

Foreign Aid: Origin, Evolution and its Effectiveness in Poverty Alleviation

Murad Ali* and Alam Zeb**

Abstract

The paper examines the origin of international aid and its evolution over time. It explores that although aid existed in different forms, it officially began after the World War II and has become truly institutionalized since then. The paper then discusses in detail various forms and objectives that aid was supposed to accomplish. It explores that during the last more than six decades, aid has considerably evolved and has been utilized to achieve multifaceted objectives including economic growth, improving and building physical infrastructure and reducing extreme poverty in underdeveloped countries. The paper concludes by highlighting the current trends in international aid and depicts a relatively contemporary scenario of the aid and development industry.

Keywords: Foreign Aid, Poverty Alleviation, Development Industry

Introduction: What is foreign aid?

Chenery and Strout define aid in simple and brief words as the inflow of external resources.¹ By making a differentiation between aid and foreign capital inflow, Rosentein-Rodan is of the view that international economic assistance or aid refers only to that part of capital inflow which normal market incentives do not provide.² In the words of Morgenthau, aid is “the transfer of money, goods and services from one nation to another”.³ However, Morgenthau’s definition seems vague because transfer of resources such as export credits, foreign direct investments (FDIs) or commercial bank loans from developed to developing countries are normally referred to as ‘flows’.⁴ White defines aid as:

*“Any transfer of resources from rich countries to poor countries which the former choose to call “aid”, i.e. any transfer the effectiveness of which is publicly assessed, though perhaps hypocritically assessed, in terms of the benefit to the recipient”.*⁵

White’s notion of aid is different in the sense that aid is actually ‘aid’

* Dr. Murad Ali, Assistant Professor, University of Malakand.
Email: muradali.uom@gmail.com

** Dr. Alam Zeb, Assistant Professor, University of Malakand

only if it is effective and that its effectiveness and success has been assessed and that it has tangibly contributed to some aspects of development in the recipient country. If aid has not shown successful results of bringing reasonable progress, it cannot be called aid.⁶

McKinlay and Little define aid as concessional finance designated explicitly for development purposes. They add that by making the provision of concessional capital and resources to countries in need to increment their foreign exchange holdings and domestic savings, these consequently accelerate investment and thereby speed up the pace of the development process.⁷ According to Mosley, “aid is money transferred on concessional terms by the governments of rich countries to the governments of poor countries”.⁸ Cassen and Associates are of the view that aid is a “transfer of resources on concessional terms- that is, more generous or ‘softer’ than loans obtainable in the world’s capital markets”.⁹

Degnbol-Martinussen and Engberg-Pederson define aid, especially technical assistance, as the transfer of knowledge and skills which can influence the development process by enhancing the skills and qualifications of the labour force and manpower.¹⁰ Technical cooperation or technical assistance also includes education or training at home or abroad for developing or recipient country individuals and for teachers, administrators, technical experts, doctors, engineers and other staff working in different departments and ministries.¹¹

One of the most comprehensive definitions of foreign assistance or Overseas Development Assistance (ODA) is that of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development according to which, aid includes grants or loans to developing countries and territories which are: (i) undertaken by the official sector of the donor country, (ii) with promotion of economic development and welfare in the recipient country as the main objective, and (iii) at concessional financial terms that it must have a grant element of at least 25 percent.¹² In addition to these financial flows, technical co-operation is included in ODA, while grants, loans and credits for military purposes are excluded, regardless of their concessionality. It is clear from most of these definitions that one of the fundamental objectives of aid is progress and development in recipient countries.

Aid, its origin and historical background

Browne has appropriately asserted that no single event can be attributed to be the cause and stimulus behind the inception of foreign aid. Various processes led to the commencement of the era of

international aid.¹³ Keenleyside claims that the history of international aid is as old as the history of interrelationship between organized human communities. The author categorizes conquests along with trade and personal relationships in the ancient past also to be different forms of assistance as these contributed to the spread of new techniques and knowledge in different forms either to the victors or the conquered. "As far back as the ninth century A.D. there is the record of a King of Moravia having asked the Emperor Michael for the help of a comprehensive technical-assistance mission".¹⁴ Other initiatives like those spearheaded by the British and French Colonial authorities such as the Colonial Development and Welfare Fund and the Colonial Development Corporation, according to the same author, are different forms of economic assistance in recent history. Hjertholm and White have traced the roots of bilateral foreign assistance in two events that occurred in the 19th century in the US overseas aid.¹⁵ One is the 1812 Act for the Relief of the people of Venezuela and the other deals with the supply of the surplus US food to international markets in 1896. The same authors also state that the 1929 Colonial Development Act was an important step in the British bilateral aid history which sanctioned loans and grants for development, mostly physical infrastructure, to its colonies.¹⁶

Rist puts the origin of international cooperation during the era of League of Nations when China, being the member of the organization, appealed to the international community for capital and technical assistance in its effort of modernization. This demand was met under the aegis of the League and China was provided with the knowledge and expertise it needed. He further elaborates that the collaboration extended to education, transport and the organization of rural cooperatives. From the year 1929 to 1941, the League provided China with thirty experts in the fields which it had asked for.¹⁷

