesis”

“Even though there is, today, an increased concern and discussion about the importance of partnership and interdependence between recipients and donors of aid there will always be an uneven relationship as long as the donors have the money and the power to set up the aims, goals and conditions, to which the recipient countries have no other option that to adjust. Developing countries know that it in the current situation always exists financial support for programs and projects dealing with HIV/AIDS–questions, which may lead to prioritization of these questions by donor governments. These questions are very important, but may lead to inefficient allocations of resources in the overall development process. I do however see that recipient governments start to be tougher on donor organizations than they have been in previous decades. Mozambique is an example. For example the country denies technical assistance if they believe that the persons in question lack the competence needed”

“Budget support, which is becoming a popular form of cooperation, contributes to dependency on funding from the donors (of the donor country taxpayer’s money) and tends not to be sustainable. The best form of cooperation is transfer of know-how and capacity building which, if given in the right way, can create independence and sustainability”

Only one foreign aid worker answered that he does not agree that foreign aid has contributed to dependency. The respondent formulates the answer as follows:

“Without international aid in a wide sense the development would have been slower, e.g. the Marshall Plan after Second World War. All international cooperation (also between high and middle income countries) obviously leads to stimulus for development and cooperation with low-income countries is not an exception. Of course there is inefficient cooperation but that is not an argument against cooperation per se.”

5.2 Aid resulting in development

TABLE 2: Result from the second question: Based on your experience as an aid worker, does foreign aid lead to Development?

<table>
<thead>
<tr>
<th>Development</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I fully Agree</td>
<td>5</td>
</tr>
<tr>
<td>I agree to some extent</td>
<td>2</td>
</tr>
<tr>
<td>I do not agree</td>
<td>0</td>
</tr>
</tbody>
</table>
None of the respondents completely rejected the statement that aid has contributed to development; that is all believes that aid has contributed to development. Five out of seven fully agree that aid has added to the development of the Third World.

"Again: obviously and historically post-war financial support for reconstruction (Mozambique and Europe good examples) has led to very rapid economic recovery. If rich countries in parallel had opened their markets for products from these countries aid and cooperation would have resulted in far more "development"."

"Yes I fully agree. International aid has contributed to development in many countries and sectors such as Health. Slightly more attention has been devoted to institutional and capacity building and management development which are keys to rapid development."

"Foreign aid in support of the building of schools, trainee programs for teachers, further education of health personnel is all parts of the overall development which has taken place in most developing countries."

"…..one must state that, of course, some aid has contributed to development….. But not all aid has contributed to positive development. - Today there is a "do no harm" policy. This means that most of the projects that are considered by the donors (i.e. SIDE) for funding must be tested against this policy. A particular project should at least do no harm - that is a minimum requirement! -If it does some good it is fantastic! The policy is mainly used in countries and regions in conflict. More than half of all aid-projects are being implemented in areas where a conflict is emerging, where a conflict is ongoing or is post--conflict areas. - This is important and but seldom known! It is quite evident that history shows a high correlation between underdevelopment and conflict! -Conflict leads to slow development and vice versa."

Two out of seven respondents agree to some extent that aid has contributed to development:

"Because of aid given to people without asking for anything in return it has the donor community has unconsciously affected people’s minds and it becomes easier to reach out and be given “money” than it is to actually work for it. On the other hand foreign aid can, if it is used well, contribute to giving people self esteem and to the spreading of feelings that working may be more profitable than simply receiving. Loans for establishments of small scale businesses are good examples of how donors can help recipient countries. Foreign aid should not consist in showing high-technology down the throats of developing countries. Aid should be given such that when it is taken away one should not notice its absence. What we may believe is the best for the recipient may not be the best solution at all. We must find out what recipient countries wants and help them fulfil such wants."

"A good example is Norway, which has an agreement with a South African University of agriculture working for development and education in Malawi. Thus instead of sending people to Europe or Scandinavia for education, people receive education in and about the region in which they will work, which is extremely important. “Earmarking” and follow-up is something I strongly believe in. All means which have to do with assisting with high-technology and budget support have worked less effective I believe as it creates dependency. Where efforts are made to support education and health we have seen the best development, especially in Sub-Saharan Africa."

"However, international aid may also to some extent contribute to development. Again Afghanistan, the massive support to education will hopefully bring about a development
eventually, as education usually does. NGOs, at least the relatively independent NGOs we know from Scandinavia can play another role than aid from governments.”
6 Discussion and analysis

6.1 A history of uncertainty

Through the historical presentation some very interesting features of aid and development theory has emerged. First of all it tells us that uncertainty has been a constant in the learning-by-doing process that has characterized development theory and foreign aid policymaking during the past 50 years. Figure 7 shows us how the main disputes and controversies of 20th century international politics have affected the evolution of the aid doctrine and development theory; the battle between the international market and the sovereign state and the battle between capitalism and communism. The donor ideology has moved back and forth between favouring and supporting central state planning to favouring market-based and macroeconomic adjustments.

