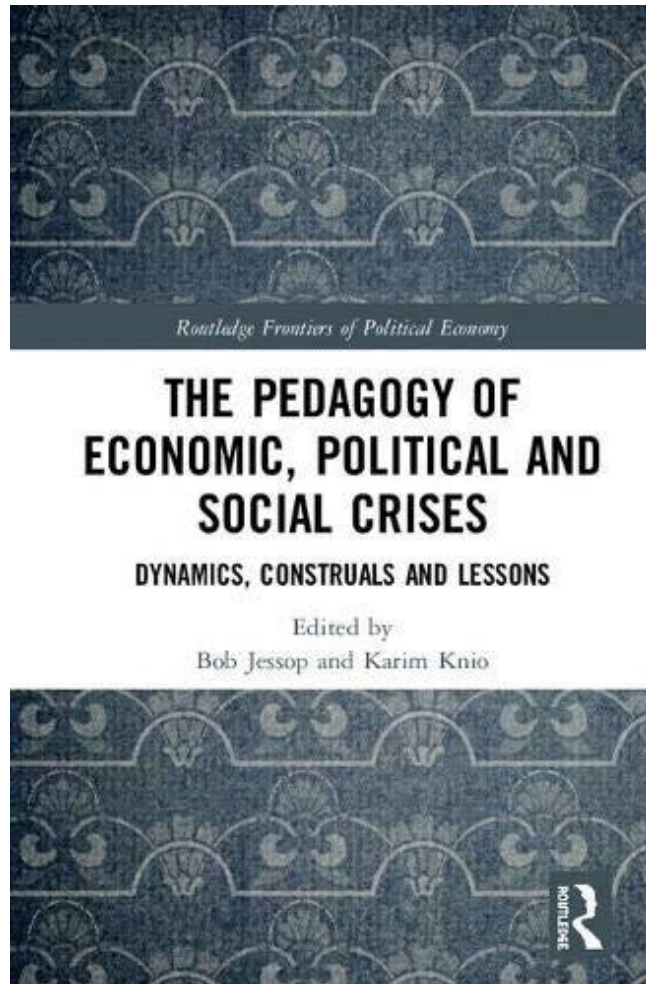


The Permanent Crisis of Development Aid

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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, almost permanent crisis of *legitimacy*
 - Conservative critique:
 - P.T. Bauer (1966) on the perverse effect of aid
 - Dambisa Moyo (2009) on the vicious cycle of aid
 - Progressive critique:
 - Hayter (1971) on aid as imperialism
 - Yanguas (2018) on the politics of change
 - Overall: persistence of poverty despite spending of billions of dollars in aid



Crisis in/of development 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 color, located in the bottom right corner of the slide.

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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