

## **What should count as aid?**

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One of the most prominent yet contested measures of wealthy countries' efforts to address global poverty is how much aid they provide. In recent years the relevance of the concept of aid has been challenged by claims that it places undue importance on one stream of the much larger financial flows that may promote development. But even if aid were redefined to encompass a wider range of sources of development finance, it would still be necessary to determine what kinds of activities should or should not count as furthering the objective of global development. Given the diversity of activities that may promote development, there are good reasons for adopting an inclusive definition subject to specified exceptions, as the OECD Development Assistance Committee has done for its official definition of aid. In this paper I develop a structured account of possible justifications for aid eligibility exemptions in order to evaluate existing exemptions as well as proposed exemptions that have attracted debate in Australia and internationally. Most existing exemptions either seek to exclude activities that (i) primarily benefit donor rather than recipient countries (e.g. counterterrorism and carbon offsetting activities); or (ii) yield benefits to developing countries that are not unequivocally linked to their economic development and welfare (military aid and peacekeeping). Consistently applying these justifications could warrant a range of further exemptions for contentious cases such as unsubsidised loans (under justification (i)) and asylum seeker costs in donor countries (under justification (ii)). However, I reject the view that justification (ii) requires excluding other proposed categories such as humanitarian assistance and funding for global public goods. Finally, I argue that, in advance of intergovernmental agreement on exemptions, individual donors such as Australia could enhance the integrity of their aid programs by voluntarily placing tight limits on counting contentious cases in their aid reporting.