The honourable purpose of foreign aid has always been the reduction of poverty in its many dimensions. The complexities that face foreign aid and development theory have lead to a discovery of problems rather than any discovery of an ideal way of tackling the development problems. Figure 1 and 3 show how the amount spent on foreign aid has increased and decreased in magnitude at different times during the past 50 years. During the cold war the amount of aid increased, which can be related to the emphasis put on the geopolitical goals by the donor community. As communism fell and more poverty reduction strategies received attention there was a decrease of overall foreign aid flows to the Third-World. According to Ian Golding and Thorbecke the decrease in aid was due to an increased concern with aid dependency as well as an increased criticism of conditioned aid. Recent years have witnessed tendencies toward a general increase in foreign aid flow although there is a general consensus among theorists (Thorbecke, 2005) that the donor community has run out of “big ideas”. Today as overall foreign aid is increasing we are witnessing a return toward state-based rather than market-based strategies alongside a decrease of developing countries receiving aid. These are examples of how the donor community seeks to avoid dependency tendencies.

The text analysis tells us one important thing about the debate on aid efficiency. In the presence of aid dependency tendencies, the donor community has been cautious when looking at the decrease in aid as a response to tendencies of dependency in the 1990’s. Such caution can be recognized again today. Although graphs show a general tendency of increase in foreign aid efforts, this increase is based on ODA-policies stressing the need for “good economic policy” in order to avoid aid dependency. The difference today is that policy-makers seem more confident how to avoid such dependency. No real solution about how to give aid without creating dependency has found. Foreign aid becomes an international flow favouring countries that independently have created good economic policy while those experiencing dependency are left out.

If one is to interpret Erik Thorbecke and his conclusion that the development and aid doctrines “melted into one” during the 80’s that one could argue that the dependency explained through the dependency school of thought should not differ that much in definition from the dependency that we see resulting from ODA (Official Development Assistance). Based on this it is directly becomes logical to question the positivistic nature of arguments based on observation of aid dependency since neither seem to have yield any con-
crete answer to the relating problems accompanying dependency between developed- and developing countries (see dependency theory, chapter 2).

History and the evolution of development thinking alone give reason to question the solutions proposed by both sides of the debate. History shows that there is reason to disbelieve the validity of the debate in general. This is partly because of the uncertainty and the learning-by-doing process characterizing the past 50 years of foreign aid. It raises more questions than it gives answers. While Sub-Saharan Africa for example remains economically unaffected despite development assistance efforts, the aid community, eager to see results, comes up with solutions to the problems. The current polarized debate between those advocating an increase in aid and those in favour of reduction has emerged overtime as development theories disagree and as the Least Developed Countries (LDC’s) seem to remain in a vacuum of economic stagnation. Now it is time to discuss whether there exists empirical reason to question the controversy reflected through the different approaches to aid dependency present in the debate.

6.2 The validity of questioning the debate

Before discussing the result from my questionnaire, some important details must be covered at this point in order not to overstate the implications of the results. An interesting result retrieved, after having explored the discussions on aid efficiency on two levels in the international aid programme, is that the polarization witnessed in the public- or “elite” debate is not as obvious when analyzing the opinion of aid-workers. This would imply that uncertainty about aid efficiency in is exaggerated in the public debate. However, some limitations that followed my choice of method makes the statements of the seven respondents subjects to questioning. The fact that the probability of having people earning their daily bread through aid agencies arguing contra foreign aid is not very high is an example of possible questioning. Following this logic on the other hand and the way aid dependency is considered within the public debate it should be even less probable that the questionnaire respondents would agree that aid creates dependency. Only Staffan Bergström fully disagrees with the statement that aid has created dependency, which shows how dependency has come to represent the negative effects of aid.

What is primarily interesting after having analyzed the results of my study is how most respondents have been eager to explain how development has occurred despite aid dependency. It seems that all respondents are aware of how aid dependency has come to affect the public debate on aid efficiency. The belief expressed by aid supporter Jeffrey Sachs that the overall efficiency of aid can be increased by allocating aid in such a way that dependency is avoided is not shared by the aid workers. All respondents are aid supporters, but on the topic of dependency no one suggests that such tendencies can or should be avoided. The approach to the term dependency expressed by the aid workers fits better with the general uncertainty that characterises the history of aid and development theory. Thus it seems that the failure of aid should not be blamed on aid alone, but rather on the complexity of the situation. Thus what is needed is not a change of strategy based on negative effects of aid on development, but rather a change of perspective of the role of aid. According to the aid workers dependency arises from all kinds of cooperation. However this dependency is mutual and unavoidable given today’s knowledge about its affects and should not be given such a great deal of importance within the debate on aid efficiency.
As Lotta Comé argues, the strategic choice of attempting to avoid aid dependency by conditioning aid on economic reform creates its own dependency as aid only flows as recipient countries comply with donor policy. The example of Afghanistan given by Pia Karlsson, where the reconstruction of the country are given strictly to American construction firms, is another example of dependency. Whether it’s resulting from direct budgetary support or through conditioned aid it is a highly uncertain and complex indicator of development and aid efficiency.