Most writers and historians of development and development studies trace back the history of foreign aid to the epoch-making speech of the United States President Truman and his Point Four Program. The President stated in his historic inaugural address that "we must embark on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and growth of underdeveloped areas".¹⁸ It was during this period that for the first time a clear attention was drawn to the progress and development of the 'backward' and 'underdeveloped' countries. Rist argues that for the first time the term 'underdeveloped' was used as a synonym for 'economically backward' regions.¹⁹

To sum it up, the period after the Second World War and the Point Four program led to the birth of foreign aid in its modern form. There is no doubt that the League had provided some support to China but it was limited to specific fields and was not on a broader scale. The League had no agenda to devise a mechanism or strategy to cope with wide-spread poverty in remote areas of the globe. In the words of Keenleyside:

*“In spite of these varied and useful activities the League obviously failed to develop an over-all, well-defined and coherent attitude towards the world-wide and basic problems of hunger, ignorance and disease”.*²⁰

However, before President Truman’s Point Four program, in his Harvard speech in June 1947, the US Secretary of State, General George Marshall had elaborated a long and detailed program for the reconstruction of the war-ravaged Europe. Under this Plan, named after the US Secretary of State as Marshall Plan, the US provided US\$ 13 billion assistance to Europe. The Marshall Plan was undoubtedly a huge success and put the war-ravaged European economy on the right track. Therien and Lloyd claim that “aid to the Third World has its intellectual and political roots in the Marshall Plan and from the very beginning gave rise to boundless optimism”.²¹ Hjertholm and White affirm this view that the success of the Marshall Plan “provided the impetus for turning focus to the problems of the developing world”.²²

Evolution of aid and dominant trends and strategies over time

As discussed earlier, foreign aid was started to assist economically backward nations of the Third World stand on their own feet and reach the status of self-sufficiency. It was aimed at bringing improvement in the lives of the suffering humanity across the globe and raising their living standards. As the Pearson Commission commented that the purpose of international aid was to reduce disparities and remove inequalities “so that the world will not become more and more starkly divided between the haves and have-nots, the privileged and the less privileged”.²³

To this end, various international organisations like the Bretton Woods Institutions (BWIs) which include the World Bank (WB) Group with its regional branches comprising the Inter-American Development Bank (1960), the African Development Bank (1964) and Asian Development Bank (1966) and International Monetary Fund (IMF) were created. In 1956, the Bank founded International Finance Corporation (IFC) and in 1960 International

Development Association (IDA), whose major tasks were, in the words of Rist, “to make loans at better than market rates to the poorest countries”.²⁴ Also, the United Nations (UN) and its various specialised agencies were created. Browne asserts that most of these new UN agencies were established for addressing specific areas of development and humanitarian concerns.²⁵ Along with all these multilateral aid organisations, there are various ministries and organisations at the country level which are specified for aid allocation to different countries for different purposes.²⁶ For example, to name a few, the United States Agency for International Development (USAID), Australian Agency for International Development (AusAID), New Zealand Agency for International Development (NZAID), Department for International Development (DFID), UK, Swedish International Development Co-operation Agency (SIDA), Japan International Cooperation Agency (JICA) and many other such organisations deal with various kinds of aid to different countries for different objectives. Over the last six decades, various changes have taken place in the mode of aid delivery mechanisms. Most important forms of foreign aid have been development assistance and emergency relief; state and voluntary aid; financial, technical and commodity assistance including food aid; assistance in the form of grants and loans; bilateral and multilateral aid and programme and project aid.²⁷ The rest of the paper explores these different trends in foreign aid.

Foreign Aid in the 1950s

Economic growth was one of the basic tenets of development theories during this period which gave birth to concepts such as ‘big push’ and ‘take off into self-sustained growth’.²⁸ Gross National Product (GNP) growth was considered to be the objective and measure of progress and development. Industrialisation was deemed as a key instrument of growth which would create employment opportunities, increase demand for raw material thus providing an impetus to other productive sectors to enhance their production and supply manufactured goods to agriculture.²⁹

One of the key rationales for foreign aid in this period was the transfer of capital investment and technical assistance to newly independent countries to enable them in achieving sufficient economic growth and savings rate. Aid was considered essential to fill the gaps in the macro-economy of developing countries and provide a much needed surplus capital for economic progress.³⁰ It was proposed in the works of the economists like Rostow³¹ and Lewis³² that the developing countries needed capital, investment and

savings to maximise their economic growth and achieve the status of self-sustainability following the same path of progress and development followed before them by the Western industrialised nations. Lack of capital and investment was considered to be one of the causes of the underdevelopment and foreign investment and aid were thought to fill this gap and deficiency and would eventually alleviate poverty and achieve economic development.³³

Besides these overt objectives, there is also considerable research which illustrates that aid from donor countries was motivated by commercial, political, ideological and strategic interests.³⁴ During the second half of the 1950s, for the first time the Union of Soviet Socialist Republics (USSR) emerged as a major aid donor mainly to the domestic communists parties in developing countries.³⁵ Thus, foreign aid was an explicit motive and stimulus to win the allegiance of newly independent countries. One of the major covert objectives of foreign aid was the containment of the expansion of communism. In the words of Hancock:

