

## Foreign Aid

### Revision points:

- Aid is the giving of money, goods and advice by one country to another.
- There are three main types of aid. Non-governmental organizations (NGOs) are charities mainly funded by the public. Bi-lateral aid is the money given by a donor country to another. Governments may also contribute funds to organizations like the United Nations. This is multi-lateral aid.
- Short-term or relief aid provides immediate assistance to people in the aftermath of a disaster. Long-term aid focuses on projects that help communities achieve a higher standard of living and self-sufficiency.
- Bi-lateral aid is sometimes 'tied', requiring the recipient country to purchase goods or service from the host country in return for aid. This form of aid is frequently criticized.
- A great deal of aid money has been wasted due to corruption and inefficiency. Some people argue that aid has not made a difference to development in Africa and point to trade reform as a better alternative.

### *Radio debate*

#### *Presenter*

*Alan Smith:* Junior foreign office minister

*Dr Al-Rashid:* Islamic Relief

*Jane Davis:* Save the Children

Presenter: Today's debate explores the issue of foreign aid. I have with me in the studio Jane Davis from the non-governmental organisation, Save the Children, Dr Al-Rashid from Islamic Relief, also a non-governmental organisation and Alan Smith, the Junior Foreign Office Minister.

A report by the United Nations Development Program argues that the world's poorest countries are actually continuing to get poorer even though they receive the most aid. Jane Davis as a representative of a non-governmental organisation - should we stop giving foreign aid, if the countries that we're trying to help aren't developing?"

Jane Davis: John, as you well know Africa has huge problems to contend with. Take the situation in Darfur, Sudan for instance where famine threatens thousands of people. Are you suggesting that we do nothing to help?

Presenter: I'm not suggesting anything. I'm merely making the point that Africa has received over \$500 billion in foreign aid over the last 40 years. However the continent as a whole is still getting poorer. Does this not suggest that aid isn't working?

Jane Davis: Save the Children has helped millions of people all over Africa and we have independent observers who can verify the success of our projects. We believe aid is working.

Dr Al-Rashid: I think we should distinguish between aid from non-governmental organizations, for example Islamic Relief and Save the Children, and aid from governments. In the case of Islamic Relief, Muslims believe that charity is one of the five Pillars of Islam. We work all over the world in disaster areas, and Islamic Relief can usually respond much quicker than governmental organisations. Take the recent earthquake in Iran for example. We arrived in the area and provided tents, medical supplies and food within 24 hours. This is an example of short term aid.

Presenter: Good point. Short term aid helps to deal with emergency situations, but we also need to consider long term aid.

Jane Davis: Save The Children promotes both types of aid. Our long term aid projects include working closely with local people to identify how we can improve standards of living. For example, we provide agricultural advice and training, clean water and health education programs. We see the role of long term aid as helping people to be self-sufficient.

Presenter: Thank you. Alan, the two non-governmental organisations that we've heard from make a good case that the aid they provide is working. Where do you think government aid is going wrong? Why is Africa still so poor?

Alan Smith: The government has certainly spent a lot of money on aid but we have had to learn some important lessons in recent years."

Presenter: Such as?

Alan Smith: Well, there is evidence that a lot of aid given bilaterally, that is from one country to another, has been wasted by corrupt governments or misused.

Unfortunately the same can often be said of multilateral aid where money is distributed by international aid agencies such as the United Nations and the World Health Organization. Governments contribute funds, and the international aid agencies decide what to do with it.

Jane Davis: The problem with a lot of bilateral government aid is that it's tied and that the receiving country has to buy goods or services from the donor country. A

good example is the Pergau Dam in Indonesia - Britain helped to fund the dam on the condition that Malaysia bought £1 billion worth of military equipment.

Dr Al-Rashid: A lot of these large scale government aid projects don't benefit local people. Another problem with bi-lateral aid is often that it's political. The USA gives more foreign aid to Israel than to any other country even though Israel isn't a poor country.

Presenter: Alan Smith, do you accept these points?

Alan Smith: Yes, to some extent. Governments have made mistakes in the past, but we are taking our responsibilities to Africa very seriously. We are taking steps to cancel the debt of some of the world's poorest countries and we are committed to doubling aid to Africa over the next few years.

Presenter: A suggestion has been made by the African journalist Andrew Mwenda that countries like Uganda should not be given any aid at all. Mr Mwenda argues that aid does not help a country's development; it just encourages dependence on aid. He points out that Uganda had its debts written off in 1998 and then borrowed so much money that it's debt is now double what it was.

Jane Davis: While we would like to see the debts of developing countries written off, I can see that lending large amounts of money to corrupt or incompetent governments does more harm than good. Instead of lending money, we should be making it easier for poor countries to trade their way out of poverty.

Presenter: Thank you to all our guests. In summary, there is a strong feeling in the studio that short term aid is essential to relieve the suffering that occurs in emergency situations.

The long term aid provided by non-governmental organisations helps people to be self-sufficient. There are concerns that governments sometimes spend money unwisely. Some African countries have received aid in the form of debt cancellation, yet remain poor; and many observers, both in Africa and the West, feel that the best way to help the continent is to make it easier for poor countries to trade their way out of poverty.

### **Useful links:**

Organisation for Economic Co-operation and Development - <http://www.oecd.org>

Islamic Relief - <http://www.islamic-relief.com/>

Save the Children - <http://www.savethechildren.org.uk>

BBC News Viewpoint: Why does aid work? -  
<http://news.bbc.co.uk/1/hi/sci/tech/4210122.stm>

BBC News Viewpoint: Why doesn't aid work? -  
<http://news.bbc.co.uk/1/hi/sci/tech/4209956.stm>

Africans on Africa: Debt  
<http://news.bbc.co.uk/1/hi/world/africa/4657139.stm>