

# AID ON THE EDGE OF CHAOS

RETHINKING INTERNATIONAL  
COOPERATION IN A COMPLEX WORLD

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## A System to Change ‘The System’?

*‘How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it.’*

Adam Smith.<sup>1</sup>

### Cirque du irrationnel

Ethiopia is one of the most heavily assisted countries in the world. Net official aid to the country is around the US\$2 billion mark, putting it among the top ten largest recipients of aid. Ranked 174th out of 187 countries on the Human Development Index,<sup>2</sup> with an average food intake routinely 15–20 per cent below minimum accepted calorific levels, famously Band-Aided by Bob Geldof in the 1980s, it is also notable for the numbers of aid workers who spend thousands of dollars living long term in four-star hotels in the country’s capital, Addis Ababa.

Aid to Ethiopia has the dubious honour of being the focus of one of the most fragmented of all international aid efforts. More than 51 per cent of projects are for less than US\$100k, making up less than 2 per cent of all aid by volume.<sup>3</sup> Of course, in and of itself, this is not necessarily a bad thing. Small is often beautiful.<sup>4</sup> But this fragmentation is far from being cost-neutral in terms of its burden on such developing countries: the aid machine needs a lot of metaphorical tracks to be laid and infrastructure to be built. Figures from aid effectiveness work illustrate this well: the global aid system supports some 15,000 donor missions in 54 recipient countries per year—and in some countries this amounts to over 20 official visits per week.<sup>5</sup> In some Sub-Saharan African countries, health workers are so busy meeting Western delegates they can only do their proper jobs in the evenings.<sup>6</sup> In some developing countries, civil servants can

have up to 2,400 reports on aid projects to produce each year: in some cases, this means spending a quarter of their time on reports.<sup>7</sup> Estimates are that Ethiopian Ministry of Health officials spend more than half their time responding to foreign donor requirements, instead of working on national health policy issues. A more startling example of the impact of such fragmentation is from the Indian Ocean tsunami response, where a doctor in Banda Aceh made the following notes: 'In February, in Riga (close to Calang) we had a case of measles, a little girl. Immediately, all epidemiologists of Banda Aceh came in, because they were afraid of a propagation of measles among displaced people, but the little girl recovered very fast. Then, we realized that this was not a normal case of measles and we discovered that this girl has received the same vaccine three times, from three different [aid] organizations. The measles symptoms were a result of the three vaccines she received.'<sup>8</sup>

How has this situation come about? Although these are all instances of particularly high levels of aid fragmentation, such complaints are not uncommon whenever aid is given. Kevin Rudd, the Australian Foreign Minister and former Prime Minister, made his own viewpoint very clear after the devastating 2011 floods, when his government faced domestic pressures to *accept* foreign aid. He argued publicly that one of the worst things Australia could have done would have been to accept 'a whole lot of uncoordinated delivery of stuff from around the globe plonked on [our] doorstep'.<sup>9</sup> Rudd, incidentally, had previously overseen a promise to double the Australian foreign assistance budget, aid presumably being among those things which one is more blessed to give than to receive.

It turns out that such fragmentation can be found throughout the aid system. Consider the multiple starting points of aid: usually political or social institutions in high-income countries. Think of parliamentary bodies voting on new global or country-specific measures, legislatures passing bills for assistance, civil society organizations campaigning, people tentatively stopping in front of a charmingly attractive 'charity mugger' in the street or reaching for their phone after seeing a heart-rending advert on the television. Every country on earth is part of the aid system, as donor or recipient or, increasingly, both. Aid flows to poor and middle-income countries alike; it is given to countries, like India and China, which themselves give considerable amounts of aid to others. Most working adults in the high-income world and—increasingly—the middle-income world have contributed aid, either directly in the form of personal donations or indirectly through taxes. In total, development aid given just by the countries of the Organization for Economic Cooperation and Development (OECD) in 2011 amounted to some US\$134 billion, with an estimated further US\$12.5 billion for humanitarian assistance.<sup>10</sup> This of course doesn't include all non-OECD aid: Brazil, China, India, and Russia, and also Iran, Israel, South Africa, and Turkey are getting in on the act. Private individuals gave a further US\$4.6 billion in humanitarian aid, while figures for private giving on development are not collated.

