



Australian
National
University

2018 MITCHELL ORATION

Reengineering the aid industry:
a priority for the 21st century

Sir Richard Feachem

Thursday 28 June 5.30pm

Presented by
Development Policy Centre, Crawford School of Public Policy,
College of Asia and the Pacific



Reengineering the Aid Industry: A Priority for the 21st Century

2018 Mitchell Oration
Australian National University

June 28, 2018

Professor Sir Richard Feachem
Director, Global Health Group
Professor of Global Health
University of California, San Francisco



Reengineering Aid

1. Structure of Aid Industry

2. Origins of Aid

3. Amount and Generosity of Aid

4. Aid Debate

5. Inconvenient Truths

6. Other Opinions

7. The Future

8. Australia



The Aid Industry

Bilaterals



Canadian International
Development Agency

DFID Department for
International
Development



Sida



USAID
FROM THE AMERICAN PEOPLE

Multilaterals



unicef



THE WORLD BANK



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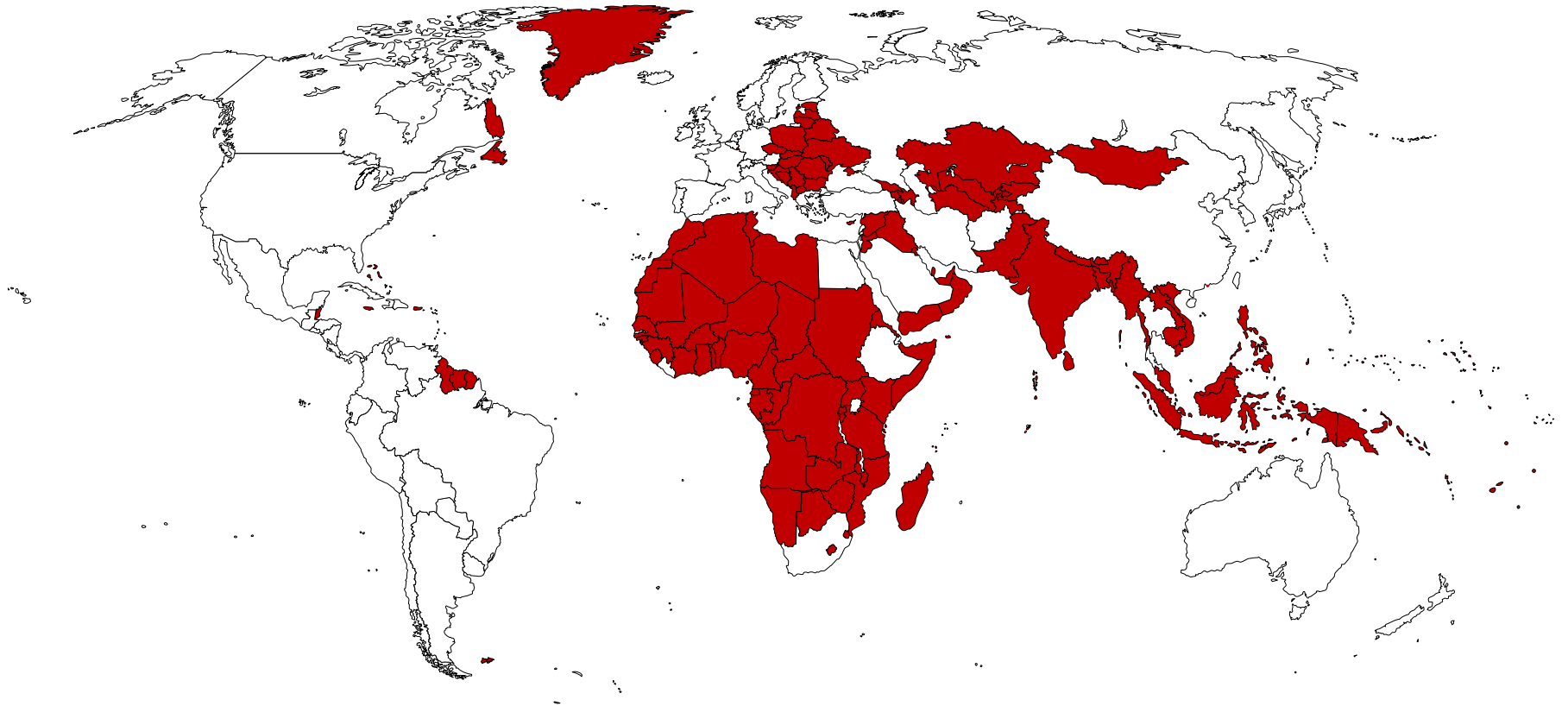


George C. Marshall

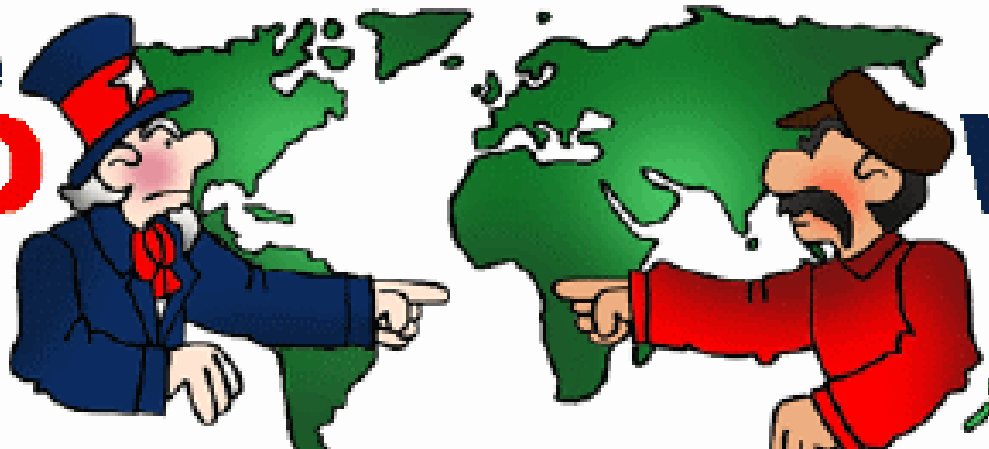
Secretary of State: 1947-1949



The Colonies: 1946



the
COLD



WAR



VS.



