

UNDERSTANDING AID

Explanatory paper
on international and
Australian aid



AUSTRALIAN
COUNCIL
FOR
INTERNATIONAL
DEVELOPMENT



micah

campaign for *Australian Aid*

Introduction

The world's wealthy countries and some emerging economies give aid to poorer countries in the name of economic development and to help overcome the problems they face.

In most of the developing world, economic and social indicators have improved considerably in the past three decades. The proportion of the world's population living under the World Bank's lowest global poverty line fell from 42 per cent in 1981 to 11 per cent in 2013.¹ Aid and international development has played a role these improvements.²

Aid is an important way wealthier countries can help poorer countries develop. Approximately \$175 billion dollars was given as aid by donor governments in 2015, which equates to 0.24 per cent of global income.

This paper provides an overview of international aid and Australian aid, presenting key data and trends, as well as examining aid effectiveness. Firstly, it offers a broad overview of international aid volumes, an introduction to broad questions on why and how aid is given and sets out five principles for effective aid. Secondly, it looks at these elements in the Australian context and examines the benefits of effective aid.

TERMINOLOGY AND SCOPE

Throughout, the paper refers to **Official Development Assistance** (ODA). ODA is government aid that meets certain criteria, such as being given to eligible poorer countries.³ It is also what is commonly understood as 'foreign aid', given by Governments or 'Australian aid' given by the Australian Government.

In analysing international aid, the paper retains a focus on members of the OECD's **Development Assistance Committee** (DAC). The DAC are a group of wealthy donor countries, which includes Australia. The focus on ODA given by the DAC is maintained throughout the paper as member countries provide reliable information on the aid they give and make up approximately three quarters of the aid given by donor governments. The paper also notes the rising importance of non-DAC donors such as China.

ABOUT THE PAPER

This paper was developed by policy advisers from the aid and development sector, under the auspice of ACFID and Micah Australia.

We are grateful to Terence Wood, Research Fellow at the Development Policy Centre at ANU, for his substantial research assistance with this document.

ACFID is the peak body for Australian 130 non-government organisations involved in international development and humanitarian action.

Micah Australia is a coalition of 15 churches and Christian organisations that seeks to raise a powerful voice for justice and a world free from poverty.

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GLOSSARY OF TERMS

ACFID – Australian Council for International Development

DAC – Development Assistance Committee

DFAT – Department of Foreign Affairs and Trade

ODA – Official Development Assistance

OECD – Organisation for Economic Co-operation and Development

GDP – Gross Domestic Product

GNI – Gross National Income

NGO – Non-Governmental Organisation

LIST OF DAC MEMBERS

Australia

Austria

Belgium

Canada

Czech Republic

Denmark

European Union

Finland

France

Germany

Greece

Hungary

Iceland

Ireland

Italy

Japan

Korea

Luxembourg

The Netherlands

New Zealand

Norway

Poland

Portugal

Slovak Republic

Slovenia

Spain

Sweden

Switzerland

United Kingdom

United States

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Photo: Ben Pederick, Good Morning Beautiful Films.

UNDERSTANDING AID

An overview
of international
aid



An overview of international aid

WHAT IS AID GIVEN FOR?

In instances governments give aid because they wish to **help people** in poorer countries, based on the nation's values, while in other instances governments give aid for the primary purpose of obtaining direct economic or geostrategic **benefits**.

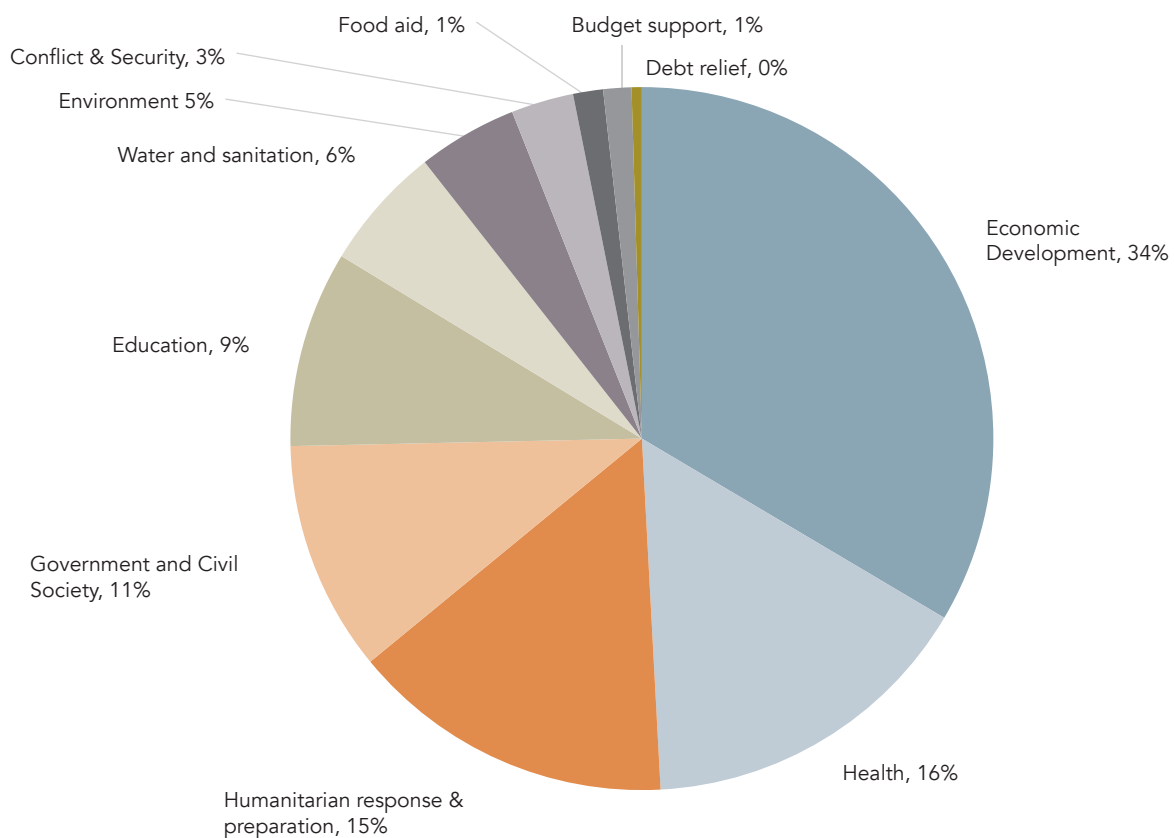
It is recognised that on whatever primary basis or motivation aid is given, governments are likely to **benefit** if poorer countries become more prosperous and politically stable. In the Australian

context, public opinion data show that a clear majority of Australians want Australian aid to be given primarily for the sake of helping people in developing countries.

Often aid is associated with attempts to ameliorate the effects of natural disasters and conflicts, which is commonly referred to as **humanitarian aid**.

However, most aid given to poorer countries is to help them develop and to improve peoples' lives over the long term. In 2014, less than 15 per cent of ODA was given as humanitarian aid.

2015 OECD DAC government aid broken down by focus



Aid identified as having a specific focus included.