This money supports everything from multi-billion dollar reconstruction projects to microfinance loans of less than US\$10. It funds health services and the expansion of primary education. It helps administer vaccines and support cutting-edge research on new drugs. It is intimately tied up in the process of macroeconomic reforms and frequently used for small business development. It funds the strengthening of both parliamentary systems and civil society movements. Aid resources are allocated to decades-long climate change adaptation programmes and rapid, immediate, life-saving humanitarian relief.<sup>11</sup> It can be used for knowledge and technical expertise on women's empowerment, or the subsidized purchase of equipment and machinery for dams.

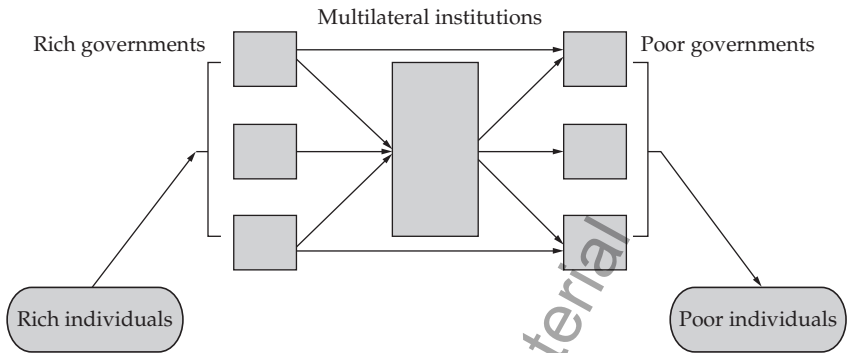
Foreign aid employs many different intermediaries to deliver these physical, financial, and knowledge assets. These include UN bodies, international financial institutions, government departments giving and receiving aid, the Red Cross and Red Crescent Movement, non-governmental organizations both large and small, grant-making foundations, small private trusts, think tanks and universities, and multinational corporations. These organizations bring together passionate and caffeine-fuelled campaigners, media savvy and fashionable fundraisers, hyperactive policy wonks, toe-the-line bureaucrats, hairy engineers, warm-hearted community facilitators, burnt-out programme managers, techie nutritionists, obsessive agricultural scientists, geeky economic modellers, poll-obsessed politicians, billionaire philanthropists, ambitious civil servants, grumpy male rock stars, and millions of well-intentioned charitable givers and people who volunteer their time and energy.

The aid system also includes many actors who are often invisible to the many funders of aid work, but who nonetheless are essential for much of the system to work: local non-governmental organizations, civil society movements, local governments, community-based organizations, small businesses, and the millions of people who work endlessly to help others in their communities and families. It is also made up, nominally speaking at least, of the billion or so poor and vulnerable people who are the 'target' of all of its good works. They might live in rural settings like those in Bali or much of Ethiopia, but they equally—indeed more frequently—might be in precarious teeming slums on the edge of traffic-choked cities, stricken coastal regions hit by flood surges, dusty refugee camps in politically contested borderlands, or oppressively hot cities where unwanted Western military forces face a thousand faceless enemies.

