

Foreign Aid- Cui Bono?

Exploring the Problems in the Foreign Aid System

By: Mary Tress

For: Mr Morrison

Due: 2011-05-12

Preface

There is a gross inequity in the distribution of wealth in the world. Although there are many regions with successful economies and a good quality of life, huge portions of the world's population reside in impoverished or undeveloped countries. Impoverished regions are labelled as less developed or least developed countries.¹ An example of this is the area known as Sub-Saharan Africa, the poorest region in the world and home to close to one half of the world's poor.²

To the problems faced by poor countries the developed world has presented a solution: foreign aid. Aid is given or loaned to developing countries in the form of money, food, medical supplies and other necessary resources.

11 "World Population Prospects: The 2008 Revision Population Database," 11 Mar. 2009, 08 Mar. 2011. <<http://esa.un.org/>>.

22 Dambisa Moyo, Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa. (New York: Farrar, Straus and Giroux, 2009) p 5

Different types of aid exist, and they are categorized by the donor and the recipient. Charity-based aid is one in which non-government organizations (NGOs) or charities supply aid to people at the ground level (the level of the community receiving the aid). Crisis aid is dispensed by various donors during disasters, and goes to varying recipients. Finally, systematic aid is the transfer of money or resources from a government or third-party international investor to either a national or regional governing body of a poor country.³ Problems exist in the implementation of the three types of aid discussed.⁴ This report will focus on components of systematic and charitable aid.

The concept of foreign aid first came into existence after World War 2 as a solution to the high levels of poverty in undeveloped countries. Primarily the aid went to nations in Africa. After decades of aid-flow around the world, there is great debate as to the effectiveness of aid.

³ IBID, p 7

⁴ Joan Freeman, E-mail interview, 06 May 2011. (see appendix A)

Over the past decades, hundreds of billions of dollars have flowed into various undeveloped countries through systematic aid. The results produced by this aid money differ in the various areas of the world. In the case of African nations, the economic progress between the 1960s and year 2000 is marginal, despite receiving over \$570 billion in aid.⁵ By 2002 the population of impoverished people in Africa had doubled in size since 1981.⁶ The average African citizen became poorer than they were two decades before, despite their countries receiving aid.

Aid was intended as a large-scale solution to poverty. It was meant to encourage stable economic development, thus creating positive changes throughout the developing world. The goals of these changes were ultimately to eliminate poverty and create healthier, more educated countries with a higher quality of life and a more stable economy. However, despite these lofty intentions, aid not only fails to solve many problems, it actually perpetuates

⁵ Craig Hovey and Gregory Rehmke, the Complete Idiot's Guide to Global Economics. (New York: Penguin Press 2008) p 176

⁶ Moyo, op. cit. p 7

economic, political and social problems in the developing world. There are many problems within the aid system that cause this to happen. This report will examine some of the flaws in the aid system and the consequences for developing countries. In addition, the factors that make some aid successful will also be examined.

Table of Contents

Preface	.....	2
Summary	.....	6
Background	.....	7
Expert: Jeffrey Sachs	.....	10
Role of Control	.....	12
Spiritual Influence	.....	17
Case Studies:		
Bolivia	.....	21
Bangladesh	.....	25
Malawi	.....	31
International Organizations	.....	36
Canada and Foreign Aid	.....	41
Possible Solutions	.....	46

Conclusion	.....	54
Appendix	.....	56
Bibliography	.....	58

Summary

Many different sources of information were used in the writing of this report. Much of the statistical information was provided from websites of governments and official organizations as well as online periodicals. Other sources include professional analytical text and the insight of two experts.

This report will explore different aspects of foreign aid from its inception after the Second World War to the present. The first component to be analysed will be the balance of the control of resources between the donors and the recipients. The contributions of the economic expert, Jeffrey Sachs, will be discussed with relevance to developmental aid. The next key aspect to be examined is the influence of different religious and cultural frameworks on foreign aid. Three case studies from different parts of the developing world; Bolivia, Bangladesh and Malawi will be presented, and the international organizations that make up the aid community will be discussed and compared. As well, the Canadian contribution into the issue and finally potential solutions to the problem will be discussed.

Background of Foreign Aid

Before the Second World War, Britain gave money for the development of infrastructure under the 1929 Colonial Development Act. The grants they gave were supposed to be examples of Britain's generosity but were also about having control over the nation receiving money. Britain's participation in helping other countries later became the 1940 British Colonial Development and Welfare Act. This allowed Britain to provide funds for social programs in other countries as well.

Modern international aid originated after the Second World War with the Bretton Woods Conference. Here, over forty countries were represented and they created a structure for the global management of money and the creation of a global trade system that would be sustainable enough to prevent another crisis like the Great Depression.⁷ This led to the creation of international organizations specific to the world's economy. The World Bank was established to enable investments in capital resources, and the International Monetary Fund managed the global financial system, stabilizing the world economy. These organizations still exist and contribute to foreign aid today.

7

Moyo, op. cit. p 10

Between 1948 and 1952 the first bilateral aid transfer, or transfer of money from one government to another, occurred between the United States and Europe to the tune of \$13 billion under the Marshall Plan. This successfully helped the then-bankrupt European nations to rebuild. Once the success of aid in Europe became apparent, the attention of the major aid organizations shifted to the economic state of Africa. That is when aid evolved from funding primarily reconstruction to developmental aid.⁸

The African countries in the 1950s and 1960s were gaining political independence, but they were unable to sustain their own economies so Western countries gave them aid. This allowed the `mother countries` of colonial times to maintain a geopolitical control on some of the countries they had previously colonized.

After this, the trends and patterns of aid from the West seemed to change with each decade. By the beginning of the 1960s, some \$100 million in aid had gone to Africa alone. The key investment was infrastructure. As it was a very big and long-term investment it was not expected to attract private-sector investments so it was funded with mass amounts of aid money. Building roadways, dams and other infrastructure was an investment with a long-term payoff and so the funds were given long-term interest rates.

8

Moyo, *op. cit.* p 13

The 1970s saw a more poverty-based aid plan. Oil prices escalated and international banks gave numerous loans to un-credit-worthy countries.⁹ In response to the higher levels of unemployment and absolute poverty, donors focused less on infrastructure. The aid money shifted to the social sector, healthcare, education, and the agricultural industry. Food aid from the United States was also sent to the most impoverished countries.

In the 1980s, higher international interest rates created a trend where developing countries defaulted on their debt. By this time South America's debt had grown to four times its size from the previous decade¹⁰. This trend nearly created a worldwide debt crisis for all the international banks lending money. A fund was then created to help countries indebted with aid money repay what they owed. At this time however, many developing Asian countries were on the incline and were experiencing economic growth again.¹¹ These conditions lead to the ideals of the 1990s.

9

IBID. p 15

10

Moyo, op. cit. p 18

During the 1990s it was decided that what determined the growth of a country was its government. Democracy, therefore, was seen as the ultimate solution for the countries that had, this far, failed to improve with the help of aid. At this revelation, aid money drastically declined, but the debt burden that accumulated over fifty years remained. The debt in underdeveloped countries had accumulated to \$1 trillion, an amount *higher* than the amount of aid going into the countries from foreign aid.¹²

A topic of concern with aid has been the self-interest among aid-donors. A study was performed analysing major aid-donating countries from 1999 to 2002. This was a crucial time when aid was becoming more policy-oriented. However, the results of this study conclude that very few aid-donating countries have completely altruistic interests. Few bilateral aid transfers, from one government to another, were proven to only benefit the receiving country. Political involvement and trade interests have proven to be influential motives behind aid for most of

11

IBID. p 22

12

IBID. p 24

the countries giving aid in the study. Indeed, political ties from colonial times are still present in modern aid.¹³

What started as a solution to the economic problems faced by developing countries has fuelled more problems than it has solved. Its basic, foundational goal was to reduce poverty and increase development among the most destitute of the world's population. However it has, since the 1950's, created debt burdens in poor countries, caused immeasurable conflict, and supplied opportunity for corruption at all levels.¹⁴

Expert: Jeffrey Sachs

13

Gustavo Canavire, et al., "Assessing the Allocation of Aid: Developmental Concerns and the Self-Interest of Donors." <<http://www.econstor.eu/>>. p 18

14

Moyo, Dambisa. "Aid Isn't the Solution, It's the Problem", The Globe and Mail. 1 Mar. 2011. <<http://www.theglobeandmail.com/news/opinions/>>.

Jeffrey Sachs was described in the New York Times Magazine as, “probably the most important economist in the world”.¹⁵ His analysis of the causes of poverty has influenced economic policy-making at an international level for the last decade. In his career he has acted as an economic advisor to governments around the world. He worked with the World Health Organization (WHO), the United Nations (UN), the World Bank, the International Monetary Fund (IMF), and the Organisation for Economic Co-operation and Development (OECD) to reduce poverty and debt worldwide.

Sachs received his undergraduate degree in economics at Harvard College before returning to get his doctorate. He returned again and worked as a professor for 20 years. In that time he acted as the director for the Center for International Development at Harvard University. His wide range of research interests includes international policy co-ordination and connecting health and development.¹⁶

15

15 Peter Passell, "Dr. Jeffrey Sachs, Shock Therapist - Biography - NYTimes.com," *New York Times Magazine*, 27 June 1993, 08 Mar. 2011. <<http://query.nytimes.com/>>.

16

"Full Bio -Prof. Jeffrey D. Sachs ", *the Earth Institute, Columbia University*, 08 Mar. 2011. <<http://www.earth.columbia.edu/>>.

Sachs began working as the special adviser to then-UN Secretary General, Kofi Annan in 2002. He focused on innovative ways to meet the Millennium Development Goals and advised the UN. At the same time, he was approached to lead Columbia's Earth Institute, the university's global initiative in health, economic development and environmental management.¹⁷

In his influential book, The End of Poverty, Sachs analyses the problems associated with large-scale foreign aid. Although he is critical of how large-scale foreign aid is currently distributed he supports the continuation of such aid and has many suggestions as to how to make it more effective.

His book outlines the clinical diagnosis of poverty in underdeveloped countries. In this way he defines six major barriers to economic growth. His outline includes analytical questions to consider when determining the status of a country, and the potential of aid success therein.

Sachs' research in each of the three countries presented later in the case study section of this report was substantial. Sachs' firsthand experiences in each country are documented in his book and they include in-depth discussions of existing problems and solutions.

17

Jeffrey Sachs, the End of Poverty. (New York: Penguin Press, 2005) p 224

Jeffrey Sachs continues to contribute to the development field. He remains as special adviser to the UN for the purposes of fulfilling the Millennium goals. He is also currently working with other experts and the UN to devise a plan for ecologically sound development.¹⁸ This plan will introduce a new value system to the foreign aid field. The project will require the collaboration of leading activists for different world issues and may be the next step in development.

Role of Control

Among the many countries and banks involved with international aid, there are many international organizations working to organize, regulate and improve the field worldwide. These organizations, made up of representatives from many countries influence the decisions and standards that direct foreign aid.

18

"UN Agency Publishes First in Series of Books on 'Green Economy'", UN Daily News, 1 Mar. 2011, 8 Mar. 2011. <<http://www.un.org/news/>>.

The first Aid Effectiveness High Level Forum (HLF) was in 2003. It was meant to create co-operation between donor and aid-receiving countries. It was with the HLF's 2005 Paris Declaration that countries agreed on certain aid targets to be met by 2011, and aid-monitoring systems were put in place among the countries. Among the important commitments agreed to by the countries involved were mutual accountability and transparency. These are considered to be two of the most important factors in aid effectiveness.¹⁹

It is through international summits and commitments like these that such organizations maintain their influence on foreign aid. These organizations work to find the problems in foreign aid implementation and create viable solutions with plans to fix them.

