

<b>Forum:</b>	Special Conference on the Paradox of Progress (SPECON)
<b>Issue:</b>	Assessing the Efficacy of International Aid on State Development
<b>Student Officer:</b>	Kai Yuet Zhang
<b>Position:</b>	President

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## PERSONAL INTRODUCTION

Dear Delegates,

My name is Kai Yuet Zhang and I am a 10<sup>th</sup> grade student from the American Community School of Athens. This year I will have the utmost honour of serving as the main chair of the Special Conference on the Paradox of Progress (SPECON) in the Platon School MUN. This conference would mark my sixth time chairing, and ninth MUN conference overall. MUN has involved me in international affairs from the perspective of change makers and leaders, offering me the opportunity to improve my awareness and challenge my perspectives on current day events. I hope, through this committee, that you will also be able to take advantage of the knowledge and skills MUN has to offer.

This study guide aims to familiarise you with the topic of ‘Assessing the Efficacy of International Aid on State Development’. This is an intricate matter as it spans across vastly different regions in terms of needs, vulnerability, development and present circumstances, as well as a matter of great impact to those affected communities.

Although the guide offers an overview of the topic, it is highly recommended for you to conduct your own additional research for a better understanding. If you have any questions at all, feel free to contact me at [zhangk26@stu.acs.gr](mailto:zhangk26@stu.acs.gr). I look forward to seeing your productive discussions and fruitful debates!

Best Regards,

Kai Yuet Zhang

## INTRODUCTION

International aid has long been a crucial part when aiding the development of a state, whether it is to mitigate the impacts of conflicts and disasters or to support a developing country in their state building process. They are consistently viewed as the “surest way out of poverty” for LEDCs<sup>1</sup> by international organisations and governments, becoming the favourable method of aid within the international community. The usage of international aid could be separated into four main categories; Economic growth or recovery, mitigation of humanitarian causes, national security and defence, as well as enhancing the exchange of knowledge. The benefits of international aid are widely recognized and still operate as the primary option of international assistance, regarded as mutually beneficial for both the donor nation and the recipient nation and capable of directly improving the livelihoods of many.

However, there are multiple complications regarding such donations, including interference with sovereignty, exploitation of aid-dependent countries and corruption on both sides, which ultimately diminishes the efficacy of the aid. The effects of such dependence on foreign aid have been shown to lead to lack of actual progress within state development as it is well within the interest of MEDCs to keep LEDCs reliant on their support, creating potential political or trade allies.<sup>2</sup> Corruption within the handling of the funds on a national and local level further puts the effective use of aid into question as communities continue to be neglected. With rampant mismanagement of such aid, potential donor countries may even be discouraged from offering further aid.

Currently, there are no standardised criteria of assessment applied globally to measure the efficacy of international aid, which creates an incredibly disorganised situation that is unregulated and unauthenticated. This lack of clarity and transparency leads to the lack of accountability when it comes to the management and application of international aid, leaving crises unattended to and risking the lives of millions. Such ambiguous cases create vulnerabilities that are exploitable and remains a pressing matter affecting regions all over the world. In spite of the trillions that has been poured into this cause, the global economic divide and inequality continues to persist between nations.

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<sup>1</sup> “Assessing the Impact of Foreign Aid.” *ScienceDirect*, [www.sciencedirect.com/book/9780128036600/assessing-the-impact-of-foreign-aid](http://www.sciencedirect.com/book/9780128036600/assessing-the-impact-of-foreign-aid). Accessed 27 July 2023.

<sup>2</sup> Abate, Chala Amante. “The Relationship between Aid and Economic Growth of Developing Countries: Does Institutional Quality and Economic Freedom Matter?” *Cogent Economics & Finance*, vol. 10, no. 1, 16 Apr. 2022, [www.tandfonline.com/doi/epdf/10.1080/23322039.2022.2062092?needAccess=true&role=button](http://www.tandfonline.com/doi/epdf/10.1080/23322039.2022.2062092?needAccess=true&role=button), <https://doi.org/10.1080/23322039.2022.2062092>. Accessed 27 July 2023.

## DEFINITION OF KEY TERMS

### Bilateral Aid

One country gives aid to another.<sup>3</sup>

### Efficacy

The ability of a method of achieving something to produce the intended result.<sup>4</sup>

### Gross Domestic Product (GDP)

The total value of goods and services produced by a country in one year.<sup>5</sup>

### Humanitarian Aid

Financial and other material assistance provided to another country to save human lives during or after natural or man-made disasters, minimise human suffering and ensure the essential means necessary for living in a manner compatible with human dignity, as well as assistance to prevent such situations and enhance the capacity to respond to such situations.<sup>6</sup>

### Less Economically Developed Countries (LEDCs)

A country with a low standard of living and a much lower GDP, often characterised by poverty and slow state development.<sup>7</sup>

### Long-term Aid

Money given by a country to another for a specific purpose over a long period of time, most commonly in forms of sharing knowledge and training local personnel.<sup>8</sup>

### Marshall Plan

A U.S. sponsored program providing financial and humanitarian aid to Western European countries after World War II, also known as the Europe Recovery Plan.<sup>9</sup>

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<sup>3</sup> "International Aid - Case Study - Development in an Emerging Country - India - Edexcel - GCSE Geography Revision - Edexcel." *BBC Bitesize*, [www.bbc.co.uk/bitesize/guides/zc72frd/revision/7](http://www.bbc.co.uk/bitesize/guides/zc72frd/revision/7).

