

Re-considering Foreign Aid: Riddell's 'Does Foreign Aid Really Work?'

Roger C. Riddell: *Does Foreign Aid Really Work?* Oxford: Oxford University Press, 2007, 505 pp.

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The question of the efficacy of aid remains a contested issue. Periodically, debates over the question arise in the media. In Norway, we have recently seen a spate of such activity, this time started by the critical comments of a couple of university professors. Their views have been hotly countered by defenders of development aid, others have joined in, and a debate has been continuing for a couple of months. While the debate is an important one, it is an unfortunate fact that the media context does not do justice to the complexity of the theme. Thus, the discussion tends to become dominated by sweeping and weakly substantiated statements on the supposed ills or benefits of aid, and by accusations and denials of the aid community being closed to criticism. As an antidote to this, along comes Roger Riddell with 500 pages on the subject. Riddell, having a long history of engagement with aid – as development researcher and author of the acclaimed *Foreign Aid Reconsidered* (1987), as consultant, as director of a large international NGO, as well as having worked for a recipient country – is well suited to the task. For those who only read the first paragraph of book reviews, it can be revealed here that his answer to the question of the title is 'Yes, aid works, but not nearly as well as it could'.

But the value of his book does not of course lie in this fairly unsurprising conclusion. Firstly, Riddell does not simply address the question of whether aid really works; he has a much wider ambition. He gives an overview of foreign aid – including the roles of NGOs and of humanitarian aid, which are generally overlooked in similar studies; he analyses the motives donors have for giving aid and the moral arguments that have been advanced; he demonstrates the many difficulties inherent in assessing the impact of aid; he summarises and weighs available evidence on the impact of different forms of aid; he analyses why aid does not reach its full potential; and he offers a set of recommendations for how aid can be improved. Secondly, Riddell does an impressive job in covering a wide range of source material – academic studies and the more 'grey' literature of consultants, agencies and NGOs. Thirdly, even if Riddell is clearly an insider

in the development world (and thus automatically suspect to many of its critics), his dispassionate way of presenting both sides of the argument, and his willingness to delve into the problematic sides of aid, lend considerable authority to his conclusions. And fourthly, his thorough way of going through the complexities of determining whether and to what extent aid works is an important counterweight to the kind of superficial debate referred to above.

The book is divided into four main parts: an overview of aid; an examination of reasons for giving aid; a discussion of aid's impacts; and proposals for improvement. The first part gives a brief history of aid, and presents the main bilateral donors and the world of multilateral agencies. This overview provides a background for the rest of the book. Newcomers to the field will find it particularly interesting, but others too will find the examination of main donors and the multilateral system to be useful. However, there are sections where one wonders whether Riddell has set himself too gigantic a task. His sketches of nine 'smaller bilateral donors' are so brief that they do not bring out the particularities of each, and really only serve to tire and confuse the reader. Moreover, while he shows the importance that NGOs have assumed in aid, he does not give an overview of the NGO world to match his presentations of bilateral and multilateral donors. And he is surprisingly brief on the changes to international aid architecture brought about by the establishment of the new foundations such as the Global Alliance for Vaccines and Immunization (GAVI) and the Global Fund for Tuberculosis, Aids and Malaria.

The examination of reasons for giving aid is the part of the book that is least integrated with the rest. It does to some extent stand alone, and may be an indication of Riddell's wish to write a book that covers all relevant aspects of aid, not simply the question of its efficacy. He discusses the political and commercial interests that may be behind bilateral aid, he analyses data on public attitudes to aid, and he examines different moral arguments for aid, with respect to both states' and individuals' obligations to give. Personally I found the review of ethical theories too brief to do them justice, while the most interesting argument in this part was his analysis of the seemingly contradictory finding that the public's generally strong support of aid (everywhere but in the US) is unaffected by perceptions of whether aid works. Even when aid is largely seen as ineffective, public support for giving consistently remains high. Riddell suggests that this may show that to give is perceived as an obligation, and that if it is found that aid is inefficient the implication is simply that it has to be improved. A corollary to this could

be that agencies need not fear that being open about mistakes and failures would reduce public support for aid.