In the highly uncertain and inconsistent field in international relations and foreign aid during the past 50 years, dependency on aid has been the easiest quantitatively measurable effect from foreign development assistance. To some extent aid efficiency can be said to signify, within the debate, the possibility to avoid aid dependency, rather than to help create sustainable development. Perhaps such a definition might put too much expectation or hope in foreign aid since development of other regions in the past have succeeded from the bottom and up and not through macroeconomic reform primarily. Judging from the respondents answers tendencies toward a sustainable development process occur on different levels in society. Thus, only because a country is experiencing high levels of dependency due to budgetary support there is no need to completely cut assistance to these countries. Less economically measurable development may and is occurring on other levels of society due to different approaches and circumstances for the specific aid efforts implemented there (educational support is taken up by the majority of the aid workers as an example of ODA creating incentives for long-term development).

All aid workers claim that foreign aid has contributed to development at lease to some extent. When further analyzing the answers given through the questionnaire dependency seem to occur on two separate planes in the development process of recipient countries. Humanitarian projects such as health care, educational and building of infrastructure are examples brought up by the respondents as examples of aid contributing to development. Aid which has a tendency of leading to dependency is that of budget support and disaster aid and also traditional tied- or conditioned aid according to the majority of the respondents. These aid efforts can be said to work on another plane than those of health care and educational assistance. The former works first of all in directly assisting the macro economic features of the recipient country while the latter serve to assist those basic factors needed to sustain long-term development. From such observations, general conclusions about aid efficiency drawn from tendencies of dependency are misleading.

Lotta Comé points to a natural dependency present as long as the developed world has the money and the power to set the aims and poor recipient countries have no other alternative than to accept. This corresponds to how many political scientists today consider dependency theory as a development school of thought. Core-Periphery dependency has come to be recognized as a natural phenomenon in today’s capitalist world-system of states (see John Friedmann in world system theory, chapter 2). If dependency has come to be considered more as a natural occurrence in development economics in general then it should be given less emphasis as an argument within the debate on aid efficiency.
6.3 Dependency on different levels of development

The global arena is changing alongside globalization and has done so since the 1950’s (see a “brief history of foreign aid”). With little and sometimes no development being observed in the economies of Sub-Saharan countries one could argue that foreign aid policies should be considered anew. Should these new strategies be constructed taking into consideration the presence of dependency? Jeffrey Sachs claims that the presence of good-economic policy in a recipient country may help avoid dependency, but will such strategies contribute to the overall development of such countries? If one interprets the evolution of development theory there is no reason to believe that the absence of dependency is profitable for development. The only sure thing is that it seems to occur as soon as economic relations are started between a richer and a poorer country. According to the selected respondents development from aid occurs simultaneously with dependency tendencies and it always has. Thus, again there is no reason to believe that foreign aid, whatever its form, can ever be given without having dependency occurring as a result.

With the millennium development goals and focus being turned toward countries with good economic policy the “world elite” and ODA policy-makers claim that poverty reduction in the 21st century will be more efficient than history has proven it to be. My study clearly shows however that there exist different ideas about how to define aid efficiency within the many levels of the programme. It also shows that main arguments based on dependency are somewhat misleading. I am not saying that good economic policies should not be strived for by developing countries. I am simply saying that the presence of such policies should not be considered a criterion in order for development to occur. Conditioning aid on good economic policy may assist in reducing dependency tendencies. Only the future will prove this to be true. In the meantime possible development which could accompany foreign aid in less institutionally developed countries will be lost in the donor community’s chase for macroeconomic progress.

Conditionality is a donor community requirement which aid worker Pia Karlsson stresses as creating dependency. In her example of Afghanistan, which falls under the category of LDC’s according to OHRLLS (UN Office of the High Representative for the Least Developed Countries, Landlocked developing countries and Small Island Developing States), the problem of project aid is stressed. A project is conditioned in such a way that aid only flows as the project is in progress. Following this logic then the fact that strategies aimed at allocating aid only to countries experiencing good economic policy may create dependency anew through conditioned aid. In this sense one form of dependency is but traded with another.

The complexity of the situation and the differences in western and third-world circumstances for development have not been fully recognized. The long-term goals and needs should be considered from the recipient country perspective. Rather than believing that simply doubling foreign aid and changing allocation will decrease the lag time of development, donors should focus on realizing the complexities that causes such lags.