<sup>4</sup> Cambridge Dictionary. "EFFICACY | Meaning in the Cambridge English Dictionary." *Cambridge.org*, 2019, [dictionary.cambridge.org/dictionary/english/efficacy](http://dictionary.cambridge.org/dictionary/english/efficacy).

<sup>5</sup> "Gross Domestic Product." *Dictionary.cambridge.org*, [dictionary.cambridge.org/dictionary/english/gross-domestic-product](http://dictionary.cambridge.org/dictionary/english/gross-domestic-product).

<sup>6</sup> Law Insider. "Humanitarian Aid Definition." *Law Insider*, [www.lawinsider.com/dictionary/humanitarian-aid](http://www.lawinsider.com/dictionary/humanitarian-aid).

<sup>7</sup> "The Development Gap - CCEA - Revision 1 - GCSE Geography - BBC Bitesize." *BBC Bitesize*, 2020, [www.bbc.co.uk/bitesize/guides/zcg7dxs/revision/1](http://www.bbc.co.uk/bitesize/guides/zcg7dxs/revision/1).

<sup>8</sup> "International Aid - Case Study - Development in an Emerging Country - India - Edexcel - GCSE Geography Revision - Edexcel." *BBC Bitesize*, [www.bbc.co.uk/bitesize/guides/zc72frd/revision/7](http://www.bbc.co.uk/bitesize/guides/zc72frd/revision/7).

<sup>9</sup> History.com. "Marshall Plan." *HISTORY*, A&E Television Networks, 16 Dec. 2009, [www.history.com/topics/world-war-ii/marshall-plan-1](http://www.history.com/topics/world-war-ii/marshall-plan-1).

### More Economic Developed Countries (MEDCs)

A country with a high standard of living, better access and a higher GDP.<sup>10</sup>

### Multilateral Aid

When more than one country gives aid, usually through a third-party organisation.<sup>11</sup>

### Official Development Aid (ODA)

Government aid designed to promote the economic development and welfare of developing countries, excluding military purposes.<sup>12</sup>

### Short-term Aid

Relief aid given after a disaster.<sup>13</sup>

### Tied Aid

Aid given with conditions attached that must be met.<sup>14</sup>

## BACKGROUND INFORMATION

### Overview of International Aid

#### The European Recovery Program (Marshall Plan)

The European Recovery Program, more commonly known as the Marshall plan, was one of the earliest forms of international aid, effective from 1948 to 1951. In the aftermath of World War II, Europe at the time was left in shambles, socially and economically. The continent required significant assistance in rebuilding each nation, which is when the United States, who had remained relatively unscathed, stepped in with the proposal of the Marshall Plan. Led by General George Marshall, this plan focused on stabilising the economy of European countries and helped them to rebuild much of the demolished urban areas. Roughly 147 billion dollars was involved in this rebuilding. Furthermore, the Marshall Plan was enacted with a purpose of preventing an expansion of communist thought into a destabilised Europe. Consequently, positive effects of the Marshall Plan were linked to a strong European-American relationship,

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<sup>10</sup> "The Development Gap - CCEA - Revision 1 - GCSE Geography - BBC Bitesize." *BBC Bitesize*, 2020, [www.bbc.co.uk/bitesize/guides/zcg7dxs/revision/1](http://www.bbc.co.uk/bitesize/guides/zcg7dxs/revision/1).

<sup>11</sup> "International Aid - Case Study - Development in an Emerging Country - India - Edexcel - GCSE Geography Revision - Edexcel." *BBC Bitesize*, [www.bbc.co.uk/bitesize/guides/zc72frd/revision/7](http://www.bbc.co.uk/bitesize/guides/zc72frd/revision/7).

<sup>12</sup> "Official Development Assistance (ODA)." *Www.oecd-ilibrary.org*, [www.oecd-ilibrary.org/development/official-development-assistance-oda/indicator-group/english\\_5136f9ba-en](http://www.oecd-ilibrary.org/development/official-development-assistance-oda/indicator-group/english_5136f9ba-en).

<sup>13</sup> "International Aid - Case Study - Development in an Emerging Country - India - Edexcel - GCSE Geography Revision - Edexcel." *BBC Bitesize*, [www.bbc.co.uk/bitesize/guides/zc72frd/revision/7](http://www.bbc.co.uk/bitesize/guides/zc72frd/revision/7).

<sup>14</sup> "International Aid - Case Study - Development in an Emerging Country - India - Edexcel - GCSE Geography Revision - Edexcel." *BBC Bitesize*, [www.bbc.co.uk/bitesize/guides/zc72frd/revision/7](http://www.bbc.co.uk/bitesize/guides/zc72frd/revision/7).

diminishing domestic communist parties. Overall, contemporary historians view this project as a positive delivery of international aid in post-conflict settings, though it is not devoid of criticism. It is thought to also set the precedent for utilising international aid as a political instrument of leveraging alliances and furthering ideological influences onto weaker countries in a state of need.

### Purpose of International Aid

International aid to countries for developmental purposes is known as Official Development Aid (ODA), and serves multiple purposes. They include money, goods, services sent to support the growth of the recipient country's social programs, economy, infrastructure, healthcare, respond to a crisis or strengthen its security defence capability. Today, the majority of countries reliant on international aid are LEDCs, primarily located in Africa and Asia, often struggling with some form of regional instability, humanitarian crisis and/or environmental issues. Usage of international aid in these LEDCs depends on their most pressing challenges, and generally attempts to improve the quality of life. The largest and most consistent donor nations are often MEDCs capable of sending additional assistance.