*"In the view of Washington policy-makers there was a grave danger that - left to their devices - the emergent states might fall under communist domination...aid quickly came to be seen as the means of achieving this political end".*³⁶

Aid in the 1960s

In the early 1960s, Japan, West Germany, the Netherlands and Scandinavian countries also entered the arena of international aid as significant donors.³⁷ The USSR also expanded its aid programs from its own sphere of communist states to Egypt, Indonesia, India, Cuba, Afghanistan and Yemen.³⁸ During the later years of the 1950s and the beginning of the 1960s, various African colonies of Britain and France won independence thus leading to the expansion of aid programs. Another significant feature of this decade is the famous ODA target of 0.7 per cent of GNP, accepted by a majority of DAC donors but implemented by only few.³⁹

To a large extent, most trends and strategies of the previous decade were pursued during this period as well. For example, in the 1960s economic progress still focused on GNP growth.⁴⁰ According to the same author, employment was considered next to GNP growth as an objective to be achieved through capital transfer and investment to create more opportunities. Leading donors including the US, Great Britain, France and West Germany followed seemingly straightforward model of giving capital and technical assistance. Most of these plans comprised of the establishment and improvement of physical infrastructure projects such as roads, ports,

telecommunication, dams and other forms of energy schemes. The expectation from such development interventions was that the fruits of modern technological and organisational advancement would trickle down to the lower segments of the population.⁴¹

However, it was during the same decade that there started to be increasing disillusionment, as the proposed aid strategies had not benefited major sections of the society. The expected trickle down effects appeared not to have reached to a large portion of population. The poorest 40-60 percent made very small gains despite the overall economic growth at the national levels.⁴² Even the Pearson Commission Report (1969) asserted that the low correlation between aid and growth corroborated the fact that much aid was given and utilised inadequately. While criticising the overall ineffectiveness of aid in poverty alleviation, Dichter has remarked that “may be trickle-down works, and may be it does not, but how can we let people wait? They have basic needs and these have to be met”.⁴³

Foreign assistance in the 1970s

According to Degnbol-Martinussen and Engberg-Pederson,⁴⁴ the dominant aid strategy in this decade was in the form of integrated rural development projects. These involved not only central administrations, line ministries and state enterprises but also engaged district and local administrations. These district and local administrations comprised of agriculture, health and education departments. Civil society organisations and non-governmental organisation (NGOs) also appeared on the development scene. The aim was to reach to the large parts of the local economy and fulfil the basic needs of local population. The basic needs strategy was particularly advocated by the International Labour Organisation (ILO) in the 1970s.⁴⁵ These basic services entailed adequate food, shelter, clothing, safe drinking water, sanitation, health and educational services. Agriculture also received significant attention during this period. The allocation of substantial aid to agriculture sector played a key role in the increased production in this area. The Pearson report (1969) asserts that foreign assistance helped a great deal in financing Green Revolution by supplying farm machinery, fertilizers, and pumps for irrigation, pesticides and better quality of seeds.

Thorbecke claims that during this decade, for the first time the focus of foreign aid was shifted from investment projects in power, transport and telecommunication towards agriculture, rural development and social services including housing, education and health.⁴⁶ The ILO launched its World Employment Programme in

1969 to raise the living standards in the backward regions through increased employment opportunities. With the involvement of NGOs and civil society organisations, the focus was shifted to the participation of the poor and poverty alleviation.

Hjertholm and White state that both multilateral donors including the WB and bilateral donors such as the US and UK focussed their aid on poverty alleviation. McNamara, the then President of the WB declared that the main focus of development policies should be to eliminate absolute poverty.⁴⁷ The same author writes that poverty at that time meant inability to access basic needs and services and the strategy of foreign aid was to provide basic services of food, health and education to those who lacked these services. Thus it is evident that a major shift took place in the development aid during this decade. There were multiple objectives to be accomplished through foreign assistance. It was no longer focused merely on economic growth and GNP. It incorporated various issues and goals such as “increased technical assistance, poverty reduction, education, policies focused on reducing the gender gap, bringing environmental considerations into the mainstream of economic policies etc”.⁴⁸

Another major shift in this decade was rise in multilateral aid and the emergence of new donors on the foreign aid scenario. Regarding rising multilateralism in aid, Hattori claims that the 1970s witnessed a substantial rise in the portion of aid extended by multilateral organisations such as the World Bank, from under 10 percent in the late 1960s to 30 percent of all ODA extended by member countries of the OECD by 1975.⁴⁹ New donors including some oil-rich Arab states and Organisation of Petroleum Exporting Countries (OPEC) also gave huge aid during the first oil shock of 1974.⁵⁰ The same author further elaborates that in 1978 the OPEC aid accounted for 30 percent worldwide. Browne also claims that during the decade of the 1970s OPEC aid was equivalent to one quarter of the total assistance from the OECD countries. A positive aspect of this aid was that most of it was untied.⁵¹