Donor countries' involvement with modern foreign aid is based on many things. It is still common for political objectives to play a role in bilateral aid, and influence what countries receive money and for what purposes. Dambisa Moyo mentions that foreign aid from Britain and France during the Cold War, "[it]... became a means by which [they] combined their new-found altruism with a hefty dollop of self-interest."²⁰

19

19 Daniel Kaufman, "Aid Effectiveness and Governance: the Good, the Bad and the Ugly," WorldBank Special Report, World Bank, Feb. 2009, 7 Mar. 2011. <<http://siteresources.worldbank.org/>>.

20

20 Moyo, Dead Aid, op. cit. p 14

Countries and banks are, now more than ever, looking into the economic policies that exist in aid-receiving countries. This is a step in the direction of transparency and efficiency, especially compared to the past when aid-donors backed countries like Zaire, headed by the corrupt ruler, Mobuto Sese Seko. Donors are taking government policies into account when considering the potential effectiveness of aid in that country.²¹

The World Bank and the International Monetary Fund (IMF) are two of the world's biggest international lenders. They provide funds to developing economies around the world in the form of grants and low-interest loans for the purpose of infrastructure, social, and economic development.²²

21

21 Kaufman, op. cit.

22

22 "About Us," World Bank Group, 04 Oct. 2010, 08 Mar. 2011. <<http://web.worldbank.org/>>.

These organizations attach conditionalities to loans, grants and debt relief programs to developing economies. In simple terms, a conditional loan is one to which strings are attached. As such, for a country to receive money from the World Bank or IMF, they must comply with the conditions set by the organization. The government in question will most likely be required to make changes to their existing economic policy.²³ The extent of these changes is structured in the conditions of the loan agreement.

There are two terms often associated with economic reform conditionality: liberalisation; the limit of a government's influence in the economy, and privatisation; selling government or state-owned businesses to private investors.²⁴ These two conditions effectively limit government control, and create a more private economy, one which the World Bank sees as more promising. Based on the World Bank Private Sector Development Strategy, the World Bank is working towards increasing the private sector's role in services. In this way healthcare,

23

23 Tirivangani Mutazu, "World Bank and IMF Use of Privatisation and Liberalisation Policy Conditionality and its Effects on Selected Recipient Countries," Norwegian Church Aid Occasional Paper, April 2007, 06 Mar. 2011. p 1-7

24

24 IBID.

sanitation and power, among other services, will be privately provided and affordable for everyone.

By attaching such conditionality to any funding to a country these organizations gain control of the government of nations receiving aid. With liberalisation and privatisation, the World Bank or any organization, gains considerable control over the country's expenditure in different areas.²⁵ At this time the government must now answer to the lender's priorities before those of the citizens.²⁶ This often leads to the government reducing subsidy programs, spending less on social sector overall, and even devaluing their national currency so that their exports are

25

25 "WORLD BANK GROUP Private Sector Development Strategy," World Bank Group, 20 June 2003, 7 Mar. 2011. <<http://rru.worldbank.org/Documents/>>. p 20

26

26 Moyo, op. cit. "Aid isn't the Solution, it's the Problem".

less expensive, as repayment of debt becomes their top priority.²⁷ In this way the government's control over economic and social happenings in the country is transferred to lenders.

Another way in which the control tends to lie with the donors of aid money is through the use of 'tied aid'. By way of tied aid, a developed country can give funding to a developing country for use on a specific project but set up requirements as to the workers hired and the equipment used therein. In most cases the developing country is required to hire experts and equipment from the developed country wherever possible. This type of tied aid is an inefficient use of aid money that, until 2002, was primarily used by Canada.²⁸ The hiring of developed country experts is much more expensive and often less practical than hiring workers from within the country with experience in the given field of development.

27

27 Tirivangani, op. cit.

28

28 "Implementation of the Policy on Tied-Untied Aid – CIDA," CIDA, 29 Dec. 2006, 07 Mar. 2011.

<<http://www.acdi-cida.gc.ca/>>.

In most cases, the use of tied aid does little for the economy of the country receiving the aid. Development projects can and should provide opportunities for employment within the developing country. However, with the enforced hiring of foreign experts and equipment, there are often more benefits for the developed country and limited advantage for the one receiving the aid.²⁹

The nations on the receiving end of aid have a dynamic role in control as well. Their control lies at different levels of the aid transaction. Firstly, these governments have the potential power to prevent corruption within their structure. UN Secretary General Ban Ki-Moon states that corruption hits the poor and defenceless people “first and worst”.³⁰ It is therefore the responsibility of the governing body to prevent this. In this way they can attain honest economic growth as well as maintaining an international standard for transparency that makes aid more effective.

29

29 Joan Freeman, op. cit.

30

30 Moyo, Dead Aid, Op Cit. p 39

Transparency is not always maintained though. For this reason it is not possible to leave all control of funds with the receiving nation and international organizations monitor and promote transparency. One such organization is Transparency International (TI). They work locally with developing countries to bring together important figures in both the public and private sectors.³¹

As corruption is a definite setback to economic development it is important that it be prevented as much as possible and receiving governments have the potential to do that. However, corruption continues to exist in these countries. One example of this is in large aid-funded projects like the building of water supply infrastructure. There is just as much bribery and misappropriation of money between officials in the public or private sector.³²

31

31 "About Us", [Transparency International](http://www.transparency.org/about_us), 2011, 01 May 2011.
<http://www.transparency.org/about_us>.

32

32 [Global Corruption Report 2008: Corruption in the Water Sector](#). (Transparency International, Rep. New York: Cambridge UP, 2008).

Spiritual Influence on Foreign Aid

Almost all religions around the world have some altruistic precepts that encourage the faithful to give to people who are less fortunate. Given that a lot of people in the Western hemisphere over the last several decades have had roots in Christianity or Catholicism, it makes sense that there is a prominence of faith-based aid from this region.

Historically, it is a Christian tradition to help people who are less fortunate. Religious groups in the past provided missionary aid in third world countries. These philanthropic conventions extend into the field of modern foreign aid, where Christian organizations are prominent donors, workers and volunteers. Although governmental aid in the Western world at this point is not under the direct influence of religions, the basic structure and altruistic idea behind aid originates with religious ideals.³³

It is important to be aware of the value systems of religious organizations when they work with foreign aid. These values are implicit when decisions are made regarding which communities they choose to help, and the type of help they choose to provide.

Among other religious groups, Mennonite organizations are notable in their humanitarian efforts worldwide. Their value system specifically includes peace, justice, fulfilling

33

Maurits S. Berger, *“Religion and Developmental Aid: the Special Case of Islam,”* Netherland Institute of International Relations, Oct. 2006, 1 May 2011. <<http://www.clingendael.nl/>>.

human needs, compassion and a healthy relationship with God for everyone.³⁴ These values contribute to the groups' approach to aid as they believe they will further allow the growth of strong and unified communities who will become active contributors to global society.³⁵ They strive for integrity, mutual relationships and transparency. In these ways they foster honest development and make attempts to sidestep corruption.

In implementing aid in foreign communities, the Mennonite groups do their work in the name of Christ. Mennonites work towards their goal of improving economic problems by supporting the main industry of poor communities, as well as addressing social problems. They promote the importance of a relationship with God while exemplifying the Christian ideal. They are able to promote Christian belief by grassroots action within the community, although this spread of religion may be independent from basic aid-work.

In most places in the world there are Christian populations whose origins date back to colonial times. It is these previously established religious communities within a developing

34

34 "Mennonite Central Committee", Mennonite Central Committee, 02 Mar. 2011. <<http://mcc.org/>>.

35

35 IBID "Purpose and Vision Statements", 02 Mar. 2011. <<http://mcc.org/purpose-vision-statements>>.

society with whom religious organizations such as the Mennonites make a connection.

Partnership with already religious communities allows westernized Mennonite organizations to work with a society that shares the same values and therefore wants the same outcome.

An example of this way of working within an established religious community is the Mennonites' work in Bolivia. There they are working to improve agriculture by sending Western farmers to recently occupied Mennonite settlements. As well they have worked to construct schools in Brazil in partnership with existing NGOs and Catholic and Protestant churches.³³ It consequently seems that in addition to all their work to improve the living conditions, infrastructure and industries of many places, Mennonites focus on staying spiritually connected, and encouraging involvement in the church.

Many economic problems that exist in developing countries are perpetuated by cultural divisions within their own populations. These divisions can act as obstacles of economic growth throughout the country. Among these divisions are racial, gender and religious inequality.³⁶ One of the more prominent examples is the social and economic inequality towards women in developing countries.

Often unable to work outside the home, women are dependent on the men in their families to support them. They have no economic security; being unable to own or inherit

36

property and are often unable to get paid work. Not only does this create vulnerability and dependence among the majority of women in this situation, it limits what women can contribute to the economy.³⁷ Women often lack the right to social benefits as well. Healthcare and education are seen as fundamental aspects to economic progress in a country. In underdeveloped nations, these social benefits are often least accessible to women, if they are available at all.

This cultural standard stands in the way of economic growth for some countries. It limits the economic role of women to working within the family; having and raising children and maintaining things around the house.³⁸ It also directly contradicts the Western cultural standard: equal opportunities for all people. When cultural problems such as racial violence and religious inequality exist in a developing country it impedes economic development and

37

Sachs, op. cit. p 61

38

Joan Freeman, E-mail interview, op cit.

therefore is a problem that must be addressed in the policies and conditions of aid to that area.³⁹

Many other religions around the world influence their followers to give back or share their wealth. In Islam, one of the pillars of the religion is called Zakah. This is a required donation of any extra money an Islamic person has after meeting their own needs to a good cause. Some aid organizations like Islamic Aid collect Zakah money for humanitarian purposes but it is not necessary for the money to be put to use internationally.⁴⁰

Muslim groups are also prominent in different types of non-governmental aid programs. Muslim NGOs, like Muslim Aid, work to respond to emergencies and alleviate poverty, much like other faith-based or humanitarian NGOs.⁴¹ Muslim Aid is an aid organization based in the United Kingdom. Although they are impartial to the race or religion of those who receive their aid, organizations like Muslim Aid tend to focus their efforts in, without limiting them to,

39

Sachs, op. cit. p 82

40

"Zakah", Islamic Aid, 01 May 2011. <<http://www.islamicaid.org.uk/>>.

Muslim countries. It is also common for this organization to take advantage of Muslim rituals, expectations and traditions to fund their aid projects, as is the case with Zakat. In much the same way that Christmas is a popular time for Western populations to give to charities, Ramadan is a time in which many practicing Muslims give money to charities.⁴²

Religions that support charitable actions are not at all limited to the above Christian and Muslim groups and extend to include many other religions including Judaism and other forms of Christianity not mentioned. Their involvement in modern aid is generally similar however, with the use of religious traditions and precepts about altruism. Faith-based aid, from groups of any religion, remains a controversial topic and highly influential aspect of foreign aid.

Case Study: Bolivia

41

"What We Do: Muslim Aid." *Muslim Aid Serving Humanity*, 2010, 2 May 2011. <<http://www.muslimaid.org/>>.

42

IBID. "Ramadan | Muslim Aid," 2011, 2 May 2011. <<http://www.muslimaid.org/>>.

UNICEF has described Bolivia as one of the poorest countries in Latin America. More critically, in 2009 just over 30 per cent of the Bolivian population was living below the poverty line, and over 39 per cent of the GDP was spent servicing the country's debt.⁴³ This was not helped by a seemingly complete economic stagnation within the country. "With almost no productive investment, diminishing internal demand, lack of confidence, uncertainty, increasing lack of prestige of the political parties and lack of credibility of the political system, conditions did not exist for economic reactivation in the short term."⁴⁴ This statement, written in 2003, was based on Bolivia's economic and political status after many years of receiving aid from various groups such as the World Bank, the UN and the Inter-American Development Bank (IDB). It is clear that after years of receiving aid, Bolivia's economy has scarcely improved. In accordance with that, the country's social programs had seen similar low levels of improvement.

43

"Africa :: Malawi." *CIA - The World Factbook*, 03 May 2011. <<https://www.cia.gov/>>.

44

"Situation of Poverty in the Country," *UNICEF Bolivia*, 2003, 04 Apr. 2011. <<http://www.unicef.org/bolivia/>>.