In times of change and uncertainty of the future, it seems easy for politicians and other decision-makers to simplify the situation and what needs to be done by finding those specific factors which confirms the good or bad in their particular belief. Dependency has been the “dark side” of development theory since the 60’s, but no solution to such tendencies has been reached. Instead social and political scientists today seem to agree that core-periphery relationships are naturally present in any modern economy.
The answers given by the respondents show those economic related factors to development such as GDP-growth and dependency have overshadowed other forms of development or potential development.

Thorild Almnes recognizes that aid not only has an impact on the national budget but also on the minds of the people of the recipient country influencing the very ways people relate to development in general. I feel that aid may have failed and succeeded in many ways as can be recognized when reading newspapers and following the debate but that the “wrong” examples are presented in the debate. With wrong I don’t mean that issues such as dependency should not be addressed. Focusing on this problem rather than realizing the full depth of development implementation may however harm rather than help the development process of developing countries, especially in Sub-Saharan Africa where dependency is very high.

The learning-by-doing process, which, according to Kanbur and J. Pronk (The Economics of International Aid by Ravi Kanbur Cornell University) has characterized the evolution of the aid/development doctrine. It seems to have been successful at least if one is to interpret the confidence expressed by Jeffrey Sachs. He, together with G8 leaders, call for the increase of aid. The doubling of foreign aid and the promises to halve world poverty by 2015 radiate a feeling of “we know what we are doing” by the donor community. The contra side arguments have never been more sceptical.

As soon as poverty reduction, rather than overall GDP growth, becomes the main objective of aid, the complexities influencing development became increasingly visible. It is understandable that anyone claiming to have the solution to these problems will receive cheers.

An additional sign of uncertainty within aid agencies is the case of Swedish aid to Angola. When the Swedish aid agency decided to withdraw bilateral assistance from Angola in 2006, their argument was that Angola is rich enough in natural resources to reach long-term development on its own. However, this has always been a main argument of foreign aid that developing countries are rich enough to sustain an independent development process, but needs assistance in the beginning stages of such development. Thus all aid should, according to this logic, be terminated if those receiving it are not believed to be able “to stand on their own feet.”

6.4 The complex situation in Sub-Saharan Africa

The presence of aid dependency and the fact that it has come to receive much attention within donor agencies are problematic for low-income countries with the highest levels of aid dependency. In accordance with the consensus in the debate, dependency tendencies cause aid to fail in contributing to economic growth and development. With little economic growth and poverty, aid is believed to have failed. Any positive impact from aid on other levels of society seems to get overshadowed by macroeconomic definitions of development. In LDC’s (Least Developed Countries), especially Sub-Saharan Africa, many factors affects development. Foreign aid is but one factor, which through grants and/or loans is believed to assist in the long-term economic development of a recipient country. A wide range of studies have been made on whether aid contributes to economic growth. Some studies find a positive correlation, but others find either no correlation or a negative impact.
as presented in my introduction chapter. Various other factors effect development. The dimensions of poverty, which by the world bank (World Bank Indicators 2004) is defined as the interaction between government corruption, domestic conflicts, gender inequalities, famine, illiteracy rates, international trade laws etc. This increase the inefficiency of aid and ads to the complexity of the situation. All of these influences operate from different levels of society and their effects on development differ in magnitude. They are present in recipient countries to different extent, since development theories began to study the situation of undeveloped countries after the Second World War. In this sense the complexity of the development situation increases as there are no developing region of the world where foreign aid has been completely absent. No “control” country exists where a comparison can not be made on the “real” effects of foreign aid.

After more than half a decade of foreign aid and with great amount of donor money spend on foreign aid programs, it is understandable that a frustration is growing from the fact that the economic growth the past decades has been low. This adds complexity to the situation as foreign aid no longer is a “new” force effecting development. This makes setbacks less accepted by the donor community and its policy-makers. With the new MDG’s (Millennium Development Goals), the donor community show proof of their concern on this matter, however it is clear that the only expectation today in the donor community is a halving of global poverty by 2015. 15 years could be seen as, if judging from Sub-Saharan experiences, quite a short period for reaching this goal. Until present, the improvements recognized in overall GDP growth, has been the most favourable indicators of development. With Sub-Saharan Africa, as a region in development, shown little or no positive changes in GDP since the 1960’s, it becomes doubtful that the old measurements of development will give us any real results the coming 10 years. The donor community believes that such changes are not only necessary but are also possible, despite the inconsistency and uncertainty from previous experience.

In an area of the world where there has been little improvements in poverty reduction and where corruption, natural disasters and a lack of infrastructure etc. make the gathering of concrete data problematic, aid dependency is the most reliable source of data on development that donor countries have. When measuring ODA’s contributions to development the results are less easy to measure. They seem to occur on a much more local level of society (in accordance with questionnaire responses). My conclusion is that that the complex social- and political situation in Sub-Saharan Africa overshadow the effects on development resulting from aid. Developments may occur regardless of tendencies of dependency. I believe that by making use of the experience and knowledge of aid workers when allocating aid to countries where economic policies are less developed would help and give positive results.