Data from the OECD: <http://stats.oecd.org/Index.aspx?datasetcode=TABLE5>

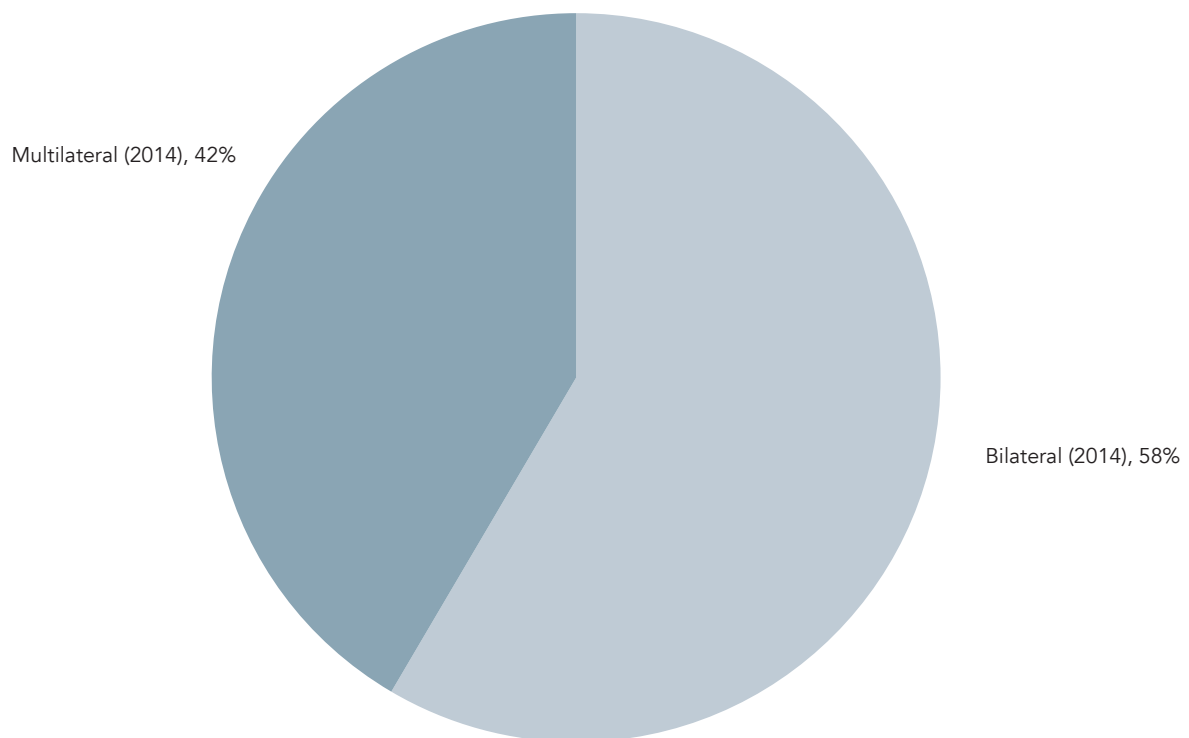
Note that gender and disability inclusion are not included as issues in the chart. Although donors, including Australia, deliver aid to address gender inequalities and the exclusion of people with disability, these are known as 'cross cutting issues' in official aid reporting to the OECD.

This means they are meant to be taken into account in aid work within the areas identified in the chart. Environmental sustainability is also a cross-cutting issue. The extent to which cross-cutting issues are addressed in aid work is captured (imperfectly) in other OECD reporting.

HOW IS AID GIVEN?

OECD donor governments give aid in one of two ways. Either they give it **bilaterally** (directly to the governments of recipient countries, to local NGOs or to private contractors) or they give it via **multilateral organisations** like the World Bank and the United Nations Development Programme. The chart below shows the share of global aid flows in 2013 given bilaterally and the share of aid given multilaterally.

2015 OECD DAC government aid broken down by focus



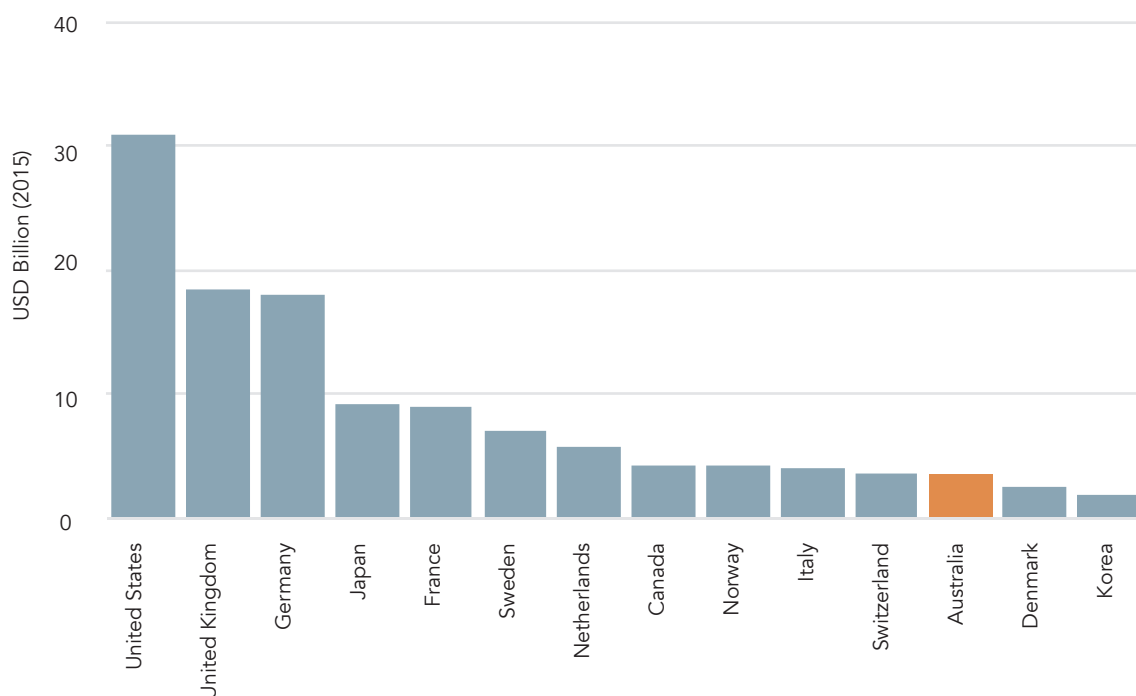
Data from the OECD: https://public.tableau.com/views/multilateralaidssystem_2/Multilateralsystemdata?:embed=y&:showTabs=y&:display_count=no&:showVizHome=no#1

HOW MUCH AID DO GOVERNMENTS GIVE?

The chart below shows the amount of aid given by each of the largest 15 OECD aid donors in 2015. Rather than a percentage of GDP or GNI, this chart simply shows the volume of aid given by different donors in real terms. As such it is not a chart of donor generosity. Rather, it affords a sense of relative international influence of different donor countries.

It is also worth noting that there are a number of non-OECD countries who have increasingly significant aid budgets. Of primary importance is China and their substantial investments in Africa and Asia. As a donor, China is estimated at about the size of France.⁴ The remaining BRICs nations (Brazil, Russia and India) as well as newer players like Saudi Arabia have been increasing their aid investments recently.⁵

Aid Volumes in 2015 (billions, USD)



Data from the OECD: <http://stats.oecd.org/Index.aspx?datasetcode=TABLE1>

DOES AID WORK?

The best available evidence suggests that, on average, aid has had a positive effect on **economic development** in poorer countries and brings real improvements in other important areas such as governance.^{6,7} There are clear examples of major aid successes.

Aid played a catalytic role in the elimination of small pox—an achievement that has saved over 200 million lives.⁸ Aid also played a role in the provision of insecticide treated mosquito nets, something that has led to recent declines in malaria, and related mortality, in much of Africa.⁹ Aid has also improved the provision of health services for women and children.¹⁰ Since 1990

mortality rates for children under five years of age and pregnant women have halved.¹¹

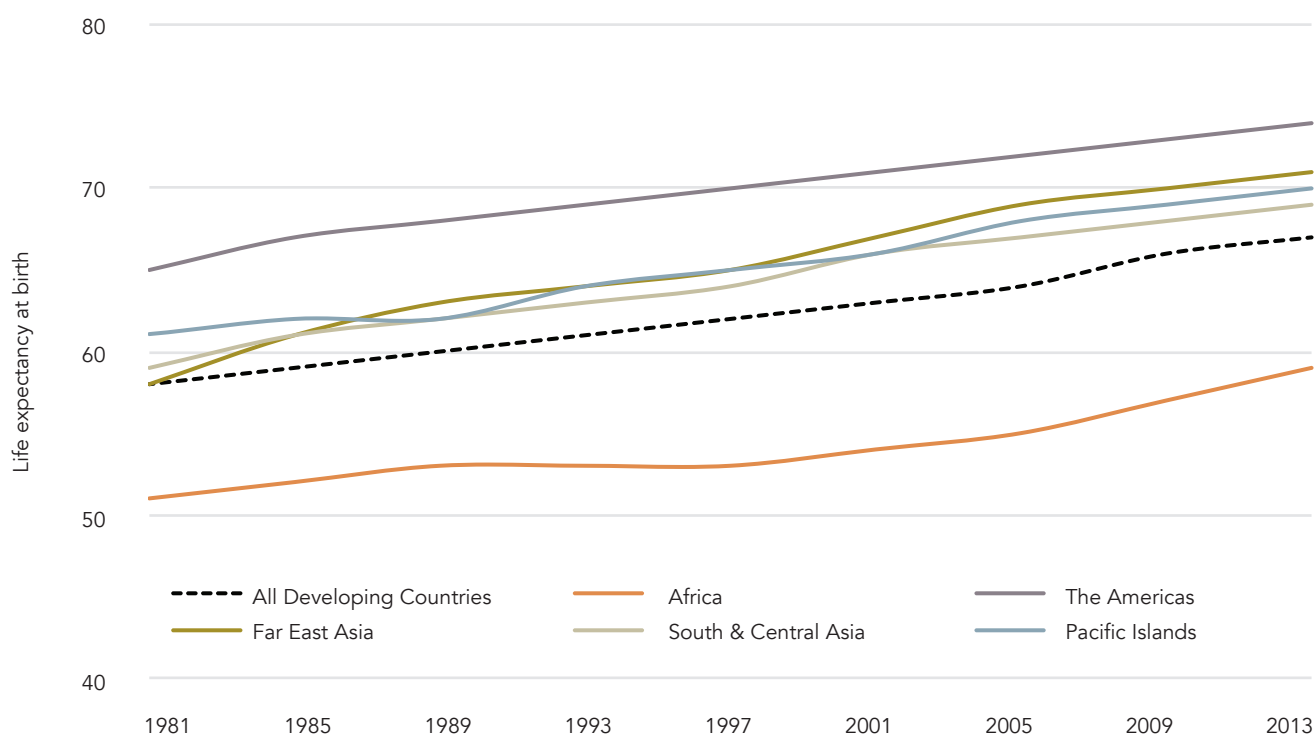
Since the end of the Cold War aid has helped promote democratisation, while at the same time helping new democracies remain democratic.¹² There are many other demonstrated examples of aid successes, including in employment promotion, the reintegration of combatants after conflicts, and aid helping promote small scale businesses.^{13,14}