Nearing the end of the 1990s, Bolivia was receiving aid from financial establishments like the World Bank and IMF. As is common with many cases of aid to poor countries, adjustments to the structure of the Bolivian government were put in place.⁴⁵ Structural adjustments are put in place in extremely poor countries in order to influence how a government spends its aid money. The Bolivian government policy's alignment with the structural adjustment programs of the institutions had gone beyond expectations.

Much to the approval of their two key supporters, Bolivia complied with the economic plan of the neighbouring Chileans; the best-reformed country at the time. Bolivia took action to privatise certain institutions in accordance with the aid donors.⁴⁶

Other moves were also encouraged. The Bolivian government made changes to the education system, and disbursed one fifth of the federal budget to the municipal governments

45

"The PRSP Approach and the Illusion of Improved Aid Effectiveness: Lessons from Bolivia, Honduras and Nicaragua - Dijkstra - 2010 - Development Policy Review," *Wiley Online Library*, 03 Dec. 2010, 04 Apr. 2011. <<http://onlinelibrary.wiley.com>>.

46

throughout the country (PSRP Approach Webpage 5). This diffusion of funds from the federal through to the municipal governments is known as decentralization, which coincides with the World Bank's policies supporting privatization, previously mentioned, as a tool of development. So far the Bolivian government had appeased the World Bank and the Inter-American Development Bank.

However, although all of these structural reforms lead to moderate economic growth, they did not contribute to reducing poverty levels in Bolivia.⁴⁷ This caused initial signs of unrest among citizens. As such, in 1997 the soon-to-be President Hugo Banzer won the federal election basing his agenda on opposing structural reform. This may have had the potential to change the situation of poverty in Bolivia; however, after putting a stop to reforms, the government was in need of a new plan to lead the nation to prosperity.

To that end, the government instituted what they called the National Dialogue. This resulted in no real solutions to the lasting economic problems. In fact, although poverty among those without employment did decrease slightly, poverty among people with jobs remained prevalent.

47

What followed was an outburst of social disputes throughout the country. The reforms based on political intervention from the aid community had caused all kinds of social issues and mass unrest. None of this contributed to economic development and only lowered the quality of life for Bolivians.

The majority of these social issues converged in the Water Wars of 2000 in Bolivia's Cochabamba. This dispute arose after the World Bank dissected water usage in Cochabamba, one of Bolivia's largest cities. In this case they recommended the privatisation of water management; a previously government-managed institution.⁴⁸

The World Bank's constant suggestion to privatize government institutions is one of their strategies for developing countries to become, as Jeffrey Sachs describes it, "[more like] what we imagine ourselves to be – free market oriented, entrepreneurial, fiscally responsible."⁴⁹ As such, the Bank's suggestion to privatize water was likely meant as a path to

48

Oscar Olivera, and Tom Lewis, *Cochabamba!: Water War in Bolivia*. (Cambridge: South End 2004) p 8

49

Sachs, *Op. cit.*, p 81

further development, or at the very least more efficient debt-repayment. However, the economic consequences were disastrous in the time that privatized water-management was in action.

Before discussing the economic implications of the privatisation of this most basic of commodities, it is important to note that, like many populations, the people of rural Bolivia see water as a community resource, none of which can be owned by any one person. This belief is not only based on the basic human need for water though, “The right to water is also tied to traditional beliefs for rural people, as it has been since the time of the Incas.”⁵⁰ However, a law passed by the government banned this traditional shared practice of water usage in rural areas, and lawfully enforced the distribution of water by the designated company.⁵¹

50

Olivera, op. cit. p 8

51

IBID. p 9

From that point on, water management was a privately managed affair. Reports state that water prices tripled in that time,⁵² as water was managed by the foreign corporation Aguas del Tunari.⁵³

In the case of Bolivia, water privatisation was short-lived. The social unrest over the issue quickly accumulated, and protests, sometimes riots, broke out. These protests ended in April, 2002 with the government's retraction of the whole plan.⁵⁴ However, for the time that it

52

Maude Barlow and Tony Clarke, "Water Privatization", *Global Policy Forum*. Jan. 2004
<<http://www.globalpolicy.org/>>.

53

Emanuele Lobina, "Cochabamba - Water War", June 2000, 4 Apr. 2011. <<http://www.negowat.org/>> p 2

54

IBID. p 3

was in place, the privatized water system caused significant economic turmoil to an already-damaged region.

The rural population of Bolivia in Cochabamba is the demographic that was most affected by the privatization of water. Not only do individuals and households there require water for their own personal consumption, but their livelihoods; their farms, take an extraordinary amount of water to maintain.

The average wage for a rural Bolivian was between \$60-100 per month at the time of this water-privatization. After fee increases for water from Aguas del Tunari, the estimated price for a household's water each month was almost one quarter of that monthly income.⁵⁵ As citizens paid the corporation for their water, the regional governments who had managed the water before lost all intakes from official water taxes, however comparatively lower they were.

As well, in order to eventually retract the law that restricted people's previous water practices, the government had to break the contract with international corporations who had been in charge of managing the water. This caused continual legal and economic troubles between the government and corporation.⁵⁶

55

Lobina, op. cit. p 3

56

Case Study: Bangladesh

Bangladesh is a semitropical country in southern Asia. The densely populated and largely agricultural country is plagued with a number of economically disastrous burdens. These include geographical challenges, underdeveloped infrastructure, and little stable industry.⁵⁷ Of the country's population, 10 per cent is considered "ultra-poor" and makes less than \$1 a day. For these people, food is almost the only expense and most can't afford the minimum food requirement. One quarter of the entire population lives in extreme poverty.⁵⁸

Aid money from various sources has flowed into Bangladesh since before the country's independence from Pakistan in 1971. Around this time political issues surrounding the country were rampant and millions of Bangladeshis had crossed dangerously into India where they had

Elizabeth P. Beltran, "Water, Privatization and Conflict," Apr. 2004, 04 Apr. 2011. <<http://www.boell.de/>>.

57

"Bangladesh", *U.S. Department of State*, 24 May 2010, 26 Apr. 2011. <<http://www.state.gov/>>.

little chance of survival. This is when George Harrison, Beatles member, held the first aid benefit concert for the country.⁵⁹ Harrison used the money raised from his concert to create a fund with UNICEF to support Bangladesh with humanitarian aid as they suffered from all kinds of issues. Harrison's fund with UNICEF still exists today, though it no longer only funds much-needed aid to Bangladesh but many UNICEF projects.⁶⁰

Since its independence, Bangladesh has received \$30 billion in aid. Nearly one half of this has been disbursed. The country's main aid-correspondents include the World Bank, the Asian Development Bank and the United Nations Development

58

"Economic Development: Targeting Extreme Poverty," BRAC, 2011, 26 Mar. 2011. <<http://www.brac.net/content/>>.

59

"Bangladesh and UNICEF", The Concert for Bangladesh : George Harrison and Friends. 30 Apr. 2011. <<http://www.concertforbangladesh.com/>>

60

The Concert for Bangladesh : George Harrison and Friends, *op. cit*

Program (UNDP). The main countries giving bilateral aid are the United States and Japan. Despite the urgent need for aid funds in many areas of the country, a large proportion of the aid money services Bangladesh's notable trade deficit.⁶¹

From its inception in 1971 the government of Bangladesh received aid from various sources for the purpose of economic growth. Likely in accordance with aid conditionality, there was some privatization of property and businesses but the government mostly remained in a role of relative economic control. Bangladesh's economic stagnation throughout this decade is attributed to the rapid population growth, the limited advancement in the use of natural resources, lack of capital and an inefficient public sector. This lack of growth continued despite inflows of billions of dollars of aid in both grants and loans.⁶²

61

U.S. Department of State, op cit.

62

U.S. Department of State, op cit.

Throughout the 1980s however, the country's economy gradually grew. The financial system underwent more privatization from the government as per suggestion from the IMF. However, any progress that began to take place was mired when the Bangladesh government became consumed with political problems within the country. For this reason, the structural reforms taking place were not upheld and little to no stable development progressed from that point. In year 2000 Bangladesh suffered a further loss in foreign investment and in 2003 a 3-year poverty-reduction plan from the IMF was put in place. Over \$500 million was loaned to Bangladesh without interest from the World Bank. Despite the plan and its programs, national banks are currently suffering almost a 50 per cent debt burden.⁶³

Although Bangladesh's economy is currently not as stagnant as that of other developing countries, it is not progressing at a high enough rate to reduce its debt and grow out of poverty.

There are many reasons for the continued need for aid money in Bangladesh. Some factors are more controllable than others and can be improved. Others may not be improved with aid easily, if at all. First, Bangladesh has a legacy of uncontrollable geographic disadvantages and suffers regularly from intense environmental disasters.

Intense flooding is common on islands on the Jamuna River and in many places in the north of the country. Cyclones occur regularly in southern Bangladesh. The country's capital city, Dhaka, is often at high risk of flooding because of the rising sea levels and the city's low altitude. In this and other low-lying areas, people have had to adapt. Disassembling and completely relocating important buildings like mosques and family homes, happens frequently and is necessary where regular flooding occurs.⁶⁴

Many homes throughout the country are not structurally safe at all. Families live with no floors and several inches of water at their feet and have no way of getting rid of it. This causes many families to migrate inland regularly and carry their dismantled homes with them. In a developing agriculture-based economy, this constant flooding and regular migration does not create a sustainable base for any type of economic growth.⁶⁵ As well, the constant flooding erodes soil, ruins infrastructure and

64

Don Belt, "The Coming Storm," National Geographic, May 2011: p 58-83.

65

IBID.

contaminates drinking water. This means the environmental conditions can ruin crops, isolate farmers, destroy any existing markets and hinder the working-age population with disease.⁶⁶ The resilient people of Bangladesh have survived in this nomadic way for some time, growing whatever they can to provide for their families. However, it is unlikely that a household like this could produce enough of anything for a profit. In this situation, where people aren't working towards sustaining an economy but are working to survive, there is little that foreign aid can do to spur development.

It is predicted that the country's land will only become increasingly submerged in the rising sea levels over the next decades; the National Geographic says by 2100 the sea-level will be several feet higher.⁶⁷ It is hard to see how funds could help these uncontrollable factors that effectively limit Bangladesh's economic growth.

66

"Flooding in Bangladesh," Plan, 30 Apr. 2011. <<http://www.plan-edresources.org/>>.

67

Belt, op. cit.

A factor that couples with the decreasing amount of available and arable landmass is the present overpopulation of the country. The whole country suffers intense overpopulation. The cities are crowded, but the rural areas outside the city which aren't water-sodden are jam-packed with families and houses. The population was just over 162 million in 2008.⁶⁸ Trends suggest the country's population will grow to 220 million by year 2050.⁶⁹

However, there has been some improvement in the area of maternal and infant health; a factor directly related to overpopulation. A lowered infant mortality rate and a lowered fertility rate are often indicators of a country's improved economic status. Between 2006 and 2009 Bangladesh's infant mortality rate decreased. As well, the country's fertility rate, which had been decreasing since the 1970s, continued to

68

"Bangladesh | Data," Data | the World Bank, 2011, 30 Apr. 2011.
<<http://data.worldbank.org/country/>>.

69

Belt, op. cit.

decrease.⁷⁰ These improvements are not indications of any substantial economic growth however. Rather, these improvements are proof of the effectiveness of the Bangladesh Rural Advancement Committee (BRAC) and aid donors coordinating to improve healthcare in Bangladesh.

BRAC uses combined aid-approaches to get the necessary funds, education and services to the people who need it all over the world. Within Bangladesh, they work in 70 000 villages to alleviate poverty. Their over 100 000 employees work around the country and include teachers, medical personnel, and microfinance staff and business managers.⁷¹

With incredibly efficient use of funding, the BRAC has achieved basic essential healthcare coverage for one hundred million Bangladeshis. One of their two main focuses however, is maternal and neonatal health. By targeting this priority BRAC was

70

"Fertility Rate, Total (births per Woman)." [Data | the World Bank](http://data.worldbank.org/indicator), 2011, 30 Apr. 2011.
<<http://data.worldbank.org/indicator>>.

