

# Making progress in foreign aid research

by Terence Wood  
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Aid has a mixed track record. But, then again, so too does aid research and aid researchers' commentary about aid. Vox pop aid writing often descends into **poorly argued polemic**. And, even when they are being properly academic, researchers have frequently focused on questions which are ultimately unhelpful.

Nancy Qian's new paper (gated NBER version [here](#), open version [here](#)) is not without its faults (as a commenter notes [here](#) its coverage of existing work has big gaps, and at one point military aid is quietly conflated with ODA). Yet, the paper is even-handed, and does a good job of pointing out the problems of much of the previous economic research on aid.

In addition to the perennial issue of trying to tease causal inference out of correlation in observational studies (here she points to one [ingenious attempt to get past this](#)) Qian identifies two big problems that have plagued the way we've looked at questions of aid effectiveness. Specifically:

1. In a world where too much aid has been given for commercial or geostrategic reasons, rather than a genuine desire to help, we will learn little about aid's potential to help by aggregating past aid flows and looking for an effect.
2. Similarly, given that aid likely works to differing degrees in different contexts, and that — even when well intended — not all aid ends up equally well delivered, we will also learn little about aid's potential to help by aggregate studies of effect.

Instead, she argues we need to focus on learning more about what we can do to maximise the amount of aid that is genuinely given (some countries do a lot better than others in this, and within countries it changes over time, so improvement can't be impossible), and then we need to learn when aid works and what makes it work, thinking carefully about the external validity of any one piece of research.

Put like this, such ideas hardly sound profound. But set against the troubled track record of aid research, the fact they are being argued by a well known economist from an Ivy League university seems like progress to me.

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