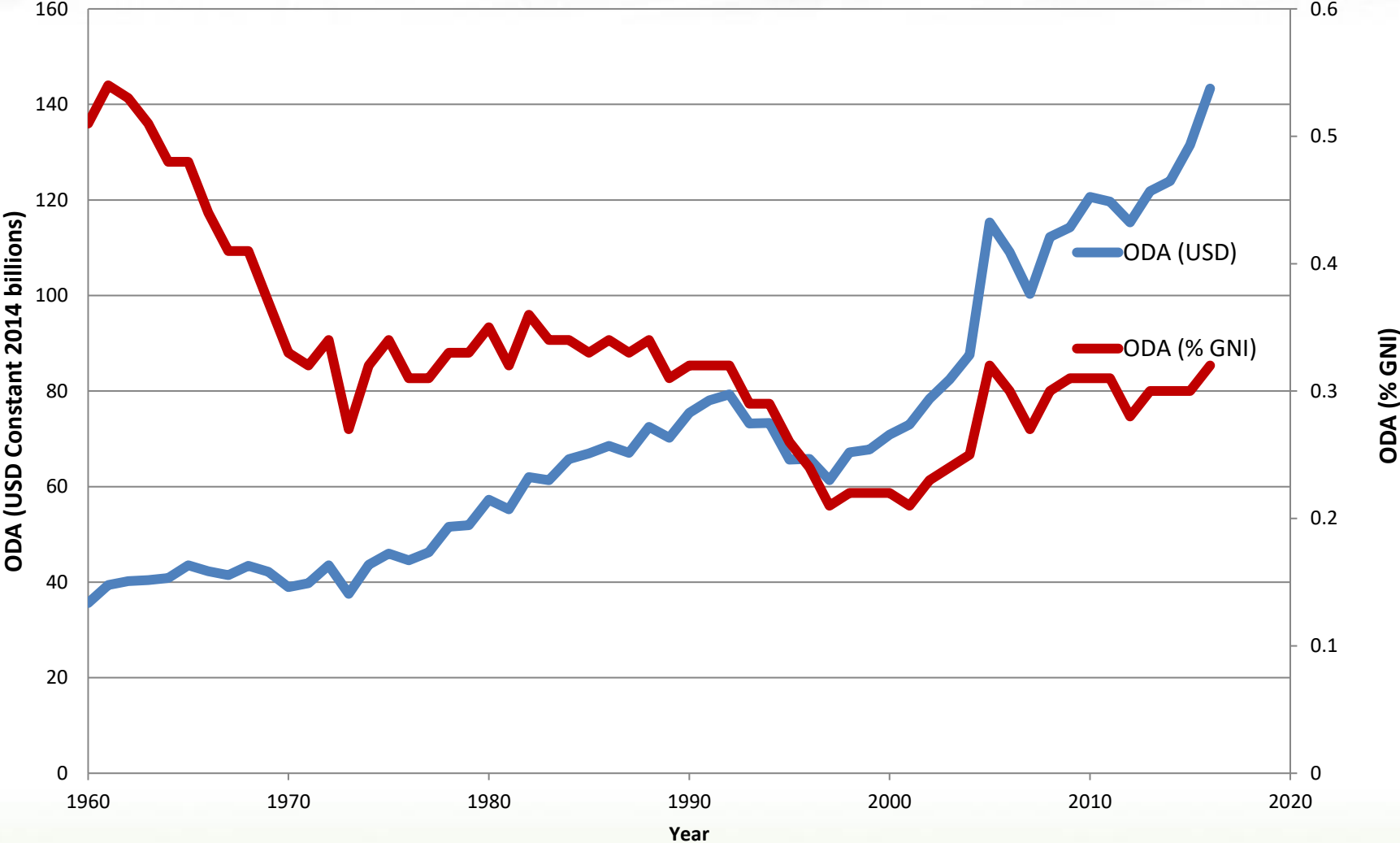
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Official Development Assistance (ODA)

