



Money from Helicopters?

An Issues Paper on Foreign Aid and Development

1 INTRODUCTION

Foreign aid is a topic that for decades has generated much concern, study, conversation and debate amongst practitioners and experts as well as amongst the general public. Globally, much of this discussion has, for the past several years, been centred on the United Nation's (UN's) Millennium Development Goals (MDGs). These eight goals are meant, in their fulfillment, to bring about significant reductions in extreme poverty and to set the poorest countries on the road to sustainable development by 2015. Public discussion of aid has since been driven by the call of the MDGs for rich countries to dedicate 0.7 percent of their Gross National Income (GNI)* to Official Development Assistance (ODA). This narrow focus has meant that complex and essential questions about aid are being widely ignored. Recently, New Zealand has had to grapple with these questions as a change of government has brought about a change in the way ODA is handled. It is important, therefore, that as New Zealand's approach to foreign aid is reformulated, the debate about it is informed.

* At times, people speak of a country's ODA as a percentage of gross domestic product (GDP), though economists and development experts more commonly use GNI. GDP and GNI are similar: both consist of personal consumption expenditures, gross private investment, government consumption expenditures, net income from assets abroad, and gross exports of goods and services. The difference is what is deducted from the total of these things. GDP deducts the gross imports of goods and services, while GNI deducts the gross imports of goods and services and indirect business taxes (the profits generated by a non-national company within national borders).

This Issues Paper seeks to stimulate reasoned debate about New Zealand's contribution to global efforts to foster development and alleviate the effects of poverty in the developing world. It is part of a larger project with the ultimate goal of identifying the best possible foreign aid policies for New Zealand, based on a thorough understanding of the subject. Maxim Institute has undertaken this work because it believes that there exists a moral imperative to provide help to developing countries, to show compassion to those less fortunate than ourselves, and to recognise the inherent value and dignity of human life across the globe. In order to meet these imperatives, foreign aid policies and practices must constantly strive for optimal effectiveness, and all of New Zealand society—government, business and civil society—must take part.

Maxim Institute invites you to join us in exploring the issue of foreign aid—its character, its effectiveness and the roles that both the public and private sectors play in its distribution and outcomes—and to provide us with your views. To assist, this Issues Paper provides a general survey of the topic. You will find an analysis of the most prominent of the scholarly research done on aid, as well as an investigation into New Zealand's contributions to foreign aid, both past and present. The paper also identifies several key issues and questions that need to be addressed if we are to develop a coherent understanding and direction for foreign aid in New Zealand. Underpinning this entire discussion are the following fundamental questions:

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- What makes aid effective?
- What responsibilities does New Zealand have in terms of foreign aid?
- What roles do the public and private sectors play in New Zealand's involvement in the giving of aid?

Please take the time to read this Issues Paper and respond to these fundamental questions as well as the specific questions posed to you in each section.

Maxim Institute looks forward to receiving your views by **30 September**. They may be directed to Jane Silloway Smith at jane.smith@maxim.org.nz or to the address below:

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History of New Zealand Foreign Aid

New Zealand took its first tentative steps into overseas development in 1901, when it assumed colonial responsibility for the Cook Islands and Niue. However, it was not until the end of World War II that New Zealand's modern aid programme could truly be said to have begun, with aid flowing in three broad streams: bilateral aid to colonies in the Pacific; bilateral aid to Asia under the Colombo Plan; and multilateral aid funnelled through the United Nations and other international organisations. Aid from Western countries in this post-war era was meant to achieve security and to stymie the efforts of nascent Communist movements by means of economic and social development in fragile countries. New Zealand's aid programme in the 1950s and 1960s took part in these international efforts.¹

New Zealand's aid programme, however, did not remain under the aegis of the greater West for long. As Pacific Islands gained their independence throughout the 1970s, New Zealand began to devote more of its diplomatic attention to the region. New Zealand wished to create a secure, coherent Pacific, and the Ministry of Foreign Affairs and Trade (MFAT), who administered New Zealand's Official Development Assistance (NZODA), viewed the giving of aid as an important instrument

for achieving these foreign policy goals. By the 1980s, New Zealand was also pulling back from some of its multilateral foreign aid commitments in other parts of the world to establish its own bilateral aid programmes with poor** countries. Thus New Zealand was fast developing an independent foreign aid policy; one that was centred on the Pacific and geared towards furthering New Zealand's larger foreign policy goals.

In 2000, the new Labour Minister of Foreign Affairs and Trade, Phil Goff, called for a comprehensive independent review of New Zealand's foreign aid; the minister was worried that NZODA's overtly political agenda was doing little to help those in recipient countries. The independent report, *Towards Excellence in Aid Delivery*, concluded that, in its current form, New Zealand's aid programme was indeed ineffective. The report said that NZODA and MFAT had incompatible and competing goals; the former to address the needs of recipient countries and the latter to address the needs of New Zealand. In light of this, the Government set about establishing New Zealand's International Aid and Development Agency (NZAID), a semi-autonomous institution attached to MFAT with the single mission of poverty elimination, focused on the Pacific region.²

Though the Government has played the dominant role in much of New Zealand's interactions with the developing world since the beginning of the twentieth century, the private sector—individuals, organisations, and corporations—have in the past century also established aid channels to their counterparts in poor countries. Missionary and benevolent societies, voluntary organisations, health groups, religious organisations and New Zealand chapters of international non-governmental organisations (NGOs), such as TEAR Fund and World Vision, have all enabled New Zealanders to donate money, goods, and their skills and services to those in poor countries, despite New Zealand's lack of a strong historical tradition of private giving.³

** In line with the prevailing trends in aid and development literature, the adjective "poor" will primarily be used in this paper to modify countries that receive aid. "Developing," another common adjective used to refer to these countries, will be used when the context dictates that "developing" is the preferable modifier. Aid donor countries will be labeled as "rich" or "developed," again as the context dictates. When discussing either donors or recipients as a collective, the adjectives "developed" and "developing" will be used with the collective noun "world."