Trends and strategies in foreign aid in the 1980s

The 1980s witnessed a vast debt crisis and substantial internal and external financial disequilibrium in most developing countries in Africa, Asia and Latin America. These increasing balance-of-payments and budget deficits along with higher interest rates challenged the very survival of the international financial system and converted the 1980s into the “lost development decade”.⁵² Thus, the development strategy of the previous decade which laid emphasis on

the fulfilment of basic needs and services was replaced by an adjustment strategy. To diagnose these macro-economic problems and resume the process of development and poverty alleviation, the Bretton Woods institutions took initiatives to restructure the economic policies of developing countries, specially focussed on stabilisation of policies and structural adjustment programs (SAPs).⁵³ These programmes of the IMF and WB are termed Washington Consensus and it entails that “they know what is best for recipient countries, that they have got hold of the sacred truth”.⁵⁴

Developing countries had to implement and fulfil certain conditions that is why the era is dubbed as the era of conditionality. Structural adjustment was the process according to which the WB and the IMF gave loans to underdeveloped countries on specific conditions to be implemented in their economies.⁵⁵ These conditions were planned and devised by these institutions and were implemented under their auspices. These programs usually contained measures including privatisation of state-owned enterprises, liberalisation of trade and economy, improving the price system by removing distortions/subsidies, improving the efficiency and the profitability of public enterprises, devaluation of the domestic currency, reductions in government expenditures and increases in taxes.⁵⁶

During this period, for the first time it was realised that in order to get economic assistance and loans from multilateral and bilateral organisations, developing countries had to undergo some structural and policy changes. In the words of Thorbecke, to revive the journey of development “the third world had to put its house in order and implement painful stabilisation and structural adjustment policies”.⁵⁷ It became the norm of the day and most forms of aid in the 1980s were associated with the conditions described above. Adelman points out that it was the era of neo-liberalism which perceived that “government is the problem rather than solution to the underdevelopment”.⁵⁸ Anderson remarks that during the adjustment era the recipient governments had a little say in the economic and social policies and the principal decision-makers were the WB and the IMF. By means of liberalisation and minimising role of the governments, aid was directly channelled through private sector, through direct investment in private business and NGOs.⁵⁹

The emergence of private sector along with civil society organisations and NGOs was an important trend of the 1980s. With the implementation of SAPs which sought a minimal role for the state in the market economy, the private sector became a significant constituency for aid. During these years and later, substantial aid was

channelled through private sector. Much of this support was directed towards the small- and medium-sized enterprises like vocational training and credit programs.⁶⁰ These writers argue that aid was given to the private sector because it was perceived that enhanced efficiency and growth in the private sector would also benefit the majority through more employment opportunities and better quality of goods and services.

However, initiatives launched to amend and reform economies in aid-receiving countries did not achieve the intended objectives. These conditionalities were imposed in a narrow financially-oriented framework and the real objectives of economic progress such as poverty reduction, equal distribution of resources and more health, education and employment opportunities were neglected.⁶¹ The SAPs initiatives like trade liberalisation, privatisation and cuts in public expenditures aggravated conditions for the poor in most developing countries. Khan claims that in most Asian countries the impacts of SAPs and privatisation of the state-owned enterprises have been negative in terms of growth and unemployment. He is of the view that during this period, a reduction in growth, a rise in unemployment and an increase in the incidence of poverty was witnessed. In the context of African countries, Kanbur claims that aid conditionality also failed there.⁶² Adelman is of the view that during this period most developing countries experienced “rampant inflation, capital flight, low investment rates, drastic declines in living standards and substantial increases in urban and rural poverty”.⁶³

Foreign aid in the 1990s

In the fourth decade of its life, foreign assistance was on the decline. Randel and German observe that aid from OECD donors accounted just for an average of 0.3 percent of their GNP, its lowest level in 20 years.⁶⁴ Mehrotra states that aid fell “from a high of 0.6 per cent of GNP in 1961 to 0.37 in 1980, dropping further to 0.31 over 1988-89 and to a low of 0.24 in 1999”.⁶⁵ Edgren has remarked that “after four decades of development co-operation, a syndrome of *aid dependency* has emerged as a development problem of its own”.⁶⁶ Different authors enumerate different causes for this declining trend in foreign aid, termed as ‘aid fatigue’.

One of the main reasons behind reduction in the volume of aid was the end of the Cold War as there was no longer geo-political rationale for aid after the threat of communism was over.⁶⁷ The example of the sole super-power in the post-Cold War era is sufficient to clarify this situation. The US was the most important and

generous donor in the 1960s giving 60 percent of total OECD aid but its total share accounted for merely 13 percent in the 1990s.⁶⁸

Hopkins has enumerated various other reasons besides the Cold War for the declining trend in foreign aid. These include globalisation that weakened the traditional donor-recipient colonial sort of dependency relationship, increasing budget pressure in developed countries and disillusionment due to ineffectiveness of aid and increasing criticism on the role of aid in achieving its objectives.

Against this declining trend in aid, most donors and aid organisations included various issues to be targeted and new objectives to be accomplished through their aid.⁶⁹ Singh claims that conditionality increased further in the 1990s when economic reforms of the Washington Consensus were coupled with political conditionalities and reforms.⁷⁰ These new themes included democratisation, human rights, control of corruption, misuse of power and authority, good governance, rule of the law, press freedom and capacity building.⁷¹ Van Rooy asserts that ideas like civil society and democratisation attracted considerable aid funds.⁷² Various studies indicate that the priority agenda of most bilateral donors and aid agencies in the decade of the 1990s was democratization and good governance.⁷³ After the end of the Cold War, strategic and security interests of major bilateral donors diminished so now the focus was on these new issues.