In parallel, the global economic context which foreign aid is implemented has been transformed in ways unimagined at the time of the Bretton Woods Conference. International trade itself constitutes an independent factor of development and is increasingly influenced by multinational companies rather than governments.

The responses I have retrieved from the questionnaire on aid efficiency show that the majority of the experienced aid workers agree with the donor community when recognizing the need for foreign aid or ODA (Official Development assistance). I want to underline the fact that the decisions made by the “donor elite” to double aid and allocate it so that dependency tendencies can be avoided (conditioning aid on policy reform) are not taken up by any aid worker in arguments for foreign aid. Most respondents rather points at possibility of foreign aid to contribute to development on a more social level. Arguments in favour
aid to the social sector and capacity-building rather than budget support are considered as good policies.

Furthermore, the experienced aid workers put emphasis on assistance to education, helping locals realize the importance of “know how”, support of health sectors etc. Professor Staf-fan Bergström believes that the opening up of markets by the West is an as important fac-tor for development as is development assistance. This in turn takes some of the direct pressure of ODA as the main force effecting development paths of the Third World. Ac-cording to this logic an increase in traditional aid efforts (which has been the tendency of aid in the 21st century (see figure 3) may, while crowding out incentives to open up markets, only serve to harm aid as an international flow in the future.

According to the new objectives of SIDA, Sub-Saharan Africa will receive increasing amounts of aid, while the amount of actual recipient countries will decrease. This is an ex-ample of the existing confidence in the strategies presented by the aid advocates such as Jeffrey Sachs. Dependency tendencies, alongside limited economic advancement, will de-fine the presence of “bad economic policy” and aid will decrease to such states. Since my study show that aid does create development alongside dependency, it is reason to believe that dependency has been given too much attention. Perhaps the purpose of foreign aid should be to assist in creating the basis for economic development
7 Conclusion

The presentation of the debate on page 12 shows how aid dependency and the need for good-economic policy are the main issues debated when forming pro- and contra arguments. It is easy to see that elite policy-makers within major donor agencies primarily identify development through classic macroeconomic theory and models. GDP-growth is still believed to be the main indicator of poverty reduction. Change or variations in development due to ODA are easier to estimate through macroeconomic terms, especially in Sub-Saharan Africa. Effects on development less related to GDP-growth are not as easy to estimate nor to relate directly to foreign assistance, and may therefore be omitted in discussions about aid efficiency. Although education and health care may not have a major short-term effect on economic growth in a country, they have undeniable affect on poverty reduction. There is an obvious trend within foreign aid and development thinking to relate development to macroeconomic growth theory. It is recognisable not only by looking at the main arguments within the debate but also at graphs detecting the development path of developing countries. Despite its many dimensions, poverty is defined as the amount of $US spent per household/day (World Bank Publications, 2004). This has resulted in a debate where aid dependency has a major affect on strategies of aid allocation.

The evolution of development theory and the foreign aid doctrine, show proof of foreign aid having dealt with an international arena on which uncertainty has been a major influence. Such an empirical foundation must be considered inappropriate for the formation of reliable experience from which one can draw conclusions about the prospects of future aid allocation. The majority of the questionnaire respondents in my study, agrees that dependency and development can occur simultaneously. If we are to interpret this by using the perspectives on development and dependency present in the debate it is to say that aid has failed while succeeded at the same time. That implies that the different perspectives on aid dependency and its importance when considering strategies are due to different perception of development in general. In this sense it seems legitimate to say that the public debate is biased. Instead of focusing on foreign aids contributions to different levels of development it is discussed foremost in macroeconomic terms. The history of foreign aid and development thinking shows proof of a learning-by-doing process. This indicator of uncertainty is what led me to question the debate as a forum for discussion future aid allocation and strategy.

The responses retrieved from my elite survey confirm my concerns. The polarization or bias that can be recognized in the public debate is not as present among the experienced aid personnel. While dependency is recognized by all respondents but one to be a negative affect of aid, there is no doubt in each of their minds that foreign aid has contributed to development. The ways in which aid is considered to have contributed to development vary from respondent to respondent. Advances in health care, education, know-how, capacity-building and economic growth are examples of such positive affects of foreign aid. Although dependency is believed by the respondents to occur in all cases where foreign assistance is applied it is clear that its presence in the state budget is what has had most influence on the public debate. In this sense it is clear that the debate is biased toward a rather narrow perspective on development.

Dependency alongside the fact that the amount of people living in poverty seem to increase in some parts of the world has come to reflect the contra-side’s demand for changes in aid strategy. The debate is largely founded on this controversy and thus the pro-
arguments of the debate must take into consideration these demands. However, it seems to me that if development is considered less related to macroeconomic progress and more related to overall socio-political advancements the dependency argument would not be as distressing as it currently is. Therefore I conclude that my concern about a constant uncertainty creating a biased debate on Official Development Assistance (ODA), is valid based on the responses of my elite survey.