### Types of International Aid

Different types of international aid aimed to solve different issues. Short-term aid is usually given after an immediate disaster, which is one of the most common forms of aid given. Long-term aid, specifically funds one project within the country, over the course of a longer time. It could be compared to a form of investment for the country's development. Particularly the form of knowledge aid, which is passing on new technology while enhancing existing skills by training personnel, is considered to be more effective as a long-term contribution towards state development.<sup>15</sup> Tied aid, however, has certain conditions attached to the assistance. There could be bilateral aid, where it is only between two countries directly, or multilateral aid, when multiple countries provide aid. Multilateral aid often passes through a third-party forum, such as the World Bank or the International Monetary Fund, as these

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<sup>15</sup> Abate, Chala Amante. "The Relationship between Aid and Economic Growth of Developing Countries: Does Institutional Quality and Economic Freedom Matter?" *Cogent Economics & Finance*, vol. 10, no. 1, 16 Apr. 2022, [www.tandfonline.com/doi/epdf/10.1080/23322039.2022.2062092?needAccess=true&role=button](https://doi.org/10.1080/23322039.2022.2062092?needAccess=true&role=button), <https://doi.org/10.1080/23322039.2022.2062092>. Accessed 27 July 2023.

organisations are instrumental within the process of distributing international aid.<sup>16</sup>

## Complications of International Aid

### Intentional Over-Reliance and Dependency

Dependency on international aid is a familiar situation for many developing nations around the globe. Without consistent international aid whether in the form of immediate monetary assistance or material resources, the country struggles to perform basic functions. Although such aid might mitigate immediate problems, it hinders the long-term ability of a state to independently and sustainably develop.

Furthermore, this one-sided dependency allows for exploitation of resources and vulnerable communities by the donor nation. Such high dependency creates high influence to the recipient nation, which may be exerted in forms that are unethical and unfair. The objectives of international aid include humanitarian welfare causes, but more so to pursue foreign policy goals. The political and economic interest of donor countries are achieved through strategic giving and withdrawing of such important aid. One such example would be conditional aids, which includes certain criteria that must be met in order for the country to receive the aid. Such criteria could look like trade deals, political reform or to reach a certain human rights development index. Such models of international aid are predatory in nature, resulting in civilian losses and asymmetric balance of power between nations. Currently the International Monetary Fund is in the process of adopting a more sustainable solution to combat this issue of over-reliance, though it cannot completely resolve this issue.

### Corruption within Recipient Governments

Economically developing countries are often categorised by a government plagued with various problems, including multilevel corruptions with official institutions. Corruption regarding international aid could exist in forms of mismanaging funds and distributing resources inadequately. These forms of corruption occur in almost every level of the government, from national institutions to local leaders. Since international aid is handled from the highest level first, then distributed to various local branches, the efficiency of the aid is diminished not only by bureaucratic measures in between administration levels, but also the corruption and the embezzlement. This results in a failure to maximise the efficiency of the funds and resources, hindering their ability to relieve suffering and progress development, especially humanitarian aid and ODAs.

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<sup>16</sup> Heakal, Reem. "An Introduction to the International Monetary Fund (IMF)." *Investopedia*, 26 July 2021, [www.investopedia.com/articles/03/030703.asp](http://www.investopedia.com/articles/03/030703.asp).

It is also important to note that these forms of embezzlement would exist both within the donor government when sending out aid and the recipient party who would be actually responsible for the allocations. Long term abuse and mismanagement of aid would potentially even discourage more countries from offering assistance, current donating countries to reconsider their position.

#### Lack of Long-term Knowledge Aid

Knowledge aid is the most effective form of aid towards state development in the long term, but the least used one by MEDCs. Resources can be replenished, but knowledge once shared is forever in the possession of the recipient country, involving a huge risk factor for the donor country. Sending specialised personnel to the donor country also risks the loss of such personnel for the donor country, who wish to maintain their strategic and technological advantages over many LEDCs who are developing rapidly. This lack of trust within a cooperation plays a significant role in hindering international relationships and the sourcing of knowledge aid that could truly be transformative.

#### Lack of Management and Organisation

Focusing on the current process of international aid, there is a severe mismanagement crisis occurring. On average, as much as 55% of aid to a given country does not arrive on time, creating a difficult schedule for the recipient country to manage. Lack of communication on both sides leads to this disorganisation and inconsistent aid.