New Zealand Aid's Current Context

With a new National Government elected in November 2008, the nature of NZAID and New Zealand's governmental interactions with developing countries were again called into question. Murray McCully, the newly appointed Minister of Foreign Affairs and Trade, made it clear by March 2009 that he wished to see NZAID reintegrated into his Ministry and its focus changed from poverty elimination to sustained economic growth.⁴ The changes to the institutional arrangements of NZAID are meant to bring it into line with standard public service management and accountability standards as well as to ensure that NZAID's policies and practices align with the Government's wider foreign policy interests and goals.⁵

As for the change in the focus of NZAID, the Government's scepticism about the precision of the concept of poverty elimination was displayed when Murray McCully said: "You could ride around in a helicopter pushing hundred dollar notes out the door and call that poverty elimination."⁶ The switch in focus to sustained economic growth is meant to be a more efficient and effective way to reduce poverty and "contribute to a more secure, equitable, and prosperous world."⁷ This is in contrast to what the Government sees as the nebulous endeavour of poverty elimination. Today, with NZAID a distinct vote within the MFAT portfolio, its key aim is, in partnership with Australia, to assist development in the Pacific so as to protect New Zealand's security and prosperity by increasing regional trade and regulating the behaviour of neighbouring nations.⁸

Contemporary private giving in New Zealand is perhaps standing at the precipice of great change. In 2007, the Labour Government instituted some significant amendments to the tax rules governing charitable giving in an effort to encourage New Zealand generosity more actively. These changes, which went into effect on 1 April 2008, removed the \$1890 rebate threshold on donations made to domestic charitable causes and organisations by individuals, and the 5 percent deduction limit on charitable donations made by companies and Maori authorities.⁹ Alongside these amendments to the tax code, New Zealand's private giving may also be affected by the global recession that began in December 2007. As yet it is still too early to tell what impact these two concurrent events have had on the private sector's interactions with the developing world and what impact they will have on the future of private giving in New Zealand.

2 DEFINING AID AND AID GOALS

This section seeks to stimulate discussion around three elemental questions:

1. What is aid?
2. Who gives aid? and
3. Why is aid given?

What is aid?

Aid, at its broadest, may be defined as help, support or relief performed by one for the benefit of another. Within the context of a discussion of foreign aid, aid is the ways in which rich countries and the people in them interact with those in poor countries in order to foster development and alleviate the effects of poverty.

Aid this broadly defined may encompass many different actions and policies, some of which are consistent with aid as it has traditionally been defined and others of which would fall more properly under the heading of development assistance. Though often conflated, a distinction may be made between development assistance and aid: development assistance is that which directly fosters development across political, economic and social sectors, and aid is that which directly alleviates the effects of poverty. Politicians, economists, sociologists, political scientists, anthropologists, social commentators and humanitarians have at one point or another categorised each of the following as aid:

1. Most people would agree that gifts of money given from one country to another without any expectation of repayment or restrictions on how the money is spent constitute aid.
2. In a similar vein, the donation of commodities (for example: clothing, food, linen, toiletries, medical supplies), from a rich country to a poor country is categorised as aid. This is usually referred to as "aid in kind."
3. Grants of money from states, organisations and people in rich countries, to fund specific programmes and projects in poor countries, are a common form of aid.
4. Rich countries sometimes require their recipients to spend the money they have given them on goods and services in or from the donor country or a select list of rich countries. Though some in the aid community do not approve of this practice, "tied aid" is still widely considered to be aid.¹⁰
5. At times, money that flows from rich countries to poor countries takes the form of low-interest loans, which are frequently counted when aid packages are calculated.
6. Sometimes the granters of these loans decide to forego repayment, in which case loan forgiveness enters the realm of aid.
7. Micro-financing, or the provision of financial services (for example: banking, insurance and credit) to the poor, when facilitated by people in rich countries for those in poor countries, is an area of aid that has gained increasing attention in the past few years.¹¹
8. Along with their financial systems, rich countries also share the particular skills and expertise of their citizens with people in developing countries through exchange programmes or international organisations, such as Doctors Without Borders. Many have classed these personnel exchanges as aid.¹²
9. Even when people from the developed world volunteer their time to work on projects and programmes in the developing world for which they have no particular prior training, knowledge or skill, there are few who would not classify their work as aid.¹³
10. The developed world also interacts with the developing world through the movement of people across borders. Some see a rich country's openness to immigration of low and unskilled workers from poor countries as aid.¹⁴
11. Rich countries also offer opportunities for higher education to people from poor



countries. When this education comes free or heavily subsidised to those poorer students, many would say it is aid.¹⁵

12. As people from poor countries settle in rich countries, they earn money that they will often send back to family members in their home country. Though some may disagree, several economists have counted these remittances as aid.¹⁶
13. Though it may be controversial, there are some in the field of development economics who would consider international commercial investment in poor countries to be a form of aid.¹⁷
15. Also contentious is the conception of military intervention, for the purposes of stopping genocide and re-establishing stability, as aid.¹⁸

QUESTIONS

- Q 2.1** How would you define aid? What limits or qualifications would you add to the idea of aid?
- Q 2.2** Are there any categories of aid missing from the list above?
- Q 2.3** Do you think any of the categories are inappropriately labeled as aid?
- Q 2.4** Which of the categories above would more appropriately be labeled as "development assistance" than as "aid" and why? What implications could divorcing aid from development assistance have for how we define and think about the developed world's interactions with the developing world?

Who can give aid?

Aid involves a multitude of actors giving help, support and relief in a plethora of ways. Two large spheres in the developed world from which aid flows to the developing world are the government and the private sector.

Governments in rich countries foster development and alleviate the effects of poverty through their ODA and other policies.

ODA is defined by the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) as: flows from official agencies (governments) or their executive agencies to countries and territories on the DAC List of ODA Recipients and to multilateral development institutions. The flows must be concessional in character and convey a grant element of at least 25 percent and must be given with the intention of promoting the economic development and welfare of developing countries. ODA may take the form of cash, commodities or services and may include such things as UN-sanctioned peacekeeping operations, refugee assistance, or research that directly and primarily relates to problems of the developing world.¹⁹ ODA may be distributed: bilaterally, from one country to another; regionally, from one country to a particular region such as Southeast Asia; or multilaterally, in which one country allies with other countries to take part in usually large scale, multi-recipient projects and programmes. Most multilateral aid is funnelled to the developing world through three large international organisations: the UN, the World Bank and the International Monetary Fund (IMF). Alternatively, ODA may be given out in the form of grants to domestic NGOs, who will then use it on their own particular projects and programmes in the developing world. At the 2002 International Conference on Financing for Development in Monterrey, Mexico, rich countries pledged to increase their ODA to 0.7 percent of their GNI in order to meet the UN's MDGs by 2015.²⁰ To date, only five countries have met this goal, with most developed countries allotting 0.3–0.5 percent of GNI to ODA.²¹

NZAID is the manager of New Zealand's ODA, using the monies allotted to them to finance approximately 800 activities, 33 programmes and a number of regional-level initiatives that NZAID operates. NZAID also provides funding to international organisations and national NGOs.²² The New Zealand Government has budgeted \$500 million to ODA for fiscal year 2009–2010, roughly 0.3 percent of GNI. The following table enumerates how this money is to be spent:

Table 2.1. NZAID Expenditure for 2009–2010

Expenditure	Amount Budgeted (in \$millions)	Percentage of Budget (%)
Management of ODA programme	29.119	6
Strategic advice and evaluation	9.577	2
International organisations	94.5	19
Non-government organisations	32.826	7
Global development assistance	102	20
Pacific development assistance	231.978	46
TOTAL	500	100

Source: Government of New Zealand, "Vote Official Development Assistance," The Estimates of Appropriations for the Government of New Zealand for the Year Ending 30 June 2009 (Wellington: The Treasury, 2009).