71

["Economic Development: Targeting Extreme Poverty."](http://www.brac.net/) *BRAC*, 2011, 26 Mar. 2011.
<<http://www.brac.net/>>.

able to set up over 400 delivery centres in 2009.⁷² These were set up primarily in slums where population density is incredibly high and sanitation and proper health practices are limited.⁷³

In a country like Bangladesh, in which high population density is a chronic problem, maternal health is absolutely critical. The safer and cleaner conditions provided for birthing, coupled with the presence of trained birthing attendants were installed to help lower maternal and child mortality rate.⁷⁴

72

“BRAC Annual Report 2009,” BRAC, 2009, Apr. 2011. <<http://www.brac.net/>>.

73

“Bangladesh: Health: Maternal, Newborn and Child Health and Nutrition,” BRAC, 2011, 30 Apr. 2011. <<http://www.brac.net/>>.

74

IBID.

As it has been proven in other countries, a lower child mortality rate contributes to the entire society of a developing country. In a safer environment, one infant is more likely to grow up to become a contributing member of the family. It is then no longer necessary for a woman to have many pregnancies close together in order to assure at least a few infants survive. When one baby's life becomes more 'valuable,' their families are better able to educate and nourish them than when multiple children of the same age are growing up and there are fewer resources for each child.⁷⁵ This trend of having fewer, healthier children will lower the dangerous population explosions, and has the potential to lead to a more educated and healthy future population. Efficient use of funding like this makes BRAC an invaluable NGO for Bangladesh, and helps make the best use of foreign aid.

Due to the continual barrage of issues that impact the country, it is very possible that no amount of aid can truly fix the country and lead to sustainable development. Foreign investments and aid money have the potential to help develop the agriculture industry as demonstrated in other countries. However, as the current environmental issues are severe enough to force masses of people to relocate entire buildings inland, away from the rising sea-level, there is a very real possibility that a sustainable future for farming is not attainable.

Case Study: Malawi

75

Malawi is an impoverished and landlocked country in southeast Africa. As with many countries in Africa, Malawi has a great many economic problems that are the consequence of several geographic, political and social issues. With a population of over fifteen million, the agriculture-based country cannot consistently feed its citizens.⁷⁶ Lack of sustainable nutrition leaves the people of Malawi even more vulnerable to pandemics like HIV/AIDS and malaria. These problems continue to cause further social and economic problems for the county. As a result, Malawi has been considered to be the “perfect storm” of hardship. As a destitute country, Malawi has attracted attention from the world’s various international aid donors. With the average per capita income equalling less than one dollar per day, Malawi is among the poorest countries in the world.

Of the many social issues in Malawi, healthcare is in a dire state with an estimated two doctors per 100 thousand citizens.⁷⁷ AIDS and malaria are two epidemics that have ravaged and drastically reduced the country’s population. Just as AIDS diminishes the population of healthy

76

"BBC News - Malawi Country Profile", *BBC News – Home*, 21 Jan. 2011, 29 Mar. 2011. <<http://news.bbc.co.uk/>>.

77

"MALAWI: President Lifts Ban on Traditional Birth Assistants", *IRIN Africa*, 11 Oct. 2010, 29 Mar. 2011. <<http://www.irinnews.org/>>.

adults, up to three million children die of malaria each year in Malawi.⁷⁸

AIDS is a critical issue. It takes over the lives of *all* generations. The Central Intelligence Agency estimates that in 2009 the adult prevalence of AIDS was 11 per cent. The disease is the most prevalent cause of death among the working-age demographic of Malawi, and in 2009 it afflicted 920 thousand adults.⁷⁹ The pervasiveness of the disease among the working-age people is cause for many nation-wide problems. In the agriculture-based community, strong and healthy adult workers are essential for survival. Without this population, the country's agriculture industry, facing significant problems as is, loses its workforce.⁸⁰ AIDS is known to aid organizations as one of the 'diseases of poverty' as it is so significant in the population.⁸¹

78

Sachs, op. cit. p 7

79

"Africa:: Malawi." CIA - The World Factbook, 03 May 2011.

<<https://www.cia.gov/>>.

The Malawi government originally created an unexpectedly thorough blueprint to face the national AIDS crisis. It included plans for government and external finances, delivery of medication as well as community and patient education.⁸² This strategy was intended to provide 300 thousand people with retroviral treatment over half a decade. Malawi presented their strategy to the American and European governments and to the Global Fund to Fight AIDS, Tuberculosis and Malaria. After much deliberation between aid donors, Malawi's original goal of treating one third of the 900 thousand infected people over five years was gradually reduced to treatment of only 25 thousand people.⁸³ The Global Fund, the crucial potential contributor to Malawi's campaign, had limited available funding due to economic downturn. In this time,

80

Sachs, Op Cit. p 6

81

"Malawi Essential Health Services Campaign," Oxfam GB, Nov. 2008, 26 Mar. 2011.
<http://www.oxfam.org.uk/resources/policy/health/downloads/malawi_essential_health_services_research_report.pdf>. p 17

82

IBID.

national funding was prioritized and private aid greatly lessened.⁸⁴ Similarly, Malawi's 2010 plan for increased anti-retroviral treatment (ART) and universal access to prevention and treatment of HIV/AIDS was created with in-depth resolution strategies. However, based on the current aid commitments to the country, Malawi's plan will suffer a gross shortage in funds.

In these instances it is evident that the international aid community did not respond appropriately. Donors met a thoroughly organized request for help, which was later recognized by various sources as well devised and efficient, with underwhelming response. With consideration to the prevalence of corruption and misappropriation within many large-scale, aid-receiving governments, the aid community's response to Malawi's well-designed strategy could betoken the level of efficiency of foreign aid in its entirety.

Despite this, the government of Malawi has gradually increased its budgetary spending

83

Sachs, Op Cit. p 10

84

"Punishing Success?" Medecins Sans Frontieres, Nov. 2009, 3 May 2011.
<<http://www.msf.org/>>. p 5

on health. They committed to creating an essential health program (EHP) to provide crucial healthcare for its citizens.⁸⁵ They also met the goal of the “Abuja Agreement”, dedicating fifteen per cent of their budget to health, including care for HIV/AIDS.⁸⁶

Despite having met these budgetary health commitments, near the beginning of the Malawi government’s campaign against AIDS the government did not have enough money to supply free or subsidised retroviral treatment for all who required it. One person’s treatment for retroviral diseases cost one dollar each day. The treatment was only available in government clinics to those who could afford to pay for it themselves.⁸⁷ However, with the average income

85

“Malawi Essential Health Services Campaign,” Oxfam GB, Nov. 2008.
<<http://www.oxfam.org.uk/>>. p 6

86

IBID. p 7

87

Sachs, Op Cit. p 7

as low as it was, few of the hundreds of thousands of sufferers could meet this expense. When it later became available for free with the help of governmental aid there were mass shortages and access to the medication was very limited.⁸⁸

In 2006, around \$60 million of aid was enlisted to the government directly in line with their biggest concern; health. In this way, aid money was aligned with the government's most prioritized purpose. By working with the government's needs, this use of aid was considered fairly efficient and has contributed to an improvement in national health. However, aid to the government's budget was estimated to decline after 2008, despite the efficiency of the government-aligned aid to Malawi.⁸⁹

88

"Malawi Essential Health Services Campaign," Oxfam GB, op cit. p 8

89

"Malawi- Summary Country Profile for HIV/AIDS Treatment," World Health Organization, Dec. 05. <<http://www.who.int/>>. p 8

With the increase in project-bound aid instead of government budget aid in Malawi, organizations, the European Union Development Fund for example, are able to give aid that depends on performance.⁹⁰ This is less beneficial in some cases and potentially in Malawi.

Malawi has had success in the past with the use of general budgetary support (GBS). With this type of government-aligned aid, Malawi was able to develop its national institutions efficiently. For example it increased nursing staff for hospitals.⁹¹

This shift in aid direction away from GBS will leave less money in the government's control and create more donor-implemented projects. This can have adverse effects on the country. As previously discussed, these decentralized projects create opportunity for tied-aid and other inefficiencies.

90

"Malawi Essential Health Services Campaign," *Oxfam GB, Op Cit.* p 24

91

IBID. P 8

In any case, the health problems plaguing Malawi have caught the attention of the foreign aid community. The many solutions presented to fix the current problems with foreign aid in Malawi don't match the country's own efforts to improve their socioeconomic status.

The country itself produced a revised report of the Brussels Programme of Action⁹² (BPOA) to improve the economic and social order of the country. The Malawi Government BPOA Report is Malawi's record of the success of the Brussels Programme of Action in the country. The success of the Programme in Malawi is measured mainly in relation to the Millennium Development Goals. In summary it states that Malawi is in line to achieve most of their MDGs by 2015. They have developed goals to be achieved by the year 2020. In agreement with the national monitoring and evaluation master plan, Malawi has stated that healthcare, sanitation and HIV/AIDS management are among their priority areas for development. The revised Programme of Action also highlights the key industries, and social and environmental issues Malawi must overcome in order to develop.⁹³ These goals however, according to one International Monetary Fund report, will require more

92

The Brussels Programme of Action (BPOA) is a plan devised for the least developed of the world's countries, presenting national level targets that will improve the social and economic status of the nation. The plan was adopted by the UN in a council in Brussels in 2001. The Programme pertains to the world's least developed countries, thus Malawi agreed to the commitments.

than double the total amount of aid predicted to flow into Malawi by 2020.⁹⁴ As such, there is limited but critical change that can be achieved through these goals.

Along with Malawi's plan for development, there are other suggestions from various aid organizations. Oxfam, in its essential health report, advises a mass increase in long-term donor support. The many donors need to coordinate their efforts so that no one donor can tie their aid to procurement or certain projects. This will increase the flexible use and efficiency of the aid sent to Malawi.

More importantly, the majority of the aid sent to Malawi should be directed to GBS. The Malawi government should be in control of the money they receive. They have exemplified political and social responsibility for their country, and are working to maintain equity and

93

"BRUSSELS PROGRAMME OF ACTION: A Comprehensive Review for Malawi," Ministry of Development Planning and Cooperation, 11 Jan. 2011. <www.un.org>. p 3

94

"Malawi: 2006 Article IV Consultation and Third Review under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, and Request for Waiver of Nonobservance of Performance," IMF ELibrary, May 2007. <<http://www.elibrary.imf.org/>>. p 13

transparency in their government operations.⁹⁵ However, aid organizations over the decades have become skeptical of budget support as it leaves too much control in the hands of the governing body. As various nations in Africa are riddled with corrupt authority, general budget support is not likely to be a primary aid focus in most countries.

Should the aid money go to the government, the government's budgetary commitments to the national issues will gain dollar value. The government of Malawi has produced viable strategies for the development of their country with which aid funds should be aligned. If international aid donors were to respect and support these strategies, it would foster independence and self-reliance for Malawi.

International Organizations

Non-governmental organizations (NGOs) contribute to a significant amount of global aid flow each year. In fact, in 2005, it was non-governmental organizations that were responsible for one quarter of aid-flow throughout the whole world. This non-government aid comes from a significant variety of sources: faith-based groups, non-

95

profit organizations, corporations and, unbelievably, certain individual persons' donations add a noteworthy contribution to foreign aid.⁹⁶

With such large amounts of aid coming from unofficial sources, there is rising concern over whether private and official aid can co-exist and still achieve the ultimate goal of social and economic development. It is necessary to coordinate aid especially when different organizations are supporting communities in the same country. As organizations continue to work separately, especially within the same regions, conflict arises due to the use of variable aid systems. With different organizations using tied aid or complex bilateral aid there is no way to assure proper administration, transparency and the over-all aid-efficiency and appropriateness. Conflicting aid-campaigns can, at the very least, bring about a waste of vital resources that could and should be better used elsewhere.