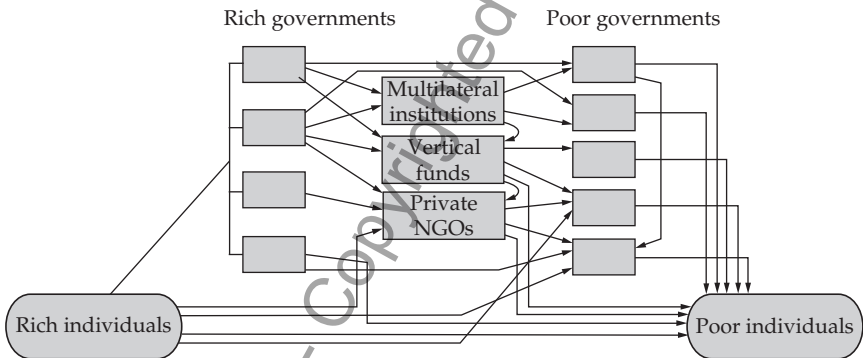
Today, we are dealing with what has been called a 'many-to-many' world of aid. There are more agencies using more money and more frameworks to deliver more projects in more countries with more partners employing more staff specializing in more disciplines. The relationships and interdependencies between existing and new organizations have increased, and so too have the pathways and channels through which aid resources can flow (Figure 1.1).<sup>12</sup>

Some have argued this messy confluence of intentions, actors, and activities does not deserve the label 'system'. Work I was involved in to assess the

Old reality:



New reality:



**Figure 1.1** The old and new reality of the organizational system of aid

Source: Fengler, W. and Kharas, H. (2010), *Delivering Aid Differently: Lessons from the Field* (Washington, DC: Brookings Institution Press).

performance of the overall global humanitarian aid effort, which we entitled 'The State of the Humanitarian System', was met by one experienced and garrulous colleague with the memorable phrase, 'What \*\*\*\*ing system?' Ethiopians have long referred to the aid system as 'a permanent entourage', 'the circus that never leaves town'. A rather more sober—if abstract—conclusion reached by researchers working in the OECD's Poverty Unit was that development aid was, in a wonderfully Orwellian phrase, a 'non-system'.<sup>13</sup> Former UK Secretary of State, Hillary Benn, argued that the system works in highly irrational ways.

## That Special Feeling

The saving grace in all this fragmentation, mission creep, and irrationality should be the ultimate benevolent intentions of aid. The ever-expanding and imperfectly formed agenda that weighs on the shoulders of aid agencies is not an end in itself. Foreign aid supports a multitude of activities with a collective eye fixed on a set of grand ambitions. Broadly speaking, aid agencies seek to ease (if not erase) the ills of poverty, to alleviate suffering. At its *most* idealistic and ambitious, aid aims to transform the entire global network of social, economic, and political relations within which it sits, rebalancing it in favour of the poor and vulnerable.

Aid is intended to be 'a system to change the system'. Aid dreams are of a more even, fair, and just world. As the head of one major European bilateral agency told me, 'it is not just the amount of amount of aid we give, the 0.5 per cent or 0.7 per cent or 1 per cent of gross domestic product. It is how we use that to transform the other 99 per cent of what our government spends that really matters.'<sup>14</sup>

In pursuit of a world that is fair and humane, international agencies are carefully positioned not just as the intermediaries for the delivery of resources to poor and vulnerable communities. They are also the 'middlemen' for the delivery of salves of conscience to Western governments and their citizens. They give their donating stakeholders—some of whom are keenly aware of the need for fairness and justice in the world—a sense that they are doing *something*.

On its good days, its champions argue, foreign aid is one of the most humane expressions of the idea of global mutuality: that what happens on the *other side* of the world is of concern to everyone *in* the world. At its best, the system is the manifestation of another form of globalization to add to the opportunity and vulnerability I described earlier: aid is an expression of global compassion.

In a world marked by competition and scepticism, however, aid intermediaries have to sell their goals hard to funders—be they individual or institutional supporters. Heart-tugging adverts, sophisticated marketing material, detailed policies and proposals all serve to communicate urgent demands in the developing world, and the credentials of aid organizations to meet them.

Witness, for example, this excerpt from the campaign of one development non-governmental organization, which I spotted at a London underground station (I no doubt puzzled my fellow commuters by taking out my notebook and transcribing the text): 'We're hoping to inspire thousands more people to join us and get the special feeling that comes from helping to end poverty, together.'

