Does foreign aid really do good?

By JONATHAN FOREMAN • 9/27/15 12:01 AM

About a decade ago, a five-car convoy of Toyota Land Cruisers pulled up in a cloud of dust at a remote village on the edge of a South Asian mountain range. The passengers, all of them Westerners apart from an interpreter, walked over to where a canopy had been set up by an advance team the previous day. About 25 villagers were already there, enticed by free cookies and snacks.

One of the new arrivals gave a quick talk that was translated into a local language and then the others handed leaflets to the villagers. Then the foreigners climbed into their Land Cruisers and raced back to the relative safety and comfort of the capital. The leaflets concerned a micro-finance scheme, and the men and women handing them out were part of a project sponsored by the World Bank.

Not a single person in the village ever read the leaflets for the simple reason that no one in the village could read, a problem that had apparently not occurred to the people running the project. Nevertheless, the forms sent to Washington would, no doubt, confirm that outreach had taken place and that awareness had been raised.

A key step had been taken in the process of helping members of an impoverished community help themselves. Their expedition took place in Afghanistan, but it could have been in any of a dozen heavily aided countries. While it would be an exaggeration to say that no local person benefited from this particular project (after all, its foreign and local

employees probably contributed a good deal to the capital's economy), its wastefulness was arguably a betrayal both of the taxpayers who funded it and of its purported beneficiaries.

If that weren't bad enough, even if this particular project had been better conceived and executed, and awareness really had been raised, it probably wouldn't have done much good. That is because micro-finance, celebrated as a development panacea, simply doesn't work in certain cultures. It can be successful especially in quasi-matriarchal societies such as Bangladesh where it was invented; but it has abjectly failed in violently macho cultures like those of Rajasthan or Pashtun Afghanistan.

The point of this story isn't to imply that all aid is a similarly arrogant waste of effort and money, but to serve as a counter-anecdote: a reminder that real aid requires more than just good intentions, and a snapshot of the realities that all too often lie behind the heartwarming imagery and simplistic appeals to compassion used by aid advocates when selling the work of their vast global industry to the public.

To be fair, the aid industry has in the last couple of decades come to acknowledge that good intentions are not enough. Hence the conferences and academic papers on "aid effectiveness," the shift to "evidence-based aid" and the increasingly rigorous efforts to understand what programs work with real people in specific cultures. Critics, skeptics and disillusioned practitioners such as William Easterly, an economics professor at New York University, are now given a grudging hearing rather than ignored or dismissed as apostles of heartlessness.

That is not quite the same as conceding that seven decades and trillions of dollars in development aid have had remarkably disappointing results, in stark contrast to the Marshall Plan that was its original inspiration. And you will rarely encounter any acknowledgement that those countries that

have emerged from long-endured poverty and underdevelopment, for instance South Korea after the 1960s, or some of today's booming African economies, have done so for reasons unconnected with aid.

Moreover, you will still hear aid advocates misleadingly cite the success of a handful of relatively simple and untypical interventions, such as immunization, as if those interventions are representative of development aid as a whole. Few of the goals implicit in the idea of development, such as making a poor or damaged society wealthier, better educated, better-nourished, more technologically sophisticated, more politically stable, are so easy.

Another awkward fact is that many of the attempts to bring accountability, transparency and value for money to the enterprise of development aid have actually made it less rather than more effective. U.S. aid efforts are especially compromised by the oversight requirements that would be comical if they didn't do such a disservice to both the taxpayer and the theoretical beneficiaries of aid.

USAID in particular is notorious for an obsession with "metrics" strongly reminiscent of the McNamara approach to "winning" the Vietnam war; an approach that inevitably prompts managers to favor projects that produce crunchable data, no matter how useless those projects might otherwise be.

Moreover, as the anecdote above should suggest, a great deal of aid data isn't worth the time it took to input into a spreadsheet. The more impoverished, chaotic and badly governed an aid-receiving country is, the less you can or should rely on official data or even aid agency estimates of its birth rates, population, mortality, literacy, family size, income. Most statistics from basket-case countries, those in which it is too difficult or dangerous for researchers and officials to visit villages far from the capital, are a combination of guesswork and garbage.