It was felt that one of the primary objectives of foreign aid should be to strengthen institutions in developing countries. James argues that developed and industrialised countries are in the position of commanding the direction of global affairs because they established and flourished their educational, industrial and economic capacities.⁷⁴ Degenbol-Martinussen is of the view that discourse on governance changed considerably during the 1990s.⁷⁵ Due to internal conflicts and civil strife, some states broke down and some were on the verge of collapse. There was increasing demand for institution and capacity building of these states to reach down to citizens in providing services and improving human welfare. It can be summed up that it was an important but slightly discouraging decade for the international aid industry. In most cases donors pursued their own politico-strategic and commercial interests while allocating aid and ignored issues like human rights, transparency, accountability, good governance and democracy in recipient countries.⁷⁶

A New Aid Paradigm: New trends and issues in foreign assistance

In the mid-1990s and towards the end of the 20th century, there were

increasing incidents of internal wars, conflicts and insecurity situations in various states which prompted the international community to act in time to resolve these issues. Hopkins claims that from about 10 wars ongoing during the 1945-55, there were nearly 50 wars in the 1990s, mostly internal and with catastrophic death rates.⁷⁷ The search for a new aid paradigm took place in such international political environment characterised by conflicts and insecurity due to destabilisation and inability of the state to provide basic services to its citizens. It was once again realised that reduction in poverty and inequality must be a goal for aid as these are the causes of crime, violence, social strife and conflict.⁷⁸

The new aid agenda, paradigm or architecture, as it is commonly referred to, has some distinguishing features that make it different from the old aid paradigm. Firstly, the new aid paradigm focuses on poverty reduction as the most important goal of development. Most donors, aid agencies and NGOs prioritised poverty reduction as their top agenda.⁷⁹ Cox and Healey claim that poverty reduction is the sole overarching goal of donors like Australia, Canada, Denmark, Ireland, Luxemburg, Netherlands, Norway, Spain, Sweden, UK, the UNDP and the WB.⁸⁰ Regarding the role of the WB in the new aid paradigm, Pender is of the view that a shift and retreat was witnessed in the outlook of the Bank from its classic free market economy to “a new focus of development policy - poverty and the poorest”.⁸¹ Mosley claims that even IMF changed substantially from its original position and involved at micro-level issues like “public enterprise pricing, tax and tariff policy, the composition of public expenditure, and latterly even anti-poverty strategy”.⁸²

Another significant feature of the new aid architecture is its focus and emphasis on the International Development Targets (IDTs) set up by governments at various UN international conferences and summits in the 1990s⁸³ and the Millennium Development Goals (MDGs) at the UN Millennium Declaration.⁸⁴ These targets and goals include halving extreme poverty, achieving universal primary education both for girls and boys, reducing infant and maternal mortality and gender equity and empowerment of women. Most of these goals are interrelated and the main focus is poverty reduction. Thus, although aid has taken various forms over the last six decades; one of main objectives is still the same: to reduce extreme poverty and enable people in developing countries to meet their basic needs.

Conclusion

This paper has analysed various facets of foreign aid by tracing its

historical roots and evolution during the last more than sixty years. It has elaborated that how aid has evolved over time and with the passage of time new actors came in the game and dominated the scene. Initiated as a temporary dose to cure and heal the wounds and scars of the World War II, aid passed from infancy like a living organism and grew into a complex and mature being with the passage of time. With each phase of its life, new constituencies were added to its domain and high expectations were associated. Although there is still enormous poverty in the world, there is no doubt that aid has played a significant role and contribution in bringing improvements in the lives of poor communities in number countries. Also, developed countries need to do more for poverty alleviation and provide more and more aid in a better way for eradication of global poverty.