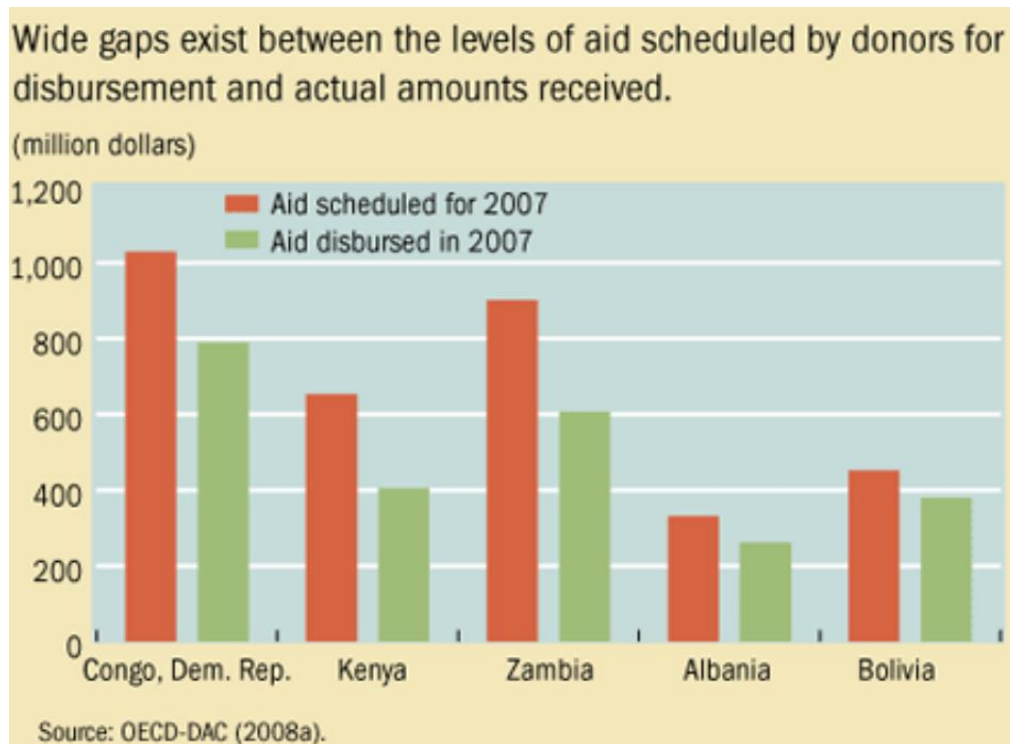
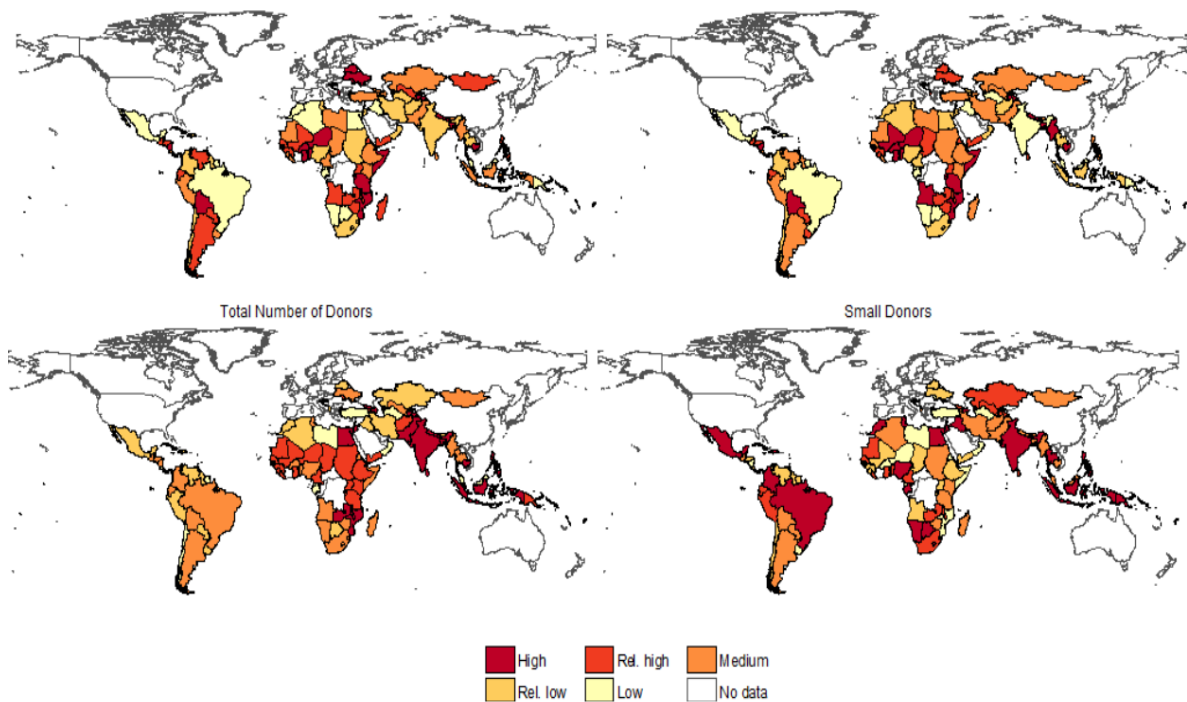


Figure 1: Aid distribution level across countries<sup>17</sup>

There is also the issue with coordination once the aid does arrive, sometimes overflowing the country's various agencies with visitors, creating unnecessary tangents of bureaucracy. This stalled social workers from doing their job, and made it difficult to implement the actual assistance. Furthermore, recipient countries are often plagued by a phenomenon known as aid fragmentation. This phenomenon refers to the excessive number of donors who only send a small amount, but still place a heavy burden on the recipient country to coordinate all of their donations. Aid fragmentation undermines the given aid itself, therefore, reduces the overall effectiveness of the aid. This imbalance of donors could also result in some countries being overlooked when it comes to international aid, neglecting communities who are in need of help but devoid of attention.

Figure 2: Map of countries exhibiting aid fragmentation<sup>18</sup>

### Aid Fungibility

Aid fungibility is the phenomenon of recipient countries allocating the aid differently than the donor nation has intended to. Such instances would look

<sup>17</sup> Deutscher, Eckhard, and Sara Fyson. "Improving the Effectiveness of Aid." *Finance and Development* | *F&D*, vol. 45, no. 3, Sept. 2008, [www.imf.org/external/pubs/ft/fandd/2008/09/deutscher.htm](http://www.imf.org/external/pubs/ft/fandd/2008/09/deutscher.htm).