No one knows, for example, how many people live in countries like Afghanistan that have not had a census in decades, let alone how much they live on or how long they live. Often, statistics from even the largest and best-funded aid organizations are based on marketing needs rather than rigorous research. For instance, last year a U.N. agency claimed that malnutrition has gotten worse in Afghanistan since the overthrow of the Taliban, even though it's almost impossible to know with any degree of accuracy how good or bad malnutrition was anywhere in the country in 2001 or how bad it is in large swaths of the country today.

In general, those who market development or humanitarian assistance to the public are still unwilling to admit that delivering effective aid is difficult in the best of circumstances, and even harder in the ill-governed, chaotic, impoverished societies where it seems most needed. They are even less likely to confront the reality that foreign aid all too often does actual harm.

This awkward fact is true of both development aid and humanitarian or emergency aid. The former accounts for more than 85 percent of American foreign aid even though it's less visible to and much less understood by the public. And, if you take seriously the criticism coming from a growing number of African dissidents, activists and intellectuals, it has contributed massively to the corruption, misgovernment and tyranny that has kept their nations mired in misery.

Even before people such as Zambia's Dambisa Moyo, Uganda's Andrew Mwenda and Ghana's George Ayittey became a public relations nightmare for the aid industry, some economists had noted a correlation between being aided on a huge scale and subsequently experiencing economic, political and social catastrophe.

It was after the great increase in aid to sub-Saharan Africa that begin in 1970, that per capita income dropped and many African countries endured negative growth. Other circumstantial evidence for aid as a corrosive force

includes the fact that the countries that have received the most non-military foreign aid in the last six decades have a disproportionate tendency to collapse into anarchy: Besides Afghanistan and Iraq, the countries that have received the most aid per capita include Somalia, pre-earthquake Haiti, Liberia, Nepal, Zaire and the Palestinian territories.

It's almost as hard to measure the alleged harm inflicted by aid as it is to find reliable and truly relevant metrics for aid success. On the other hand, the evident failure of many heavily aided societies speaks volumes.

How aid feeds corruption

As Mwenda said, having such a huge source of unearned revenue allows the government to avoid accountability to the citizenry. This is true of his own Uganda, where foreign aid accounts for 50 percent of the government's budget. There, President Yuweri Museveni, once hailed as a model of modern, democratic African leadership, has responded to the generosity of the rich world not by pursuing the U.N. Millennium Development Goals, but instead by purchasing top-of-the-line Russian Su-30 warplanes for his Air Force and a Gulfstream private jet for himself.

Nor is it just in Uganda that foreign aid actually seems to discourage what donors would regard as good behavior. A recent study from the Lancet magazine showed that aid funding earmarked to supplement healthcare budgets in Africa invariably prompted recipient governments to decrease their own contributions.

It also enables it to avoid or postpone necessary reforms, such as the establishment of a working tax system. In Pakistan, for example, a country with a significant middle class as well as a wealthy ruling elite, less than 1 percent of the population pays income taxes. Because states with little or no income from taxation cannot afford to pay decent salaries, this makes large-scale official corruption and extortion all but inevitable.

Aid feeds corruption in other ways as well. This is partly because large-scale, state-to-state aid has the same economic and political effects as the discovery of a natural resource like oil. But it is also because so many aid agencies will do almost anything to ensure that their good works can continue.

This is especially true in humanitarian intervention. Disasters such as earthquakes and tsunamis can be tremendous windfalls for ruthless officials in places such as Sri Lanka, India and Pakistan. Their people know that if they want to help the poor and vulnerable, they will have to pay bribes to government officials. And the government officials know that the agencies they are extorting will never close their offices and pull out rather than pay upfront.

Large inflows of development aid also seem to encourage political instability. This makes sense to the extent that once the state becomes the sole source of wealth and leverage, getting control of it for one's own party or tribe becomes all the more important, certainly worth cheating, fighting and killing to secure.

Aid can also encourage a dependency that is not just morally problematic, but also dangerous. Food aid is particularly destructive. When foreign aid agencies hand out grain, it bankrupts local farmers or at least discourages them from sowing next year's crops, all but guaranteeing future shortages.

