



# Development success and the improving world of aid

**By Terence Wood**

I am, by nature, something of a pessimist. From climate change to conflict I worry about the problems of the world and despair at our apparent inability to solve them. Ongoing injustices rile me and the perennial ability of vested interests to exert power and distort public policy leaves me despondent. The cruelty of my fellow human beings shocks me, while my own inability to live up to my ideals startles me at times.

In all this I am, I think, a fairly typical member of the global development community. We focus on the problems of the world and our work takes place in the empty half of the glass. Which is fine — that's where the work needs to be done, and if you don't focus on problems you'll never solve them. Or, at least, it's fine up to a point, beyond that though, if we focus exclusively on the things that don't work, we run the risk of missing the things that do. And if our only yardstick is the perfect, we will fail to recognise the good, or the adequate.

Charles Kenny's new book ['Getting Better'](#) is one excellent antidote to development pessimism (you can read it reviewed [here](#), [here](#) and [here](#), and listen to Kenny being interviewed [here](#)). At the centre of Kenny's argument is the claim that, while economic development in many of the world's poorest countries has been disappointing, dramatic progress has still taken place almost everywhere on Earth in areas such as health and education. This is something he attributes to technological change (medicines have become cheaper, for example) and also to aid and social programmes which have helped facilitate access for the poor. Sure, aid programmes fail, and corruption and inefficiency impede the work of developing country governments but, despite all this, there has been sufficient success to ensure that at least some of the fruits of progress have made it to many of those living in poverty. I think Kenny is overly sanguine when it comes to the future challenges that our planet will face (environmental ones in particular) but nevertheless his book is a good counter to development pessimism: recent decades really have seen significant development success.

A similar tale of improvement can be told about aid itself. On average, over the last decade and a half, official development aid has, I think, gotten better. By 'gotten better' I don't mean 'has obtained perfection'. There is still much wrong with much official government aid. But in important areas improvements have occurred. The proportion of aid that is tied to the purchase of goods and services from donor countries [decreased from 54% in 2001 to 18% in 2008](#) (for OECD DAC countries). And many donors are devoting more resources to learning about what

actually works. In the case of my former employer, the New Zealand government aid programme, the programme blossomed from being a small government department in 2002, which focused much of its efforts in areas of questionable value for money, such as providing university scholarships, to a fully fledged and well regarded aid programme in 2008. In a different political environment the Australian government aid programme was also able to improve in a number of key areas. Neither aid programme was perfect in 2008 but I think few would argue that they weren't better than they were 10 years previously and I think the same can be said for other countries, such as the United Kingdom, too.

There is also an increasing body of academic research which suggests that aid has improved in recent years. Work by Stijn Classens and others [[gated link](#)], for example, suggests that since the 1990s, donors have tended to focus more aid on the world's poorest countries. Classens' research also appears to show that aid donors have started to take quality of recipient country governance into account when allocating aid. This finding also appears in [work by Sarah Bermeo](#) which provides evidence to suggest that donors have, since the end of the Cold War, altered the type of aid they have given to developing countries depending on the quality of governance among aid recipients ([Similar work has also been undertaken with similar results by Simone Dietrich](#), who also provides evidence that such selectivity leads to aid being more effective in reducing poverty). Ms Bermeo has also [undertaken research](#) which appears to show that, while aid did indeed prop up dictators during the Cold War, it's impact on regime change is now non-existent. Which is not as good as finding that aid actively fosters democracy, but it is an improvement nonetheless. With respect to aid's impact on quality of governance, Nicholas Charron has a recent paper [[gated/ungated](#)] that suggests that over the last decade some aid has tended to reduce corruption, something that does not appear to have been the case previously.

Just to be clear, some of these papers are only working papers, and a good rule of thumb with econometric work is never to hang too much on only one paper, but

quantitative findings are accumulating, which adds credence to the argument that there has been a qualitative improvement in the work of many aid agencies.

If aid agencies have been improving the next question has to be ‘why?’ What has led to the development of aid?

Obviously, as suggested in the timing of many of the results I’ve just mentioned, the end of the Cold War has played a part, with its end contributing to a world where aid agencies have been less constrained by geo-strategy and increasingly able to devote attention to making aid work.

The end of the Cold War can’t explain everything though. After all, it’s not as if geo-politics vanished completely with the demise of the Soviet Union. Other factors have also been at work, including the formation of a ‘normative community’ of aid agency staffers who have attempted to codify good practice through agreements such as the Paris Declaration. Non-binding agreements like the Paris Declaration may seem like awfully flimsy tools for promoting better aid: it’s unlikely that many politicians would balk at violating them should push come to shove. Yet at the same time, much aid agency decision making is bureaucratic not political. And bureaucrats desiring to conform to norms of best practice as stipulated by their international peers are in a position to effect considerable change.

Another factor which I think explains the improving world of aid is concerted lobbying by civil society groups. This has always taken place but I think it is fair to say that — through campaigns such as Jubilee 2000 and Make Poverty History, along with the work of watchdog organisations — it has become more potent. Making it harder for politicians to put the aid funded by their taxpayers to nefarious ends.

And all of this is good news. Which is not the same as saying that aid is now perfect. Or that it couldn’t again get worse (one only has to look at recent

problems with New Zealand aid to see this taking place). The same is true with global development outcomes. They may be getting better, but they're a long way short of where they need to be. And increasing environmental problems could quite plausibly lead to dramatic development reversals. Nevertheless, in both aid work and development outcomes, it's still worth recognising that improvements have taken place. We pessimists need to cheer up just a bit; that glass is slowly, but surely, filling-up.

*Terence Wood is a PhD student at ANU. Prior to commencing study he worked for the New Zealand government aid programme.*

## About the author/s

### **Terence Wood**

Terence Wood is a Research Fellow at the Development Policy Centre. His research focuses on political governance in Western Melanesia, and Australian and New Zealand aid.