<sup>18</sup> Michaelowa, Katharina, et al. "Aid Fragmentation and Aid Effectiveness: The Latest Evidence." *Globaldev Blog*, 29 Apr. 2018, [globaldev.blog/aid-fragmentation-and-aid-effectiveness-latest-evidence/](https://globaldev.blog/aid-fragmentation-and-aid-effectiveness-latest-evidence/). Accessed 27 Jan. 2024.



like aid allocated towards building a hospital, by the decision of the recipient government, to be spent on the military sector instead. This is in part connected to aid reliance, as the existence of massive amounts of aid allows the recipient government to transfer some of its own local investments into another sector, such as non-productive consumption projects for national prestige, tax reductions for the wealthy and the military. As a result, it was found that the OECD were financing up to 40% of African militaries because of aid fungibility. To combat such mismanagement, project aid directed intentionally to a specific project has been employed by donor nations. However, this decreases the autonomy of recipient nations in deciding budget allocations. Not all instances of aid fungibility were due to mismanagement, but rather out of a more pragmatic need to address more urgent sectors.

## MAJOR COUNTRIES AND ORGANISATIONS INVOLVED

### Ghana

Ghana is an LEDC in Africa and is a prime example of the impacts international aid has on a country. It is one of the most reliant countries in the world on receiving between \$1.5 billion and \$4.89 billion from the US alone in 2020.<sup>19</sup> Ghana uses most of the aid it receives for security and humanitarian purposes, as well as the many natural disasters it faces, unable to manage on its own. However, the Ghanaian government is prone to rampant corruption and systematic mismanagement, which creates a virtually unchanged situation threatening the well-being of entire communities. Ghana being a politically unstable LEDC, with systemic issues deep-rooted in the government, international aid through the forms of ODAs do not solve their issues, only mitigating the damage caused. Over the years, international aid has proven to do little for Ghana as a whole in terms of development progress and living conditions.<sup>20</sup> No amount of international aid is likely to eradicate the deep societal issues and systemic mismanagement that has stalled the country from developing. Furthermore, international aid could very well prompt the false sense that the issue is being fixed, rather than merely mitigating the impact, leading to fewer efforts to actually correct the problem. Offering aid is a path that does not tackle Ghana's governmental issues, and only has short-term benefits, since it is highly likely that any aid given will be misused or misallocated by the Ghanaian government, which inhibits national economic growth. International aid is crucial when responding to critical disasters, but ultimately Ghana is left dependent on this aid instead of optimising its government to work independently of aid by maximising its resources. This cycle of needing external

<sup>19</sup> World Population Review. "US Foreign Aid by Country 2020." *Worldpopulationreview.com*, 2022, [worldpopulationreview.com/country-rankings/us-foreign-aid-by-country](https://worldpopulationreview.com/country-rankings/us-foreign-aid-by-country). Accessed 27 July 2023.

<sup>20</sup> Nyarkoh, Enoch, and Emmanuel Intsiful. "An Assessment of the Impact of International Aid on Basic Education in Ghana." *American Journal of Educational Research*, vol. 6, no. 1, 12 Jan. 2018, pp. 43–49, <https://doi.org/10.12691/education-6-1-7>. Accessed 27 July 2023.

assistance further adds to its inability for independent management, and deepens existing corruption among other issues.

Top Ten Donors of Gross ODA for Ghana, 2020-2021 average, USD million

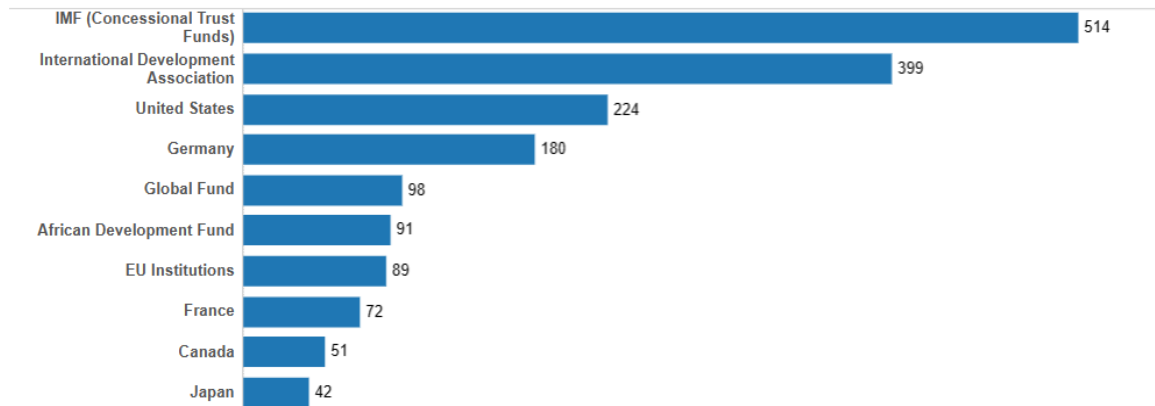


Figure 3: Top Ten Donors of ODA towards Ghana (2020-2021)<sup>21</sup>

## Egypt

Egypt heavily relies on international aid from various countries for security, humanitarian and state development purposes, most notably bilateral aid from the United States. Since 1979, Egypt has received 2 billion dollars for development aid annually. Multilateral aid towards Egypt is often sourced from various U.N. agencies, such as the United Nations Development Programme (UNDP) or various European institutions. Such aid is roughly split between health, education, debt relief and the environmental sector.<sup>22</sup> Egypt has been struck especially hard by the difficult global economic landscape since the COVID-19 outbreak. The pandemic has effectively closed much of the regional trade and tourism, two sectors the Egyptian economy relies on. Governmental corruption in Egypt results in the misuse of funds, causing vulnerable groups such as minorities to continue to live below the poverty line. The lack of transparency within the government with a record of human rights abuse within Egypt has led to multiple donors cancelling pre-scheduled aid, further damaging the nation's development progress.