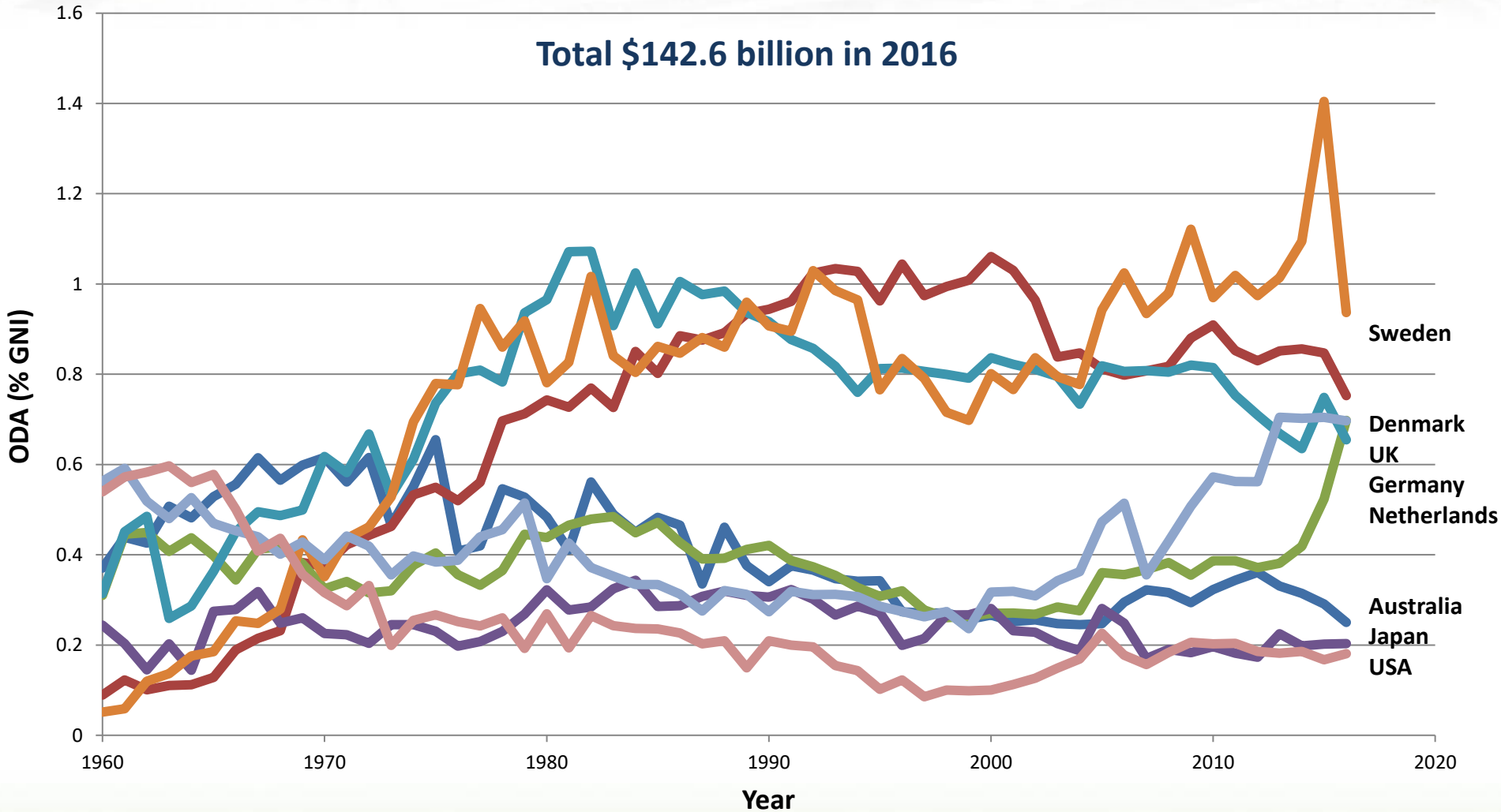
Total \$4.03 trillion from 1960-2016





% GNI Spent on ODA

Australia Denmark Germany Japan Netherlands Sweden United Kingdom USA

Total \$142.6 billion in 2016



Development Assistance for Health 2014-2016

Country	Total DAH \$ millions	Per Capita \$	As % of total government spending
1. Norway 	\$800	\$149	0.6%
2. Denmark	\$500	\$91	0.4%
3. United Kingdom	\$4,200	\$64	0.5%
4. United States	\$13,100	\$41	0.3%
5. Australia	\$500	\$21	0.1%
6. Japan	\$900	\$7	0.05%
7. Spain 	\$200	\$3	0.03%

Source Micah et al. *Health Affairs*: December 2017

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The Conventional Wisdom

“Aid is a vital investment with big returns for the world as a whole.”

Ángel Gurría
OECD Secretary General, 2010



Spectacular Successes since 1950

Poverty ↓

Life Expectancy ↑

Fertility ↓

High Mortality & Fertility

Because of aid?

Irrespective of aid?

Despite aid?



The Aid Debate

The Voices of Africa



Dambisa Moyo



John Githongo

A NEW YORK TIMES BESTSELLER

*“Extreme poverty
is a trap that can
be released
through targeted
investments”*
Economic Possibilities for Our Time
FOREWORD BY BONO

“Book and man are brilliant, passionate, optimistic and visionary.”
—THE ECONOMIST
Jeffrey Sachs
The End of Poverty, 2005





THE TYRANNY OF EXPERTS

ECONOMISTS, DICTATORS, AND
THE FORGOTTEN RIGHTS OF THE POOR

WILLIAM EASTERLY

AUTHOR OF *THE WHITE MAN'S BURDEN*

political and economic rights."

William Easterly
The Tyranny of Experts, 2014



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NEW YORK TIMES BESTSELLER

*“Aid has been,
an unmitigated
political, economic,
and humanitarian
disaster for most
parts of the
developing world”*

WHY AID IS NOT WORKING AND HOW
THERE IS A BETTER WAY FOR AFRICA

Dambisa Moyo
Dead Aid, 2009

DAMBISA MOYO

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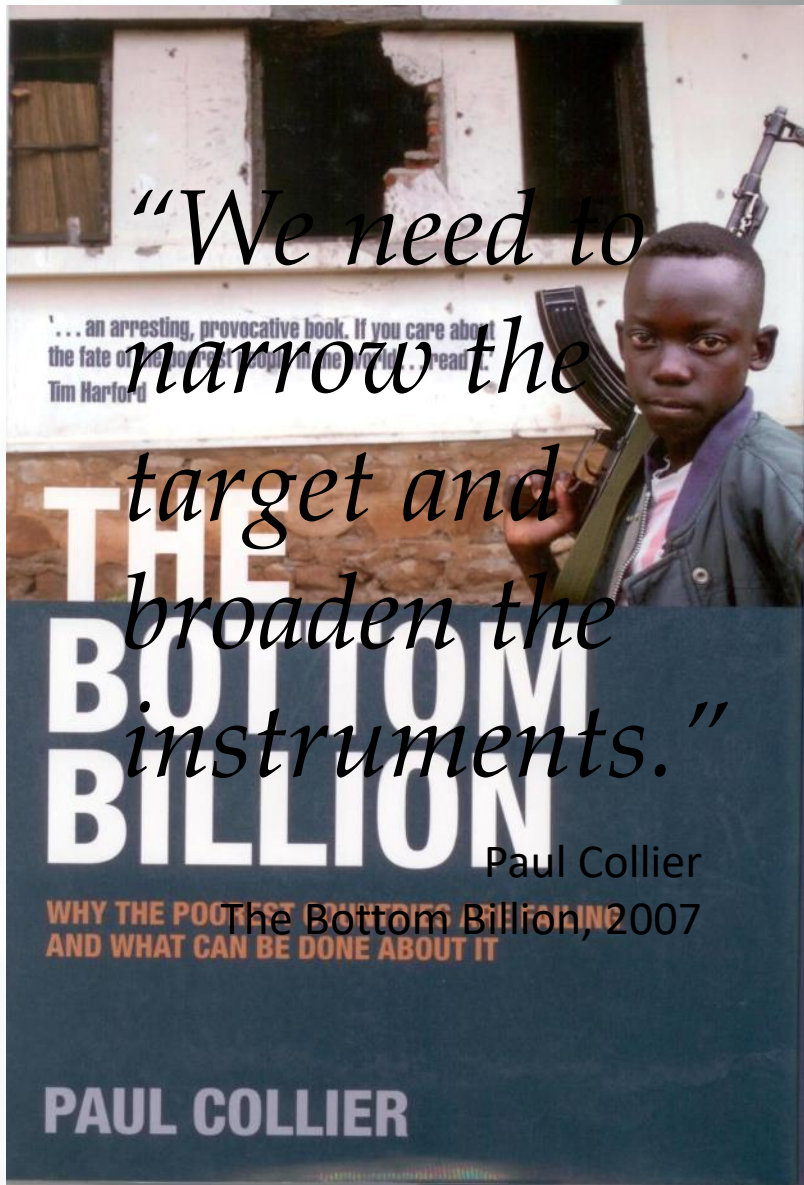




“Worried westerners, who so often seem to fall prey to a benign form of megalomania when it comes to Africa, would do well to accept that salvation is simply not theirs to bestow.”