The third part is the main part of the book and deals with the title question, of whether aid works. In the first chapter, methodological reasons for why it is so difficult to answer this question are discussed. Fundamental problems include lack of systematic data (on aid as well as on changes in poverty reduction and ‘development’); the impossibility of attributing with any certainty an observed change (for the better or for the worse) to aid when there are so many other factors affecting the economic and social development of a country; and the difficulty of determining what it actually means to say that aid works. In addition, there are time lags of varying lengths, as different types of development interventions will not produce their impacts within the same time span. Finally, there is the difficulty of evaluating a moving target: aid today is provided in quite different ways from before, yet, as impacts generally take a number of years to appear, the effects we can assess are those of previous aid periods. According to Riddell, this implies a double negative bias built into development evaluation: we are evaluating aid that is based on less knowledge than we have today, and other approaches, and frequently we are assessing it according to criteria that are deemed important at the time of evaluation, but were not incorporated into the original design.

Undaunted by these difficulties, Riddell then goes on to investigate what can be said about aid’s impacts. In a set of chapters on official development assistance, Riddell systematically assesses the evidence that exists. Different forms and aspects of aid are discussed separately: project aid; programme aid; technical assistance and capacity development; conditionality; and the evidence on whether aid has contributed to overall development at country and cross-country levels. An impressive number of studies and evaluations are drawn upon in order to throw light upon these issues. The available evidence suggests that the clear majority of aid projects – which still account for the majority of development assistance – achieve their immediate objectives. Moreover, there are reasons to believe that the success rate is improving. The long-term development impact of these interventions, however, is more difficult to assess, as are the effects of newer aid forms: programme aid, sector-wide approaches and budget support. Even if technical assistance has been under criticism for decades, it may continue to account for 40 per cent of official aid, according to Riddell (p. 202). He claims that despite the new rhetoric – with its emphasis on capacity building – much remains as before,

with donors imposing experts and training programmes in ways that are often unsuccessful in achieving sustainable impacts. Moreover, in his review of the economic conditionalities of the World Bank and the IMF, Riddell finds them limiting and to some extent harmful, even if the current forms are less so than those of the structural adjustment programmes of the 1980s and 1990s.

The key question, however, is whether all these different aid projects and programmes have led to development and poverty reduction at the aggregate level. There are relatively few studies attempting to answer this question at the country level with respect to the aid of *all* donors. (Country studies have tended to be financed by individual donors, with a focus solely on the impact of the aid of that donor.) Those more inclusive studies that do exist indicate that in some periods aid has contributed positively, in other periods less so. In general, these studies emphasise the tentative character of the conclusions and warn against drawing strong inferences (p. 220). When it comes to studies that attempt to gauge the impact of aid through cross-country, econometric studies, Riddell is strongly dismissive. While '[m]ore money has probably been spent and more research time allocated to examining the impact of aid on different macro-economic variables across different aid-recipient countries than on any other aspect of the aid relationship' (p. 222), Riddell claims that nothing has come out of this approach. He argues that because of the context-dependent nature of development processes, such abstracted and generalised approaches will not advance our understanding of the impacts of aid, and calls for a stop to the commissioning of such studies (p. 224). Riddell also briefly considers some possible adverse effects of aid – whether it may lead to reduced tax income or increased expenditure for consumption rather than investments, or have negative effects on the exchange rate – but concludes that even if these effects are found in some cases, their impact is relatively limited and may be managed.

Summing up, Riddell concludes that much aid has had clear, positive effects and brought benefits to poor people. On the other hand, some aid has had harmful effects, and there is much aid that has had little impact. 'But has most official development aid worked, or failed?' he asks, and continues: 'The honest answer is that we still don't know' (p. 254). But, he goes on to argue, 'the central question in aid discourse is not "Does aid work?", but rather "How can aid to poor countries be made more effective?"' (p. 257). And Riddell's examination of the evidence of aid impacts provides important pointers in this respect. One key conclusion that is repeatedly demonstrated

is that the positive impact of aid is heavily dependent on ownership and commitment to the development projects and programmes by the recipient. Conversely, donor imposition is largely counterproductive. Another key issue that Riddell points to is the proliferation of donors and projects, with lack of coordination and increased transaction costs as a consequence. And thirdly – and relatedly – the manner of allocating aid is unsystematic and irrational, and means that a very large part of international aid does not go where it is most needed or where it can make the greatest difference.