Clearly, foreign aid has taken more than partial blame for the limited development of many Sub-Saharan African countries. Growth in GDP is still the main indicator of development and poverty reduction. It has been within this framework of development theories that pro and contra arguments have derived their standpoints (see aid dependency as a donor part of recipient GDP). Sub-Saharan Africa has had little overall poverty reduction during the past 50 years (see graph 8), which in turn has pushed the donor community to modify and change allocation and policy strategies this period (see “the history of aid” in Theory). Where there is “good economic policies”, foreign aid is claimed to work according to World Bank employee Jeffrey Sachs (pro side argument). Dependency on aid, which is derived by looking at ODAs share of recipient countries GDP, supports the standpoint that foreign aid is failing, as is claimed by the former WB employee William Easterly. According to the majority of the aid workers in my study, development has occurred alongside the presence of inefficient economic policies. Aid contributes to education and capacity building and may not result in measurable economic growth, but it contributes to a foundation on which such growth can occur in the long-run. Socio-political contributions from aid may not reduce poverty within a decade. Field experiences, rather development theories, can help explain the complex situation that is third-world development in the 21st century.

The situation of development and Foreign aid in Sub-Saharan Africa as well as in other LDC’s is not as polarized as it is presented within the current debate. The reason for the black and white tendencies in the debate reflects the fact that ODA is the major contributor to development in poor countries. I predict that foreign aid may not play as an important role in the development of Sub-Saharan Africa in the future as the models used to allocate aid may fail in explaining the real needs of recipient countries. Social and political changes continue to be recognized as a result from economic development. Economic factors are easier to estimate and predict. As long as economic factors are primarily analyzed, rather than social advances, dependency will continue to attract opponents of aid and aid in general will continue to be viewed through sceptical glasses.

Today we see new initiatives by the aid community to increase aid to Africa, especially to those countries showing proof of good economic policies (see figure 3). This alongside a decrease to countries such as Angola whose governments are claimed to have the resources but which are used for other causes than strict poverty reduction. In accordance with the theme in my thesis, I believe that an increase is based on a wish to reach quick results after failed efforts during 5 decades rather than a certainty about the effects of such an increase on development. The increasing amount of information available between countries today will continue to effect aid allocation as well as the opinion about its affects on recipient countries economy. This may increase the pressure put on aid agencies to show quick positive results.
As an end of this thesis I would like to quote the current State Secretary of the Swedish foreign aid minister, Mr. Joakim Stymne. Is found in the SIDA's (Swedish International Development Agency) monthly newspaper “OmVärlden” nr 1 February 2007. Mr Stymne gives his thought on the future of foreign aid:

“I am not sure that the “big transfers” suggested by Jeffrey Sachs are neither possible nor appropriate. I am a bit suspicious against the possibility that huge amounts of cash transfers can build capacity. We have to take property rights seriously and support such tendencies and not force development… I believe that more attention should be paid to the experience and knowledge of people working in the field rather than simply believing in the power of cash transfers” - Joakim Stymne, OmVärlden article 2007

The conclusion of Mr. Joakim Stymne is also the conclusion in this thesis. In the complex situations which characterize development processes in low-income countries, quantitative data may not be as relevant as qualitative experience in explaining the prospects of aid and development strategies. Maybe a less macroeconomic orientated aid strategy would be preferable. Even though the “rapid” results may be lost, dependency tendencies may be substituted by social development in the long-run.

The fact that all aid workers, but one, in my study agree that dependency has aroused from aid tells me that we should expect a falling trend in aid flows to countries where dependency on aid is high. This is confirmed when looking at the current strategies developed among aid agencies around the world. Many choose to reduce the number of bilateral aid programs. (Joakim Stymne is holding a seminar in Stockholm in June 2007 about the choices of SIDA to reduce the agencies aid recipients).

7.1 Future studies

Why does the donor community express such a sense of certainty about the problems facing development in low-income countries, when there is such good reason to question the reliance of major arguments within the debate? The issue about aid dependency has influenced and polarized the debate and has made the debate inconsequential in its present form. The debate expresses nothing but two sides, both believing in their respective solutions and arguments. From this essay it can be said that such certainty is based on a macroeconomic definition of development. The development process, especially in Sub-Saharan Africa, may be better defined by concentrating on socio-political-rather than macroeconomic factors.

Past experience seem to have had an impact on the public- or “elite” debate, creating a polarization between those who believe in aid and those who don’t. On the other hand it seems as if the polarization is not as notable when studying the debate field-experience. Here dependency and the failure of aid are taken less seriously. In order to fully support this discovered difference in the debate on aid efficiency, on these two separate levels of the international aid programme, there is a need for further studies.