John Githongo
It's Our Turn to Eat, 2009

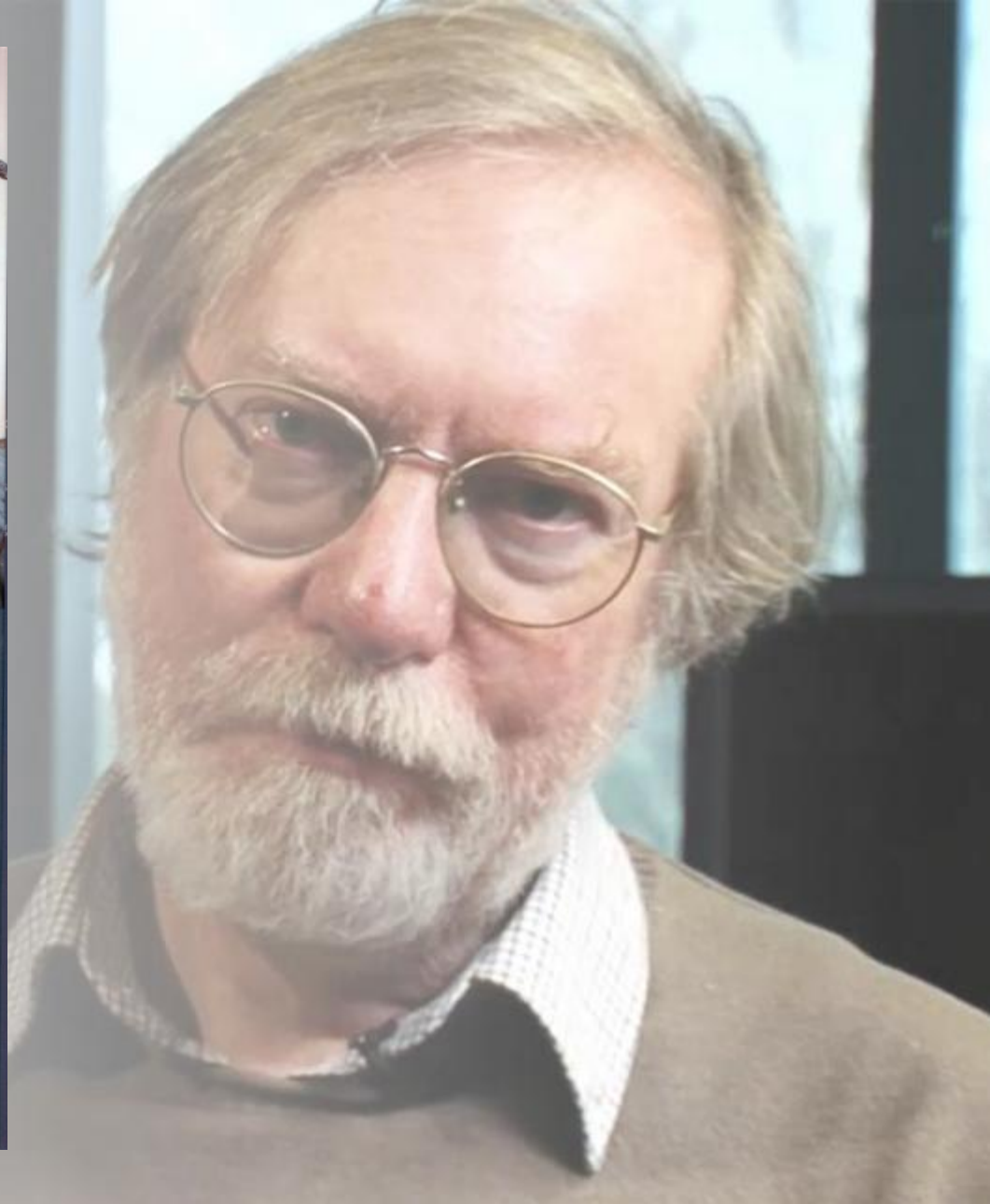




"We need to narrow the target and broaden the instruments."

Paul Collier

The Bottom Billion, 2007



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From evidence to action

UCSF

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The Econometric Evidence

“We find little robust evidence of a positive (or negative) relationship between aid inflows and economic growth.

*We also find **no evidence that aid works** better in better policy or geographical environments, or that certain forms of aid work better than others.*

Our findings suggest that the aid apparatus will have to be rethought.”