## United States of America

Since its establishment of the Marshall Plan to the present, the US has consistently been among the top donors of international aid globally. Such donations have helped the US in the past to extend its sphere of influence and forge political alliances with South American, Middle Eastern and African countries. The provision of such aid is seen as a means of rewarding or strengthening complacent regimes, whereas the withdrawal of such aid usually creates economic hardship and destabilises regimes

<sup>21</sup> "OECD DAC Aid at a Glance by Recipient\_new." *Tableau Software*, 2019, [public.tableau.com/views/OECDDACaidataglancebyrecipient\\_new/Recipients?:embed=y&:display\\_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no](https://public.tableau.com/views/OECDDACaidataglancebyrecipient_new/Recipients?:embed=y&:display_count=yes&:showTabs=y&:toolbar=no?&:showVizHome=no).

<sup>22</sup> Mungcal, Ivy, and Yula Mediavillo. "Development Aid to Egypt: A Primer." *Devex*, 11 Feb. 2011, [www.devex.com/news/development-aid-to-egypt-a-primer-72784](https://www.devex.com/news/development-aid-to-egypt-a-primer-72784).

deemed adversarial by the U.S.<sup>23</sup> In 2022, the US withdrew military aid towards Egypt, citing Egypt's lack of human rights accountability. This politically motivated method of aid donation is adopted by many other donor countries, and contributes to an interest-oriented global aid system, at the cost of actual progress for state development. Previously, the US has been criticised for interfering with external affairs through sending international aid and exploiting the resources of LEDCs, unfairly utilising their aid as leverage in negotiations.<sup>24</sup> Domestically, American citizens consider the U.S. to be spending too much of their budget on international aid, but in reality, foreign aid makes up about 1% of the U.S.'s budget.<sup>25</sup>

## China

China is well known for its 'One Belt One Road Initiative' which invested heavily into infrastructure building and support for LEDCs, mainly expanding collaborations between Eurasian countries. China has supplied personnel and material cost to build railways and other infrastructures in a bid to improve its international reputation and gain allies. China and many developing nations considered it to be a non-traditional donor country, because it claims it donates aid without conditions. While it is true that there are often no obligatory conditions that must be met by the recipient side to receive aid from China, that does not mean China is not seeking to advance its own economic and political interests. This difference is most likely due to a more flexible understanding of the term 'aid', not limiting it to just grants or low interest loans.<sup>26</sup> China's international aid policy is deeply rooted within its own ideology, as well as its extensive building of a positive reputation. It supports a combination of large-scale infrastructure plans and small-scale projects, in principle adhering to a policy of non-intervention with the recipient nation's internal affairs. This quality has made it stand out in recent years as a highly prospective alternative to the U.S. for some developing countries who had a generally more positive experience with China, but the sustainability and motivation of its actions are often called into question. More than anything, the 'No Strings Attached' attitude is a strategic diplomatic move to appeal to developing nations who are wary of intensive conditions attached, gain allies through such means and counter the U.S. by being a viable, self-proclaimed superior alternative.

## International Monetary Fund (IMF)

The IMF is heavily involved within the loaning of international aid. They offer direct and indirect assistance to countries seeking help, either by surveillance of fund

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<sup>23</sup> Apodaca, Clair. *Foreign Aid as Foreign Policy Tool*. 26 Apr. 2017, [oxfordre.com/politics/display/10.1093/acrefore/9780190228637.001.0001/acrefore-9780190228637-e-332#acrefore-9780190228637-e-332-div1-6](https://oxfordre.com/politics/display/10.1093/acrefore/9780190228637.001.0001/acrefore-9780190228637-e-332#acrefore-9780190228637-e-332-div1-6).

<sup>24</sup> World Population Review. "US Foreign Aid by Country 2020." *Worldpopulationreview.com*, 2022, [worldpopulationreview.com/country-rankings/us-foreign-aid-by-country](https://worldpopulationreview.com/country-rankings/us-foreign-aid-by-country). Accessed 27 July 2023.

<sup>25</sup> "A Brief History of U.S. Foreign Aid." *World101 from the Council on Foreign Relations*, 18 Apr. 2023, [world101.cfr.org/global-era-issues/development/brief-history-us-foreign-aid](https://world101.cfr.org/global-era-issues/development/brief-history-us-foreign-aid).