Of the large-scale international organizations that contribute to aid, the United Nations (UN) is one of the most well-known. The UN is a very broad Intergovernmental organization with 192 affiliate nations. Worldwide social and economic development is

96

Nuno Themudo, Private Foreign Aid: NGOs, Foreign Aid and International Development. Paper presented at the annual meeting of the ISA's 49th ANNUAL CONVENTION, BRIDGING MULTIPLE DIVIDES, (San Francisco, CA, USA) Mar 26, 2008. <<http://www.allacademic.com/>>

just one issue, among many, that the UN addresses.⁹⁷ However, along with departments like the United Nations Children’s Fund (UNICEF) and the United Nations Development Program (UNDP) which deal directly with development aid coordination, the UN has developed many funds for issues indirectly contributing to poverty.

One example was the UN’s creation of the Global Fund to Fight AIDS, Tuberculosis and Malaria in 2002.⁹⁸ With respect to one of the UN’s main purposes, “to help nations work together to improve the lives of poor people, to conquer hunger, disease and illiteracy, and to encourage respect for each other’s rights and freedoms,” the UN has been very successful in influencing global aid trends towards their goal. The Canadian International Development Agency describes the UN as “the only truly global

97

"The United Nations at a Glance", *United Nations*, 02 Apr. 2011. <<http://www.un.org/en/>>.

98

Roger Thurow and Scott Kilman, Enough: Why the World's Poorest Starve in an Age of Plenty. (New York: PublicAffairs, 2009) p 144

organization in the world—each member country, no matter how small, has a voice in decision-making.”⁹⁹

Another example of an international organization within the aid community is the Organization for Economic Co-Operation and Development. The OECD essentially creates an opportunity for discussion among governments on all aspects of globalization. They also gather information and statistics on international money-flow to make estimates based on those trends, and monitor aid-flow to all developing countries.¹⁰⁰

The OECD also evaluates and publishes information on global education and other institutions. The international organization encourages government policy that contributes to economic and social development internationally. Their work in this field

99

"Multilateral Programs -United Nations - CIDA", CIDA, 19 Oct. 2010, 03 Apr. 2011. <<http://www.acdi-cida.gc.ca>>.

100

Kidd, Warren. E-mail interview. 28 Mar. 2011. (See appendix B)

includes making recommendations to governments on their policies about business and industry, emerging markets and public finances. ¹⁰¹

By monitoring all aid flow into 150 developing countries, the OECD is able to effectively publish statistics on many different aspects of aid including the use of tied and untied aid and aid-effectiveness.

Along with the intergovernmental organizations are NGOs that contribute more than just aid money. Oxfam International is an NGO that works around the world to monitor and evaluate aid trends. They are a widespread confederation, with 14 participating member countries. Their efficient approach to aid is exemplified in their emergency food and crisis aid programs. As well, in impoverished areas, Oxfam works with partners in the community to encourage all sorts of sustainable economic development.¹⁰² They are a very valuable organization in that they also advise

101

"About OECD," Organisation for Economic Co-operation and Development, 01 Apr. 2011.
<<http://www.oecd.org/pages/>>.

102

"Development", Oxfam International, 2011, 01 Apr. 2011.
<<http://www.oxfam.org/development>>.

governments on effective aid-policy.¹⁰³ They are considered by experts to be a transparent, efficient organization when working “on the ground” with poor communities as well as with the aid powers to influence their policies in a way that truly benefits the communities.

Oxfam has been known not only to press the government for beneficial foreign aid policies, but to protest harmful or negligent actions at international summits and conferences.¹⁰⁴ In 2002, European officials had been claiming to make tremendous efforts to help destitute farmers in Africa. However, agents attending the Johannesburg World Summit on Sustainable Development failed to reduce the sugar-farming subsidies for European farmers.¹⁰⁵ To protest the Europeans’ inaction, Oxfam left huge piles of specially made paper sugar packets outside of restaurants frequented by the European delegates. Each packet was labelled with,

103

IBID, "About Us", 2011, 01 Apr. 2011. <<http://www.oxfam.org/en/about>>.

104

"Policy on Non-Violent Protest", Oxfam Canada, Oct. 2009, 02 Apr. 2011. <<http://www.oxfam.ca/policy-on-non-violent-protest>>.

100% pure EU sugar – Less sweet than it tastes! Made in Europe, Dumped in Africa.

Warning: Devastating to African Farmers. Contains: Hidden subsidies [70%], artificial prices [30%].¹⁰⁶

This was Oxfam's symbolic demonstration against hypocritical world leaders.

The removal of the European farming subsidies was something Oxfam, and many other experts found absolutely necessary for the success of the African farmers! The problems with farming subsidy in developed countries are discussed in a lot of aid literature as the cause for crop-surplus and the lowering of world market prices. This lowering of prices then devalues produce from African farms. Despite this however, the European representatives were unwilling to remove the subsidies.

Although they did not succeed, in this case, to remove farming subsidies, it is clear from their protest that Oxfam International is a dedicated organization. Their

105

Thurow and Kilman, op. cit. P 66

106

"Oxfam Dumps Sugar on the WSSD", Scoop - New Zealand News, 02 Aug. 2002, 02 Apr. 2011. <<http://www.scoop.co.nz/stories/>>.

actions and goals are in the best interest of the communities they support. In fact, among all their 14 member-countries, Oxfam International coordinates their aid projects with local businesses and manufacturers.¹⁰⁷ In this way, they have potential economic influence in every community they help.

One direct aid project Oxfam International is involved with is development in Angola. Angola is a resource-rich and war-devastated country that Oxfam has been supporting since 1989. Until 2002 Oxfam provided emergency aid while the country was subject to violent conflict. When the war stopped and the country's status remained destitute, Oxfam's aid to Angola transitioned from emergency to developmental. Currently, Oxfam projects in Angola include the improvement of water availability and HIV/AIDS awareness and treatment. They have also been working to improve sanitation

107

"Interim Reporting Framework INGO Accountability Charter," Oxfam International, 05 Sept. 2009, 02 Apr. 2011. <<http://www.oxfam.org/sites/>>.

and hygiene.¹⁰⁸ The efficiency and true effectiveness of Oxfam's aid is apparent in 7 per cent improvement in sanitation in Angola between 2005 and 2008.¹⁰⁹

Oxfam is a very effective non-governmental contributor to the aid community, partly as a result of its efforts to ensure coordination between itself and other aid donors. In addition, Oxfam is vertically integrated, with workers contributing to on-the-ground development as well as people in position to influence powerful aid donors. However, the success of Oxfam International does not reflect all other non-governmental organizations. It is crucial to understand that no matter how much progress one NGO makes, poverty cannot be eradicated without coordination between the multitudes of existing aid organizations.

108

"Angola :: Oxfam GB", Oxfam GB, 2011, 02 Apr. 2011. <<http://www.oxfam.org.uk/>>.

109

"Improved Sanitation Facilities (% of Population with Access)", Data | the World Bank, 2011, 02 Apr. 2011. <<http://data.worldbank.org/indicator/SH.STA.ACSN>>.

Canada and Foreign Aid

Since its entry into the aid community, Canada has had a history of being very generous in its supply of official international development assistance. Between 1950 and 1998 Canada gave some \$50 billion in aid to various parts of Africa, Asia and South America.¹¹⁰ A branch of the government evolved from this participation in foreign aid and it still manages Canadian aid flows today.

This branch of the government started out as the Canadian External Aid Office (EAO). In the early years of this establishment, the EAO dealt primarily with bilateral aid that was directly requested from developing nations. Many problems existed within this early organization which have since been improved. One problem was the communication between the administrative personnel in Canada and the ground workers in developing countries.¹¹¹

Coupled with the popularity of foreign aid in the 1960s, EAO leader Maurice Strong began to develop a more efficient strategy. The Canadian International Development Agency (CIDA) took the place of the EAO as an organization that could

110

now deal with bilateral and multilateral aid and officially began to manage Canadian international development assistance.¹¹² The first of CIDA's many aid projects were in Africa and Latin America, and most of the early aid transactions were comprised of food aid and large infrastructure projects.¹¹³

The current CIDA mandate is to “manage Canada's support and resources effectively and accountably to achieve meaningful, sustainable results and engage in policy development in Canada and internationally, enabling Canada's effort to realize its

111

IBID. P 42

112

IBID. P 57

113

IBID. P 58

development objectives.”¹¹⁴

After decades of managing the majority of Canada’s official development assistance funds, CIDA is currently focusing on providing bilateral aid to 20 countries. This narrows the previously broad flow of aid from Canada to numerous regions around the world. In this way they will be able to ensure more accountability and aid-efficiency.¹¹⁵ The ‘focus countries’ include several from North, Central and South America, Asia, Europe, the Middle East and Sub-Saharan Africa. These twenty countries were chosen in accord with the CIDA Aid Effectiveness Agenda; one of Canada’s efforts to make their aid program more effective and accountable.¹¹⁶

Among the hundreds of Canadian non-governmental aid organizations are some well-established non-profits that started out as fundraising branches for the Canadian government. One such example is Oxfam Canada, which has since become a

114

"CIDA in Brief – CIDA," CIDA, 05 Aug. 2009. <<http://www.acdi-cida.gc.ca/>>.

115

IBID. "Countries of Focus - CIDA", 13 Aug. 2009. <<http://www.acdi-cida.gc.ca/acdi-cida/>>.

government-independent organization.¹¹⁷ However, CIDA sends significant grants to non-profit NGOs to fund projects that address issues which the government acknowledges as important for development.¹¹⁸

A significant amount of the multilateral aid¹¹⁹ Canada transfers is distributed through the United Nations. Canada was one of the fifty-one founding countries of the UN in 1945 and is now one of the organization's one hundred ninety member countries. Since the UN's mandate is so broad, foreign aid is only one aspect of their organization.

116

"Aid Effectiveness Agenda - CIDA", CIDA, op. cit. 21 July 2010. <<http://www.acdi-cida.gc.ca/>>.

117

Cranford Pratt, Canadian International Development Assistance Policies: an Appraisal. (Montreal: McGill-Queen's University Press, 1994) P 88

118

IBID. Page 89

CIDA acts as Canada's foreign aid representative to the UN. As such, CIDA provides funds for their specific development priorities in collaboration with other countries. CIDA and partnering countries are working towards ensuring food security, creating secure futures for youth and creating sustainable economic development.

Canada uses their involvement with other UN nations as an opportunity for a collaborative approach to aid. "CIDA's work with UN organizations enables Canada to pool resources with other member countries and achieve more toward poverty reduction and meeting the needs of those affected by humanitarian crises."¹²⁰

Canada is also committed to the UN Millennium Development Goals (MDG) and has prioritized the above three thematic goals. CIDA's involvement in the MDGs was evident in their participation at the 2010 United Nations Summit on Millennium Development

119

Multilateral aid is aid money that is allocated through a third-party aid organization such as the World Bank or the United Nations.

120

"Multilateral Programs - United Nations - CIDA", CIDA, 19 Oct. 2010. <<http://www.acdi-cida.gc.ca/>>.

Goals. As well, CIDA leader, the Honourable Bev Oda, attended a side-meeting to the UN Summit addressing the global reduction of malnutrition in children.¹²¹ This is in direct alignment with CIDA's priorities of food security and nutrition. As well, in 2003, CIDA, in partnership with the United Nations Children's Fund (UNICEF), initiated a project to reduce infant mortality in West Africa. At the end of the three year project term, infant mortality rate was lowered by 20 per cent in eleven of the countries.¹²² This is a significant accomplishment as reducing child mortality is one of the UN's Millennium Development goals, and is important for development. This accomplishment also contributes to Canada's goal of creating safe futures for children and youth.

In its prioritized fields such as food security and nutrition, Canada's aid contributions are notable. As well, their recent efforts to make their aid system more effective have been significant. The concept of tied aid is a familiar one within the aid

121

"The 2010 United Nations Summit on Millennium Development Goals - CIDA", CIDA, 22 Oct. 2010. <<http://www.acdi-cida.gc.ca>>.