At the same time, governments that ought to be preparing for the next famine don't bother because they assume that the foreigners will deal with the problem. The United States is by far the worst offender in this regard. Its food aid programs are now and have always been little more than a corporate welfare program for American agribusiness. It boosts the bottom line of companies such as Cargill while wreaking deadly havoc abroad.

On the other hand, the United States has pioneered aid to encourage the civil society organizations that are essential checks on "poor governance," that is, irresponsible and corrupt government officials. Unfortunately, such efforts are often undermined by other forms of aid such as budget support. After all, it's deeply discouraging for third world anti-corruption campaigners, civil society organizations and political dissidents when they see foreign aid agencies talk about the importance of good governance, democracy and human rights while handing over yet more money to tyrants and kleptocrats.

One of the less dramatic but no less damaging side effects of humanitarian aid is the distortion of local economy when aid agencies arrive to set up refugee camps or hand out emergency rations. Not only do prices go up for everything from water to fuel, but professionals abandon their jobs to work as interpreters and drivers. The standard aid agency/media salary of $100 per day can be more than a doctor makes in a month.

Then there are the "taxes" that the agencies routinely pay local warlords or garrison commanders to secure permission to operate or in return for "security" in dangerous regions. These payments sometimes take the form of food, radios or even vehicles. As a result, the armed payee is not only wealthier, and better able to continue the fight against his rivals, he also gains vital prestige; local people see that foreigners pay court to him.

Sometimes agencies go further and allow militias or equally vicious army units or oppressive political parties to control who gets food and water. This notoriously happened in the Hutu refugee camps in Goma and happens today in parts of Ethiopia.

Some moral compromise is inevitable in the grueling, dangerous business of emergency aid. But again and again, as critics Linda Polman, David Rieff and Michael Maren have shown, aid agencies have followed the path of "Apocalypse Now's" Col. Kurtz in pursuit of their ideals. They have become

the enablers and accomplices of murderous militias and brutal regimes, prolonged wars, and even collaborated in forced relocations. The refugee camps they operate have become sanctuaries for terrorists and rear bases for guerrilla armies.

The most infamous example of this was the aid complex that grew up on Goma in what is now Eastern Congo but was then Zaire in the wake of the Rwandan genocide. There, as chronicled by Linda Polman in her devastating book War Games, the world's aid agencies and NGOs competed fiercely to help the Hutu power genocidaires who had fled Rwanda with their families.

As so often happens, they ran the refugee camps, taxing the population, taking vehicles and equipment when they needed it, and controlling the supply of food to civilians so as to favor their members. Even worse, they used the Goma refugee camps as bases for murderous raids into Rwanda. The massacres they carried out stopped only after the army of the new Rwandan government crossed the border and overran the camps.

As Rieff pointed out, an analogous situation would have been if at the end of World War II, an SS brigade fled from the death camps it was administering and took refuge, along with its families, in Switzerland, and then, fed by aid workers, raided into Germany in an effort to kill yet more Jews.

There are many other examples of conflict being fomented and prolonged by those housing and aiding refugees, accidentally or deliberately. Refugee warriors, as some have called them, operating from the sanctuary of camps established by the United Nations High Commissioner for Refugees and others, have created mayhem everywhere from the Thai-Cambodia border to Central America and the Middle East.

Sometimes aid agencies have allowed this to happen as a result of ignorance. Sometimes it's a matter of Red-Cross-style humanitarian ideology taken to the edge: a conviction that even the guilty need to be fed or a belief that providing security in refugee camps would be an abandonment of neutrality. And sometimes it's because those providing aid are supporting one side in a conflict. The U.S. and Western countries did so from Pakistan during the Soviet-Afghan war.

For decades, Syria, Lebanon and Jordan allowed or encouraged Palestinian refugee camps to become bases for guerrilla and terrorist activity. This should make it clear that the aid world's traditional ways of dealing with refugee flows are inadequate. Even purely civilian camps such as Zaatari, the sea of tented misery in Jordan that houses a million Syrians, quickly became hotbeds of radicalism and sinkholes of crime and violence, not least because they are unpoliced and because they are filled with working age men with nothing to do.