It turns out that the 'special feeling' is different for different people. There are four adverts running simultaneously for this organization, each focusing on a different type of person, with a different feeling. For example, 'Barbara' in the advert in front of me feels angry about poverty. So she donates funds to the organization to 'transform the lives of the poorest women around the world [and this] gives Barbara the chance to turn that anger into action and make a difference'. And as 'Barbara' herself puts it, 'It's just such a good feeling. You know that at the end of the road there is going to be a change for people and that just produces a real joyfulness.' The tagline urges me and my fellow commuters to donate to the organization and 'Get your feeling!'

Many would argue that the global aid network is triggered, supported, and sustained first and foremost by self-interest—much of it more malign and self-serving than Barbara's. Consider the fall in aid after the end of the Cold War, or the equivalent spike during the Global War on Terror. Consider the 'lost decade of development' in the 1980s, when aid agencies peddled structural adjustment programmes that deepened poverty and vulnerability. Consider the disproportionate support for emergencies across countries: the 2010 Haiti earthquake saw US\$1,166 given per person affected, while the Pakistan floods later the same year received US\$135 per person.<sup>15</sup> Think about the long roster of development disasters that didn't see a turnaround like the Bali *subaks*. Think about decades of 'high-level' pronouncements and rhetoric about enhancing ownership and autonomy, and the continual chagrin of aid donors when their 'clients' display exactly these qualities. 'Irrational' and 'baffling' start to sound like charitable terms. Aid is uneven and disproportionate, politicized and undemocratic, less a global welfare system and more a global postcode lottery with few handpicked winners and many, many more losers. It seldom adds up even to the sum of its rapidly multiplying parts, let alone coming close to exceeding them. Some conclude it doesn't have enough good days, and has rather too many bad ones.

Experienced aid practitioner and author Roger Riddell suggests that, against the reality of the ambiguous results of aid, there are three options for aid communications: to say that it works sometimes; to say that they are doing their best to improve it to reduce failures; or to admit that aid is a complex endeavour where some degree of failure is inevitable. The overwhelming effort by aid agencies has been in the first two areas—the third has been avoided 'almost entirely'.<sup>16</sup> At the end of the day, though, tales of 'do-gooders gone/done bad, and with *our* cash!' stick more, are more compelling, headline grabbing, memorable, just simply more interesting, than 'do-gooders who did a reasonably okay job in difficult circumstances while navigating a really quite challenging set of compromises with limited resources, and achieved some limited success'.





### Pearl Diving in the Bermuda Triangle

There is more to aid than just carefully marketed messages for Western audiences, of course. The simplification of the 'aid sales pitch' is in direct contrast with the ambiguity of the subsequent endeavour. Dig a little, and you quickly find yourself overwhelmed with conflicting information about what needs to be done, by whom, why, and the results that will ensue. Not for nothing have development consultants been labelled 'a plague of seagulls' by frustrated developing country counterparts: 'They fly in, flap around for a while, drop large white wads, and then fly off again.'<sup>17</sup>

Collectively, aid organizations churn out (or dump) enough documents on an annual basis to paper over a small but statistically significant portion of the developing world, adding Dali-esque problems to already troubled lands.

Maybe the volume of material is justified. David Ellerman, former Senior Advisor to Joseph Stiglitz, then World Bank Chief Economist, has noted that aid agencies deal with some of the most complex and ill-defined questions facing all of humanity.<sup>18</sup> Another experienced aid official, Robert Calderisi, has argued that ‘helping other nations successfully can be like looking for pearls in a murky sea’.<sup>19</sup> Maybe the documents and policy papers are just an indispensable means of helping aid agencies navigate this murky sea on a daily basis.

And yet research done over ten years by the Overseas Development Institute suggests evidence informs aid policy and practice only when the political context, the networks, and the knowledge are all in alignment. When the political context is not right, research is bypassed, evaluations are forgotten, studies are ignored, and aid itself can be curtailed.<sup>20</sup> Wheels are reinvented that, in many cases, never really worked in the first place.<sup>21</sup>

Even the simplest of questions about aid are hard to deal with. What is it and why is it given? Does it work? Who benefits and how much? One study concludes that any answers generated today ‘would be inappropriate by tomorrow’.<sup>22</sup> One of the most credible and wide-ranging assessments of aid undertaken to date—and a success by any measure—is Roger Riddell’s *Does Foreign Aid Really Work?*,<sup>23</sup> which found no conclusive evidence either way in response to the question posed in the title.