Notes & References

- ¹ Hollis B. Chenery and Alan M. Strout, "Foreign assistance and economic development", *The American Economic Review* 56, no. 4 (1966): 679-733.
- ² Paul Narziss Rosenstein-Rodan, "International aid for underdeveloped countries", *The Review of Economics and Statistics* 43, no. 2 (1961): 107-138.
- ³ Hans Morgenthau, "A Political Theory of Foreign Aid", *American Political Science Review* 56, no. 02 (1962): 301-309.
- ⁴ Raffer Kunibert and H. W. Singer, *The Foreign Aid Business: Economic Assistance and Development Co-operation* (Cheltenham and Brookfield: Edward Elgar, 1996).
- ⁵ John White, *The Politics of Foreign Aid* (London & Toronto: Bodley Head, 1974).
- ⁶ Ibid.
- ⁷ Robert D. McKinlay and Richard Little, "A foreign-policy model of the distribution of British bilateral aid, 1960-70", *British Journal of Political Science* 8, no. 03 (1978): 313-331.
- ⁸ Paul Mosley, *Overseas Aid: its defence and reform* (London: Wheatsheaf Books, 1987).
- ⁹ R. Cassen and Associates, *Does Aid Work?* (Oxford: Clarendon Press, 1994).
- ¹⁰ John Degenbol-Martinussen and Poul Engberg-Pedersen, *Aid: understanding international development cooperation* (London: Zed Books, 2003).
- ¹¹ R. Cassen and Associates, *Does Aid Work?*, *op.cit.*
- ¹² OECD, *Twenty-Five Years of Development Co-operation- A Review, 1985 Report* (Paris: OECD, 1985).
- ¹³ Stephen Browne, *Beyond Aid: from patronage to partnership* (London: Ashgate Pub Limited, 1999).
- ¹⁴ Hugh L. Keenleyside, *International Aid: A Summary* (New York: H. James H. Heineman, 1966), 37-38.
- ¹⁵ Peter Hjertholm and Howard White, "Foreign Aid in Historical Perspective: background and trends". In *Foreign Aid and Development: Lessons Learnt and Directions for the Future* F. Tarp, Edi., (London, New York: Routledge, 2000), 80-102
- ¹⁶ Ibid.
- ¹⁷ Gilbert Rist, *The History of Development: from Western Origins to Global Faith* (London and New York: Zed Books, 2002).
- ¹⁸ Harry S. Truman, *Inaugural Speech* (1949). Available from: <http://trumanlibrary.org/publicpapers/viewpapers.php?pid=1030> [Accessed on February 6, 2008];
- ¹⁹ Gilbert Rist, *The History of Development*, *op.cit.*
- ²⁰ Hugh L. Keenleyside, *International Aid*, *op.cit.*

-
- ²¹ Jean-Philippe Thérien and Carolyn Lloyd, "Development assistance on the brink", *Third World Quarterly* 21, no. 1 (2000): 21-38.
- ²² Peter Hjertholm and Howard White, "Foreign Aid in Historical Perspective: background and trends, *op.cit.*
- ²³ Lester B. Pearson, *Partners in Development: Report of the Commission on International Development* (New York: Praeger Publishers, 1969)
- ²⁴ Gilbert Rist, *The History of Development, op.cit.*, 89
- ²⁵ Stephen Browne, *Beyond Aid, op.cit.*
- ²⁶ John White, *The Politics of Foreign Aid, op.cit.*
- ²⁷ John Degenbol-Martinussen and Poul Engberg-Pedersen, *Aid, op.cit.*
- ²⁸ Paul N. Rosenstein-Rodan, "Problems of industrialisation of eastern and south-eastern Europe", *The Economic Journal* 53, no. 210/211 (1943): 202-211.
- ²⁹ Erik Thorbecke, "The Evolution of Development Doctrine and the Role of Foreign Aid, 1950-2000". In F. Tarp *Foreign Aid and Development: op.cit.*, 17-47.
- ³⁰ Hollis B. Chenery and Alan M. Strout, "Foreign assistance and economic development", *op.cit.*; See also: Paul Narziss Rosenstein-Rodan, "International aid for underdeveloped countries", *op.cit.*
- ³¹ Walt W. Rostow, "The take-off into self-sustained growth", *The Economic Journal* 66, no. 261 (1956): 25-48.
- ³² W. Arthur Lewis, "Economic development with unlimited supplies of labour", *The Manchester School* 22, no. 2 (1954): 139-191. See also: W.A. Lewis, *Theory of Economic Growth* (London: Allen and Unwin, 1955)
- ³³ Raffer Kunibert and H. W. Singer, *The Foreign Aid Business, op.cit.*
- ³⁴ Robert D. McKinlay and Richard Little, "A foreign-policy model of the distribution of British bilateral aid, 1960-70", *op.cit.* See also: Péter Tamás Bauer, *Dissent on Development* (London: Harvard University Press, 1976); Keith B. Griffin and John L. Enos, "Foreign assistance: objectives and consequences", *Economic Development and Cultural Change* 18, no. 3 (1970): 313-327; William Easterly, "The Cartel of Good Intentions: The problem of bureaucracy in foreign aid", *The Journal of Policy Reform* 5, no. 4 (2002): 223-250; James Meernik, Eric L. Krueger, and Steven C. Poe, "Testing models of US foreign policy: Foreign aid during and after the Cold War", *The Journal of Politics* 60, no. 01 (1998): 63-85; Robert D. McKinlay and Richard Little, "A foreign policy model of US bilateral aid allocation", *World Politics* 30, no. 01 (1977): 58-86; Robert D. McKinlay, "The German Aid Relationship: A test of the recipient need and the donor interest models of the distribution of German bilateral aid 1961-70, *European Journal of Political Research* 6, no. 3 (1978): 235-257; Robert D. McKinley and Richard Little, "The US Aid Relationship: A Test of the Recipient Need and the Donor Interest Models" *Political Studies* 27, no. 2 (1979): 236-250; Robert D. McKinley and Richard Little, "The French Aid Relationship: a

foreign policy model of the distribution of French bilateral aid, 1964–70”, *Development and Change* 9, no. 3 (1978): 459-478

³⁵ Paul Mosley, *Overseas Aid*, *op.cit.*

³⁶ Graham Hancock, *Lords of Poverty: The free-wheeling lifestyles, power, prestige and corruption of the multi-billion dollar aid business* (London: Macmillan, 1989).