The Government has dedicated itself to raising ODA incrementally over the next three years to reach the goal of \$600 million by 2012–2013, with an increasing percentage going to development work in the Pacific.²³

Besides their ODA, governments in rich countries have an impact on the developing world through many of their domestic and international policies, even though this is not necessarily intended or considered. The Center for Global Development (CGD) has created a Commitment to Development Index that takes into account governmental policies on trade, investment, migration, the environment, the military and technology when rating 22 rich countries on how much they help poor countries to develop by enabling "prosperity, good government, and security."²⁴

1. Trade has been long asserted by economists in favour of globalisation as a potential force for economic development, especially when rich countries remove their barriers to free trade and protectionist subsidies.²⁵
2. Rich country investment has been shown to promote development in poor countries, and rich country governments can encourage this investment with their policies relating to such things as portfolio and pension fund investments, political risk insurance and taxation.²⁶
3. Migration policies in rich countries that do not set unnecessarily stringent restrictions

on people from poor countries entering can help to alleviate problems of poor geography, political instability and high unemployment in poor countries. Migration also provides immigrants from poor countries with opportunities for jobs and income and knowledge that they can send or take back to their home country.²⁷

4. The environmental policies of rich countries—those dealing with global climate, fisheries and biodiversity—can have an impact on poor countries as many scientists believe that poor countries are and will continue to be most affected by the effects of global warming and ecological deterioration.²⁸
5. Nearly all economists and aid experts have noted that security is necessary for development in poor countries. Rich countries can help to ensure poor country security by contributing to peacekeeping missions and humanitarian military interventions and making efforts to halt the sale of arms to corrupt and undemocratic governments.²⁹
6. Finally, rich country governmental policies that both support research and development into new technologies and do not allow intellectual property rights to stand in the way of new technologies reaching poor countries can do much to contribute to development in poor countries.³⁰



According to the CGD, New Zealand's policies on trade and security rank highly in terms of the positive impact they have on development and the alleviation of the effects of poverty (first and second out of 22 OECD countries respectively). New Zealand has low tariffs on agricultural products and low agricultural subsidies, and it makes significant financial and personnel contributions to peacekeeping and humanitarian missions. New Zealand does not export arms to poor and undemocratic governments. On policies related to migration and the environment, New Zealand earns middling marks (eighth and seventh out of 22 respectively). While New Zealand absorbs a fairly large number of immigrants from developing countries, it takes in only a small share of refugees during humanitarian crises. And though New Zealand has no fishing subsidies and little to no imports of tropical wood and endangered species, it does have a high greenhouse gas emissions rate per capita and low petrol taxes. Finally, New Zealand's policies on investment and technology rate very poorly relative to other rich countries (twentieth out of 22 for both), due to a lack of political risk insurance and policies to prevent double taxation of corporate profits earned abroad, and owing to low government expenditure on research and development as well as low tax subsidies to businesses for research and development.³¹

Governments are not the only ones in the developed world giving help, support and relief to the developing world. The private sector in rich countries—consisting of individuals, corporations, NGOs, foundations, religious organisations, and universities—also do their part to foster development and alleviate the effects of poverty in the developing world.

The Hudson Institute's Center for Global Prosperity (CGP) asserts that in 2007, the private sector of developed countries sent US\$519 billion to developing countries through the financial flows of philanthropy, remittances and private investment compared to US\$103.49 billion sent by the governments of those countries in ODA.³² These billions of dollars represent the philanthropic giving of individuals, foundations, organisations, universities and corporations through donations, grants, aid in kind, microloans, scholarships, volunteer hours and exchanges of skills and technologies. They represent remittances sent back by migrants to their families and to community

development projects in their home countries that the World Bank and others have labeled as "one of the strongest poverty reduction forces in poor countries."³³ They also represent the foreign direct investment—which took off in the early 1990s—in developing countries' infrastructure, business and financial markets by individuals, foundations and corporations in developed countries.³⁴ Even in the midst of a global credit crisis and recession, CGP and others do not expect to see much of a drop in overall private sector giving as low-skilled developing-world workers continue to be employed in the developed world and as developing countries and regions continue to be viewed as good investments for those in the developed world.³⁵ When this private aid is combined with ODA, the mean percentage of GNI of developed countries given as assistance to the developing world is 0.8 percent.³⁶

Exact numbers for assistance given by New Zealand's private sector to the developing world are difficult to come by, but good estimates may be made from the Annual Reports of both the Council for International Development (CID) and the New Zealand Red Cross and from the CGP's use of the World Bank's bilateral matrix for determining the amount of remittances flowing from one country to another. Taking these together, it emerges that in 2007, New Zealanders gave approximately \$620 million to help foster development and alleviate the effects of poverty in the developing world, \$109 million of which was in the form of philanthropic giving and the other \$511 million of which was in the form of remittances.³⁷ When this private aid is combined with ODA, New Zealand's contribution to foreign aid was 0.67 percent of GNI.³⁸ These numbers only tell part of the story of New Zealand's private aid. More research must be done into how New Zealanders are helping to foster development and alleviate the effects of poverty through such means as exchanges of skills and technology, volunteering, private investment, and money and aid in kind given through NGOs and organisations not registered with the CID and those that are not currently tax deductible.