One reason why people assume aid does not work is the presence of ongoing problems in poorer countries and a pervasive impression that things are getting worse, not better. Yet, in most of the developing world, economic and social indicators

have **improved considerably** in the past three decades. The proportion of the world's population living under the World Bank's lowest global poverty line fell from 42 per cent in 1981 to 11 per cent in 2013.¹⁵

Although much more work is needed, most of the world's population is healthier and wealthier than it was in the early 1980s. Aid is not the sole reason for these improvements, but aid has certainly helped.¹⁶

Life expectancy changes in developing countries by region



Data from the OECD: http://stats.oecd.org/index.aspx?DataSetCode=HEALTH_STAT#

Another concern that many people have about aid is that much of it is either lost to **corruption** or that it actively fosters corruption. At times, particularly during the Cold War, when aid was given primarily for geostrategic reasons, this was a legitimate concern.

It is also true that it is harder to make aid work in poorly governed countries. However, donor countries can contribute to controlling corruption by restricting how recipients can spend aid money and also through strengthening entities such as courts and anti-corruption watchdogs. The best available research shows aid improving the governance of poorer countries rather than making it worse.¹⁷

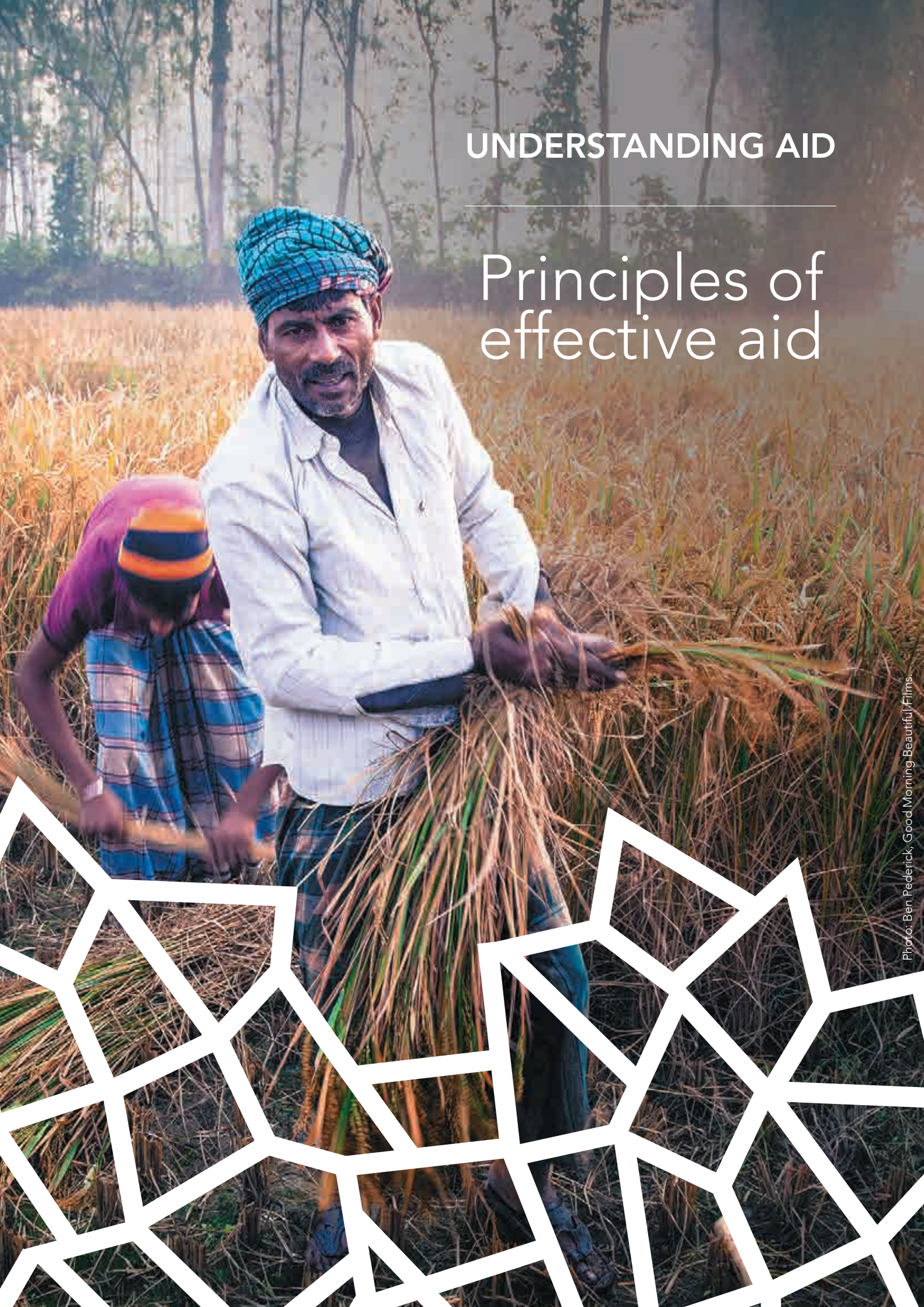
It is true that there are instances where aid has caused harm. An example of this is food aid given by the United States and some other donors.

Because food aid is given as goods rather than cash, when not given carefully, it can harm local producers whose own products are undercut. For the same reason, it also misses the opportunity to support producers at times where re-establishing local economic activity is most needed. However, harm is much less likely if aid is given well and with the right intentions.

Aid is rarely sufficient on its own to end poverty in developing countries. But aid has, and can continue to, play an important role in helping developing countries progress. Aid does not always work, but when given well it is **more successful** than is often assumed. This is demonstrated through clear examples of major aid successes set out above. To achieve the desired results requires designing aid programs effectively and investing in monitoring and evaluation.

UNDERSTANDING AID

Principles of effective aid



Principles of effective aid

In examining the lessons of the last four decades of global aid giving, the paper sets out five guiding principles for aid, to make it as effective as possible.

1. GIVE AID WITH THE RIGHT INTENTIONS

Many of the worst aid outcomes in previous eras of aid giving have stemmed from aid that was given foremost to benefit donor countries or to advance donor countries' strategic objectives. This sort of aid may be justified on its own terms, but is less likely to help aid recipient countries than aid given with **right intentions** – that is primarily to help the recipient country. Not only is this ineffective, it's unpopular. When the Australian public has been surveyed, the majority of respondents across the political spectrum have indicated they want Australian aid to be given foremost to help recipient countries.¹⁸

2. GIVE AID GUIDED BY CONTEXT

Aid is most likely to be effective if it is given **pragmatically** and carefully tailored to the needs and constraints of the countries receiving it.¹⁹ Each of country requires different approaches to aid giving, including focusing on different issues and using different means of disbursement.