Rajan and Subramanian
Review of Economics and Statistics
90(4), 643-665, 2008

The Global Health Supermarket Fallacy

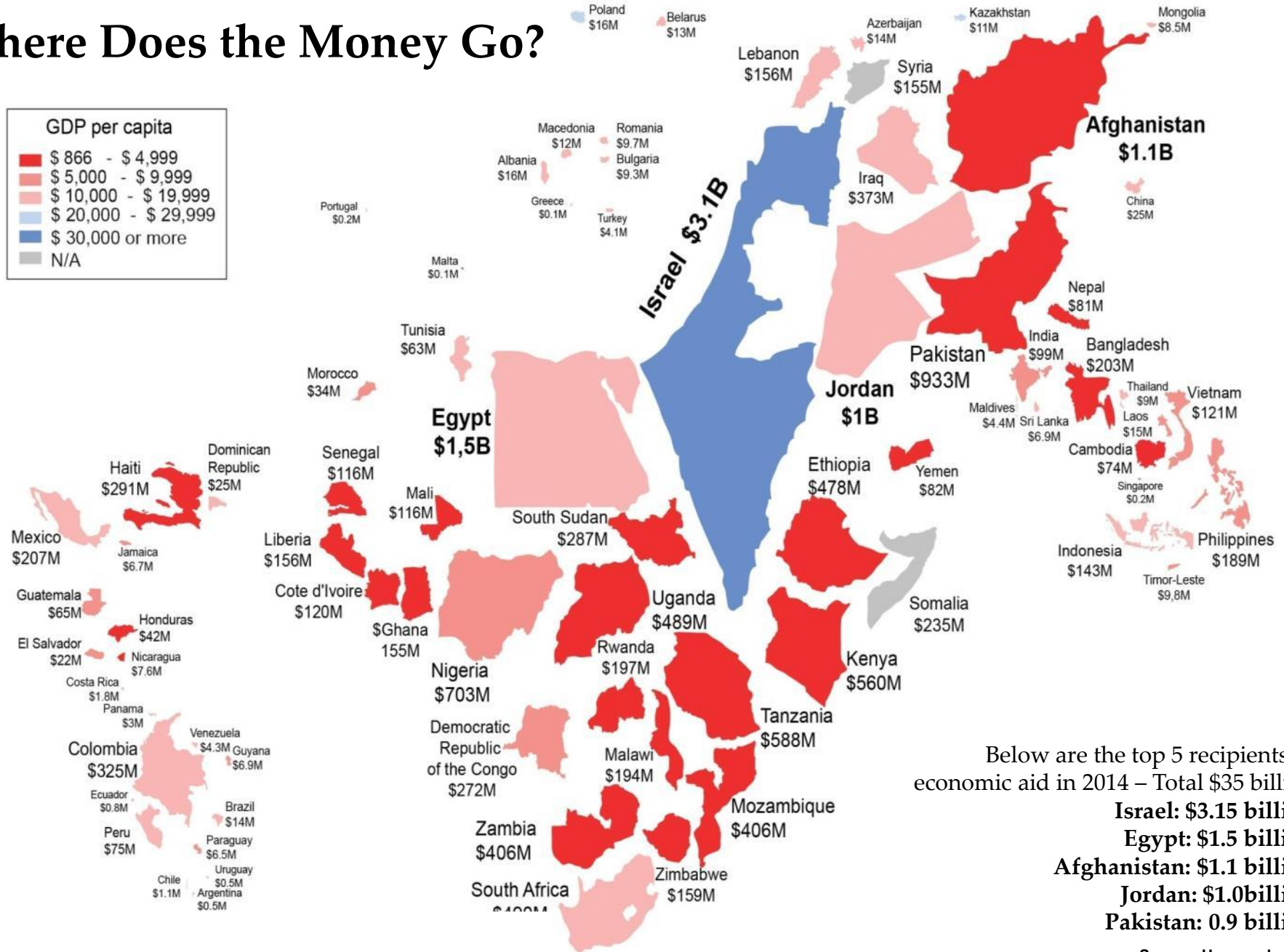


Price
A fully immunized child
\$10

Price
A safe birth
\$50

Price
An ebola case treated
\$100

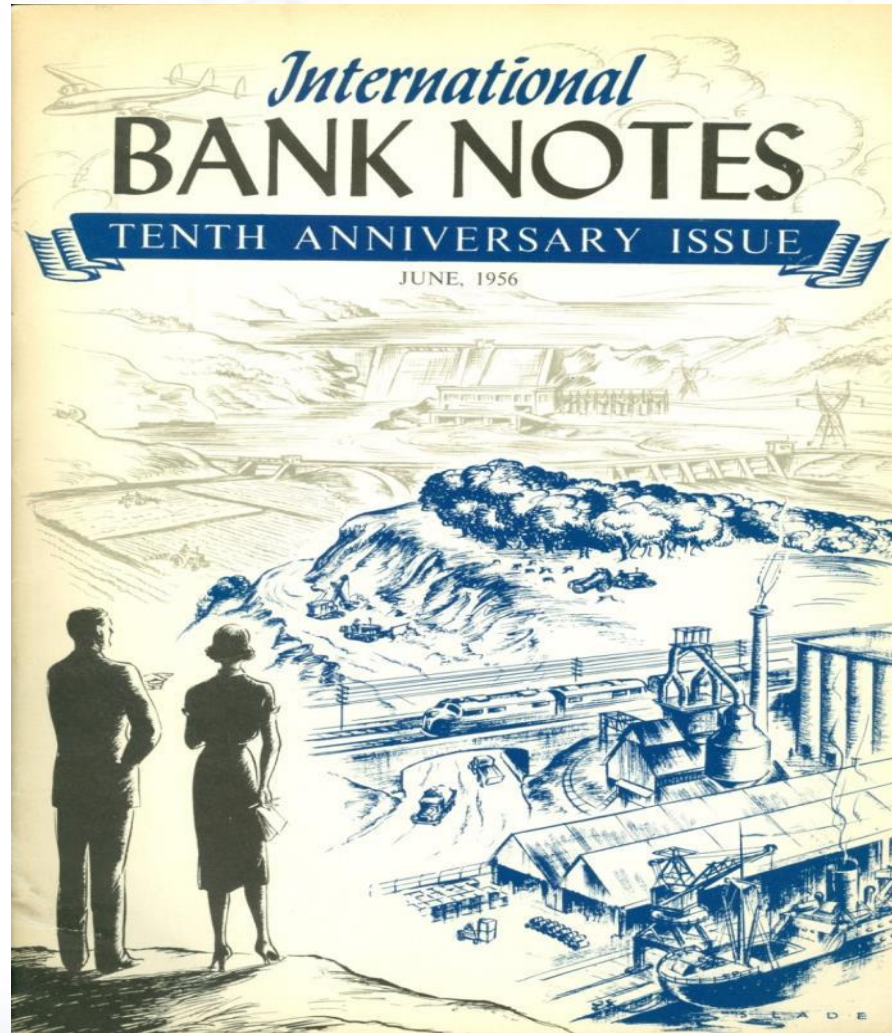
Where Does the Money Go?