Two chapters are dedicated to NGOs, and to the impact of their projects, their advocacy, and their role in strengthening civil society. Again Riddell points to lack of data as a fundamental limitation for assessing impact. Furthermore, the great variation among development NGOs makes generalisations difficult. Thus, we are warned, ‘assessing the impact of NGO activities remains more an art than a science’ (p. 307), and ‘NGO activities yield a very wide mix of different results... Some [organisations] are able to record impressive achievements, but some are, frankly, hopeless’ (p. 308). Without saying so explicitly, it seems clear that Riddell generally has greater confidence in the larger and professionalised NGOs. In sum, he says, at the level of projects, ‘the evidence clearly points to a growing and greater impact of discrete NGO activities’, both due to an expanding number of NGO projects, ‘and more importantly, from an overall improvement in the quality of projects’ (p. 309). Moreover, Riddell concludes that NGO advocacy and lobbying activities have had an impact, and that there are reasons to believe that with respect to capacity building, NGOs may be more successful than official aid (which, Riddell concludes, is not very effective). With respect to the ‘nebulous concept of “strengthening civil society”’ (p. 310), Riddell calls for greater clarification of what roles NGOs and other civil society organisations are to play in different contexts, and concludes the jury is still out on the impact of aid in this respect.

Humanitarian assistance likewise gets two chapters. While – as usual – lack of data limits the conclusions to be drawn, Riddell maintains that humanitarian aid works in the sense that large numbers of lives are saved. On the other hand, we know little about how many more could have been saved with more funds or with better ways of spending the funds that are allocated. A consistent weakness has been the lack of systematic needs assessments in emergency situations, which means we will never know the number of people in need who were not reached. Moreover, total funds raised for emergencies year by year fall short of assessed needs, and are allocated to differ-

ent emergencies in an extremely skewed manner – meaning that a large number of relief efforts are vastly underfunded, while others can actually be termed overfunded. Other fundamental difficulties that Riddell points to include the lack of coordination among relief agencies and organisations; the failure to consult with victims of the emergency or to draw on local resources and capacities in responding to the emergency; and the problematic sides of food aid.

In the final part of the book, Riddell presents his outline of a programme for improving aid. This includes an International Development Aid Fund, to which states would be obliged to contribute according to their economic capacity. Funds would be allocated to developing countries according to need, and be channelled in two different ways. Where state capacity and commitment to poverty reduction is deemed satisfactory, funds would be given as budget support. If these conditions do not obtain, funds would be given to a National Aid Implementation Agency, a national institution to implement projects and programmes, which would be subject to some form of international approval before starting to operate. Such a system would wrest control over aid away from donors, who would be unable to continue using it to further their strategic or economic interests. Thereby it is possible to establish a rational system of aid allocation, based on the real needs of the individual recipient countries. Furthermore, it would drastically reduce the number of donors that recipient countries would need to relate to. And finally, it would improve national ownership of the development interventions. Recasting aid relations in such a way could thus resolve some of the basic problems of aid as it functions today, Riddell claims. Undoubtedly, if ever achieved – which is not very likely – such a system would also create a host of new problems. But arguing against details or unclear aspects of this scheme is really beside the point. Riddell's proposal is best understood as a bold and provocative statement of what kind of drastic reforms of aid relations are necessary in order to overcome the fundamental problems that plague the current set-up.

So, to what extent has Riddell succeeded? Is this *the* definitive work on the state of foreign aid in the first decade of the 21st century? In this reviewer's opinion, Riddell has written a thorough and impressive book that is largely convincing in its conclusions. The main strengths relate to the breadth of material that has been sifted through in order to throw light upon the main questions of the book, and to the systematic way in which the larger questions have been broken down into smaller and more manageable issues, for which the available evidence is carefully assessed and weighed.