The great American international relations scholar and policymaker, Hans Morgenthau, dryly summed up the ambiguities and contradictions that shape aid to this day. In 1962, he wrote, ‘Foreign aid is among the few real innovations which the modern age has introduced into the practice of foreign policy [but] none has proven more baffling to both understanding and action.’<sup>24</sup>

Morgenthau, it seems, was not far wrong. For those posing these beguilingly simple questions, foreign aid may seem rather like the public policy equivalent of the fabled Bermuda Triangle. Numerous policy evaluations and research studies start out with grand ambitions to address such critical questions, but end up wrecked, abandoned, or disappearing altogether.

I noted in the preface the propensity of aid agencies to repeat mistakes ad infinitum. A frequent critique of aid evaluations is that they tell us nothing new or different to previous assessments. Perhaps this is grounded in beliefs and practices—unspoken, but pervasive—that it is better for reputational purposes to fail conventionally than to succeed unconventionally. Repetition of mistakes and conventional failures is not unique to the aid system, of course: market crashes, corporate corruption, political co-option, and military abuses all attest to this. But many believe, perhaps because of the way that development and humanitarian agencies have become vendors of compassion, they should be better: being on a higher plane of morality seems to demand a higher level of effectiveness.

The lack of change and improvement despite growing investment in trying to understand development and disasters has led to growing criticism from all quarters. Much of this is strident, and quite a lot is misplaced. Aid is only as good as—can only ever be as good as—the politics surrounding it allows it to be.

When the stated aims are so lofty, though, ineffectiveness and failure perhaps inevitably become a scandal. And sometimes, of course, they are. The narratives woven by aid agencies themselves do not help matters. The higher the expectations are ramped up, the simpler the messages that are sold, the more out of touch with reality aid agencies risk becoming.

## Aid at the Crossroads

For many critics, there is no better example of high altitude aid than the Millennium Development Goals (MDGs), set out by the UN and ratified in 2000 by world governments and the majority of aid actors. Addressing areas such as hunger, education, and health, these set out a series of targets attempting to change the world in favour of poor people.

Let's take the area of education to illustrate this briefly—I will return to this in more detail in a subsequent chapter. On education, the UN set the goal that, by 2015, every child on the planet between the ages of three and eleven would go to school. Education stands out from the other goals not just because it was the only one that predated the MDG process, but also because it was the only universal goal: poverty would be halved, water access would be doubled, and so on. The universality and absolute nature of the education target reinforced the importance of the goal both in its own terms but also as a requirement for the achievement of the other seven goals.

There is something about the education goal—and the idea behind it—which is clearly very compelling. It seems to say something important about humanity, and our advancement as a species. Journalists, academics, and activists often seek to put less inspiring data—from US consumer spending on second bathroom refurbishments to the amount spent on erectile dysfunction drugs globally—into perspective by comparing them with the anticipated bill for achieving universal education. In the exhibition on war at the UN headquarters, the total defence budgets of the world are presented as a multiple of this same number (the multiple is, of course, depressingly high). Our ability and willingness to pay for the world's children to be educated seems somehow to put our less humane and more ignoble activities into a sharp, shared, moral context.

But what does the Goal amount to? As a whole, the MDGs suggest better and more spending will lead to better goods and services, which will in turn lead to achievement of the targets. Therefore, by spending in the right areas, the world would be able to achieve universal primary education by 2015.

From spending cash to building schools and providing textbooks, to increased enrolment and engagement, to positive societal effects, the model of developmental change is presented as a linear, step-by-step progression. Similarly, better access to, use of, and satisfaction with educational services will have a range of positive effects on key dimensions of wellbeing. It is nothing if not enchanting, this vision of social change.