<sup>26</sup> Welle (www.dw.com), Deutsche. "How "Unconditional" Is China's Foreign Aid? | DW | 15.05.2018." *DW.COM*, [www.dw.com/en/how-unconditional-is-chinas-foreign-aid/a-43499703](https://www.dw.com/en/how-unconditional-is-chinas-foreign-aid/a-43499703).

management or by directly loaning money to countries in need or in potential need. The key role the IMF plays is its ability to correct underlying issues while distributing short-term mitigatory aid. It helps solve the systemic problems with capacity development, which trains local personnel to become better equipped. If there is a multilateral donation of aid, donor countries would go through the IMF as the middleman to send their assistance. Such multilateral aid is considered to be the cheapest form of aid donation, as well as the least intrusive method for recipient nations. The IMF has the capability and responsibility to advocate for more equitable measures that have nations' development welfare as the cause.<sup>27</sup>

### United Nations Development Programme (UNDP)

The UNDP is the main U.N. agency responsible for supporting the development of social sectors within LEDCs via international aid. It has initiated projects globally in countries in need of assistance to improve its living quality. The UNDP is responsible to support these efforts to develop major fields such as education, healthcare, infrastructure, as well as administering humanitarian efforts. It often collaborates with other organisations, U.N. agencies, and countries to achieve its goals of alleviating conditions and supporting long-term, localised development. The UNDP is also responsible for collecting and analysing data on total sums of aid given to various countries and their corresponding donors, in an effort to keep track of the global aid donation scene and find areas of improvement for both sides. Their efforts are considered to be effective when responding to crisis situations, but long-term results need a more intensive approach. As with any large agencies spanning multiple branches with overlapping functions, the UNDP's efficiency remains an area needing improvement.

### TIMELINE OF EVENTS

DATE	DESCRIPTION OF EVENT
1948	The Marshall Plan is enacted by the US to help rebuild Europe post-WWII.
1996	The United Nations Office for Project Services (UNOPS) begin their work for Myanmar's state development.
March 2002	The International Conference on Financing for Development in Monterrey creates the Monterrey Consensus.
2004	The UNOPS begin their work in Haiti to build national capacity and improve living conditions.

<sup>27</sup> IMF. "The IMF at a Glance." *IMF*, IMF, 2019, [www.imf.org/en/About/Factsheets/IMF-at-a-Glance](http://www.imf.org/en/About/Factsheets/IMF-at-a-Glance).

2 March 2005	The Paris Declaration on Aid Effectiveness is endorsed by over 100 donning nations.
July 2008	The first Development Cooperation Forum (DCF) is held.
September 2008	Accra High-Level Forum on Aid Effectiveness and the United Nations Summit on the Millennium Development Goals (MDGs) held in the U.S.
2013	China initiates the One Belt One Road project, aiming to connect numerous Eurasian countries together via investment and aid in development.
2014	US sends targeted political development aid to Georgia to help battle election fraud.
2016	US focuses on giving economic development aid to Bangladesh by partnering with local banks to loan to local farmers wishing to start businesses. <sup>28</sup>
23 July 2020	The UNDP agrees to donate 13.8 million USD to Cameroon.
12 August 2020	The Islamic Development Bank extends aid amounting to 27.44 million USD to Cameroon.
15 December 2022	U.S. announces 2 billion USD in aid to African countries.

## PREVIOUS ATTEMPTS TO SOLVE THE ISSUE

### The Monterrey Consensus (2002)

The Monterrey Consensus of 2002 was reached in the International Conference for Financing Development held in Monterrey, Mexico. It focused on addressing a new model of aid delivery system that combated aid reliance and dependency. In 2002, the Monterrey Consensus stressed that countries must be able to achieve their own prosperity and not extensively rely on international aid for it to happen.<sup>29</sup> This was a significant, public acknowledgement of how international aid reliance can be intentionally or unintentionally hindering towards true self-sufficiency for developing nations. However, this declaration was vague, simply encompassing the importance of the topic, without actually offering practical and feasible solutions. This declaration was met with lukewarm support from major donor nations including the U.S. who contributed significantly below the agreed upon target. Later editions of this agreement tried to create a more comprehensive framework of ensuring stable aid

<sup>28</sup> "A Brief History of U.S. Foreign Aid." *World101 from the Council on Foreign Relations*, 18 Apr. 2023, [world101.cfr.org/global-era-issues/development/brief-history-us-foreign-aid](http://world101.cfr.org/global-era-issues/development/brief-history-us-foreign-aid).

<sup>29</sup> *Monterrey Consensus the International Conference on Financing for Development at Monterrey In.* 2002.

irrespective of the recipient nation’s ability to repay them, but still significantly lacked enforcement mechanisms.<sup>30</sup>

#### The Paris Declaration on Aid Effectiveness (2005)

Over 100 nations endorsed this declaration and its 56 commitments. This declaration particularly focused on the better coordination of aid to accurately align with the recipient country’s goals based on need. Donors would also commit to support a more localised effort to lead the way, while both parties are held accountable for the management of funds. The results of such aid would also be periodically assessed by the donor nation and recipient nation. This system is a first step towards better allocation of aid to raise the efficacy, but still was not able to change the systemic issues that hindered effectiveness. This declaration tries to leverage the power disparity between donor and recipient countries by allowing a bilateral assessment to take place, but the effectiveness of this system is still constrained by said power disparity, especially for recipient countries to hold the donor nation accountable. Likewise, it is difficult for donor countries to extensively and accurately verify the extent of commitment from the recipient side.<sup>31</sup>

#### Development Cooperation Forum (2008)

The first Development Cooperation Forum (DCF) was held in 2008, and aimed to discuss the importance of global partnerships and sharing of knowledge as crucial aspects of development aid. When the relationship becomes one of mutual learning and exchange, it is no longer exploitative by default and instead fosters sustainability. Each country is unique to its own circumstances, culture and socio-economic structure, meaning not all models of aid apply to all countries. When opting instead for the sharing of applicable knowledge, a long-term impact is created for the recipient nation’s state development. This form of aid helps solve systemic problems instead of worsening them under huge sums of money. This forum stressed the importance of such mutual knowledge exchange, but little has been done practically to change the landscape of aid donations.<sup>32</sup>