Based on the findings of this paper, future studies should analyse the different contexts in which the two debates are carried out. My conclusion is that there exists different definitions of aid dependency and that there is a difference between the field-experienced level and the policy-making level. It does not necessary say what definition is correct. However,
since development, according to the experienced aid workers, occurs simultaneously with dependency, further studies should analyze the possible additional forces which make policy-makers state their respective arguments. Additional questions concerning the definition of development should be constructed in order to retrieve more diversified views expressed by aid workers on the topic of third-world development.

Since there are countries that have managed to create economic growth through good economic policy, these countries should be subject to a study of the socio-political developments they have experienced.
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Related Graphs and tables
Figure 1

**NET ODA AS A PERCENTAGE OF GDP IN EUROPE, JAPAN, AND THE UNITED STATES (FIVE-YEAR MOVING AVERAGE)**

NOTE: Europe is defined as the 18 nations (other than Liechtenstein) Have been members of the European Union or European Free Trade Association During the period from 1967–97.

Figure 2

DAC members net ODA

Source: OECD
Figure 3

Series: Net ODA in 2004 - as a percentage of GNI

Source: DAC/OECD
Figure 4
Dependency on aid within specific recipient regions

Source: Ibrahim Elbadawi, "External Aid: Help or Hindrance to Export Orientation in Africa," 1989
Figure 5

The Development doctrine by Erik Thorbecke; Key interrelationships
Figure 6

Schematic overview of main developments in the history of foreign aid

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<tr>
<td>1950s</td>
<td>United States, with Soviet Union gaining importance from 1956.</td>
<td>Anti-communist, but with role for the state.</td>
<td>Community Development Movement</td>
<td>Food aid and projects.</td>
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<tr>
<td>1960s</td>
<td>Establishment of bilateral programmes.</td>
<td>As for the 1950s, with support for state in productive sectors.</td>
<td>Productive sectors (e.g. support to the green revolution) and infrastructure.</td>
<td>Bilaterals gave technical assistance (TA) and budget support; multilaterals supported projects.</td>
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<tr>
<td>1970s</td>
<td>Expansion of multilaterals especially World Bank, IMF and Arab-funded agencies.</td>
<td>Continued support for state activities in productive activities and meeting basic needs.</td>
<td>Poverty, taken as agriculture and basic needs (social sectors).</td>
<td>Fall in food aid and start of import support.</td>
</tr>
<tr>
<td>1990s</td>
<td>Eastern Europe and FSU become recipients rather than donors, emergence of corresponding institutions.</td>
<td>Move back to the state toward end of the decade.</td>
<td>Poverty and then governance (environment and gender passed more quickly).</td>
<td>Move toward sector support at end of the decade.</td>
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Table 1: Schematic overview of main developments in the history of foreign aid

Note: Entries are main features or main changes, there are of course exceptions.

Source: Reproduced from Hjertholm and White (2000), p 81, Table 3.1.
Figure 7

6c

Aid is the largest source of external finance for Sub-Saharan Africa

Resource flows to Sub-Saharan Africa, 1990–2004 (% of GDP)

Source: World Bank staff estimates.
Figure 8

(Millennium Development Goals) target. (RED=target, BLUE=predicted)

(Share of population living on less than 1 $US/day
Questionnaire

Interviews with experienced aid workers

Based on Your experience and knowledge from international aid, what is your overall answer to the following statement: International Aid has contributed to dependency/development?

I fully agree
I agree to some extent
I do not agree

Bo Hammarström
Current position: Senior consultant, SIDA, sholm
Field experience: <20 years

I would like to point at the case of Mozambique where dependency is (almost) total. However, the dependency is symbiotic because donors seem as dependent on the success case of Mozambique as Mozambique is dependent on the massive aid. The question can be posed regarding if this dependence has been inevitable or not. Hans Abrahamsson points at alternative development strategies in his doctoral thesis.

Again, Mozambique is a case in point. Massive aid has not only resulted in dependency but also contributed to economic growth and to poverty reduction.

Staffan Bergström
Current position: Professor, Department of Public Health Sciences, ICHAR - KI (KI=Karolinska institutet), Sholm.
Field experience: <20 years

Without international aid in a wide sense the development would have been slower, e.g. the Marshall Plan after the Second World War. All international cooperation (also between high and middle income countries) obviously leads to stimulus for development and coop-
eration with low-income countries is not an exception. Of course there is inefficient cooperation but that is not an argument against cooperation per se.

Again: obviously and historically post-war financial support for reconstruction (Mozambique and Europe good examples) has led to very rapid economic recovery. If rich countries in parallel had opened their markets for products from these countries aid and cooperation would have resulted in far more "development".

**Pia Karlsson**

Current position: Senior consultant, freelance, Gnesta

Field experience: <20 years

Much international aid is provided conditionally, i.e. countries are requested to purchase services and commodities from the donor country and/or streamline their policies in accordance to the donors’ requests. In Afghanistan for example, where US AID is the by far dominating donor only American companies are contracted to construct schools, print textbooks, build roads, provide “experts” etc. A poor country like Afghanistan has no other choice than to accept American companies constructing mobile nets, exploiting mines, establishing universities etc. This dependency also creates a new mentality of opportunists and “yes-men”, which maybe in the long run is the most detrimental to independent development.