QUESTIONS

- Q 2.5** Are there any other ways that the developed world interacts with the developing world with the intention of fostering development and alleviating the effects of poverty, other than those discussed above?
- Q 2.6** In your opinion, are contributions from the private sector appropriately classed as aid? If so, should private contributions be attributed, along with ODA, to a state when analysing and judging that state's dedication to fostering development and alleviating the effects of poverty in the developing world?

world in their own image and make it conform to their own ideas of what is best socially, culturally, economically and politically despite what people in developing countries may think and want and what would actually be in their best interests.⁴²

5. Guilt: Rich countries give aid because they feel guilty about the detrimental impact that the policies and practices of their own countries and economies have on the developing world.⁴³

NZAID, from its position within MFAT, sees the provision of aid to poor countries as a tool to further the foreign policy goals of the Government—prosperity and security for New Zealand in its Pacific context. Its stated expectations for its aid are to enhance the economic growth and prosperity of developing countries so as to “broaden the framework for dealing with international issues and to negotiate legal instruments through which to regulate the behaviour of states, especially on issues where we have direct national economic or security interests at stake, including where these intersect with those of our neighbours in the Pacific.”⁴⁴

Though there is some overlap with the rationales of governments, there are rationales for aid that have been uniquely attributed to the private sector:

1. Political realism: Rich countries give aid to further their policy goals, distributing their aid in a way that allows them to change certain parts of the geo-political status quo and maintain others so as to create a world that protects their own interests.³⁹
 2. Liberal internationalism: Rich countries give aid because they wish to enhance the socio-economic and political development of poor countries, to help those who struggle to help themselves.⁴⁰
 3. Social-order maintenance: Rich countries give aid primarily to their former colonies in order to ensure that the hierarchical social structure of international power politics remains intact in a post-colonial era.⁴¹
 4. White man's burden: Rich countries give aid because they wish to shape the developing
1. Religious belief: Many private donors are strongly motivated by their religious faith. They believe that they are commanded by a Supreme Being to help those less fortunate than themselves and to strengthen themselves and their faith community through this giving.⁴⁵
 2. Secular humanitarianism: Individuals may give aid as an expression of their humanitarian sympathies—their abilities to sympathise with the plight of other individuals and to picture themselves in another's place—which compel them to do all that they can to alleviate the suffering of their fellow humans.⁴⁶
 3. Studied international non-partisanship: Private organisations and foundations who view the institutionalised giving of aid by governments as overly bureaucratic and improperly apportioned according to national interest,

Why do we give aid?

Just as there are a multitude of actors involved in the giving of aid, there are a multitude of rationales for that giving.

Scholars and aid watchers have assigned the following rationales to rich country governments' giving of aid to poor countries:

may seek to overcome the ideology of official aid programmes by offering deliberately transnational, nonpartisan solutions to global humanistic concerns.⁴⁷

4. Politics: Organisations, corporations, foundations and universities may engage in the giving of aid in an attempt to further their own political ends, such as changes to official aid and trade policies in their home country or changes in the policies of recipient countries.⁴⁸

When speaking generally of a country, such as New Zealand, which is made up of many diverse individuals who align themselves with a number of organisations, foundations, corporations and religious institutions, it is not possible to apply, across the board, specific rationales to each person's giving of aid. It is, however, possible to look at a cross section of New Zealand NGOs, and see what their stated rationales for their aid are:

1. The Evangelical Alliance Relief Fund (TEAR Fund) says that its purpose in giving aid is "to glorify God by extending his kingdom in ministry to the poor, oppressed and disadvantaged, and to encourage God's people in New Zealand to live out the values and principles of his kingdom, by sharing with those in need." They intend for their aid to meet the "needs, challenges and aspirations of the poor in the developing world."⁴⁹
2. HOPE International Development Agency New Zealand, an international NGO based in Canada, intends to "inform and educate New Zealanders regarding the issues related to the developing world" and to "facilitate and provide a mechanism for active participation between New Zealanders and the developing world" so as to assist "the neglected poor in the developing world to help themselves."⁵⁰
3. A global coalition against corruption, Transparency International New Zealand, desires to "achieve more open government structures and practices . . . where corruption is less able to occur" through its aid work to "promote transparency, good governance and ethical practices in the private and public sectors" in New Zealand and the Pacific.⁵¹

QUESTIONS

- Q 2.7** Are there any rationales for the giving of aid that are missing?
- Q 2.8** Do you agree with the description of the current rationale for New Zealand's governmental aid? Is this an appropriate rationale? Are the expectations of New Zealand's governmental aid realistic?
- Q 2.9** Are any of the rationales for governmental and private aid inappropriate, in your opinion?
- Q 2.10** Does the Government's rationale for aid differ significantly from that of the private sector? If so, does this difference pose a problem for the ways in which New Zealand as a whole chooses to interact with the developing world?

3 ACHIEVING AID GOALS

Questions about whether aid is effective are crucial. However, whether or not aid is judged effective will depend on the particular goals it is trying to achieve. As we have defined it, aid should, at a minimum, foster development and alleviate the effects of poverty. There may be many reasons for why aid is given (for example, to achieve political goals), but the question of whether aid is effective must be answered in reference to what aid is. This section lays out the history of international aid and the critiques that have been made of aid's effectiveness at fostering development and alleviating the effects of poverty. It also assesses the various solutions to aid's perceived ineffectiveness that scholars and aid experts have offered as well as offering an overview of how New Zealand's government has addressed this issue.

A brief history of aid

Rich countries and their people have come to the aid of their poorer neighbours since at least as far back as the ancient Greeks.⁵² Charity or assistance, as such actions were called until the twentieth century, were deeply imbedded in the popular culture and international relations of the West, with private individuals and organisations sending money, supplies, volunteers and missionaries overseas and governments shoring up their allies and colonies with military assistance, money and personnel.⁵³

Modern aid, as we have come to know it, has its origins in the aftermath of World War II. With much of Europe in ruins after a depression and five years of war, the victorious Allies sought to devise a way to both rebuild Europe and ensure that nothing as terrible as a world war happened again. They established several international organizations—the UN, the IMF and the World Bank—meant to draw all the countries of the world together in mutual security and development. These institutions would allocate funds, drawn from all member countries, to those governments that needed it, creating qualifications for aid receipt and assessing the impact of that aid once received. Alongside these international institutions, the two emerging superpowers, the United States (US) and the Soviet

Union, also took a keen interest in foreign aid, realising its usefulness as a diplomatic tool in their Cold War. Their bilateral and regional aid programmes, such as the US's Marshall Plan, fulfilled the dual purposes of fostering development in war-torn and poor countries and of shoring up allies and preventing the fall of more countries to either communism or capitalism. As many of their allies re-emerged from the ravages of war, they too began implementing their own aid programmes along similar lines.