#### Fourth High Level Forum on Aid Effectiveness (2011)

Hosting over 3,000 delegates from all over the globe, this forum was conceived with the purpose of reviewing how well the targets of the Paris Declaration (2005) has been met, as well as how to continue ensuring the relevance of the aid development issue in a more modern context. The most notable attempt to actually achieve progress was the Busan Partnership for Effective Development Co-operation agreement signed by ministers from developing countries and emerging economies, introducing the recipient nation perspective. Key principles to assess the efficacy of international aid

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<sup>30</sup>United Nations. “The Millennium Campaign: Successes and Challenges in Mobilizing Support for the MDGs.” *United Nations*, [www.un.org/en/chronicle/article/millennium-campaign-successes-and-challenges-mobilizing-support-mdgs](http://www.un.org/en/chronicle/article/millennium-campaign-successes-and-challenges-mobilizing-support-mdgs).

<sup>31</sup> ---. *THE PARIS DECLARATION on AID EFFECTIVENESS: FIVE PRINCIPLES for SMART AID*. 2005.

<sup>32</sup>*Draft Programme of the Economic and Social Council Development Cooperation Forum*. United Nations ECOSOC, 2008, [static.un.org/en/ecosoc/newfunct/pdf/draft\\_agenda.pdf](http://static.un.org/en/ecosoc/newfunct/pdf/draft_agenda.pdf).

were established, which set a positive example for the delivery of international aid. These key principles such as encouraging local ownership and local strategy alignment as well as avoidance of fragmented efforts are all beneficial targets, but these agreements fall short of following through across the international aid delivery landscape, with issues still ongoing today.<sup>33</sup>

## POSSIBLE SOLUTIONS

### Revise the Paris Declaration on Aid Effectiveness

Currently there is confusion surrounding the issue of assessing the efficacy of aid, to measure how much international aid actually contributes towards development, the word ‘assessment’ itself even sometimes ambiguous. Benefits and detriments of such aid needs to be reassessed, in order to maximise its effectiveness. Such reforms should include assessments of the recipient nation’s ability to pay back aid loans, current government and economic system and the level of aid fungibility. The lack of dialogue surrounding this process contributes to the difficulties surrounding having a standardised method of assessment that can be applied and more importantly upheld globally. The Paris Declaration was discussed back in 2005, and since then, the global dynamic and economic landscape has changed drastically. Further meetings and dialogue between donor and recipient countries is required in order for all parties involved to agree on a new framework for the assessment, that is able to accommodate modern-day needs and become more inclusive towards more countries. However, taking into account the limited capacity for constant dialogue that fragile recipient states often have, donor nations need to better understand how to navigate these constraints and not overwhelm recipient nations. A framework to better coordinate the aid process amongst donor countries should be indicated in a newly revised Paris Declaration on Aid Effectiveness.

There is no factual evidence backing this, but States probably did not endorse this for the same reason they don't endorse other treaties; they see it as violating their interests or requiring too much of a compromise or general demands from their side. However, in order to reach greater consensus and more inclusivity, the current measures (which are already lacking) would need to be watered down a lot more. In theory, having more countries express support for a particular declaration is beneficial. However, perhaps the emphasis should be on the idea that it might be more valuable to prioritize a smaller group of countries that not only endorse the declaration but are also highly committed to implementing a more effective set of measures; maybe the focus should be on quality over quantity.

### Greater Support for Localised Efforts Towards State Development

Both donor nations and recipient nations agree that international aid, while vital, is underperforming due to various reasons. For a country to become independent from

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<sup>33</sup>---. “Fourth High Level Forum on Aid Effectiveness - OECD.” *Www.oecd.org*, [www.oecd.org/dac/effectiveness/fourthhighlevelforumonaideffectiveness.htm](http://www.oecd.org/dac/effectiveness/fourthhighlevelforumonaideffectiveness.htm).

aid, it is imperative for their own systems of governance and aid distribution to function. Although international aid on some level also aims to correct underlying issues behind the poor quality of life and instability, the over-reliance has become an increasingly distressing negative effect. Therefore, intrinsic localised efforts must be prioritised in order for the country to truly be self-reliant. Governmental funding and subsidy programs should be established and awarded to local innovations aimed at progressing development, and international aid should also aim towards empowering local solutions. It is often the local organisations that have the most insightful understanding of how the society and culture function, what are the actual needs and challenges people have to deal with on the ground level. There should be special effort paid towards mechanising education as a long-term solution both to the lack of specialised personnel and sustainable, independent development. These internal efforts are likely to be more pragmatic and effective in tackling development issues, therefore, they must be given the due support both domestically and internationally.

### Reforms on Aid Delivery and Aid Management Mechanisms

To correct the years of mismanagement of funds from the donor countries to the recipient countries, the process of handling the aid needs to be reformed. There needs to be a higher level of donor-recipient coordination, which would translate into more frequent discussions involving all parties. International aid should be a joint multilateral effort, and there is a need for an independent committee responsible for overseeing the delivery and usage of aid, as well as its effects on development in order to evaluate and assess its effectiveness periodically. Accountability could also be implemented by such a committee, which would monitor both sides should any issues arise, when both sides are openly communicating and held accountable. Instead of long bureaucratic procedures operated at the government level, transactions should potentially be made directly into Non-Governmental Organisations and local efforts. This method could bypass the systemic issues present within the donor nations, and create a more immediate, tangible impact upon people's lives.

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