Below are the top 5 recipients of economic aid in 2014 – Total \$35 billion

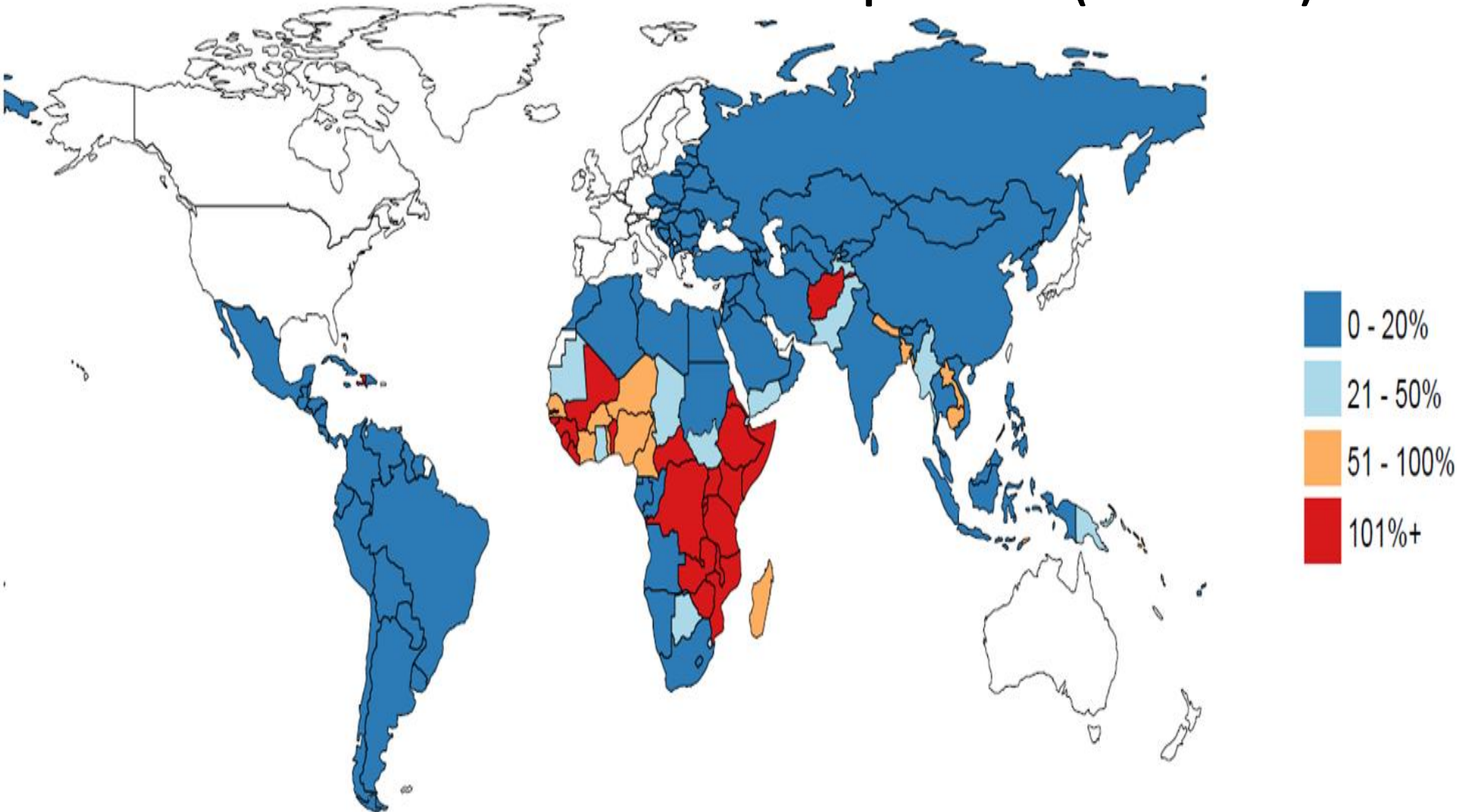
- Israel: \$3.15 billion**
- Egypt: \$1.5 billion**
- Afghanistan: \$1.1 billion**
- Jordan: \$1.0 billion**
- Pakistan: 0.9 billion**

Retreat from Infrastructure

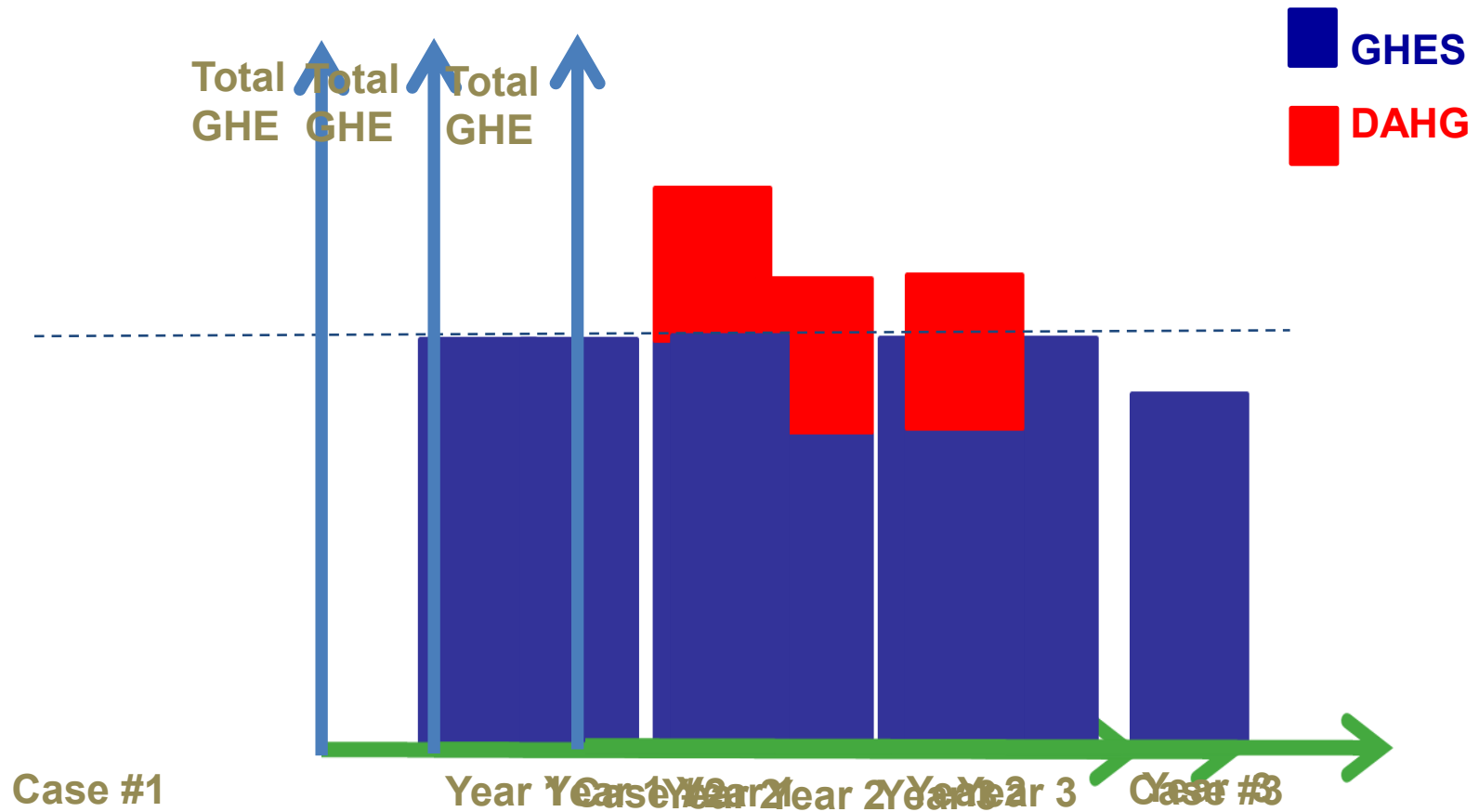


Aid Dependency

DAH as % of Government Health Expenditure (2013-2015)