To say that most rich countries' modern aid programmes began as political weapons in an ideological war is not to preclude humanitarian sentiment from the modern aid process as a whole. International organisations and institutions, NGOs, religious organisations and private citizens added to the billions of dollars in grants, goods and services circulating the globe in the interests of helping the world's neediest and fostering development in poor countries. The private sector also began pushing its governments to do more for those in poor countries. In 1958, the World Council of Churches, an ecumenical Christian organisation, called upon rich countries to devote one percent of their GNI to international development—the precursor of today's 0.7 percent target. And two years later, the economist Walt Rostow further encouraged the rich governments of the world to increase their international development funding by talking of the need for a big comprehensive plan that would require foreign aid to fill poor countries' financing gaps, thus enabling them to break free of the poverty trap.⁵⁴ Rich governments of the world responded by increasing their levels of foreign aid, topping out at 0.51 percent of the Gross National Product (GNP) of all donor countries in the early 1960s.⁵⁵

With such a generous outpouring of support for the poor countries of the world, everyone expected to see great progress made toward development and perhaps even the end of poverty by the end of the century. Yet the facts greeting them in the 1990s provided little encouragement for such hopes. Africa, where most rich countries had directed the bulk of their foreign aid in the previous four decades, showed not only no significant development but a falling economic growth rate as aid

had increased as a percentage of national income.⁵⁶ Furthermore, though Asia was experiencing steady economic growth, the credit for this development was being attributed more to globalisation than to foreign aid, which had been steadily decreasing in the region since the Vietnam War.⁵⁷ Economists, sociologists and other aid and development experts scrambled to try to explain this seeming paradox of aid's ineffectiveness for development. Some said that aid was being used in poor countries to finance consumption rather than the investment necessary for sustained development; others said that aid was fostering corruption in poor countries by increasing the amount of resources that could be fought over by interest groups and factions.⁵⁸ Whatever reasons they gave for the dismal results of the rich world's efforts, they all agreed that aid, as it was practised, was ineffective, and many experts and practitioners set about developing potential solutions to aid's ineffectiveness.

QUESTIONS

- Q 3.1** Is this a fair assessment of aid's twentieth-century history? If not, what changes would you offer?
- Q 3.2** In light of its history, do you believe that aid can be made effective?

Solution 1: Big push

Perhaps the most prominent of those who have recently posed solutions to the perceived ineffectiveness of aid is Jeffrey Sachs, Director of the Earth Institute at Columbia University and author of *The End of Poverty*. Sachs argues that people in poor countries are ensnared in a poverty trap, the causes and effects of their poverty (for example, disease, high birthrates, low capital, corrupt government) forming an unending circle from which they cannot escape without outside help. In order for the people in poor countries to escape the trap and to get "at least a foothold on the bottom rung" of development, rich countries must band together in a "global network of co-operation" and dedicate themselves to building in poor countries the infrastructure essential for development.⁵⁹ This will involve rich countries coming

through on their pledges to give 0.7 percent of their GNI to foreign aid and getting fully behind the UN's MDGs and their 449 interventions that will significantly reduce world poverty when done in concert as a big push.⁶⁰

Strengths: The strength of Sachs' argument comes through his emphasis on the necessity of infrastructure for development. Few countries have ever achieved a sustainable level of development without having in place such things as a solid government, laws that respect property rights, passable roads, communication networks, and an operational educational system. Many of these things require a great deal of capital and specialised skills and knowledge to get them started; resources that are often lacking in the poorest of countries but may be found in abundance in richer countries.

Weaknesses: It may be asked whether a simple transfer of resources from one set of countries to another in one big push will actually result in the changes that Sachs indicates they will. Poverty and economic development are highly complex matters, involving a multitude of factors and manifesting themselves differently in different contexts. It seems imprudent to think that one set of interventions can be universally applied to all poor countries without taking into account the diverse histories, customs, societies, governments, geographies and politics of their particular locale and population. Rich countries can invest heavily in building infrastructure in poor countries, but will the people in poor countries be willing and able to use this infrastructure to develop?

Solution 2: Incremental change

William Easterly, a professor of economics at New York University, Co-Director of NYU's Development Research Institute, and author of *The White Man's Burden*, believes that Jeffrey Sachs is a dangerous utopian. He contends that big pushes, like the one Sachs prescribes, are not new—in fact they are the reason aid has historically been so ineffective. They are run by inefficient bureaucracies with little to no accountability, and in their hubris, they fail to take into account and address the actual needs and desires of those they profess to be helping. Aid donors, instead, need to acknowledge that there is no one solution to the complex problems of poverty and underdevelopment. They need to begin acting less like

planners and more like searchers, constantly on the lookout for piecemeal programmes and improvements that will actually help poor people. These programmes and improvements should be led by specific organisations who will specialise in a certain area and be held accountable (by independent assessors) for the success or failure of their operations. The programmes and improvements themselves should be guided by what the poor actually want and need as decided by them, either through direct consultation with individuals or by a vote of communities, because they know best what they need to develop and to lift themselves out of poverty. In this way, aid will be targeted directly to those areas in which it can be most effective, making individuals better off.⁶¹

Strengths: Easterly's emphasis on the need both for accountability in aid giving and for greater involvement of the poor in aid decisions are strengths of the argument for incremental change. When aid agencies take on smaller projects that have definite, measurable outcomes, it becomes possible to evaluate their effectiveness objectively and judge them accordingly; amending projects when necessary to achieve better results and stopping funding to those projects that show no improvement. Getting the poor in on these discussions and evaluations ensures that their voices are heard.

Weaknesses: The danger of taking a piecemeal approach to development and poverty alleviation is that necessary improvements and interventions may not occur. Without comprehensive aid initiatives, unpopular areas, especially complex problems and isolated populations may be overlooked by searchers who have devoted themselves and their efforts to other areas, other problems, and other populations. Without centralising agencies and institutions, there is a lesser likelihood that connections and coordination will occur among governments, organisations, and individuals working in similar areas. It is also less likely that overarching common themes of poverty, development and aid will come to the fore, enriching everyone's understanding of these complex issues.