122

IBID, "CIDA in Brief – CIDA," 05 Aug. 2009. <<http://www.acdi-cida.gc.ca>>.

community. It is considered mostly beneficial to the country giving the aid, with little to no economic advancement for the receiving country.¹²³ CIDA recognized, in their Aid Effectiveness Agenda, that tied aid does not make efficient use of aid money. “To maximize the value of Canada's international assistance, the government untied all food aid in 2008 and has set 2012-2013 as the deadline for fully untying the goods and services delivered through Canadian aid programs.”¹²⁴

CIDA’s commitment to untie all aid is a huge improvement on their previous system. Not only will food be purchased at lower ‘world prices’ but the developing markets supplying the food will benefit as well as those receiving it. Changes and commitments like this are necessary for improved efficiency of aid and economic development. However, it will still take more changes to redeem the inefficiencies and wasted resources of CIDA’s not-so-distant past.

123

Joan Freeman, op. cit. E-mail interview

124

"Aid Effectiveness Agenda – CIDA", CIDA, op. cit., 21 July 2010. <<http://www.acdi-cida.gc.ca/>>.

Pertaining to various democratic parties' roles in Canada's development aid programs; success with development projects can rarely be attributed to one government or party. Development aid is meant to have lasting, long-term results for developing countries. For this reason, many governments can potentially act in the lifespan of just one development project, and one government can't take full credit for developmental success.

The Canadian Conservative Party has been in power as a minority government since 2006. Having earned a majority government in 2011, they have increased control over aspects of Canadian government, including foreign affairs. A shift in aid direction has been noticed since electing a Conservative government, and an increased change is expected now that they are a majority.

In previous Canadian Liberal governments under Paul Martin and Jean Chrétien Canadian aid to African countries had been prioritized. However, the traditionally high levels of Canadian aid to Africa have recently decreased during Conservative administration and it appears there is an altered aid plan. This plan includes humanitarian and military aid to selected countries, mostly outside of Africa.¹²⁵ During minority Conservative ruling, the party's aid priorities were to provide more aid to South

125

America with less attention to Africa. In opposition of this, the Bloc Quebecois and Liberal parties were active in bringing attention to African affairs in the House of Commons throughout Conservative ruling (Bradet, Lucien).

CIDA recently reduced its focussed support from fourteen African countries to eight. This reduced amount of aid to Africa is considered to be a factor in Canada's exclusion from the UN Security Council for the first time ever as fifty-three African nations voted for the Council.¹²⁶

Other changes in Canadian aid schemes during Conservative power include an increased correlation with America's aid system. During the last five years, the Canadian aid system has begun to follow the policies and practices of official American aid. This similarity sprouts from an increase in aid conditionality when aid is distributed through multilateral organizations. This means that even as Canada moves away from their use of tied aid, countries receiving aid from Canada must open their markets to reforms like privatization and liberalization.¹²⁷

Recently, the discussion of the Canadian foreign policy has been somewhat limited to the country's involvement in the Middle East and in climate change. However,

126

Lucien Bradet, "What Should We Expect for Africa?" Embassy - Canada's Foreign Policy Newspaper, 04 May 2011. <<http://www.embassymag.ca/>>.

there must be some discussion of the future of Canada's foreign aid as experts anticipate more changes in Canada's aid programs in the future.¹²⁸

Possible Solutions

Given that it is still vastly undecided whether aid is a solution or a problem, one common controversy in the aid community is whether or not to continue giving aid at all. There are valid arguments for each opposing view, with each 'solution' having the same basic humanitarian goal: reducing poverty. However, the majority of the international community still believes in the aid system, and supports its continuation. There are dozens of economic experts and aid organizations large and small that have written lists of suggestions explaining how to fix the foreign aid system. There are

127

Pierre Beaudet, "Prepare Yourself for the Harper Aid Revolution", Embassy - Canada's Foreign Policy Newspaper, 04 May 2011. <<http://www.embassymag.ca/>>.

128

Fen Osler Hampson, "A New Conservative Foreign Policy?" Embassy - Canada's Foreign Policy Newspaper, 04 May 2011. <<http://www.embassymag.ca/>>.

countless opposing views but if each organization's list were examined, most would include many of the same key issues causing, if nothing else, the perpetual need for aid. This section will discuss potential solutions to each of the major, as presented by economics experts, and will compare three very different solutions.

The first question is whether the removal of aid programs altogether is a reasonable option. A debate on the issue, between Hernando De Soto and Dambisa Moyo for aid removal, and Stephen Lewis and Paul Collier against aid-removal, illustrates the arguments of both sides.¹²⁹

Nobel laureate, Hernando de Sota argued for the cessation of foreign aid, in order to encourage poor nations to incite development themselves. His argument for the inadequacy of aid included this passage,

If the United States were to hike its foreign-aid budget to the level recommended by the United Nations-0.7 percent of national income-it would take the richest country on earth more than 150 years to transfer to the world's

129

poor resources equal to those they already possess.¹³⁰

This statement alone makes for a sound argument that even if the aid community reaches its relative GDP goals, it is unlikely that they will achieve their operative goal of reducing poverty. Even without the common administration and efficiency issues aid is not a system that will initiate sustainable development in any practical time period.

Stephen Lewis, however, argued for the continuation of foreign aid. Lewis is the co-founder of the AIDS-Free World institute and acted as special advocate to the UN Secretary-General on HIV and AIDS in Africa.¹³¹ In his debate for the necessity and

130

Munk Debates, op. cit., "Munk Debates - Hernando De Soto,"
<<http://www.munkdebates.com/>>.

131

"Munk Debates - Stephen Lewis", Munk Debates, op. cit., <<http://www.munkdebates.com/>>.

continuation of aid he addresses the humanitarian concerns that aid deals with.¹³² As a former HIV/AIDS advocate, there is no doubt Lewis' past involvement with healthcare influences his point of view. Unlike economic development, which can still be achieved without direct aid-flow, healthcare is an expensive and complex institution for a developing country to manage. Healthcare has proven to be crucial to a country's social success, but unlike economic development, national healthcare requires government management. Many governments, as discussed in the Malawi case study, simply cannot afford sufficient healthcare to fight the prominent issues of HIV/AIDS and other wide-spread diseases.

Aid-dependence and debt-burden are not only reasons that shutting off all aid-flow is not an appropriate response, but are, themselves, consequences of foreign aid. It is clear that one or the other alone is not the solution: aid-dependent countries will not be able to afford basic institutions without aid. Similarly they will not be able to prosper while relying on foreign aid as a significant part of their GDP. Another solution must be reached. If aid is to continue in an efficient manner, the necessary changes to administration must be prioritized in order to stop wasting resources, creating debt, and perpetuating financial problems.

This is where the details of Moyo's ideas come into the argument. Her very first point is that it is necessary to agree that Africa must not rely on aid forever. At some indeterminable time in the future, Africa must be self-reliant. Her suggested strategy is to stop the flow of aid slowly. Although this seems like an illogical strategy when so many problems still exist on the continent, Moyo argues that Africa has considerable economic potential. The continent presently has many stock markets and the majority of stocks are not commodities but services, real estate and communication stocks. This market is the kind of asset that needs to be encouraged or supported as a source of development rather than aid being the primary source.¹³³

Dambisa Moyo points out in her book, Dead Aid, that possibly the most corrupt time in the history of aid was during the Cold War. She states,

Throughout the latter half of the twentieth century and up until the 1990s, the Cold War had provided richer countries with the political imperative to give aid monies even to the most corrupt and venal despots in Africa. One of the features of the Cold War was the West's ability and eagerness to support, bankroll and prop up a swathe of pathological and downright dangerous dictators.¹³⁴

The Cold War, essentially between the USA and USSR, was a time in which the aid-giving countries seemingly overlooked governments' corrupt ways in their battle for the most alliances.¹³⁵ They did not, apparently, differentiate between the corruption and the fair governance in these countries until years later.

Despite the chorus of calls for transparent policies, corruption runs rampant in developing governments and in all levels of administration. The levels of corruption, in Africa especially, persevere due to the power of people involved. The economic instability of those lower on the financial ladder quells almost any desire to expose the tyranny of officials.¹³⁶

Robert Calderisi, as well, recognizes in his "Ten Ways of Changing Africa," that

134

Moyo, Dead Aid, Op Cit. p 23

135

IBID. p 14

corruption is at the heart of the failure of aid and that democracy is essential for development. It seems then, that one of the more important factors in making aid more effective is to focus on transparency within all levels of aid administration. This kind of integrity is important in much of the success of faith-based or grassroots aid projects in order to make the most of the resources available. This should become a priority in large-scale aid to make the most of the enormous potential that exists with such large amounts of money.

That said, Calderisi's suggestions also generally indicate the need for more western supervision in matters like elections and education, more accountability and transparency among *all* government officials and a gradual reduction of aid to African countries. He also recognizes the need for citizens to be given a voice within impoverished countries.¹³⁷

136

Robert Calderisi, the Trouble with Africa: Why Foreign Aid Isn't Working. (New York: Palgrave Macmillan, 2006) p 24

137

IBID. p 207

Each of Calderisi's changes for Africa points out a flaw in the aid system and suggests a plan to improve it. Each suggestion is logical and if accepted and expertly-executed will improve situation in Africa. Why, then, has this plan of action, along with so many others, been overlooked?

Foreign aid, as discussed in the Background section, evolved from the need for mass European reconstruction after World War II into developmental aid to reverse poverty. Foreign aid was, and still is, meant to be a solution to systemic poverty. Now, after decades of investment, it is more widely accepted that aid is not efficient in effecting sustainable development. The aforementioned problems that hinder aid-effectiveness are *caused* by aid itself.

For this reason, the only way to fix the issue is to change the aid-system. Improvements in the aid-system are slow to bring about, and even then, with the vast diversity of the aid-donors they are certainly not universal.

A further potential solution to foreign poverty which is subsequently a solution to the need for the current aid system is known as 'trade not aid'. The principal for this is for trade reforms to enable developing countries' markets to trade more regularly and fairly with developed countries to create economic development. This has had a lot of success in the past in creating profit for industries in the developing world.

However, Jeffrey Sachs, whose expertise has been referred to throughout this report, has suggestions for the improvement of this system. First, his belief is that this system of improving trade still requires the help of aid money, and can't be successful in

improving entire economies without it. This means that the most efficient system is actually 'trade plus aid,' utilizing the aid money to allow the countries' businesses to enter the global market.

The problem with the 'trade not aid' system is that the majority of the profit rarely goes to the least-developed areas in emerging market countries.¹³⁸ These areas could benefit from trade reforms and the ability to export products to developed countries, but their undeveloped markets would require help in effectively implementing these changes. This is where the use of aid becomes important. If aid money was effective in implementing the infrastructure and possibly the capital investment that would allow these areas to be involved in a larger market, they could be successful in developing a stable economic environment, and be more capable of avoiding the debt and aid-dependence associated with large-scale projects.

In conclusion, if a significant number of developing countries are to experience economic growth on a fairly large scale, the system must be modified in such a way that it goes in one of two directions. Either drastic change must be made regarding the chronic problems in the current system, or aid should be remodelled in such a way that it focuses on facilitating the involvement of developing countries in the world market.

138

Firstly, if improvements are to be made to the current system of foreign aid, corruption must be drastically reduced. This must apply, not only to the receiving governments' uses of aid money, but to all corruption within the entire governing body, including election processes and government expenditure in developing countries. Obviously if this is to occur, an impartial authority would have to intervene as a corrupt government can't be responsible for self-monitoring or evaluation.

In this case, the power that the aid community has over aid-receiving countries could be used to a positive effect. Aid-donating powers can influence aid-receiving governments to become transparent, or free of corruption, through any number of means. Transparency could be instated as an official policy reform, and if it was prioritized corruption could be drastically improved in the developing world.

Inefficiency, as well must be drastically improved at all levels of the aid system. This means that from the management of aid in the donating country: the goods, services and projects they are planning to implement, to the governing policies and the execution of the projects in the receiving country, everything can be improved.