However, international aid may also to some extent contribute to development. Again Afghanistan, the massive support to education will hopefully bring about a development eventually, as education usually does. NGOs, at least the relatively independent NGOs we know from Scandinavia can play another role than aid from governments.

And in Palestine, the support to the health sector has contributed to, for example, a very low infant mortality rate; lower than the one in Russia, by the way.

**Lotta Comé**

Current position: Africa Groups of Sweden, Gborg

Field experience: <20 years

Even though there is, today, an increased concern and discussion about the importance of partnership and interdependence between recipients and donors of aid there will always be an uneven relationship as long as the donors have the money and the power to set up the aims, goals and conditions, to which the recipient countries have no other option that to
adjust. Developing countries know that it in the current situation always exists financial support for programs and projects dealing with HIV/AIDS–questions, which may lead to prioritization of these questions by donor governments. These questions are very important, but may lead to inefficient allocations of recourses in the overall development process. I do however see that recipient governments start to be tougher on donor organizations than they have been in previous decades. Mozambique is an example. For example the country denies technical assistance if they believe that the persons in question lack the competence needed.

Foreign aid in support of the building of schools, trainee programs for teachers, further education of health personnel are all a part of the overall development which has taken place in most developing countries.

Carl Svensson
Current position: Biståndsråd, SIDA, shl
Field experience: <20 years

Budget support, which is becoming a popular form of cooperation, contributes to dependency on funding from the donors (of the donor country taxpayer’s money) and tends not to be sustainable. The best form of cooperation is transfer of know-how and capacity building which, if given in the right way, can create independence and sustainability.

Expressed in such a broad way one must state that, of course, some aid has contributed to development (ref. previous answer). But not all aid has contributed to positive development. - Today there is a "do no harm" policy. This means that most of the projects that are considered by the donors (i.e. SIDA) for funding must be tested against this policy. A particular project should at least do no harm -that is a minimum requirement! -If it does some good it is fantastic! The policy is mainly used in countries and regions in conflict. More than half of all aid-projects are being implemented in areas where a conflict is emerging, where a conflict is ongoing or is post--conflict areas. - This is important and but seldom known! It is quite evident that history shows a high correlation between underdevelopment and conflict! -Conflict leads to slow development and vice versa.

Thorild Almnes
Current position: Senior consultant, Norway
Field experience: <20 years

52
Foreign aid creates dependency in most cases. It is easy for high-technological countries to see how irrationally people working a developing country and therefore they send in machinery and trawlers which in reality takes the working opportunities from the people, which they are suppose to help. When ODA eventually decreases, because it always does, the locals don’t have enough resources to run such machinery and when it brakes down it gets left standing for the same reason. Another example is that they simply don’t know why they shouldn’t fish for 30 days a month instead of the 20 days recommended by the experts. The fact that the fish eventually disappears then comes as a shock to local fishermen. Long-term planning is not an easy task and it is simply not natural for many to plant seeds so that their children will have forest in the future. Due to the circumstances in which these people live and have lived for centuries there is no natural knowledge holding them from using machinery to squeeze as much out of the land as possible at any time despite the negative long term effects.

Because of aid given to people without asking for anything in return it has the donor community has unconsciously affected people’s minds and it becomes easier to reach out and be given “money” than it is to actually work for it. On the other hand foreign aid can, if it is used well, contribute to giving people self esteem and to the spreading of feelings that working may be more profitable than receiving. Loans for establishments of small scale businesses are good examples of how donors can help recipient countries. Foreign aid should not consist in showing high-technology down the throats of developing countries. Aid should be given such that when it is taken away one should not notice its absence. What we may believe is the best for the recipient may not be the best solution at all. We must find out what recipient countries wants and help them fulfil such wants.

A good example is Norway, which has an agreement with a South African University of agriculture working for development and education in Malawi. Thus instead of sending people to Europe or Scandinavia for education, people receive education in and about the region in which they will work, which is extremely important. “Earmarking” and follow-up is something I strongly believe in. All means which have to do with assisting with high-technology and budget support have worked less affective I believe as it creates dependency. Where efforts are made to support education and health we have seen the best development, especially in Sub-Saharan Africa.

**Staffan Engblom**

Current position: Senior consultant, Institute of Public Management, IPM, Sholm

Field experience: <20 years
Tanzania would be a good example on this as well as Zambia. However, it is quite obvious that donor countries as well as recipient countries are more aware nowadays of this problem. Actions have been taken to try to solve the matter.

Yes I fully agree. International aid has contributed to development in many countries and sectors such as Health. Slightly more attention has been devoted to institutional and capacity building and management development which are keys to rapid development.