Solution 3: Conditionality and selectivity

Standing apart from the debate between Sachs and Easterly, a strong contingent of aid and development scholars posit that the way to make aid more effective is to apply conditions to its granting and select recipient

countries based on those conditions. Aid, they say, has been ineffective because it has been going to countries with high levels of corruption, bad economic policies, and weak democratic structures, all of which stymie any development potential that can come from an infusion of foreign aid. For those like Cornell international relations professor Nicolas van de Walle and World Bank economists Craig Burnside and David Dollar, the solution to this problem seems perfectly clear: do not continue to send aid to countries with bad governments. As rich-country governments, international institutions, and NGOs are crafting their aid strategies and budgets, they should take into account the local political dynamics of potential recipient countries that may undermine development. If a country's government has the markers of a bad government, then aid directed to them should be limited or cut off completely depending on their severity. If a country's government has recently set itself on the path to becoming a good government, this should be encouraged with an increase in aid so long as the government keeps progressing. For this to work, for real developmental progress to be seen in poor countries, aid-granting institutions and organisations must abide by the conditions they have set.⁶²

Strengths: Study after study has confirmed that countries with bad governments do not profit from aid, and some studies have even shown that aid given to bad governments makes them worse.⁶³ Putting conditions of good governance on aid, then, should ensure that aid does not go to countries where it will potentially cause more harm than good. Aid, instead, can be used as a carrot to encourage poor country governments to dedicate themselves to good governance for their citizens, clean up their corruption, and form strong economic plans for sustainable development.

Weaknesses: Placing conditions on aid, however, has its detractions. For one, in denying aid to countries with bad governments, a rich country is turning its back on the people in those countries who are in desperate need of assistance. For another, when a rich country gives aid to those countries that it deems to be governed well, it is imposing upon the sovereignty of the recipient country, undermining local agency in policymaking by insisting that the rich country's definition of good government become the poor country's as well.

Solution 4: Globalisation

The final major school of thought on the solutions to aid's perceived ineffectiveness offers no remedies for aid projects or programmes. Rather it asserts that the best way for poor countries to achieve a greater level of development and a lower level of poverty is to join the global market. Globalisation, economists such as Jagdish Bhagwati and Martin Wolf avow, can solve all ills. Poor countries should open their borders to investment and trade from the rest of the world. These are the things that will enable poor countries to develop because they will bring with them the money, knowledge, and incentives for sustainable development.⁶⁴ Even those like Nobel laureate Joseph Stiglitz, who are a little distrustful of the panacea-like claims of globalists, recognise the economic potential of globalisation, though they would temper the inherent vagaries of the market by demanding good policies from both rich and poor countries. Poor countries, they stipulate, should enact policies that will provide a social safety net and place some regulations on their markets so that the weakest members of their society will not be neglected. Rich countries, they say, should put a stop to their internal subsidies and the demands that they place on the buying practices of poorer countries so as to create a truly free global market.⁶⁵

Strengths: The one development success story of the twentieth century is what development scholars have identified as the "East Asian Miracle"—the phenomenal growth of China, India, South Korea, and, to a lesser extent, other Asian countries—a development success story that has been almost exclusively credited to globalisation.⁶⁶ The opening of markets and encouragement of investment allows poor countries to retain their sovereignty, to take charge of their own development and make it work for their citizens. This is true particularly if they take the advice of Stiglitz and institute regulations and provide a safety net for those who cannot take advantage of all that globalisation has to offer.

Weaknesses: Globalisation has its downsides. New Zealander and Professor of Political Economy and Development at the London School of Economics Robert Hunter Wade argues that the inequality that naturally results from higher levels of trade openness in countries with low to middle levels of average income creates a society with higher poverty, slower economic growth,

higher unemployment, and a higher crime rate.⁶⁷ If developing countries do not institute the regulations and social safety nets like those Stiglitz recommends—which they may find very difficult to do as they claw their way out of poverty—they risk subjecting their most vulnerable to more intense poverty and oppression as their fellow citizens prosper. Another downside is that opening one's borders does not guarantee that investors and trading partners will ensue, especially at a time of global recession, and without investors and trading partners there is no hope of development. Finally, as happened to the countries of the "East Asian Miracle" in the late 1990s, globalisation does not ensure the good behaviour of rich countries. In Asia's case, an exploitative influx of foreign currency caused instability in their markets, and they crashed in the late 1990s. There is nothing to stop this type of thing from happening elsewhere.

QUESTIONS

- Q 3.3** Are there any major solutions to the problem of aid's ineffectiveness missing from this discussion?
- Q 3.4** What assessment do you make of each of these solutions when taken both on their own and in comparison to the other three?
- Q 3.5** If you had to select only one solution, which do you find most compelling? What leads you to choose that one?
- Q 3.6** What aspects of each solution do you think are most inspiring? What aspects do you think are most realistic? What aspects do you deem to have the most potential to affect real change?

New Zealand's efforts to reach its aid goals

When NZAID was created in 2002, it sought to make New Zealand's contribution to foreign aid more effective by making poverty elimination its central focus and integrating the MDGs into New Zealand's ODA framework, setting a target of 0.35 percent of GNI to

ODA by 2010–2011.⁶⁸ To achieve these goals, NZAID has striven to tailor its particular aid practices to the 2005 Paris Declaration on Aid Effectiveness. This international agreement sets out five key principles of effective aid:⁶⁹

1. Ownership of the development process by recipient countries;
2. Alignment of aid programmes and projects with developing countries' strategies, systems and procedures;
3. Harmonisation of donors' actions;
4. Managing aid for results; and
5. Mutual accountability of donors and recipients.

The DAC of the OECD has praised NZAID for its work on harmonising donor procedures and practices in the Pacific,⁷⁰ though an audit by the Office of the Auditor-General found that NZAID's success in meeting the other four key principles of effective aid has been hampered by a lack of clarity, consistency and direction in the setting up and evaluating of its projects and programmes.⁷¹

The current Government asserts that its reintegration of NZAID into MFAT and the change in its focus to sustainable development will solve the problems that the Auditor-General found in the administration of New Zealand's ODA, thus bringing New Zealand's aid practices more into line with the Paris Declaration. It also intends for NZAID to conform its aid practices to the 2008 Accra Agenda for Action, which calls for aid to be more predictable and transparent, for partner country systems to be used to deliver aid, for conditions based on the developing country's development objectives to be applied to aid, and for a relaxing of restrictions on developing countries' buying practices.⁷² In conjunction with these two international agreements, the Government further plans to make aid more cost-effective for New Zealand by decreasing the number of bilateral activities in which NZAID is involved and instead concentrating on larger, more comprehensive initiatives in which New Zealand may play a role.⁷³

Just as it was difficult to assign rationales and expectations to aid given by the private sector, it is impossible to determine how the private sector, writ large, strives to make their aid more effective. It is

possible, however, to speak of how a large segment of the private sector, New Zealand NGOs, works to ensure the effectiveness of their aid. According to the CID, New Zealand NGOs have seen the best project and programme outcomes when they have worked collaboratively with partner organisations in developing countries, and so they channel their funds, personnel and skills to these types of endeavours. They credit the success of these projects and programmes, and hence the effectiveness of their aid, to the understanding that local partners have of their communities' needs and to the building up of the capacity of the local partners that these projects and programmes entail.⁷⁴

QUESTIONS

Q 3.7 How would you rate New Zealand's efforts to reach its aid goals relative to your assessment of the solutions for the ineffectiveness of aid raised on the macro level? Are New Zealand's governmental and private sectors on the right track for making their aid more effective?