The American way of aid

American foreign assistance is carried out by a number of different agencies. USAID, founded in 1961, continues to be the largest and most important. Its priorities have shifted over the years.

During the Kennedy and Johnson administrations, USAID emphasized the development of infrastructure and embarked on large-scale projects modeled on the Tennessee Valley Authority. President Nixon took American aid in a different direction, working with Hubert Humphrey to pass the so-called "New Directions" legislation that prompted a new emphasis on health, education and rural development. It wasn't until the Reagan administration that USAID began to emphasize democracy and governance.

The next revolution in American foreign aid took place during the administration of George W. Bush, who almost tripled USAID's budget. The Bush administration also began two huge aid initiatives outside USAID: PEPFAR America's HIV/AIDS program, which has been a great success, and the Millennium Challenge Corp. But the most radical Bush administration shift in aid policy may have been its increase in aid to Africa. Among other initiatives, Bush more than quadrupled funding for education on the continent. It was subsequently cut by the Obama administration.

Although aid is traditionally divided into two main types, development aid and humanitarian aid, one can categorize American aid in terms of the places it's sent, bearing in mind some amount of foreign assistance goes to 100 countries.

There is aid given to genuinely poor countries in an honest effort to help needy people there. Then there is aid to relatively wealthy states whose elites are too irresponsible to take care of their own people. A good example is the aid the United States sends to India, a country that can afford to send rockets to Mars and which has its own growing aid program, but whose ruling elite is content to tolerate rates of malnutrition, illiteracy and curable disease that are worse than those of sub-Saharan Africa.

A third category is aid given as a foreign policy bribe. This is not the same thing as aid used as a tool of public diplomacy, because its target is a foreign country's ruling elite. The most obvious examples are Egypt and Pakistan. America gives Egypt money and in return the enriched Egyptian military, with its prestigious American weaponry, promises not to attack Israel. U.S. aid to Egypt has preserved peace, but it has not been successful in its secondary purpose of promoting economic development and political stability.

Aid to Pakistan is arguably less successful. Its purpose was to persuade the Pakistani military and intelligence establishment to reduce its sponsorship of Islamist terrorism in the region and in particular its murderous efforts to destabilize the U.S.-supported government in Afghanistan in favor of its Taliban clients.

A fourth category is aid given as part of what was called the war on terrorism, which has been dominated by reconstruction efforts in Iraq and Afghanistan.

A fifth, linked category is aid used for the purpose of public diplomacy. This has become increasingly controversial in the aid community.

Controversies about the utility and effectiveness of aid do not necessarily break down along conventional Left vs. Right ideological lines. Interestingly, people who identified with the Left rather than the Right have recently argued that foreign aid does not win friends for America and should not be seen as a useful tool of public diplomacy.

They often refer to Pakistan and a study that showed that American humanitarian aid after the 2005 Kashmir earthquake did not have a lasting positive effect on Pakistani attitudes toward the United States. This is a problematic argument, not least because Pakistan is a special case. It is a heavily aided country in which key state actors foster anti-Americanism and have done so for a long time. An American rescue effort in one corner of the country was never likely to win over the population, especially as the state played down that effort in order to make its own efforts seem less feeble.

Moreover, those who insist that aid does not win friends abroad or influence foreign populations may have philosophical and ideological reasons for taking such a view. Many in the aid industry prefer to see aid as something that should be given without regard to any benefit to the donor

country, other than that feeling of having done the right thing that comes from an altruistic act. Others are politically hostile to efforts by Western governments to win hearts and minds as part of the war on terrorism.

My experiences in aided countries in Africa and South Asia tend to contradict this argument. In Somalia, for example, the vital but decayed highway between the capital and the coast is still referred to affectionately as "the Chinese Road" some three decades after it was built.

It's also no secret that in many parts of Africa, you encounter positive attitudes to contemporary China thanks to more recent infrastructure projects, despite the abuses and corruption that so often accompany Chinese economic activity.