These solutions, however, involve further integration of Western policy and values into the development of other countries. While this can't really be categorized as a positive or negative aspect of aid, it can cause immense problems in developing countries, as discussed in the Bolivia case study.

The solution that directly contrasts this is Moyo's strategy for aid-flow to be reduced and then stopped altogether at an appropriate time in the near future.

However, the final and most appropriate solution is one that would not only remove some of the aid-community's control over development in these countries, but would hopefully incite self-realized economic improvement in developing countries. The use of aid money to break down trade barriers and promote the development of a successful market would be the most successful and appropriate change for the aid community to make. It would prevent unbalanced economic growth in which populations within developing countries are unable to progress economically due to any matter of barriers. If this combination of trade and aid could ensure the inclusion of all populations, despite the geographic, religious or racial development barriers, in its success it could be a viable substitute for the current direction of aid. It could also be the solution to the problems caused by the aid system *and* the problems that aid endeavours to solve.

Conclusions on Foreign Aid

The concept of developed countries reaching out to the poorer countries and helping them reach an independent state of prosperity is a good one. It is an expression of compassion. Historically, in the process of putting this principle into action, obstacles have been met, impeding the path to global development.

These obstacles have included the poor planning of aid projects that did not appropriately address the needs of the population receiving the aid, and self-serving aid policies and programs from donor countries that drastically take away from the benefit reaching the aid-receiving countries. Such obstacles have resulted in the development

of an entire global industry devoted to aid. As well, there are now truly corrupt administrations in developing countries that do not use aid money for the benefit of their people.

These concepts have resulted in decades of work and billions of dollars of investments into an industry that, in theory, should no longer be necessary or, in any case, be as necessary as it currently is.

As his Holiness the Dalai Lama says, “If we are serious in our commitment to the fundamental principles of equality that I believe lie at the heart of the concept of human rights, today’s economic disparity can no longer be ignored. It is not enough merely to say that all human beings must enjoy equal dignity. This must be translated into action.”

139

The system of foreign aid has proven over the years that enough resources, potential and human altruistic capacity exist to achieve economic development, but the implementation must be improved. It is clear that the resources channelled into foreign aid must be put to a more efficient and beneficial use and it is the responsibility of the aid community to ensure that this goal is ultimately met.

139

Insight from the Dalai Lama 2011 Calendar. (Kansas City: Andrews McMeel Publishing LLC 2010)

Appendices

Appendix A.

Email interview with Joan Freeman, Sustainable Development Management

Consultant,

06 May, 2011

Who benefits from 'tied aid'?

Tied Aid was often a key conditionality of CIDA. Say Vietnam has been given money by Canada to develop its pollution controls for industry. Tied aid means that Vietnam has to use Canadian experts and equipment, which is much more expensive and less suitable than if they used experts/equipment from India, Korea or some other Asian country. (Unlike Canada both India and Korea have similar seafood, clothing industries as Vietnam and have recently developed good pollution control systems for these industries). So, untied AID is much better. Tied AID is wasteful and it is concerned with benefiting the country giving the money (e.g. it gives jobs to Canadian experts and manufactures) - and may result in very little money actually getting to the people in the country needing it.

Are there real benefits to targeting certain demographics (women) for development, the way CIDA targets certain countries?

Many development experts think that if you spent all or almost all the aid money educating girls and making women's lives and opportunities better, that would be the best use of the money. It's proven that once girls are educated and have choices in their lives then population growth rates go down and that when these girls do become moms their children are better off -- get better education, have better food and clothes and access to clean water. So this is a really good strategy for getting a population out of poverty, but it takes a generation or 2. Thailand invested in education and health care of its population heavily about 30 years ago and that is a big reason why they were one of the first Asian countries to grow and develop economically.

Are there significant changes in CIDA's aid direction when different Canadian governments come into power?

Under the conservative government Canada's AID has changed direction to military and emergency help/reconstruction. The largest donations to countries are given to Afghanistan and Haiti ... The traditional aid program has languished in that the amount of money given to Africa (which was a priority under Chretien and Martin and G8/20 commitment of Canada) has really dropped (one country you know about that has been affected is Malawi). Also the programming and amount of money for other regions (South Asia is an anomaly because they are just winding down Tsunami aid for that region that started after destruction of Boxing Day 2004) has been cut.

Final area that has changed is funding to organizations. The most famous example is one Bev Oda got caught on contempt of parliament for, but there are lots of other examples of organizations that after decades of good work have had their funding cut cuz they aren't in line with social conservative/anti-abortion agenda of Conservatives. A teacher's program, maternal health programs, etc.

Appendix B.

Email Interview with Warren Kidd

Does the UN have any real power over what countries contribute to aid, or is it more of a 'soft influence'?

The UN doesn't really have any say over what CIDA or other countries contribute to foreign aid - each country decides this for itself, although there is an internationally agreed-upon "target" that most countries have agreed to, that aims for a contribution of 0.7% of GNP to foreign aid. Only about 5 countries have actually reached this target. Last time I checked Canada was at around 0.35%. I'm sure the latest figure can be found by searching for the Development Assistance Committee (DAC) of the OECD - they keep track of all donor funding to developing countries.

Bibliography

"About OECD." *Organisation for Economic Co-operation and Development*. Web. 01 Apr. 2011.

<http://www.oecd.org/pages/0,3417,en_36734052_36734103_1_1_1_1_1,00.html>.

"About Us." *Oxfam International*. 2011. Web. 01 Apr. 2011.

<<http://www.oxfam.org/en/about>>. <http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/NAT-1116111541-M3U>

"About Us." *Transparency International*. 2011. Web. 01 May 2011.

<http://www.transparency.org/about_us>.

"About Us." *World Bank Group*. 04 Oct. 2010. Web. 08 Mar. 2011.

<<http://web.worldbank.org/WBSITE/EXTERNAL/EXTABOUTUS/0,,pagePK:50004410~piPK:36602~theSitePK:29708,00.html>>.

"Africa :: Malawi." *CIA - The World Factbook*. Web. 03 May 2011.

<<https://www.cia.gov/library/publications/the-world-factbook/geos/mi.html>>.

"Aid Effectiveness Agenda - CIDA." *CIDA*. 21 July 2010. Web. 03 Apr. 2011.

<<http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/FRA-825105226-KFT>>.

"Aid Statistics:Department." *Organisation for Economic Co-operation and Development*. Web. 03 Apr. 2011.

<http://www.oecd.org/department/0,3355,en_2649_34447_1_1_1_1_1,00.html>.

"Angola :: Oxfam GB." *Oxfam GB*. 2011. Web. 02 Apr. 2011.
<http://www.oxfam.org.uk/oxfam_in_action/where_we_work/angola.html>.

"ARD Week Session Summary." *ARD Week 2009*. Proc. of ARD Week 2009 Agriculture in a Changing World. Agriculture and Rural Development, Mar. 2009. Web. 28 Mar. 2011.
<<http://siteresources.worldbank.org/INTARD/Resources/335807-1236361651968/Fertilizer.pdf>>.

"Bangladesh and UNICEF." *The Concert for Bangladesh : George Harrison and Friends*. Web. 30 Apr. 2011.
<<http://www.concertforbangladesh.com/bangladeshandunicef.html>>

"Bangladesh | Data." *Data | The World Bank*. 2011. Web. 30 Apr. 2011.
<<http://data.worldbank.org/country/bangladesh>>.

"Bangladesh Economy." *GlobalEDGE*. 2001-2011. Web. 30 Apr. 2011.
<<http://globaledge.msu.edu/countries/bangladesh/economy/>>.

"Bangladesh: Health: Maternal, Newborn and Child Health and Nutrition | BRAC-Bangladesh: Health: Maternal, Newborn and Child Health and Nutrition." *BRAC*. 2011. Web. 30 Apr. 2011. <<http://www.brac.net/content/bangladesh-health-maternal-newborn-and-child-health-and-nutrition>>.

"Bangladesh." *U.S. Department of State*. 24 May 2010. Web. 26 Apr. 2011.
<<http://www.state.gov/r/pa/ei/bgn/3452.htm>>.

Barlow, Maude, and Tony Clarke. "Water Privatization." *Global Policy Forum*. Jan. 2004. Web. 05 Apr. 2011.
<<http://www.globalpolicy.org/component/content/article/209/43398.html>>.

Beaudet, Pierre. "Prepare Yourself for the Harper Aid Revolution." *Embassy - Canada's Foreign Policy Newspaper*. 04 May 2011. Web. 06 May 2011.
<<http://www.embassymag.ca/page/view/beaudet-05-04-2011>>.

"BBC News - Malawi Country Profile." *BBC News - Home*. 21 Jan. 2011. Web. 29 Mar. 2011. <http://news.bbc.co.uk/2/hi/africa/country_profiles/1068913.stm>.

Belt, Don. "The Coming Storm." *National Geographic* May 2011: 58-83. Print.

Beltran, Elizabeth P. "Water, Privatization and Conflict." Apr. 2004. Web. 4 Apr. 2011. <<http://www.boell.de/downloads/internationalepolitik/gip4.pdf>>.

Berger, Maurits S. *Religion and Developmental Aid: the Special Case of Islam*. Netherland Institute of International Relations, Oct. 2006. Web. 1 May 2011.
<http://www.clingendael.nl/publications/2006/20061000_cdsp_pap_berger.pdf>.

"BRAC Annual Report 2009." *BRAC*. 2009. Web. Apr. 2011.
<<http://www.brac.net/oldsite/useruploads/files/brac-ar-2009.pdf>>.

Bradet, Lucien. "What Should We Expect for Africa?" *Embassy - Canada's Foreign Policy Newspaper*. 04 May 2011. Web. 06 May 2011.
<<http://www.embassymag.ca/page/view/bradet-05-04-2011>>.

"BRUSSELS PROGRAMME OF ACTION: A Comprehensive Review for Malawi." Ministry of Development Planning and Cooperation, 11 Jan. 2011. Web. 27 Mar. 2011.
<www.un.org/wcm/webdav/site/ldc/shared/Revised%20Malawi%20BPOA%20report%202011.doc>.

Calderisi, Robert. *The Trouble with Africa: Why foreign aid isn't working*. New York: Palgrave Macmillan, 2006.

Canavire, Gustavo, Peter Nunnenkamp, Rainer Thiele, and Luis Triveño. "Assessing the Allocation of Aid: Developmental Concerns and the Self-Interest of Donors." Web. 1 May 2011. <http://www.econstor.eu/bitstream/10419/3983/1/Canavire_et_al.pdf>.

"CCIC Loses CIDA Funding." *MCC Ottawa Office*. 08 Apr. 2010. Web. 03 Apr. 2011. <<http://ottawa.mcc.org/stories/news/ccic-loses-cida-funding>>.

"CIDA in Brief - CIDA." CIDA. 05 Aug. 2009. Web. 03 Apr. 2011. <<http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/JUD-829101441-JQC>>.

"Countries of Focus - CIDA." CIDA. 13 Aug. 2009. Web. 03 Apr. 2011. <<http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/JUD-51895926-JEP>>.

"Development" *Oxfam International*. 2011. Web. 01 Apr. 2011. <<http://www.oxfam.org/development>>.

Dugger, Cecilia F. "Ending Famine, Simply by Ignoring the Experts." *The New York Times*. 1 Dec. 2007. Web. 28 Mar. 2011. <http://www.nytimes.com/2007/12/01/world/africa/01iht-02malawi.8555704.html?_r=1>.

"Economic Development: Targeting Extreme Poverty." *BRAC*. 2011. Web. 26 Mar. 2011. <<http://www.brac.net/content/economic-development-targeting-extreme-poverty>>.

"Fertility Rate, Total (births per Woman)." *Data | The World Bank*. 2011. Web. 30 Apr. 2011. <<http://data.worldbank.org/indicator/SP.DYN.TFRT.IN>>.

"Flooding in Bangladesh." Plan. Web. 30 Apr. 2011. <<http://www.planedresources.org/assets/view/RCDOCUMENT1552.pdf>>.