Conceivably, some readers may find Riddell's constant reiteration that on the issue of aid efficacy there is a scarcity of data, and his consequent reluctance to draw clear and firm conclusions, to be a weakness of the book. After all, he doesn't really answer the question of the title in any clear way. To me, this is an important strength of the book. At a time when media, politicians – and probably the general public – are requesting clearer answers to what the effects of aid are, and representatives of donor organisations are promising that 'yes, we are now going to focus on and document the results we achieve', it is not only refreshing, but absolutely necessary that dissenting voices are raised, saying that this is simply not possible. There are logical and methodological reasons for why development processes in poor countries cannot be attributed to one specific factor. Thus, the fact that Riddell refuses to give clear answers is an indication of the seriousness of his approach, and should be considered a strength rather than a weakness. And as Riddell shows, this does not mean that no conclusions are to be drawn. On the contrary, he has very clear conclusions in terms of what the main constraints to increased efficiency of aid are.

Other readers may lament that certain forms of critical writing about development are not included or referred to. Riddell has no time to waste on discourse analysis, post-development or post-colonialist perspectives, or on the fundamental questions these approaches raise about aid, development and donor-recipient relations. While personally I find such perspectives useful, I think it is fair enough that Riddell leaves them out. They are not readily compatible with the approach of the book, which is written from a mainstream position. The book should be judged on those premises, rather than being criticised for not being a completely different undertaking.

But even if my general conclusions about the book are positive, I do have a few reservations. If, in lieu of firm evidence, we are to accept Riddell's weighing of the evidence for us, we need to feel certain that he is doing this in an open and unbiased manner. Throughout most of the book, Riddell seems to be doing precisely this. Yet there are moments when one feels that, uncharacteristically, he is indulging in a bit of wishful thinking. For instance, when he is assessing whether the policy demands that NGOs have been demanding have been the right ones¹, Riddell argues:

That a significant number of policies and approaches to development championed by NGOs *have* been adopted is one quite powerful

1 One might also query whether the question itself is a useful or even meaningful one.

indicator of the broad merits of these policies, as it is unlikely that governments and institutions would adopt policies which they knew to be wrong and or misguided. (p. 299)

Fortunately, the naivety of this belief in *the* right policies, and the trust in governments and institutions never doing anything misguided (three chapters after levelling strong criticism against the structural adjustment programmes of these governments and institutions) is very uncharacteristic of the generally reasonable and convincing tone of Riddell's arguments.

There are also times when Riddell, in my opinion, remains too uncritical of current development ideas, too certain that they are the solutions to the ills of the past, and too convinced that the practice and knowledge of aid and development are continually progressing.² In particular, the current ideas of harmonisation and coordination are heralded as important advances that are changing and improving foreign aid (even if the practice of donors does not completely live up to their rhetoric, as Riddell readily acknowledges) (Chapter 21). In his recommendations for improving aid, the strong belief in harmonisation is also apparent in the vision of most aid being channelled through one single institution. Furthermore, while in his recommendations for the future he is fairly silent on the role of NGOs, what little he writes about them focuses primarily on the need to establish systems for the monitoring and supervision of their activities (p. 404 ff). Thus, one could interpret Riddell to mean that if NGOs are to be allowed to continue as development actors alongside the International Development Aid Fund, they need at the very least to be firmly controlled. Riddell is of course completely right in pointing out the problems of the proliferation of donors and the duplication of efforts and increased costs this involves for recipients, and a certain measure of harmonisation and coordination is clearly needed. Yet there are also problems with too much coordination, in particular in a corporative model where everything is pressed into the same mould. Pluralism, alternatives and innovation lose out, and one could also argue that one effect when donors 'gang up' is that recipients lose the possibility of playing them against each other, thereby becoming less powerful and less in control of the development efforts.

However, in spite of such reservations, Riddell is to be congratulated on having written a comprehensive and thorough book which I gladly recommend to anyone interested in aid. It is written in an accessible way, and should satisfy specialists and non-specialists alike.

2 If this has been true for the whole aid period, then the aid of the first years must have been pretty terrible.