It is understandable that people often have strong preferences for the issues that aid should be used to focus on for example, health, or economic growth, or education. Different stakeholders also have strong preferences about how aid should be given for example, through NGOs, private firms or recipient governments.

Australian aid will be more effective if it is given with a careful eye for what is most likely to work in any particular country. It should also be designed to fit with what other donors are doing, and be geared to countries' particular needs. Coming from a starting point of country context rather than a preference for any particular issue – be it health, education, economic development, or the environment – is a much more pragmatic and effective way to approach aid.

3. EXPERTISE

Development **expertise** is crucial for giving aid well. Giving aid in the context of developing countries, particularly the poorest developing countries, brings many challenges. Expertise, both

of country context and aid work itself, is essential in effectively overcoming challenges. Aid programs perform better if they have sufficient in-house expertise.

At times aid work appears simple: provide resources to meet a need. Yet, there are many complexities within recipient countries which have to be navigated and inherent challenges associated with aid work.²⁰ Aid workers need knowledge of the principles of good aid, knowledge of the country contexts in which they are working and the interpersonal skills necessary to work well with recipient country counterparts. Having suitably qualified aid program staff, who understand the challenges of aid work, is essential.

Aid program expertise fell initially in the wake of the integration of AusAID into DFAT. Growing this expertise again is more important at present than specific structural changes to the aid program.²¹ The aid program also needs to continue to make use of the knowledge available in recipient countries, working collaboratively with local people and organisations.

4. GATHER EVIDENCE AND LEARN FROM IT

Aid programs also perform better if they proactively learn from their own experiences by investing in careful monitoring and evaluation of the work they do.²² The aid program can grow its institutional expertise through carefully evaluating its work, and giving its staff time to learn from evaluations. The Australian Government's aid program has a reasonably good track-record in evaluation. However, evidence suggests that at present institutional learning from evaluations is less than it should be.²³ Giving aid program staff the time to engage with evaluations as well as incentivising them to engage with them will be important into the future.

5. STABILITY AND PREDICTABILITY

Where possible, there should also be high-level **stability** in aid. Change is necessary, and sometimes change has to occur at short notice, but unnecessary change should be avoided. This is because aid often takes time to deliver dividends, needs to be a learning process which adapts to country contexts and because good aid also involves building relationships with partners in recipient countries. Unpredictable aid is hard for recipients to plan around and has been shown to make aid less effective.²⁴



UNDERSTANDING AID

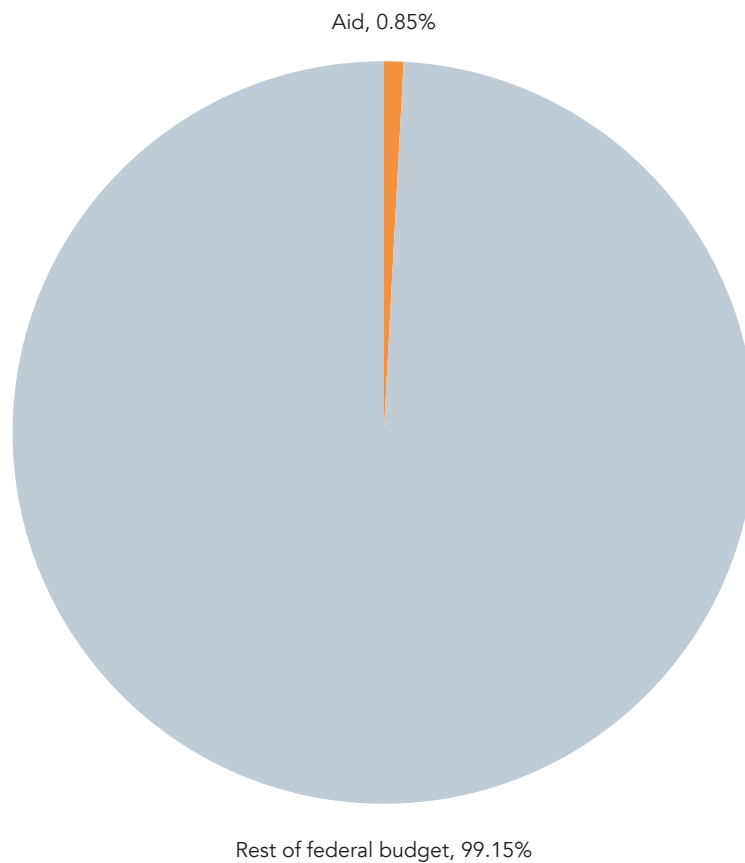
Australian aid

Australian aid

HOW MUCH DOES AUSTRALIA GIVE?

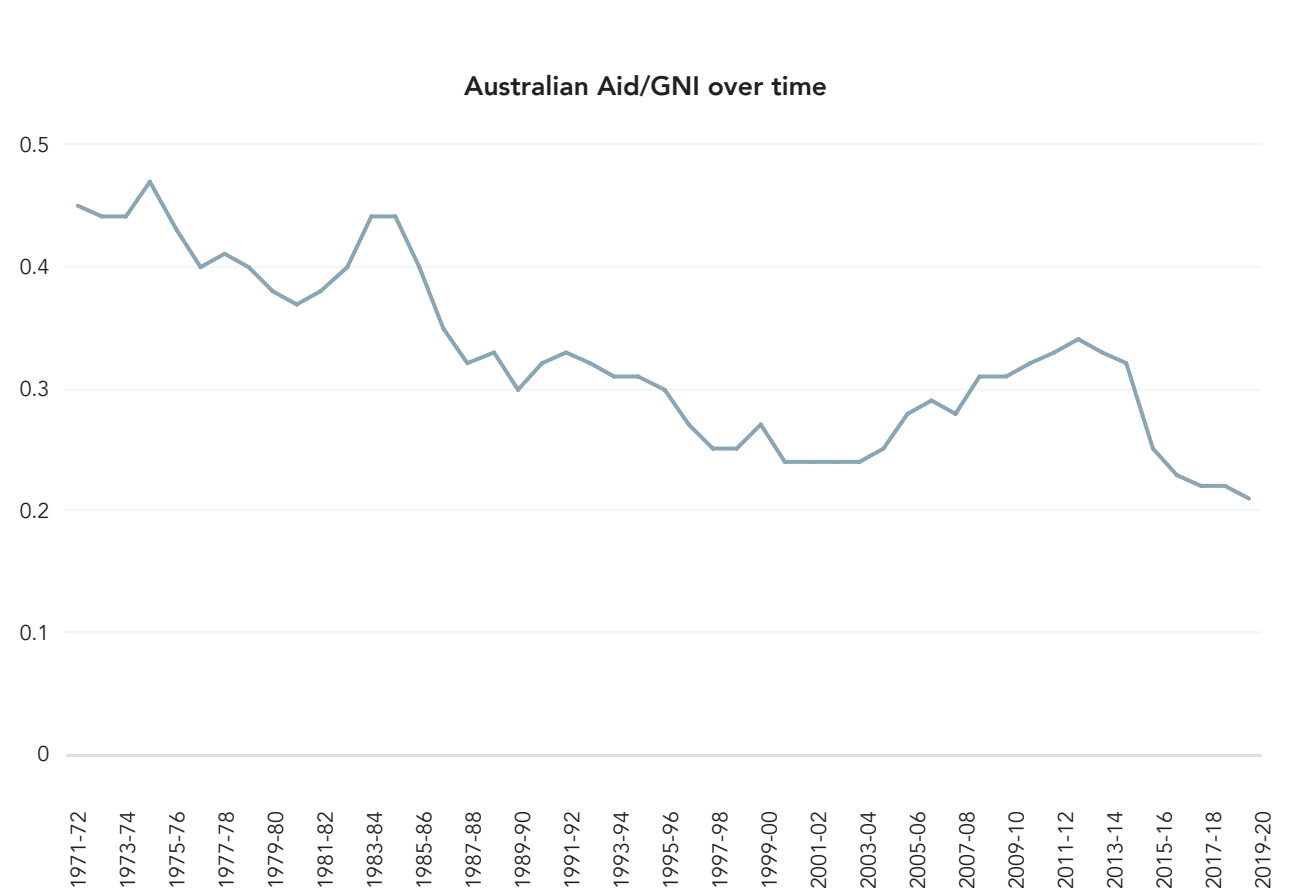
The Australian aid budget for the 2015/16 financial year is AU\$3.8 billion. Compared to the size of the Australian economy and total federal spending, Australia's aid budget is small. It equates to 0.85% of all federal spending in 2016-17.