Freeman, Joan. E-mail interview. 6 May. 2011.

"Full Bio - Prof. Jeffrey D. Sachs" *The Earth Institute, Columbia University*. Web. 08 Mar. 2011. <<http://www.earth.columbia.edu/articles/view/1770>>.

"Global Fund." *UNAIDS*. Nov. 2008. Web. 31 Mar. 2011. <<http://www.theglobalfund.org/programs/countrystats/?lang=en&countryID=MLW>>.

Hampson, Fen Osler. "A New Conservative Foreign Policy?" *Embassy - Canada's Foreign Policy Newspaper*. 04 May 2011. Web. 06 May 2011. <<http://www.embassymag.ca/page/view/hampson-05-04-2011>>.

"High-level Plenary Meeting on the Millennium." *United Nations*. 12 Nov. 2010. Web. 2 Apr. 2011. <http://www.un.org/en/mdg/summit2010/pdf/HLPM%202010_CRP_Side%20events.pdf>.

Hovey, Craig and Rehmke, Gregory. *The Complete Idiot's Guide to Global Economics*. New York: Penguin Press, 2008.

"Implementation of the Policy on Tied-Untied Aid - CIDA." *CIDA*. 29 Dec. 2006. Web. 07 Mar. 2011. <<http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/NAT-1116111541-M3U>>.

"Improved Sanitation Facilities (% of Population with Access)." *Data | The World Bank*. 2011. Web. 02 Apr. 2011. <<http://data.worldbank.org/indicator/SH.STA.ACSN>>.

"Interim Reporting Framework INGO Accountability Charter." *Oxfam International*. 05 Sept. 2009. Web. 2 Apr. 2011. <<http://www.oxfam.org/sites/www.oxfam.org/files/ingo-accountability-report-2009.pdf>>.

"Insight from the Dalai Lama 2011 Calendar." Print. Rpt. in Kansas City: Andrews

McMeel, 2010. Print.

Kaufman, Daniel. "Aid Effectiveness and Governance: the Good, the Bad and the Ugly." *WorldBank Special Report*. World Bank, Feb. 2009. Web. 7 Mar. 2011.
<<http://siteresources.worldbank.org/EXTWBIGOVANTCOR/Resources/kaufmann-corrected.pdf>>.

Kidd, Warren. E-mail interview. 28 Mar. 2011.

"Latin America & the Caribbean." *Mennonite Central Committee - Latin America*. 2010. Web. 02 Mar. 2011. <<http://latinamerica.mcc.org/>>.

Lobina, Emanuele. "Cochabamba - Water War." June 2000. Web. 4 Apr. 2011.
<<http://www.negowat.org/internal/docs/WaterWarEmanuelLobina.pdf>>.

"Malawi: 2006 Article IV Consultation and Third Review Under the Three-Year Arrangement Under the Poverty Reduction and Growth Facility, and Request for Waiver of Nonobservance of Performance." *IMF ELibrary*. May 2007. Web. 31 Mar. 2011.
<http://www.elibrary.imf.org/view/IMF002/04432-9781451828177/04432-9781451828177/04432-9781451828177_A002.xml?rskey=BU5FjD&result=25&q=Malawi>.

"Malawi Essential Health Services Campaign." *Oxfam GB*. Nov. 2008. Web. 26 Mar. 2011.
<http://www.oxfam.org.uk/resources/policy/health/downloads/malawi_essential_health_services_research_report.pdf>.

"Malawi Growth and Development Strategy: from Poverty to Prosperity 2006-2011." Web. 28 Mar. 2011.
<http://siteresources.worldbank.org/MALAWIEXTN/Resources/MGDS_2006_Final.pdf>.

"MALAWI: President Lifts Ban on Traditional Birth Assistants." *IRIN Africa*. 11 Oct. 2010. Web. 29 Mar. 2011. <<http://www.irinnews.org/Report.aspx?ReportID=90732>>.

"Malawi- Summary Country Profile for HIV/AIDS Treatment." World Health Organization, Dec. 05. Web. 30 Mar. 2011. <http://www.who.int/hiv/HIVCP_MWI.pdf>.

Mennonite Central Committee | Mennonite Central Committee. Web. 02 Mar. 2011. <<http://mcc.org/>>.

Morrison, David R. *Aid and Ebb Tide: a History of CIDA and Canadian Development Assistance*. Waterloo, Ont.: Wilfrid Laurier UP in Association with the North-South Institute = L'Institut Nord-Sud, 1998. Print.

Moyo, Dambisa. "Aid Isn't the Solution, It's the Problem." *The Globe and Mail*. 1 Mar. 2011. Web. 08 Mar. 2011. <<http://www.theglobeandmail.com/news/opinions/leading-thinkers/aid-isnt-the-solution-its-the-problem/article1924739/>>.

Moyo, Dambisa. *Dead Aid: Why Aid Is Not Working and How There Is a Better Way for Africa*. New York: Farrar, Straus and Giroux, 2009. Print.

"Multilateral Programs - United Nations - CIDA." CIDA. 19 Oct. 2010. Web. 03 Apr. 2011. <<http://www.acdi-cida.gc.ca/acdi-cida/acdi-cida.nsf/eng/JUD-1129114717-MPR>>.

"Munk Debates - Foreign Aid." *Munk Debates- Debate Transcript*. 1 June 2009. Web. 3 Apr. 2011. <http://www.munkdebates.com/MediaStorage/Documents/MunkDebates3_transcript.pdf?ext=.pdf>.

"Munk Debates - Hernando De Soto." *Munk Debates*. Web. 02 Apr. 2011.

<<http://www.munkdebates.com/The-Debates/Foreign-Aid/Pro/Hernando-de-Soto>>.

"Munk Debates - Stephen Lewis." *Munk Debates*. Web. 02 Apr. 2011.
<<http://www.munkdebates.com/The-Debates/Foreign-Aid/Speakers-Con/Stephen-Lewis>>.

Mudzingwa, Davison. "Africa: Threat of a Perfect Storm - AIDS and a Fresh Food Crisis." *Global Issues*. 1 Dec. 2010. Web. 30 Mar. 2011.
<<http://www.globalissues.org/news/2010/12/01/7805>>.

Mutazu Tirivangani. "World Bank and IMF Use of Privatisation and Liberalisation Policy Conditionality and its Effects on Selected Recipient Countries." *Norwegian Church Aid Occasional Paper* (April 2007): 1-7, Internet PDF, March 6, 2011.

Olivera, Oscar, and Tom Lewis. *Cochabamba!: Water War in Bolivia*. Cambridge, MA: South End, 2004. Print.

"Oxfam Dumps Sugar On The WSSD." *Scoop - New Zealand News*. 02 Aug. 2002. Web. 02 Apr. 2011. <<http://www.scoop.co.nz/stories/WO0208/S00134/oxfam-dumps-sugar-on-the-wssd.htm>>.

Passell, Peter. "Dr. Jeffrey Sachs, Shock Therapist - Biography - NYTimes.com." Editorial. *New York Times Magazine. The New York Times - Breaking News, World News & Multimedia*. 27 June 1993. Web. 08 Mar. 2011.
<[http://query.nytimes.com/gst/fullpage.html?res=9F0CE7D7143EF934A15755C0A965958260&scp=9&sq=Jeffrey Sachs&st=cse](http://query.nytimes.com/gst/fullpage.html?res=9F0CE7D7143EF934A15755C0A965958260&scp=9&sq=Jeffrey+Sachs&st=cse)>.

"Policy on Non-Violent Protest." *Oxfam Canada*. Oct. 2009. Web. 02 Apr. 2011.
<<http://www.oxfam.ca/policy-on-non-violent-protest>>.

Potter, A.. "OTTAWA: HARPER IS ON TO SOMETHING IN CUTTING AID: WHAT'S THE

SENSE OF A LOBBY FIRM FOR NGOS GETTING TWO-THIRDS OF ITS FUNDING FROM THE AGENCY IT LOBBIES? " Maclean's 16 Aug. 2010: CBCA Business, ProQuest. Web. 3 Apr. 2011.

"Punishing Success?" *Medecins Sans Frontieres*. Nov. 2009. Web. 3 May 2011.
<http://www.msf.org/msf/fms/article-images/2009-00/punishing_success.pdf>.

"Purpose and Vision Statements." *Mennonite Central Committee*. Web. 02 Mar. 2011.
<<http://mcc.org/purpose-vision-statements>>.

Pratt, Cranford. *Canadian International Development Assistance Policies: an Appraisal*. Montreal: McGill-Queen's UP, 1994. Print.

"Ramadan | Muslim Aid." *Muslim Aid Serving Humanity*. 2011. Web. 2 May 2011.
<<http://www.muslimaid.org/ramadan/sadaqah>>.

Sachs, Jeffrey. *The End of Poverty*. New York: Penguin Press, 2005.

"Situation of Poverty in the Country." *UNICEF Bolivia*. 2003. Web. 4 Apr. 2011.
<http://www.unicef.org/bolivia/resources_2332.htm>.

"South America :: Bolivia." *Welcome to the CIA Web Site — Central Intelligence Agency*. 25 Apr. 2011. Web. 03 May 2011. <<https://www.cia.gov/library/publications/the-world-factbook/geos/bl.html>>.

"The 2010 United Nations Summit on Millennium Development Goals - CIDA." *CIDA*. 22 Oct. 2010. Web. 03 Apr. 2011. <<http://www.acdi-cida.gc.ca/acdi-cida/ACDI-CIDA.nsf/eng/NAT-1022131355-N8A>>.

Themudo, Nuno. "Private Foreign Aid: NGOs, Foreign Aid and International Development" Paper presented at the annual meeting of the ISA's 49th ANNUAL CONVENTION, BRIDGING MULTIPLE DIVIDES, Hilton San Francisco, SAN FRANCISCO, CA, USA, Mar 26, 2008 Web. 2011-03-12
<http://www.allacademic.com/meta/p254295_index.html>

"The PRSP Approach and the Illusion of Improved Aid Effectiveness: Lessons from Bolivia, Honduras and Nicaragua - Dijkstra - 2010 - Development Policy Review." *Wiley Online Library*. 03 Dec. 2010. Web. 04 Apr. 2011.
<<http://onlinelibrary.wiley.com/doi/10.1111/j.1467-7679.2011.00522.x/pdf>>.

"The United Nations at a Glance." *United Nations*. Web. 02 Apr. 2011.
<<http://www.un.org/en/aboutun/index.shtml>>.

Thurow, Roger, and Kilman, Scott. *Enough: Why the World's Poorest Starve in an Age of Plenty*. New York: PublicAffairs, 2009.

Transparency International. *Global Corruption Report 2008: Corruption in the Water Sector*. Rep. New York: Cambridge UP, 2008. Print.

"UN Agency Publishes First in Series of Books on 'green Economy'." *UN Daily News*. 1 Mar. 2011. Web. 8 Mar. 2011.
<<http://www.un.org/news/dh/pdf/english/2011/01032011.pdf>>.

"What We Do : Muslim Aid." *Muslim Aid Serving Humanity*. 2010. Web. 2 May 2011.
<<http://www.muslimaid.org/index.php/what-we-do>>.

"Whose Aid Is It Anyway?" *Oxfam International*. 2011. Web. 02 Apr. 2011.
<<http://www.oxfam.org/en/policy/whose-aid-it-anyway>>.

"WORLD BANK GROUP PRIVATE SECTOR DEVELOPMENT STRATEGY." 20 June 2003. Web. 7 Mar. 2011.
<http://rru.worldbank.org/Documents/PapersLinks/WBG_PSD_Implementation_Progre

ss_Report_June_2003.pdf>.

"World Population Prospects: The 2008 Revision Population Database." 11 Mar. 2009.
Web. 08 Mar. 2011. <<http://esa.un.org/unpp/index.asp?panel=5>>.

"Zakah." *Islamic Aid*. Web. 01 May 2011.
<<http://www.islamicaid.org.uk/islamicinfo2.html>>.