Additionality or Substitution





*Aid does not buy **hearts and minds***



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THE GREAT ESCAPE

health, wealth,
and the origins
of inequality

ANGUS DEATON

www.li.com

www.li.com

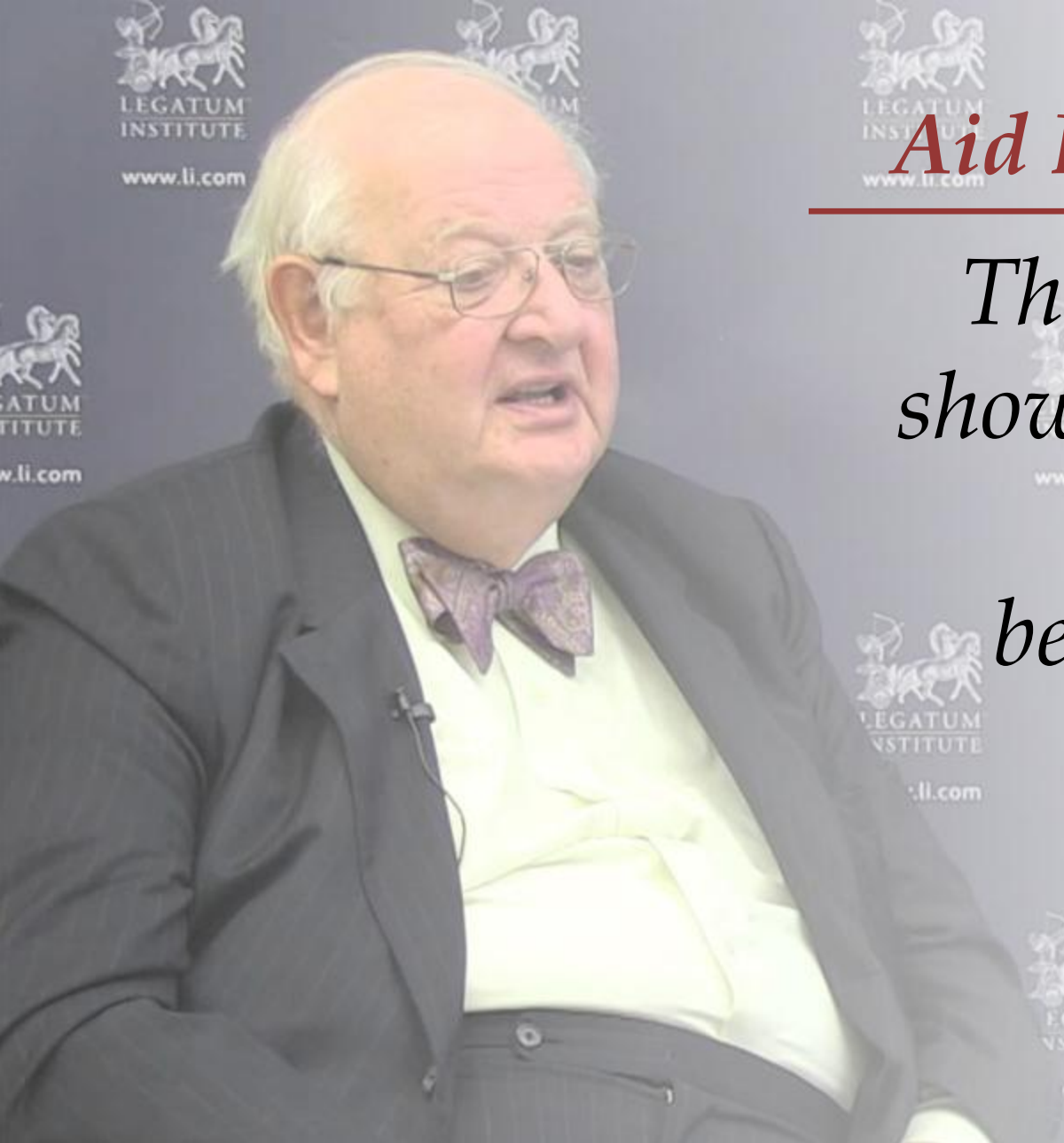


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From evidence to action

UCSF



Aid Doesn't Work

The record of aid shows no evidence of any overall beneficial effect.

Angus Deaton
The Great Escape, 2013





Aid Does Harm

That dedicated and ethical people are doing harm to people who are already in such distress is not the least of the tragedies of aid.

Angus Deaton
The Great Escape, 2013



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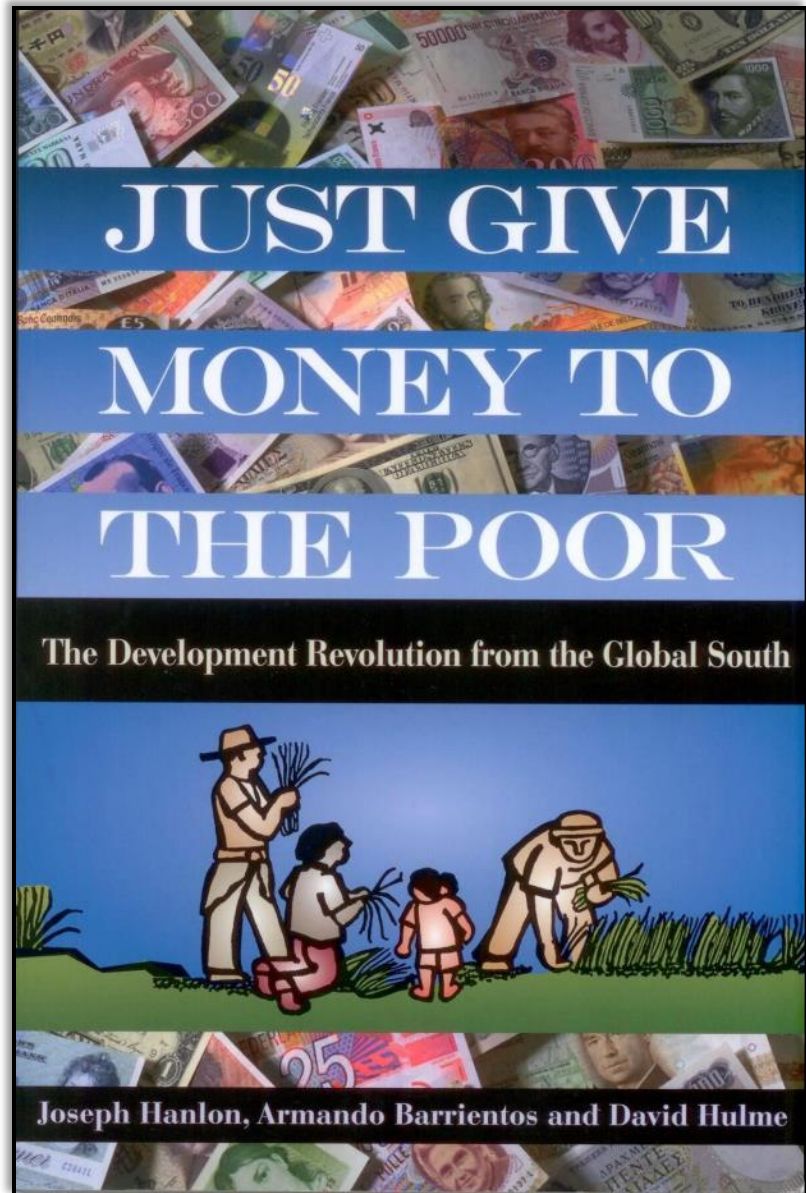
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“To reduce poverty and promote development, just give money to the poor.”