Aid as a share of federal spending 2016/17



Data for the chart are based on official figures from <http://devpolicy.org/aidtracker/trends/>

When compared to the size of the Australian economy, Australia's aid effort has been **decreasing** over time. It is now at its lowest level in Australia's history and will be set at 0.22% of GNI for 2019-20.



Australian aid compared to Australia's GNI. Future years come from current government projections. Data for the chart are based on official figures and come from <http://devpolicy.org/aidtracker/trends/>

Trends in absolute aid spending over time



Data for the chart are based on official figures and come from <http://devpolicy.org/aidtracker/trends/>.
Figures for 2017 onwards are taken from government statements on future aid levels.

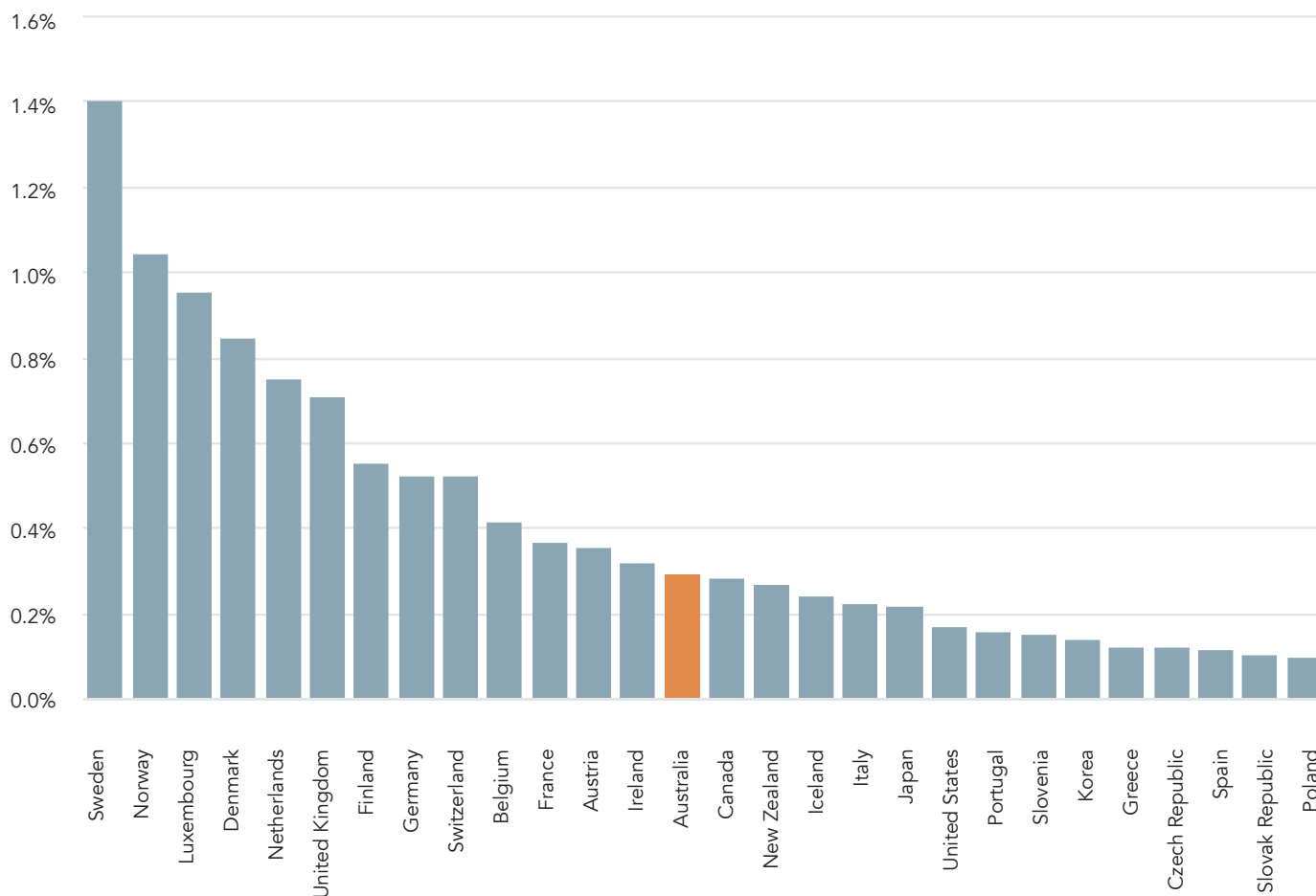
In addition to ODA, Australians also make private donations to non-governmental organisations (NGOs). The Australian Government gives about four times as much aid in a year as Australians give through private donations, but the generosity of the Australian public is significant. In 2014-15, ACFID member agencies received donations from 1.64m individuals.²⁵

HOW DOES AUSTRALIA COMPARE INTERNATIONALLY?

The chart below compares the aid effort of OECD DAC donors in the 2015 calendar year. Australia's aid effort is slightly above the **median** donor. Australia is the 16th biggest donor in the DAC, when comparing aid funding to GNI. It remains a significant donor, particularly in the Asia-Pacific region.

Australia's aid effort is considerably lower than some donors such as the United Kingdom and Sweden, who have committed to 0.7 per cent of their GNI or above. There has been a longstanding international commitment that donor countries should work towards giving 0.7 per cent of their GNI as aid, although at present only six countries have met or exceeded this target.²⁶

Aid/GNI 2015 OECD DAC donors



Data sourced from OECD statistics, table from <http://www2.compareyourcountry.org/oda?cr=oeacd&lg=en>

Both the Coalition and Labor parties, a number of independent representatives as well as other parties including the Australian Greens and the Nick Xenophon Team have stated their support to reach the **international commitment of 0.7 per cent of GNI or above**.

The closest Australia has come to taking practical steps towards this goal in recent years was the unrealised bipartisan commitment to giving 0.5 per cent of GNI as ODA. In 2016, the Greens became the only party to set out a timetable,

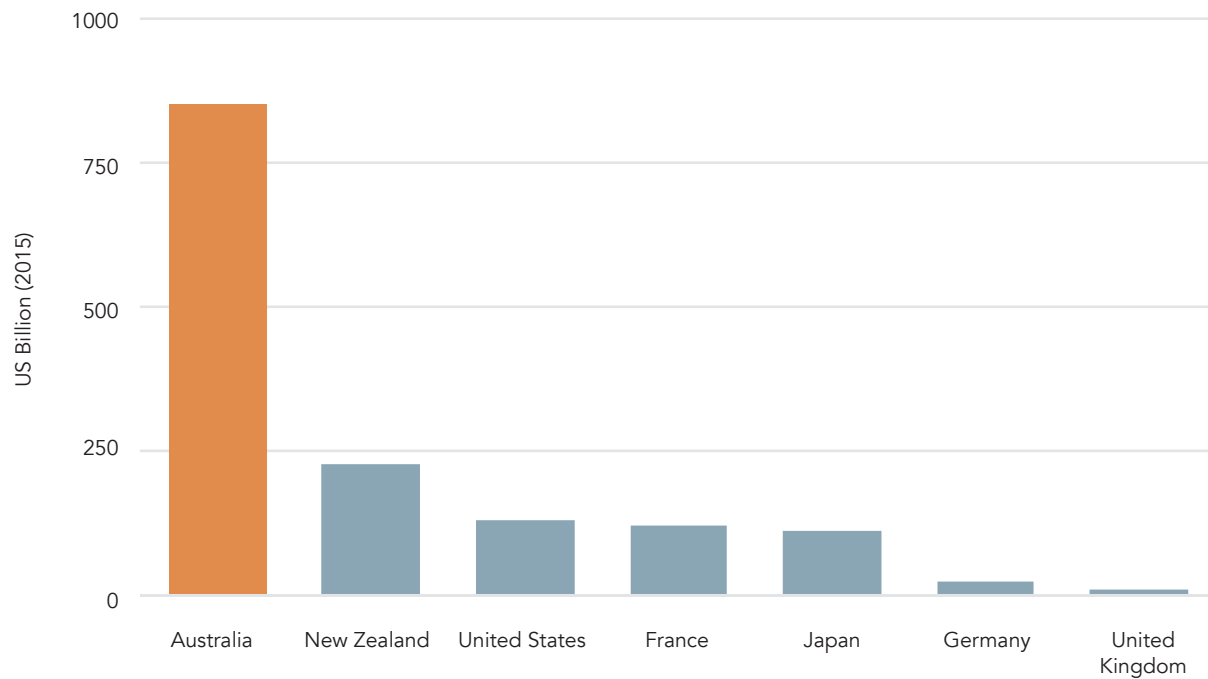
which included a commitment to reaching the international target by 2025.²⁷

WHERE DOES AUSTRALIAN AID GO?