But problems clearly remain. The Millennium Campaign website suggests that, despite some progress, the education goal is very unlikely to be met by 2015. The World Bank's Global Monitoring Report states that, while primary school enrolment rates are up, completion rates, especially for girls, remain a major concern.<sup>25</sup> UNESCO reports that, in one-third of countries with available data, less than two-thirds of children enrolling in primary education are reaching the final class, let alone graduating.<sup>26</sup> Other sources go further and argue that the global education target will not be reached until the year 2030. The most extreme example was the 2007 work of Social Watch, a think tank, which calculated that at present rates of progress universal primary education would be achieved by 2036 in the Middle East and North Africa and by 2079 in Sub-Saharan Africa.<sup>27</sup> Just to spell it out, a girl in Africa coming of primary school age in 2015 may, if she is lucky, get to see her great-grandchildren benefit from the target that should have been reached when she herself was a child.

Overseas Development Institute analysis notes that the span of the MDGs was barely long enough for five to six new cohorts of children to both enter and finish primary school by 2015.<sup>28</sup> This is insufficient time to conclusively reform a *single aspect* of education policy in a Western country, let alone scale up the entire global system to universal coverage for a rapidly growing population. This sobering tale gives us a good indication of how realistic the MDGs were from the outset. It is also worth noting that the education target was originally set in 1990 to be met by 2000, and then 're-booted' in 2000 to be met by 2015. With 2015 approaching, there is much talk of what will replace the MDGs, or whether another re-boot is necessary.

The MDGs have been referred to by academics at Manchester University as 'the world's biggest promise'.<sup>29</sup> On the above reckoning, and in relation to education at least, one needs to add in 'unrealistic', or 'empty', in the appropriate place.

The endless revising of targets has something of the feel of the burden of Sisyphus, the mythical villain cursed by the Greek gods to spend eternity pushing a rock to the top of a hill. Every time he nears the top, the rock slips loose and rolls back down the hill, and Sisyphus has to start over again from the bottom. The analogy only goes so far, however: with aid, it seems as though the burden is getting bigger and harder to get a handle on with each successive attempt. But the task is not one that can be put aside, as the UN itself has noted: 'The myriad difficulties and uneven progress notwithstanding, continued pursuit of these ideals is essential; even if Sisyphus is unhappy, he must fulfil his duty.'<sup>30</sup> (In his farewell address as Secretary-General in 2006, Kofi Annan made

the following pertinent remarks: 'Together we have pushed some big rocks to the top of the mountain, even if others have slipped from our grasp and rolled back... It's been difficult and challenging, but at times also thrillingly rewarding. And while I look forward to resting my shoulder from those stubborn rocks... I know I shall miss the mountain.'<sup>31</sup>

What should be done in the face of such an apparently fundamental mismatch between moral ambitions, goals, and realities? One answer is to call for an increase in aid spending, on the assumption that more inputs will lead to more and better outcomes. There have been recent calls to double aid, to meet decades-old targets for spending as a proportion of donor GDP, to increase and protect financial commitments. Prominent in the mid-noughties, and still favoured by some influential academics and leaders, for the most part, this has a rather Pollyanna-ish air to it. The likelihood of such increases appears increasingly remote in the current economic climate—except in those cases where spending on aid has become part of a domestic political calculation. Even in these situations, such as in the UK, the lack of economic growth as a result of the global financial crisis means that targets of meeting 0.7 per cent of GDP can be actually met by cutting projected aid volumes. This is before one considers the diversion of aid—for example toward the military.

A second set of answers is that the aid system itself is to blame for its ills, and should be put out of its—and everyone else's—misery. After all, what on earth could aid be doing well if one of its most important goals is going to be missed by the order of several generations? Through wilfulness and moral decrepitude, shameless co-option and political obsequiousness, or just plain old incompetence and inadequacy, the aid agencies deserve to get it squarely in the neck. There is a thriving coalition of those now willing to challenge what is widely perceived as the moral superiority and innate smugness of aid workers. The solution, from the perspective of these 'aid hawks', is unambiguous: wage a global war on aid. For many, this means discarding aid with all its imperfections, and attempting to achieve development through other means.