³⁷ Paul Mosley, *Overseas Aid*, *op.cit.*

³⁸ Hugh L. Keenleyside, *International Aid*, *op.cit.*

³⁹ Raffer Kunibert and H. W. Singer, *The Foreign Aid Business*, *op.cit.*

⁴⁰ John Degenbol-Martinussen and Poul Engberg-Pedersen, *Aid*, *op.cit.*

⁴¹ *Ibid.*

⁴² David Simon, “Development Revisited: Development as Theory and Practice: current perspectives on development and development co-operation”. In D. Simon and A. Narman, Eds. *Development as Theory and Practice* (Harlow: Longman Press, 1999), 17-54.

⁴³ Thomas W. Dichter, *Despite Good Intentions: Why development assistance to the Third World has failed* (Amherst & Boston: University of Massachusetts Press, 2003).

⁴⁴ John Degenbol-Martinussen and Poul Engberg-Pedersen, *Aid*, *op.cit.*

⁴⁵ Erik Thorbecke, “The Evolution of Development Doctrine and the Role of Foreign Aid, 1950-2000”, *op.cit.*

⁴⁶ Erik Thorbecke, “The Evolution of Development Doctrine and the Role of Foreign Aid, 1950-2000”, *op.cit.*

⁴⁷ Wolfgang Sachs, *The Development Dictionary: A Guide to Knowledge as Power* (London: Orient Blackswan, 1997).

⁴⁸ Louis Emmerij, “Aid as a flight forward”, *Development and Change* 33, no. 2 (2002): 247-259.

⁴⁹ Tomohisa Hattori, “Reconceptualizing Foreign Aid”, *Review of International Political Economy* 8, no. 4 (2001): 633-660.

⁵⁰ Richard Manning, “Will ‘Emerging Donors’ Change the Face of International Co-operation?”, *Development Policy Review* 24, no. 4 (2006): 371-385.

⁵¹ Stephen Browne, *Beyond Aid: from patronage to partnership*, *op.cit.*

⁵² Erik Thorbecke, “The Evolution of Development Doctrine and the Role of Foreign Aid, 1950-2000”, *op.cit.*

⁵³ Bob Milward, “What is Structural Adjustment?”. In Giles Mohan, *Structural adjustment: Theory, practice and impacts* (New York: Psychology Press, 2000).

⁵⁴ Raffer Kunibert and H. W. Singer, *The Foreign Aid Business*, *op.cit.*

⁵⁵ Paul Mosley, Jane Harrigan, and John FJ Toye, *Aid and Power: The World Bank and policy-based lending*, Vol. 1 (New York: Psychology Press, 1995).

⁵⁶ Khosrow Doroodian, “Macroeconomic performance and adjustment under policies commonly supported by the International Monetary Fund”, *Economic Development and Cultural Change* 41, no. 4 (1993): 849-864 See also: Azizur Rahman Khan, “Structural Adjustment, Labor

Market, and Employment”, *Asian Development Review* 13, no. 2 (1995): 74-104; Rekha Mehra, “Can structural adjustment work for women farmers”, *American Journal of Agricultural Economics* 73, No. 5 (1991): 1440-1447; William Easterly, “The Effect of IMF and World Bank Programmes on Poverty”, in *WIDER Development Conference*, Helsinki (2001)

⁵⁷ Erik Thorbecke, “The Evolution of Development Doctrine and the Role of Foreign Aid, 1950-2000”, *op.cit.*, 33

⁵⁸ Irma Adelman, “The Role of Government in Economic Development”. In F. Tarp, *Edi., Foreign aid and development, op.cit.*, 48-79

⁵⁹ *Ibid.*, 178-194.

⁶⁰ Mads Vaczy Kragh, Jørgen Birk Mortensen, Henrik Schaumburg-Müller, and Hans Peter, “Foreign aid and private sector development”. *Ibid.*, 312-331.

⁶¹ Raffer Kunibert and H. W. Singer, *The Foreign Aid Business, op.cit.*

⁶² Ravi Kanbur, “Aid, Conditionality and Debt in Africa”. In F. Tarp, *Edi., Foreign Aid and Development: op.cit.*, 409-422.

⁶³ Irma Adelman, “The Role of Government in Economic Development”, *op.cit.*

⁶⁴ Mirjam Van Reisen, *EU Global Player: The north-south policy of the European Union* (London: International Books, 1999).

⁶⁵ John Degenbol-Martinussen, *Development Goals, Governance and Capacity Building: Aid as a catalyst*, in *Catalysing Development? A debate on aid*, J.P. Pronk and e. al, *Edi.*, London: Blackwell Publishing, 2004), 51-62

⁶⁶ Gus Edgren, “Aid is an Unreliable Joystick”, *Development and Change* 33, no. 2 (2002): 261-267.