Australian aid has always had a strong focus on its neighbours in South East Asia and the Pacific. In the Pacific, Australia is the largest donor country.

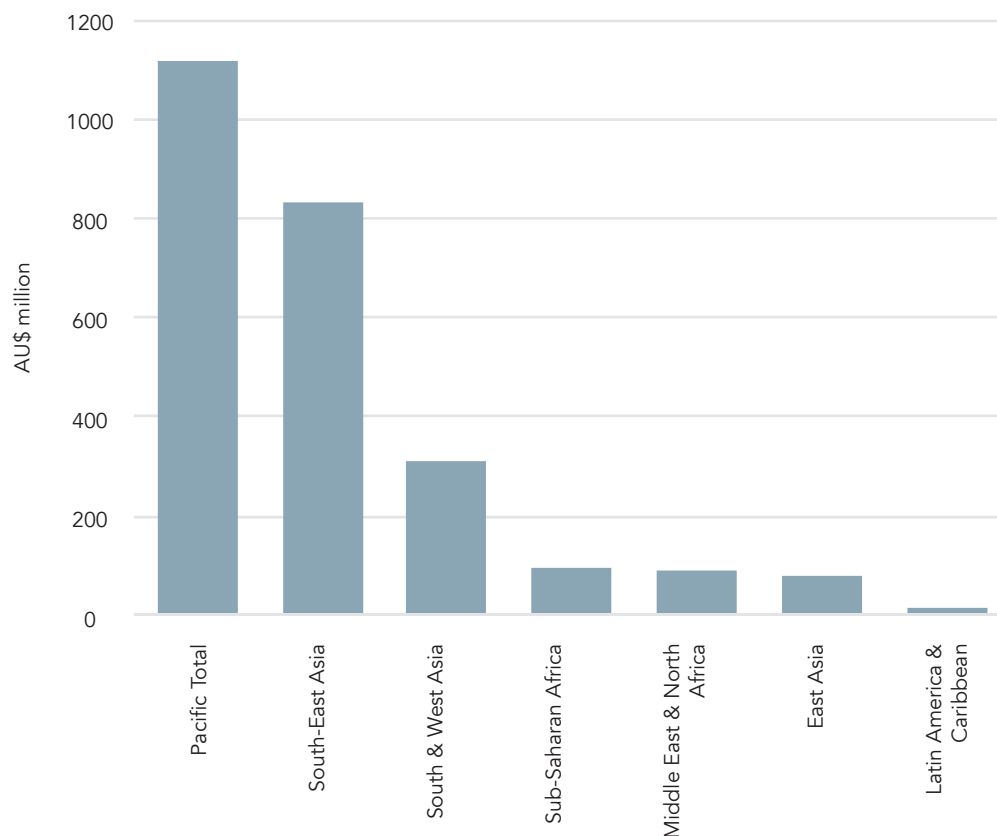
The two largest individual recipients of Australian aid are currently Papua New Guinea (which received AU\$555M in the 2015/16 financial year) and Indonesia (which received AU\$376M).²⁸

Aid Volumes to the Pacific in 2015 (billions, USD)



Data sourced from the OECD: <http://stats.oecd.org/Index.aspx?datasetcode=TABLE2A>

Australian aid by region 2015/16



Data are from the most recent available DFAT budget. They are estimates.

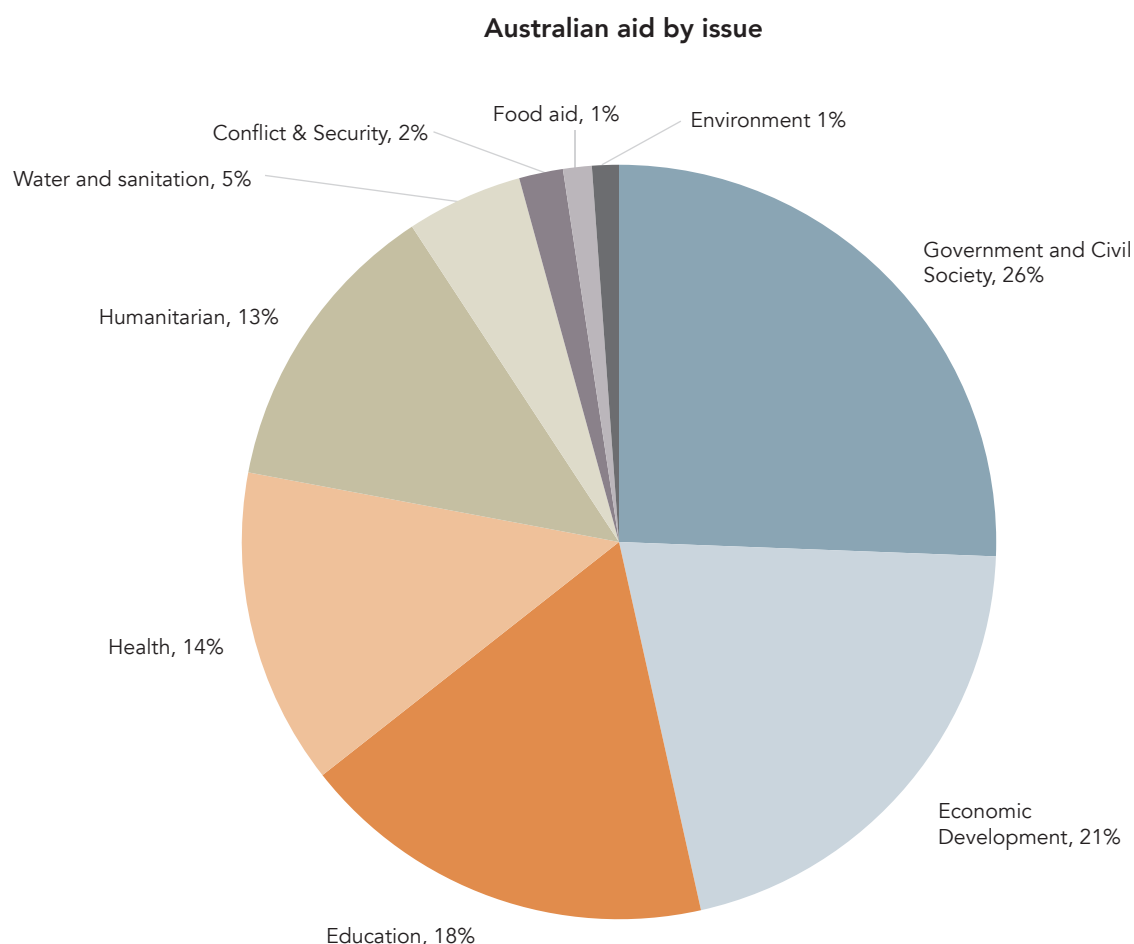
They only include aid that was allocated to specific countries or regional programs.

Source: <http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2016-17-australian-aid-budget-summary.pdf>

WHAT DOES AUSTRALIA FOCUS ITS AID ON?

Australian government aid is spent on a wide range of issues, as seen in the chart below. Often people argue that Australia should focus more of its aid on **particular issues**. It is easy to see why such arguments are made. From economic development, to the environment, to health there are many issues that are integral to development, and it is natural to focus on their importance.