Suggestions abound. Give the job of development to trade interests or corporate power. Let the financial markets sort things out. Hand the whole thing over to the military. But such transformations are likely to permanently affect the developmental and humanitarian objectives of aid. Which member of the public would have given money to the tsunami effort if TNT were doing the fundraising and would have made profits from the endeavour? Which company can legitimately say to its shareholders that it is investing in Africa in the interests of poor and vulnerable people? Which community would readily accept aid from the military forces that are—rightly or wrongly—seen as creating the problems in the first place?

Although in some cases the anger is understandable, the argument for ridding the world of aid agencies may be as kneejerk and simplistic as the call for doubling their budgets. As Amartya Sen has argued, in the context of aid agency

effectiveness, there is a difference between curing an affliction and eliminating the afflicted.<sup>32</sup> There is little evidence to suggest that any other kind of actor will be much more successful because of the systemic nature of the problems.

A third answer is to accept that longstanding failures and new intractable challenges require us to radically rethink what aid agencies do and how. This school also has its long-term and passionate adherents.

The argument that aid agencies need to undergo fundamental reforms and changes in mindsets now occupies a predictable place in the rhetoric of aid agencies. 'This calls for a step-change in our work!' is the frenzied claim of many a policy analyst. And yet there is a lack of clarity and precision about what this means. There is a pronounced tendency to point to technical issues: 'we need better evidence/results/information technology/communication' (delete as appropriate); developing country governments: 'we need developmental states'; or even poor people themselves: 'why won't they adopt what we know they need?' However, a reasonable amount of the problem can be attributed to ideas and incentives within the aid system.

As Richard Manning, one of the leading aid thinkers and practitioners working today, with an distinguished career in UK's Department for International Development and the Development Assistance Committee of the OECD, has argued, 'any assessment of aid has to start from a realistic appreciation of how societies and institutions develop, and an understanding that injections of external finance and expertise can only complement local resources, systems and processes'.<sup>33</sup> He goes on,

aid [is] intrinsically a second-best solution as compared to 'home-grown' development, but still a necessary one given the impossibility of local resources financing basic government services in many poor countries (and the potential of relatively modest amounts of aid in transferring skills to lower middle income countries and helping them deal more appropriately with their own marginalized communities)...the challenge for those involved in aid...is how to manage this 'secondbest' solution...by recognizing areas of weakness and by putting in place approaches which mitigate them...<sup>34</sup>

Rosalind Eyben, former Chief Social Scientist at the UK Department for International Development, has argued that, 'Even if we are unconscious of it, we all use theory for explaining the world to ourselves and to each other. Our usual way of thinking about the world and its problems shapes our practice. *New ways of thinking offer the potential to make choices about practice*' (emphasis added).<sup>35</sup>

New ways of thinking can arise from the process of asking forthright questions about the relevance and appropriateness of aid. Some of this, laudably, has been done by aid actors themselves. The Tsunami Evaluation Coalition—a group of 43 international aid agencies including donors, non-governmental organizations, UN agencies, the Red Cross, and researchers—analysed the unprecedented flow of funding after the catastrophe: the largest-ever assessment

of humanitarian aid. Their report,<sup>36</sup> prefaced by former US President and Special Envoy for Tsunami Relief Bill Clinton, was a sobering catalogue of failures of international assistance. It argued that international agencies needed to devote as much time to *how they do things* as to *what they actually do*.

