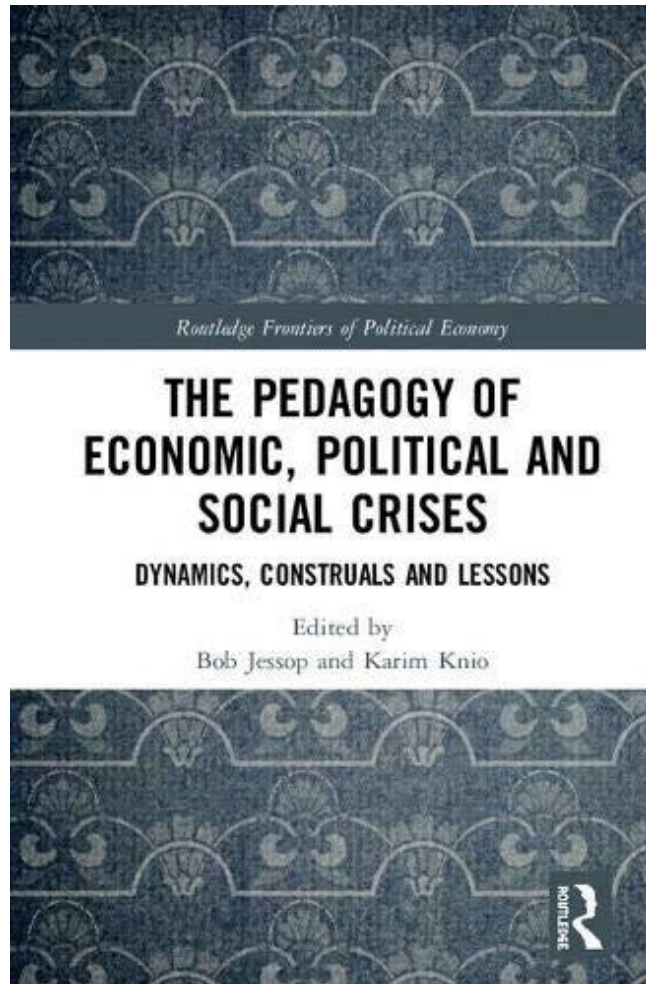


# The Permanent Crisis of Development Aid

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## "The Permanent Crisis of Development Aid"

In: Bob Jessop en Karim Knio (eds)  
*The Pedagogy of Economic, Political and Social Crises: Dynamics, Construals and Lessons*  
(Abingdon: Routledge, 2019),  
pp. 229-243.

*Ezra*

# Crisis in/of development aid

- Development thinking often uses crisis imagery with focus on
  - Inequality of life chances across the world <-> “Our dream is a world without poverty” (World Bank)
  - Human tragedies of conflict and disasters
- Yet, permanent crisis of legitimacy
  - P.T. Bauer (1966) – perverse effect of aid
  - Dambisa Moyo (2009) – vicious cycle of aid
  - Overall: persistence of poverty despite spending of billions of dollars in aid
- Crisis intensified in mid-1990s
  - Failure of Structural Adjustment Policies
  - Stagnation/fall in ODA from OECD countries
  - “50 years is enough” movement against the World Bank
- Innovations since 1995: governance turn, MDGs/SDG, aid effectiveness – all within dominant aid paradigm, not addressing fundamental causes

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# Crisis learning\*

- Crises as moments of profound cognitive and strategic disorientation
- But crises are also: moments for reflection, and for theoretical, policy and practical innovation
- Three ways of crisis learning:
  - Learning *in* crisis – occurs during the first moments of the crisis and concerns the actual symptoms of crisis
  - Learning *about* crisis – occurs as crisis unfolds and routine crisis management appears to be inadequate
  - Learning *from* crisis – occurs at a later moment, usually when crisis management has succeeded or the effects of the crisis are overcome for other reasons

\* Jessop, B. (2015) "The Symptomatology of Crises, Reading Crises and Learning from Them: Some Critical Realist Reflections", *Journal of Critical Realism* 14(3): 238-271.



# Development aid: evolution in thinking

- Interventionist paradigm with development agencies as 'gap fillers' (1945-1985)
- Market-oriented paradigm with emphasis on liberalization, deregulation and building institutions for markets (1985-now)

*Erasmus*

# Development aid: evolution in practices

- Development professionals an 'epistemic community'
- 'Principal-agent' logic of development agencies
- Staff assessment on the basis of bureaucratic performance, not outcome or impact of work

-> Technical/technocratic outlook: narrow targets rather than broader social transformation

-> Learning *about* rather than *from* crisis

-> Responses are

- *expansion* of the agenda beyond narrow understanding of aid
- and *connection* of development goals to other priorities

A stylized, handwritten-style logo of the word "Erasmus" in a dark blue or black ink.

# Learning from the crisis of the 1990s

- Signs of crisis: failure of SAPs, fall of ODA levels, 50 Years is Enough
- OECD (Development Assistance Committee) and World Bank led the learning process:
  - OECD/DAC, *Shaping the 21st Century* (1996)
  - World Bank President James D. Wolfensohn, *A Proposal for a Comprehensive Development Framework* (1999)
- Policy innovations:
  - Renewed emphasis on poverty reduction
  - Focus on aid effectiveness

# Learning from the crisis of the 1990s

- Expansion of the agenda:
  - OECD's new targets (halve poverty, universal primary education, basic health care, reproductive health) and principles of recipient ownership and donor harmonization
  - World Bank: not just economic fundamentals but also good governance, attention to the regulatory framework, public services, etc.
- Connection of the agenda:
  - Burnside and Dollar's analysis that 'aid works' when it supports 'good policies': "Effective aid supports institutional development and policy reforms that are at the heart of successful development" (Assessing Aid, 1998). Selectivity of aid is necessary.
  - Connected to Stiglitz's agenda for the 'Post-Washington Consensus', focusing on institutional reform.
  - MDGs the highpoint of expansion and connection of the aid agenda





# Learning from the MDG experience

- MDGs got development higher on the political agenda:
  - ODA doubled between 2000 and 2016
  - New dynamism at multilateral level, seen in the high-level conferences on aid effectiveness (Paris 2005, Accra 2008, Busan 2011, Mexico 2014, Nairobi 2017)
- MDGs were successful in many respects, but a UN evaluation in 2015 emphasized the gap between ambitions and achievement
- Return to crisis rhetoric, emphasizing that a new approach is needed
- SDGs: 17 goals and 169 targets
  - Expansion of agenda beyond aid
  - Connection of development agenda to sustainability, conflict and governance



# Where do we stand?

- Development industry has learned from legitimacy crisis in aid
- Learning has focused on symptoms not deeper causes. More fundamental causes of global poverty, related to power differences, are not addressed.
- Short-term solutions (learning *about* crisis) may stand in the way of fundamental reflection (learning *from* crisis) that is needed to address the long-term legitimacy crisis of aid. New development narratives (MDGs, SDGs) may have worked in the past, but may no longer be effective.

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