Australia's help, however, is needed in different ways in different countries. Australian aid will be at its most effective if the issues it focuses on are driven by **country context** – what is needed, what is possible, and what others are doing. In some instances Australia may be best to opt not to focus on a particular issue in a country because other donors are already working on it.²⁹



Data come from the OECD and are for 2015; <http://stats.oecd.org/Index.aspx?datasetcode=TABLE5>

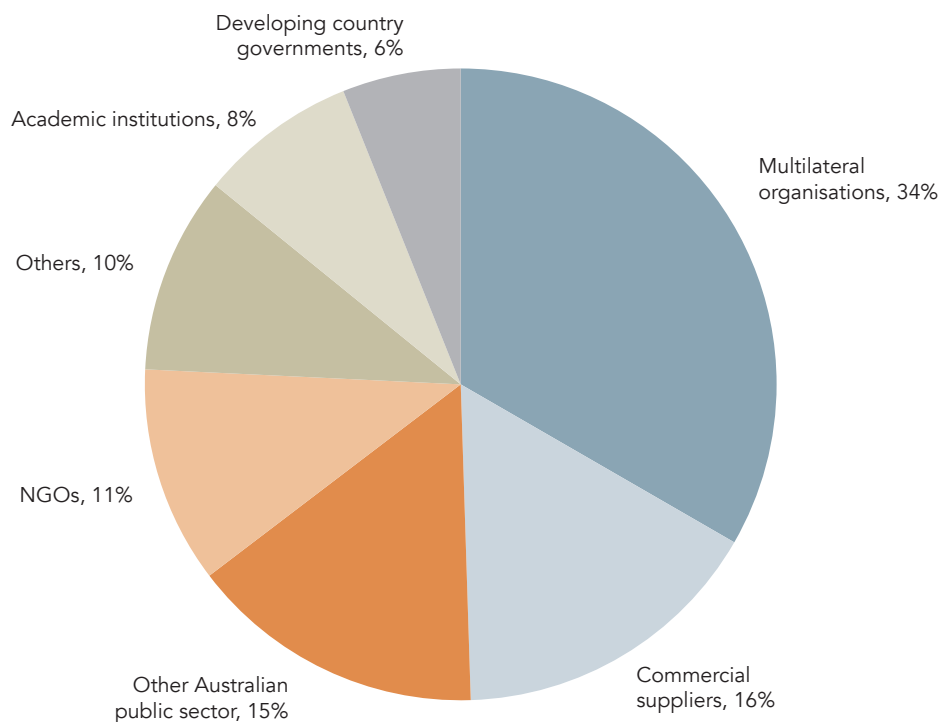
As with the international aid by issue chart shown earlier in this document, gender and disability inclusion are not included as issues and the environment is only partially included. Although Australia delivers aid to address these issues they are treated as 'cross cutting issues' in official aid reporting to the OECD.

HOW AUSTRALIA GIVES AID

The Australian Government Aid Program works with and gives its aid via numerous different **partners** including multilateral organisations, NGOs and commercial suppliers. This is standard practice amongst international aid donors.

As with the issues the government aid program tackles, there is no set partner organisation. The types of organisation the aid program works with should be a product of what it is trying to achieve, the respective strengths and weaknesses of different types of organisations, and the context of the countries it is working in.

Australian aid by partner organisation



Data come from the DFAT and are for 2013-14, the most recent available year.
Data can be found at <http://devpolicy.org/aidtracker/sectors/>

WHAT CAN AUSTRALIAN AID ACHIEVE?

Australian aid alone cannot solve the complex mix of problems faced by countries such as Papua New Guinea, but it has contributed to meaningful improvements and has an **important role** to play.

This is particularly true across the Pacific where Australia is the largest donor, and where the path to successful development will often be difficult. In countries such as Indonesia that are large and growing rapidly, Australian aid can still be important, both in helping particular parts of the country, and also as a means of enabling Australia to provide advice to the Indonesian government on development issues.

In some instances, Australian aid tackles a single issue which has a transformative effect. For example, Australian aid facilitated the end of mobile phone monopoly in **Vanuatu** and helped fund the establishment of a new telecommunications regulatory regime. Australian aid provided important assistance to the Vanuatu government as the first new cell-phone provider, Digicell, arrived on the island. This brought services and expanded coverage. Studies have found that subsequent improved access to communications in Vanuatu has brought benefits to ni-Vanuatu people.³⁰

Another example, can be found in improved **infant and maternal health** in Timor-Leste. At the time of Timor-Leste's independence in 2002, 110 children out of every 1000 born died before reaching their fifth birthday, and nearly 700 Timorese women out of every 100,000 died in childbirth – one of the highest maternal mortality rates in the world. By 2015 initiatives supported by Australia and other aid donors had cut maternal mortality by two-thirds, and child mortality in half.³¹

In the Solomon Islands, Australia has worked alongside the Global Fund to Fight AIDS, Tuberculosis and Malaria, and the World Health Organisation to assist the Solomon Island government in its attempts to reduce **Malaria**. This collaborative effort has brought significant declines in Malaria incidences in the country. Australia cannot take sole credit for this, but it is a partner in this important, ongoing work.³²

There are many examples of Australian aid **successes**, but aid does not always work. This is sometimes because aid has been given primarily to advance Australia's interests or aid projects have been poorly conceived and haven't taken into account local context. At other times, failure has come because of the challenging environments aid has been given in.³³

In other instances, the outcomes of Australian aid have not been clear cut. For example, Australia has devoted considerable amounts of aid to improving the quality of governance in **Solomon Islands**; however, Solomon Islands is still very poorly governed.³⁴ Clearly in this instance, aid has not succeeded in bringing transformational change and yet, it is not clear that aid has failed either.

There is good cause to believe governance would have become worse without Australian aid. The influence of extractive industries and the nature of the Solomon Islands' politics pull very strongly against good governance.³⁵ Moreover, Australian aid has played a crucial role in maintaining essential democratic processes such as generally free and fair elections.³⁶ Without Australian aid as a counterbalance to the country's political problems, the risk of serious governance issues, and perhaps a return to conflict, would be much higher.

DOES AUSTRALIA BENEFIT FROM AUSTRALIAN AID?

At times, some Australian aid has been given to directly benefit Australia. Until 2006 Australia tied some aid to the purchase of Australian goods for the sake of subsidising Australian businesses. Although some other countries give their aid in this way, because it reduces the chances of aid helping people in poor countries it is generally frowned upon by the international community.³⁷ It also is at odds with good economic policy: government spending to subsidise commercial entities is economically inefficient in most circumstances. The Australian public doesn't want its aid given in this way either. When surveyed a clear majority of Australians say that they want aid given foremost to **help other countries**, rather than to bring direct geostrategic or economic benefits to Australia.³⁸

Even when given for the purpose of helping other countries, Australian aid brings **benefits** to Australia. For example, Australian aid contributes to stability amongst Australia's close neighbours. Solomon Islands and Timor Leste, as well as the Autonomous Region of Bougainville in Papua New Guinea, have all had recent histories of conflict and instability. Aid is helping prevent this instability from returning. Were it to return, Australian intervention would likely be necessary and would be costlier than current aid investments. Another example is Australian aid to Indonesia, particularly in the wake of the Indian Ocean Tsunami, which helped strengthen relationships with the Indonesian government.

Australian aid also delivers dividends to Australia in another key area: **disease control**. Tuberculosis, including multi-drug resistant strains, is a

major issue in Papua New Guinea, including in parts of the country close to the border with Australia. Papua New Guinea's own health system functions poorly and is underfunded by the PNG government. While there is much more that needs to be done, Australian aid is playing an important role in helping check the spread of tuberculosis. In the years since 2000, Australian aid also helped Indonesia contain avian influenza and Australian aid has played an important role in HIV/AIDS prevention and treatment in the Pacific. Once again, unchecked, the spread of these types of illnesses amongst Australian neighbours would be costly for Australia.

CONCLUSION

Australians can be **proud** of the aid program's significant achievements. International reviews of it have been **broadly positive** and when Australian stakeholders with significant experience working with the aid program were surveyed by the Development Policy Centre and asked how effective they thought the aid program was, the most frequent response was 'quite effective'.³⁹ Although the aid program works in corrupt countries, fraudulent use of aid program funds is rare because of the detailed accountability processes managed by DFAT.⁴⁰

Australia's aid program comes at a small cost to Australia and the Australian budget, but when Australian aid is given well it brings big benefits to people in developing countries. If Australia gives its aid well it can help these countries in important ways. Even in countries that are less dependent on aid, Australian aid can make a difference, either in cooperation with other donors or when it focuses on particular geographic areas or issues.

USEFUL LINKS

For more detailed information on Australian aid flows refer to the Development Policy Centre's online Aid Tracker:

<http://devpolicy.org/aidtracker>

For further information on Australian aid quality, refer to the Australian Aid Stakeholder Surveys:

<https://devpolicy.crawford.anu.edu.au/aid-stakeholder-survey>

A smiling man with short dark hair, wearing a green short-sleeved button-down shirt and a beaded necklace, is holding a large green leafy vegetable. He is in a field with other similar plants and trees in the background. The bottom of the image features a white geometric pattern of overlapping triangles.