An equivalent single review of development aid—the largest to date, which sought to assess progress against high-profile OECD donor commitments made to improving aid in Paris in 2005—found that what started off as a political commitment to change behaviour and enhance development soon became interpreted and used as mainly a 'technical' and 'process-oriented' agreement that failed to 'enlist the political and societal engagement needed to push through some of the most important changes'.<sup>37</sup>

The challenge, as those involved in such assessments would no doubt concur, is how to get such findings front and centre of the effort to improve aid. The rather damning reality is that new ways of thinking and hard-learned lessons are seldom prominent among the multitude of propositions bouncing around the shiny recycling depot of aid reforms. Among the visions that are regularly set out by the highest echelons of foreign aid, there is not nearly enough reflection on *the way we think and act*. The focus has been on technical fixes instead of behavioural changes, on bolt-ons instead of changed business models, on spin instead of substance. According to Riddell, despite reinventing itself throughout history, the aid industry retains many of its old problems—by not facing up to these systemic problems, those who would seek to transform aid are in fact busily streamlining and improving a system that is known to be flawed.<sup>38</sup>

This general phenomenon is not unique to aid agencies, of course. The late great Russell Ackoff, a systems thinking pioneer, used to argue that much public policy is built on the assumption that we can do 'the wrong thing right'.<sup>39</sup>

The righter we do the wrong thing, the wronger we become. When we make a mistake doing the wrong thing and correct it, we become wronger. When we make a mistake doing the right thing and correct it, we become righter. Therefore, it is better to do the right thing wrong than the wrong thing right.

The pronounced tendency to 'do the wrong things right' reinforces the 'second best' nature of aid solutions. In fact, in many cases, aid attaining 'second best' status would be a tremendous step up from its typical ranking.

## How Aid Works

In the next four chapters, I want to examine the inner workings of foreign aid. I want to take a look inside the 'black box' of aid, to show *how* aid goes about doing what it does. I have taken inspiration from a range of thinkers—Elinor Ostrom, Douglass North, Oliver Williamson, Amartya Sen, Bill Easterly, Lant

Pritchett, Owen Barder, David Booth, and others—who have helped further our understanding of the institutions and mental models of aid.

My starting point is that aid works within a set of constraints: the ‘rules of the game’ that shape what can and can’t be done in aid, that shape behaviours and actions, that determine rewards and punishments. These lie at the heart of the aid system—and indeed any socio-economic system—but are often unwritten and unspoken. My approach has been to investigate these rules of the game by examining how they have become embedded in four key aspects of aid: learning, strategies, organization, and performance.

Aid actors are characterized by the ‘mental models’ that reflect their understanding of the world and which they use to **learn** about the world, frame decisions, share knowledge, and guide objectives and actions. These mental models change over time and can provide impetus for institutional changes; equally, rigid mental models may reinforce particular forms of skills and knowledge, and be underpinned by certain kinds of institutions. With this in mind, I first look at how the mental models of aid manifest themselves in a number of different settings, and try to draw some generalizations about the way that aid learns, what it learns, and with what effects.

Aid agencies act in ways they believe will help them achieve their objectives: they set out and follow strategies, and they may even occasionally correct and revise them. I look at **strategy and policy** as key mechanisms by which formal aid decisions are made, programmes designed, and new interventions launched. I try to take a discriminating approach to strategy—to understand what the key strategic approaches are in aid, how they work, when they work, and what happens when they do not.

The institutions and rules that shape aid present opportunities for individuals to work together in groups, bound by what one would hope is their common purpose. If institutions are the rules of the game, then aid organizations and their multiple stakeholders are the players. In my third lens on the workings of aid, I look at the nature of the **organizations and relationships** found in foreign aid, the way they are structured and managed, cultures and ‘thought worlds’. I examine whether and how internal relationships influence development outcomes, as well as how aid organizations interact with and relate to those they seek to help.

Finally, aid agencies also increasingly have some form of feedback from their environment, some means by which they can assess performance and enforce it. I look at **performance and accountability** approaches and examine how aid agencies deal with issues of trust and legitimacy inherent to the aid chain. How do aid agencies show they are accountable, and how do they prove their worth? What are the challenges, and how have these been dealt with? I end Part 1 by reflecting on the lessons from across these four areas, to draw general conclusions about the way aid thinks and works.