- Hanlon, Barrientos, and Hulme
2010



Personal Diagnosis

Aid has done much:

- To create focused, irreversible change: smallpox eradication
- To create focused, but reversible change: HIV treatment, child immunization, malaria control

Aid has done little:

- To drive economic growth or long-term broad and deep improvements in welfare

Aid has done harm:

- By encouraging and/or perpetuating dysfunctional governance and policies

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A New Aid Paradigm

1960s:

- Supply-driven, input focused

Today:

- Demand-driven, outcome focused

Plus:

- Purchaser provider split
- Pro-private sector
- Dual accountability
- Extreme transparency
- Longer-term and more predictable aid flows



Focus on Non-Aid Development Agenda

“Aid is not the most important policy tool rich countries have to influence growth and development. Much greater influence comes through trade and investment policies.”

Steven Radelet
Emerging Africa, 2010

Maintain Momentum with Key Initiatives

For example:

- Polio Eradication
- Childhood Immunization
- HIV/AIDS Prevention and Treatment
- Malaria Control and Elimination
- NTD Eradication

With renewed concern for sustainability

Find New Ways to Support Very Poor, Small Countries

- Burundi
- Central African Republic
- Gambia
- Guinea
- Liberia
- Malawi
- Niger
- South Sudan
- Togo

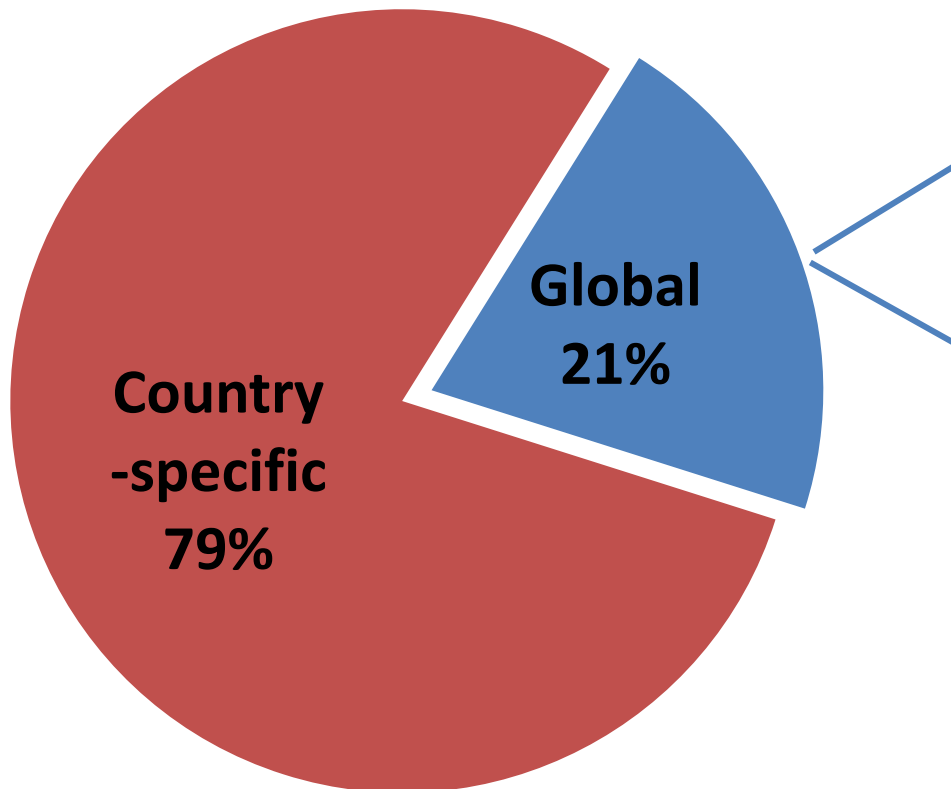
2016 GNI per capita **<\$600** : Population **<20 million**

Support the Next Generation of Leaders

- **Invest** in Universities
- Create well-funded, long-term, co-managed **marriages between northern and southern** medical, engineering and management schools
- Open more **development** related fellowships, with support for return

Scale up support to global functions

One-fifth of health aid is directed towards global functions, which includes:



Underfunded functions

R&D
of new health
tools



Outbreak
preparedness and
response



Leadership &
stewardship



Australia

How much?

1. \$s: 0.36% of GNI (2012) → 0.23% of GNI (2017) → ?

Public Goods/ICA

2. Global Public Goods?

- Yes, eg Global Fund. Research

3. Regional Public Goods?

- Yes, eg Regional Health Security

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Aid to Countries

4. Which regions?

- Asia Pacific? **YES**
- RoW? **NO**

5. Which countries?

- Small and/or fragile: **YES**
- Other: **?**


6. What sectors?


- Health and education: **YES**
- Infrastructure: **YES**
- Leadership: **YES**
- Other: **?**

7. With China or against China?

Australian Aid 2018-2019

**One-Third Global: Two-Thirds Asia Pacific
Half To Countries: Almost All In Asia Pacific**

Target	Amount (AU\$ million)	%
Global	\$1,302	31 %
Asia Pacific, Regional	\$524	13 %
Asia Pacific, Country ^{1, 2}	\$2,072	50 %
RoW	\$265	6 %
Total	\$4,163 	100 %

1. All developing countries (27)  from Afghanistan eastward, except China, India, N.Korea, Thailand.
2. Only 3 countries receive >\$100 million per year. PNG (\$572m), Indonesia (\$316m), Solomon Islands (\$187m)

Australian Aid 2018-2019

Sectors

Health and education	27%
Infrastructure and trade	19% ↑
Building resilience + effective governance	38% ?

Leadership with strong linkages to the great Australian universities

Radical Aid Reform

Recruits Wanted



Ernest Shackleton
Imperial Trans Antarctic Expedition
The Times, December 29, 1913

A high-angle, wide shot of the Golden Gate Bridge in San Francisco. The bridge's iconic orange-red towers and suspension cables are prominent, extending across the deep blue water of the Golden Gate Strait. In the background, the San Francisco city skyline is visible on the left, and the Marin Peninsula is on the right. The sky is a clear, pale blue.

Thank you for listening

UCSF Global Health Group