⁶⁷ Gordon Crawford, *Foreign Aid and Political Reform: A comparative analysis of democracy assistance and political conditionality* (London: Palgrave Publishers Ltd, 2001). See also: David Slater and Morag Bell, “Aid and the Geopolitics of the Post-Colonial: Critical Reflections on New Labour's Overseas Development Strategy”. In J.P. Pronk, et al., *Edi., Catalysing Development* London: Blackwell Publishing, 2004), 117-142; Kunibert Raffer, “More Conditions and Less Money: Shifts of aid policies during the 1990s”, in *DSA Annual Conference*, Bath (1999).

⁶⁸ Anders Närman, “Getting towards the beginning of the end for traditional development aid: major trends in development thinking and its practical application over the last fifty years”, in D. Simon and A. Narman, *Edi., Development as Theory and Practice* (Harlow: Longman Press, 1999), 149-180. See also: Howard White, “Trends in the volume and allocation of official flows from donor countries”, *International Review of Economics & Finance* 13, no. 3 (2004): 233-244.

⁶⁹ Raymond F. Hopkins, “Political Economy of Foreign Aid”. In F. Tarp, *Edi., Foreign Aid and Development: Lessons learnt and directions for the future* (London, New York: Routledge, 2000), 423-449.

⁷⁰ Ajit Singh, "Aid, conditionality and development". In J.P. Pronk and e. al, Edi., *Catalysing Development? A debate on aid* (London: Blackwell Publishing, 2004), 77-87.

⁷¹ Eric Neumayer, *The Pattern of Aid Giving: The impact of good governance on development assistance* (London, New York: Routledge, 2003). See also: David Dollar and Victoria Levin, "The increasing selectivity of foreign aid, 1984–2003", *World development* 34, no. 12 (2006): 2034-2046

⁷² Alison Van Rooy, "Good News! You may be out of a job reflections on the past and future 50: years for Northern NGOs", *Development in Practice* 10, no. 3-4 (2000): 300-318.

⁷³ Peter Burnell, "Good Government and Democratization: A sideways look at aid and political conditionality", *Democratization* 1, no. 2 (1994): 485-503. See also: Thomas Carothers, "Democracy assistance: the question of strategy", *Democratization* 4, no. 3 (1997): 109-132; Ashok Chakravarti, *Aid, Institutions and Development: New approaches to growth, governance and poverty* (Cheltenham: Edward Elgar Publishing, 2005); Sheila Carapico, "Foreign aid for promoting democracy in the Arab world", *The Middle East Journal* 56, no. 3 (2002): 379-395.

⁷⁴ Valentine Udoh James, *Capacity Building in Developing Countries: Human and environmental dimensions* (West port: Greenwood Publishing Group, 1998).

⁷⁵ John Degnbol-Martinussen, *Development Goals, Governance and Capacity Building*, *op.cit.*

⁷⁶ A. Geske Dijkstra, "The effectiveness of policy conditionality: Eight country experiences", *Development and Change* 33, no. 2 (2002): 307-334. See also Eric Neumayer, "Do Human Rights Matter in Bilateral Aid Allocation? A quantitative analysis of 21 donor countries", *Social Science Quarterly* 84, no. 3 (2003): 650-666; Stephen Knack, "Does Foreign Aid Promote Democracy?", *International Studies Quarterly* 48, no. 1 (2004): 251-266; Sabine C. Zanger, "Good Governance and European Aid: The Impact of Political Conditionality", *European Union Politics* 1, no. 3 (2000): 293-317; B. Mak Arvin & Francisco Barillas and Byron Lew, "Is democracy a component of donors' foreign aid policies?". In B. Mak Arvin, Edi., *New Perspectives on Foreign Aid and Economic Development* (London: Praeger, 2002), 171-198; Alberto Alesina and Beatrice Weder, *Do corrupt governments receive less foreign aid? The American Economic Review* 92, no. 4 (2000): 1126-1137

⁷⁷ Raymond F. Hopkins, "Political Economy of Foreign Aid", *op.cit.*

⁷⁸ Tony Addison, *Aid and conflict*, in *Foreign aid and development: Lessons learnt and directions for the future*, F. Tarp, Edi., *op.cit.*, 392-408.

⁷⁹ Steen Folke and Henrik Nielsen, eds. *Aid Impact and Poverty Reduction* (New York: Palgrave Macmillan, 2006)

⁸⁰ Aidan Cox & John Healey, "The Poverty Reduction Strategies of the Development Cooperation Agencies in the 1990s: Their Record and What

They Need to Do”. In A. Booth and P. Mosley, Edi., *The New Poverty Strategies: What have they achieved? What have we learned?*, Macmillan: Palgrave, 2003), 21-43

⁸¹ John Pender, “From structural adjustment to comprehensive development framework’: conditionality transformed?”, *Third World Quarterly* 22, no. 3 (2001): 397-411.

⁸² Paul Mosley, “Attacking Poverty and the ‘post-Washington consensus’”, *Journal of International Development* 13, no. 3 (2001): 307-313.

⁸³ OECD, *Shaping the 21st Century: The Contribution of Development Co-operation* (Paris: OECD, 1996).

⁸⁴ UN, *United Nations Millennium Declaration 2000* (2000). Available at: <http://www.un.org/millennium/declaration/ares552e.htm> [Accessed on March 8, 2008]