In Afghanistan's Panjsher valley, any local will tell you how grateful the people are for the bridges built by the U.S. Provincial Reconstruction Team before it closed. This is a localized response to a local benefit. It would be naive, though not unusual on the part of U.S. officials, to expect people in other Afghan localities to be grateful for help given to their fellow countrymen.

At the same time, there seems to be evidence that bad aid makes things worse. That could take the shape of shoddy or failed projects; projects that employ disliked outsiders, and programs that everyone knows have been commandeered or ripped off by corrupt local officials.

It is probably fair to say that effective foreign aid can win friends for America, but mainly on a local basis and only if it reflects genuine local needs and preferences, and if the beneficiary population is not already steeped in anti-American prejudice.

Aid and Afghanistan

Anyone who follows media reports about the American-led reconstruction effort in Afghanistan — the greatest aid effort since the Marshall plan — could be forgiven for thinking it has been a total disaster. But anyone who has spent time there and seen how much has changed since 2001 knows that this is nonsense. The millions of girls in school, the physical and economic transformation of Kabul and other cities, the smooth highways that make commerce possible are only the most obvious manifestations of success. At the same time, the waste, theft, corruption and incompetence is at least as spectacular as these achievements.

It is not clear that Afghanistan is a radically more corrupt society than other countries that have been the target of major aid efforts, that its ruling elite is uniquely irresponsible, cynical and self-interested, or that foreign government agencies and NGOs working there have been especially naive and incompetent.

But it's important to remember that aid to Afghanistan is not just on a uniquely large scale, offering vast opportunities for theft, misdirection and waste. It's also much more closely scrutinized than any other aid effort in history.

Nothing like the same level of skeptical attention has ever been paid by media organizations to development or humanitarian aid programs in sub-Saharan Africa or South Asia. Nor has there been an equivalent of the Special Inspector General for Afghanistan Reconstruction turning a jaundiced eye on big, notoriously inefficient U.N. agencies such as UNHCR, or the efforts of giant nonprofits such as Oxfam and Save the Children.

On the other hand, Afghanistan may well be uniquely infertile ground for development aid, thanks to decades of brutalizing war, a historically feeble state whose primary function has been preying on those who lack access to effective armed force and a traditional political culture in which no one expects government officials to be better than licensed bandits.

Much of the controversy that has accompanied the aid effort in Afghanistan has involved criticism of work by the Defense Department and the military.

No one who has seen how weapons systems are procured for the U.S. military would be surprised if some Defense Department-funded aid projects in Afghanistan turned out to be wasteful, ill-considered and poorly administered. But whether they are that much worse than efforts funded by other government departments such as the State Department or USAID is another question. That they have tended to attract particular opprobrium from news media and the special IG could simply reflect institutional dislike of the military or opposition to the Afghan war.

There is evidence that in many places the military did a better job of providing aid than USAID and the rest of the aid establishment. This was partly because the military wasn't hamstrung by security concerns; unlike USAID, its employees were willing and able to go anywhere in the country. Local commanders with the ability to hand out funds may have lacked development experience, but they were there where help was needed and, unlike many aid professionals, saw no shame in asking locals what assistance they wanted.

USAID's bureaucratic, box-ticking approach was arguably unsuitable for a country as damaged, impoverished, misgoverned, traumatized and dysfunctional as Afghanistan. Where the military decided to build schools, it did so quickly and efficiently, assuming that American or Afghan aid agencies would then find teachers, buy schoolbooks and make the projects sustainable.

USAID, by contrast, was required to get the relevant permissions from the ministry of education in Kabul and then provincial ministries, both of which were incompetent and corrupt, and was so slow in the execution of its mandates that its tardiness threatened to undermine the war for hearts and minds.

The Obama administration and Aid

Despite what one might have expected from the candidate's internationalist rhetoric, foreign aid was far from a priority for the first Obama administration. Key positions such as the head of the Office of U.S. Foreign Disaster Assistance went unfilled for an unconscionably long time, and overall aid spending fell. To the extent that the administration paid attention to foreign aid, its primary concern seems to have been to reverse or undo the priorities of the Bush administration.

Accordingly, efforts to promote democracy and civil society in third world countries were defunded. Countries that had been given more aid as an apparent reward for joining the international coalition in Iraq were now penalized for the same reason.