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References

¹ The poverty line used here is 'living off less each day than \$1.90 would have purchased in the United States in 2011.' More details at <http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx>

² Kenny, C. (2011). *Getting Better: Why Global Development Is Succeeding – and How We Can Improve the World Even More*. New York: Basic Books.; Radelet, S. (2015). *The Great Surge: The Ascent of the Developing World*. New York: Simon and Schuster.

³ Eligibility is determined primarily by country GNI. Eligibility criteria and a list of eligible countries can be found here: <http://www.oecd.org/dac/stats/daclist.htm>

⁴ China does not report on its donations to it is hard to get an accurate picture. This estimate is based on data at <https://www.lowyinstitute.org/the-interpreter/chinas-foreign-aid-new-facts-and-figures> extrapolated up for intervening years

⁵ For example, in 2015 Russia reported an increase, in real terms, of preliminary net ODA of 92.7%. <http://www.oecd.org/dac/stats/ODA-2015-detailed-summary.pdf>. Further data can be found here <http://stats.oecd.org/Index.aspx?datasetcode=TABLE1>

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⁹ Demombynes, G., & Trommlerová, S. K. (2012). What Has Driven the Decline of Infant Mortality in Kenya? World Bank Policy Research Working Papers, 6057.; Bhatt, S. et al. (2015). The effect of malaria control on *Plasmodium falciparum* in Africa between 2000 and 2015. [Article]. *Nature*, 526(7572), 207-211.

¹⁰ Kenny, C (2011) *Getting Better: Why Global Development Is Succeeding – and How We Can Improve the World Even More*. Basic Books, New York.

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¹² Gibson, C. C., Hoffman, B. D., & Jablonski, R. S. (2015). Did Aid Promote Democracy in Africa? The Role of Technical Assistance in Africa's Transitions. *World Development*, 68, 323-335; Dietrich, S., & Wright, J. (2015). Foreign Aid Allocation Tactics and Democratic Change in Africa. *The Journal of Politics*, 77(1), 216-234.

¹³ Blattman, C., & Annan, J. (2016). Can Employment Reduce Lawlessness and Rebellion? A Field Experiment with High-Risk Men in a Fragile State. *American Political Science Review*, 110(1), 1-17.

¹⁴ McKenzie, D. (2015). Identifying and spurring high-growth entrepreneurship: experimental evidence from a business plan competition. World Bank Policy Research Working Papers, WPS7391.

¹⁵ All details here: <http://iresearch.worldbank.org/PovcalNet/povDuplicateWB.aspx>

¹⁶ Kenny, C. (2011). *Getting Better: Why Global Development Is Succeeding – and How We Can Improve the World Even More*. New York: Basic Books.; Radelet, S. (2015). *The Great Surge: The Ascent of the Developing World*. New York: Simon and Schuster.

¹⁷ Jones, S., & Tarp, F. (2016). Does foreign aid harm political institutions? *Journal of Development Economics*, 118, 266-281.

¹⁸ Wood, T. (2015). Australian Attitudes to Aid: Who Supports Aid, How Much Aid Do They Want Given, and What Do They Want it Given for? Development Policy Centre Discussion Paper, 2015(44).

¹⁹ Wood, T. (2011). Is Economic Development an Appropriate Focus for an Aid Programme? NZADDs Working Paper, 2011(1).

²⁰ For examples of well-intended ideas that have not been successful see: Hobbes, M. (2014). Stop Trying to Save the World: Big Ideas are Destroying International Development. *The New Republic*.

²¹ For survey based evidence of the decline in expertise see: Wood, T., Burkot, C., & Howes, S. (2016). Australian aid: signs of risk – the 2015 Australian aid stakeholder survey. Canberra: The Development Policy Centre.

²² Abhijit Banerjee, & Esther Duflo. (2011). *Poor Economics: A Radical Rethinking of the Way to Fight Global Poverty*. New York: PublicAffairs.

²³ For evidence of this see discussion in the most recent review of DFAT aid evaluations: <http://dfat.gov.au>

gov.au/aid/how-we-measure-performance/ode/odepublications/Pages/review-of-operational-evaluations-completed-in-2014.aspx

²⁴ For further discussion drawing from existing experience see: <http://www.oecd.org/development/effectiveness/49066202.pdf>

²⁵ Information on private donations data come from the ACFID annual report (p. 31) which can be downloaded from: https://acfid.asn.au/sites/site.acfid/files/G2300_ACFID_ANNUAL%20REPORT%202016_WEB%204.pdf. The most recent government aid figures come from: <http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2016-17-australian-aid-budget-summary.pdf>. Figures used are most recent actuals. Data issues mean only approximate ratios can be provided.

²⁶ The commitment was first made in the 1970s and has been reaffirmed several times including in the Monterrey Consensus on Financing for Development and in the Sustainable Development Goals. The commitment is non-binding; rather the target is seen as one donor nations should be aspiring to meet as part of their roles as good global citizens. The most recent restatement of the target can be found in the Sustainable Development Goals: <https://sustainabledevelopment.un.org/sdg17>

²⁷ <http://www.news.com.au/national/breaking-news/greens-pledge-huge-aid-program-boost/news-story/ec05d0db1c8da04a6c2498c8f6f53cb8>

²⁸ Data are DFAT estimates from: <http://dfat.gov.au/about-us/corporate/portfolio-budget-statements/Documents/2016-17-australian-aid-budget-summary.pdf> (pages 7 & 8)

²⁹ For an in-depth discussion see, Wood, T. (2011). Is Economic Development an Appropriate Focus for an Aid Programme? NZADDs Working Paper, 2011(1).

³⁰ For details on the aid facilitated progress of change see: <http://www.aidreview.gov.au/publications/sub-crook.pdf>. To access two studies on reported benefits see: <http://pacificpolicy.org/2012/05/net-effects-2/>

³¹ For data on these trends of improvement see: http://www.childmortality.org/files_v20/download/igme%20report%202015_9_3%20lr%20web.pdf and http://apps.who.int/iris/bitstream/10665/194254/1/9789241565141_eng.pdf?ua=1. For information on Australia's ongoing work in this area see: <http://dfat.gov.au/geo/timor-leste/development-assistance/Pages/enhancing-human-development-in-timor-leste.aspx>

³² For information on the collaborative effort and incidence rates see: http://www.wpro.who.int/world_health_day/2014/progressinmalariacontrolSOLVAN.pdf

³³ The Cambodia rail rehabilitation project is a good example of a partially Australian funded (Asian Development Bank implemented) aid project that has been plagued by problems, caused harm, and largely failed to deliver benefits. In part its issues have stemmed from poor consideration of country context. For more information see: <http://devpolicy.org/in-brief/australian-aid-and-cambodias-troubled-rail-project-20130210/>

³⁴ As measured by World Bank governance data the arrival of RAMSI brought a marked improvement in governance between 2003 and 2004, but little improvement has occurred since, and the country remains poorly governed by international standards. For a chart of World Bank governance data for Solomon Islands see page 14 of Wood, T (2014) Understanding Electoral Politics in Solomon Islands. CDI Discussion Paper 2014(2).

³⁵ Wood, T (2014) Understanding Electoral Politics in Solomon Islands. CDI Discussion Paper 2014(2); Fukuyama, F (2008) State building in Solomon Islands. Pacific Economic Bulletin 23(3), 18-34; Haque, TA (2012) The Influence of Culture on Economic Development in Solomon Islands: A Political-Economy Perspective. SSGM Discussion Paper 2012(1), 1-16.

³⁶ Wood, T. (2015). The Three Political Economies of Electoral Quality in Papua New Guinea and Solomon Islands. Development Policy Centre Discussion Paper, 2015(43).

³⁷ For critique of tied aid and information on how it has been decreasing amongst donors see: <http://www.oecd.org/development/untyingaidtherighttochoose.htm>

³⁸ Wood, T. (2015). Australian Attitudes to Aid: Who Supports Aid, How Much Aid Do They Want Given, and What Do They Want it Given for? Development Policy Centre Discussion Paper, 2015(44).

³⁹ Wood, T., Burkot, C., & Howes, S. (2016). Australian aid: signs of risk – the 2015 Australian aid stakeholder survey. Canberra: The Development Policy Centre. For a summary of recent reviews of the aid program see here: <http://devpolicy.org/aidtracker/effectiveness/>

⁴⁰ See the table on page 3 here: <https://dfat.gov.au/about-us/publications/Documents/fraud-control-fact-sheet.pdf>



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