Q 3.8 Should any changes be made in the operation of New Zealand's governmental aid to ensure that its aid goals are met? If so, what changes would you like to see?

Q 3.9 Should any changes be made in the operation of New Zealand's private aid to ensure that its aid goals are met? If so, what changes would you like to see?

4 AID POLICIES FOR NEW ZEALAND

This section examines some potential changes that could be made, primarily at the governmental level, in the way that New Zealand interacts with the developing world in the interests of fostering development and alleviating the effects of poverty. Four changes are canvassed, each in keeping with one of the solutions to the ineffectiveness of aid raised in the previous section; along with a potential implementation plan and pros and cons for each change.

Please note that these potential changes are not recommendations by Maxim Institute. They are simply an attempt to consider what the consequences for New Zealand may be, of the different approaches explored in the previous section of this paper.

Change 1: Increase ODA in line with the MDGs

New Zealand, as a member of the DAC, shares in the global commitment to ensure that positive change is made in the developing world. The international community has again and again stated that the best way to achieve this change is by rich countries committing 0.7 percent of GNI to ODA. Though few rich countries have reached this threshold, it is possible. Sweden gives the highest percent of GNI to ODA at 0.98 percent, and Norway, with a population roughly the same size as New Zealand's, gives 0.89 percent GNI to ODA.⁷⁵ According to the CGD, Sweden and Norway not only dedicate the highest percentages of their GNI to foreign aid, but they also have some of the most effective aid in the world, ranking second and third, respectively, out of all OECD countries.⁷⁶

Sweden and Norway credit their exceeding of the 0.7 percent mark to both their Governments' dedication to participation in the international community and their high top tax rates. As smaller (population-wise) countries in Europe, Sweden and Norway believe that the best way for them to exert an influence on the rest of the world and to reap the benefits of globalisation for their own economies is to be actively engaged in internationally sanctioned pursuits like the MDGs. They believe high individual top tax rates—59.9 percent in Sweden and 47.8 percent in Norway—allow their

Governments to play a generous role internationally.⁷⁷ New Zealand, too, is a small country that hopes to make its presence felt on the world stage. Were it to desire to embark on a course similar to Sweden and Norway, New Zealand would most likely have to raise its top tax rate from 38 percent to around 50 percent and use some of the additional revenue to increase its ODA to 0.7 percent of GNI.

Pros: The raising of New Zealand's ODA budget to 0.7 percent of GNI would be greeted with great enthusiasm by people and institutions like development expert Jeffrey Sachs, the UN, and popular social activist Bono, who have been pleading with developed countries to fulfill their ODA pledges for nearly a decade. The increased funds could be used in a big push to start poor countries' climb out of poverty, and the fact that New Zealand would join a list of just five other countries who have met or exceeded their pledge would enhance New Zealand's international reputation as a generous and cooperative country. The New Zealand Government has continuously pledged its support for increasing ODA to 0.7 percent of GNI; to do so, then, would be in keeping with the Government's intentions and international promises.

Cons: There could, however, be some potential drawbacks to an increase in New Zealand's ODA. For one, it may cause a decrease in the engagement of the private sector in the giving of aid as has happened in Sweden and Norway, where private giving to international aid and development efforts rate among the lowest as a percentage of GNI in the OECD.⁷⁸ For another, this more than doubling of what is currently devoted to ODA would most certainly require higher taxes. Though 76 percent of the New Zealand public approves of the Government providing overseas aid to poor countries,⁷⁹ it is far from certain that they would welcome paying more to the Government and the economic consequences that go along with higher taxes so that more could be spent in poor countries. Finally, there is the question of whether increased ODA is necessarily effective ODA. Although the CGD gives Norway and Sweden high praise for aid effectiveness,

it has been reported that an independent audit of Sweden's foreign aid alone found that much of its aid may not have any long-term impact due to a dearth of monitoring efforts and a lack of focus on results.⁸⁰

Change 2: Do more to encourage private giving

The CGP believes that the resources and actions of the private sector will do more in the twenty-first century to foster development and alleviate the effects of poverty in poor countries than will ODA; there is already more flowing to the developing world through private channels than through government aid.⁸¹ Moreover, many of these private initiatives exhibit those traits that aid and development scholars have linked to aid's effectiveness: local ownership of projects, transparency, accountability, sustainable outcomes and efficient delivery of services. The argument in this scenario is that New Zealand should follow the example of the United States—which leads the way in private financial flows with US\$213 billion (1.56 percent of GNI) directed to poor countries—by doing more to encourage its citizens to increase their levels of private giving.⁸²

Private financial flows to developing countries encompass three broad categories: philanthropy, private investment and remittances. The US, which has a long tradition of small government and private charity, supports its citizens in their philanthropic endeavours through generous tax breaks for charitable giving. It has also established some legal protections and tax incentives for its citizens who wish to invest in developing markets, and its expansive and fairly open labour market makes it possible for low-skilled workers from developing countries to earn money that they can send back to friends and family in their home countries. The many banking institutions that enable these immigrant workers to transfer their money without a lot of fees and complications also help the flow of these remittances.⁸³ Were New Zealand to desire to embark upon a course similar to the US, it too could increase the tax breaks for international charitable giving, provide legal protections and tax incentives for its citizens and corporations who wish to invest in developing countries, and either institute regulations or provide tax incentives for banking institutions to help the working immigrant population to send their Kiwi dollars home more efficiently.

Pros: There are many in the field of aid and development studies who affirm that small-scale private aid and international investment are the most effective means by which people in rich countries can foster development and alleviate the effects of poverty in poor countries.⁸⁴ These forms of aid can be directly targeted at the needs and desires of people in poor countries, and their successes and failures can be closely monitored by their donors, investors, and advisory boards. Apart from its effectiveness, private aid also engages a citizenry in a positive way on the international stage, a boon for a nation's international reputation and internal character.