The second Obama administration has seen a relative normalization of aid policy and an increase in overall aid spending. Although democracy promotion is not the priority it was during the Bush years, it is still a sufficiently important part of U.S. foreign aid to cause USAID to be expelled from Bolivia and Ecuador. In both cases, USAID was targeted by authoritarian left-wing governments for supporting the kind of civil society organizations that can make a genuine difference to bad governance in poor countries.

But normalization is not necessarily a good thing. It means that the United States is still committed to the U.N.'s absurd Millennium Development Goals, a vast utopian list of targets whose realization would, as Rieff has put it, amount to "quite literally, the salvation of humanity," and was always hopelessly unrealistic.

It also means that those guiding America's aid efforts continue to be naively enthusiastic about cooperation with big business and to put excessive faith in the potential of high technology to solve third world problems. It has

become increasingly clear that the Gates foundation and other new philanthropic giants are influencing the overall direction of U.S. development aid in undesirable ways.

In particular, it has meant a heightened, even feverish emphasis on technological solutions for development problems, as if cheap laptops or genetically modified crops might really be the magic bullet that "ends poverty." As David Rieff has pointed out, such "techno-messianism" has often failed in the past. If you have a high-tech cyberhammer, all problems start to look like nails.

But reducing poverty, promoting economic growth and rescuing failing states are — this is the real lesson of six decades of development aid — extremely difficult and complicated things to achieve. One gain can lead to new problems in the way that lowering infant mortality may have contributed to overpopulation and therefore malnutrition and even starvation in some African societies.

The challenge presented by the influence of Gates and other tech billionaires on American government aid policy is not just a matter of a techno-fetishism even more intense than that of the rest of American society. It's also a matter of priorities, of which problems get the most attention. It may be that the only thing worse than aid directed by ignorant box-ticking bureaucrats or by self-serving aid industry ideologues, is aid directed by the spouses of Silicon Valley billionaires.

The way forward

Foreign aid has so far not been a key topic for presidential candidates. Those who have said anything on the subject have tended to be relatively uncontroversial.

Hillary Clinton (/section/hillary-clinton) is especially keen on aid that benefits women and girls. Jeb Bush believes that aid is a vital instrument of U.S. foreign policy and approves of the administration's aid boost to Central America. Marco Rubio is, perhaps surprisingly, a stalwart advocate of foreign aid, though not, of course, to Cuba while it remains in the Castro family's grasp. His fellow Republicans Chris Christie and Mike Huckabee also see aid as key to America's moral authority, though the latter is particularly enthusiastic about faith-based aid efforts.

On the other hand, both Rand Paul and Rick Perry have expressed a libertarian or isolationist suspicion of foreign aid, although the latter has also indicated that he thinks aid should be used more explicitly as a foreign policy lever, calling for aid to Mexico and Central American states to be withheld until those countries do more to stop the flow of immigrants to the United States. It matters less since he has dropped out of the race.

Ted Cruz supported Paul's 2013 proposal to withhold aid from Egypt after the military coup that ousted President Mohammed Morsi, but does not seem to be against the idea of giving aid to key allies. On the other hand, Cruz did say that same year that "we need to stop sending foreign aid to nations that hate us."

It's a reasonable sentiment that could resonate with the public. Carrying out such a policy switch would entail stopping aid to Pakistan (one of the countries where American aid is not only unappreciated but seems actually to feed anti-American resentment), the Palestinian territories (whose citizens are per capita the most aided people on Earth), Turkey, China and Russia.

Whatever Republican and Democratic candidates say now, it seems unlikely that questions of cutting or boosting or reforming foreign aid will play a major role in the 2016 election. That is unless the migrant and refugee

crises in the Middle East and Europe gets so much worse that there are loud and popular calls for Washington to intervene in some way.

If that does happen, then it will be probably be the military that once again leads an American humanitarian effort, assisted, with the usual reservations and resentments by USAID and other agencies. It is worth remembering that during the Asian tsunami and Philippine typhoon disasters, no aid agency rescued as many people, did as much good or could have done as much good as the United States Navy, and that this was a source of pride for most Americans.

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