Cons: Governmental encouragement of private aid and investment in poor countries through tax incentives could potentially limit the freedom of New Zealand citizens, imposing governmental policies and regulations on what are currently matters of private, individual choice. Tax incentives may not even be effective at increasing private giving.⁸⁵ Even if tax incentives were proven to increase private giving and these potential limits to freedom were thought to do more good than harm, the Government's encouragement of private aid could have a detrimental impact on the effectiveness of the aid that New Zealand as a whole gives. Private aid is, by its nature, small-scale; it cannot address larger issues of poverty and development. Its piecemeal, uncoordinated approach to development and poverty alleviation cannot ensure that all areas and issues of need are addressed. A governmental focus, then, on making New Zealand aid more effective by encouraging this small-scale aid could result in unpopular or little-known causes and populations being overlooked and uncared for.

Change 3: Place and enforce conditions on ODA

As geographically and culturally close neighbours, Australia and New Zealand often strive to act in concert on the world stage, including in their giving of aid. Like NZAID, the Australian Agency for International Development (AusAID) aims to assist developing countries to achieve sustainable development and reduce poverty in line with Australia's national interests.⁸⁶ But unlike NZAID, AusAID ensures that its aid goes to countries with good governments so that it may have the best chance at affecting real change.⁸⁷ As economists Craig Burnside and David Dollar have

found, aid has the most positive impact on economic growth in countries with no corruption, good economic policies and strong democratic structures; in countries with high corruption, bad economic policies, and weak or no democratic structures, aid stunts growth.⁸⁸ People have argued that New Zealand should join Australia in placing and enforcing conditions of good governance and economic planning on the aid it disperses.

According to the economist Nicolas van de Walle, the conditions placed on aid should provide incentives to recipient country governments to change their behaviour and strengthen the hand of reformers in these countries.⁸⁹ Such conditions would be: for governance—a level of protection of property rights, an efficiently run bureaucracy, and a low number of assassinations or other evidence of political unrest; for economics—macroeconomic stability (low-budget deficits and inflation), the privatisation of state-owned enterprises, and openness to international trade.⁹⁰ Were New Zealand to desire to embark upon the path that Australia has taken and many economists encourage, it could adopt the World Bank's rubric for measuring the extent to which potential recipient countries meet these conditions and mete out its aid accordingly; giving more aid to countries that rate highly in these areas and less aid to countries that rate lowly.

Pros: Placing and enforcing conditions on aid receipt is a relatively simple way for New Zealand to better ensure that its resources will be effective at fostering development in poor countries. It does not require an increase in ODA, and it streamlines the process by which ODA is apportioned. In addition, rewarding with aid those countries with low levels of corruption, good economic policies and strong democratic structures while withholding aid from countries without those things furthers New Zealand's broader interests by encouraging and supporting all of its potential recipients in their efforts to liberalise and democratise. MFAT has signalled these efforts as essential to New Zealand's future security and prosperity.⁹¹

Cons: A strict adherence to established conditions in the meting out of aid, which would be essential for those conditions to be meaningful, could potentially have a deleterious effect on two of New Zealand's foreign aid goals. First, requiring that a country have good governmental and economic policies in place in order to

receive aid would preclude New Zealand from offering assistance to countries like Papua New Guinea which New Zealand has pledged itself to help and whose people are in desperate need of aid. Second, MFAT would like to use aid to shore up alliances in the Pacific. This would be made difficult if, for instance, New Zealand wanted to gain Fijian support for New Zealand's admittance to the Pacific Agreement on Closer Economic Relations (PACER Plus) but could not attempt to sway Fiji by the promise of aid due to Fiji's present military government.

Change 4: Promote positive globalisation

The only force that has conclusively been linked with development in poor countries is globalisation. Strong correlation links growth with the opening of a poor country to free trade and investment: globalising countries had an aggregate annual per capita growth rate of five percent in the 1990s versus one percent for non-globalisers.⁹² However, globalisation cannot solve all of a poor country's ills on its own. It is argued that rich countries like New Zealand should end their aid programmes and instead help developing countries in their efforts to profit from globalisation by ending their protectionist policies, encouraging their own citizens to invest in developing countries and accepting immigrants from developing countries.

New Zealand has low tariffs and subsidies and so in the area of protectionist policies, New Zealand is already operating in a pro-globalisation manner.⁹³ To make the rest of its policies conducive to the advent of positive globalisation in developing countries, New Zealand should amend those that relate to private investment and immigration. Two good ways to encourage private investment would be to offer political risk insurance to corporations that invest in countries where the political situation is insecure and to sign treaties or agreements with developing countries that would prevent individuals and corporations from being taxed twice on their investments. On the issue of immigration, New Zealand can help developing countries by accepting more of their citizens on student and work visas, allowing people from developing countries to gain essential skills and ameliorating the difficulties developing countries often face from an excess population of low-skilled workers.⁹⁴

Pros: Globalisation is what enriched China, India, South Korea and other Asian countries and set them on the

path to ever greater development in the future. It has been tested, and found to be effective, unlike traditional aid programmes. New Zealand's participation in efforts to extend this development facilitator to other poor countries, through a change in some of its own policies, would thus be the most effective and efficient way to achieve the Government's goals of economic growth and prosperity in the Pacific and elsewhere. Furthermore, the increases in expenditure on things such as political risk insurance and immigration would qualify as "value for money." In replacing the outlay to foreign aid, they would potentially save the Government money by moving most of the burden of investment to the private sector and produce real results.

Cons: A change in New Zealand's policies in regards to foreign investment and immigration does not necessarily entail positive globalisation for poor countries throughout the world. New Zealand is a small country that already has the most open trade in the developed world and a significant population of immigrants from poor countries without seeing much in terms of growth for even its nearest neighbours in the Pacific. Add to that the domestic and international humanitarian outcry that would inevitably result from a cancellation of traditional ODA. Promotion of positive globalisation—no matter how effective it is on the macro level—does not seem like a stand-alone, workable solution for New Zealand.

QUESTIONS

- Q 4.1** Are there any other potential changes that may be made in the way that New Zealand interacts with the developing world in the interests of fostering development and alleviating the effects of poverty?
- Q 4.2** What aspects of the proposed changes appeal to you? What aspects do you think are realistic given New Zealand's financial, political, social and cultural situation?
- Q 4.3** What aspects of the proposed changes do not appeal to you? What aspects do you think are unrealistic given New Zealand's financial, political, social and cultural situation?
- Q 4.5** What criteria are you using to judge the appeal and feasibility of these potential changes? Are these the same criteria you would use in judging any changes proposed to the way in which New Zealand gives aid? If not, then what other criteria would you use?

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