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## **Ketil Fred Hansen**

### **BOOK ESSAYS**

#### **New trends and old stereotypes in foreign aid**

##### **Ideas, Interests and Foreign Aid**

A. Maurits van der Veen

Cambridge: Cambridge University Press, 2011, 290 pp.

##### **From Recipients to Donors: Emerging Powers and the Changing Development Landscape**

Emma Mawdsley

London: Zed Books, 2012, 270 pp.

##### **How to Manage an Aid Exit Strategy: The Future of Development Aid**

Derek Fee

London: Zed Books, 2012, 256 pp.

The three volumes reviewed here are dealing with challenging and problematic areas concerning foreign aid. All three discuss to a various degree, the powers and hidden agendas in the donor-recipient relationships, the emergence of new donors in the marketplace of aid and foreign aid as a tool to reach donors' domestic goals. They all emphasize that the new, global geo-political landscape changes aid relations in significant ways, especially after 'the war on terror'.

For sure, the landscape of development cooperation has been rapidly and fundamentally changing over the last few years after a decade or so characterized by development aid fatigue. While Western donors of development aid prior to 1990 had given aid to all regimes, including authoritarian ones, as long as they promised not to convert to communism, the end of the Cold War changed this pattern. The culmination of the political competition between the USSR and the West was followed by political conditions for receiving aid. France's president Francois Mitterrand claimed in his famous 'La Baule' speech in 1990 that in the future, France would only cooperate with democratic regimes that respect human rights (Mitterrand,

1990).<sup>1</sup> Political conditions for receiving aid imposed in the early 1990s were added onto the economic conditions of privatization and liberalization that had already been imposed by the Washington Consensus since the beginning of the 1980s (Williamson, 1999). Donors, led by the World Bank (WB), imposed both economic and political conditionalities to make aid more effective. ‘Good governance’, understood as political democratization and liberalization and privatization of the economy became the ultimate slogan in foreign aid policy discussions and a precondition for receiving official aid.

Nevertheless, the 1990s turned out to be a decade of decreasing Official Development Assistance (ODA) despite the boom of formal democratization in former authoritarian regimes in Africa. Political speeches in donor countries pledging increased aid to encourage democratization were followed by shrinking disbursements to the recipients’ states. The US\$54 billion handed out by Organisation for Economic Co-operation and Development (OECD) countries as ODA in 1990 had shrunk to US \$49 billion in 1997.<sup>2</sup>

### Volumes of development aid

However, from 1997 onwards, development aid has again been on the increase. In real terms, ODA from OECD countries increased from US\$49 billion in 1997 to US\$131 billion in 2010.<sup>3</sup> In 2011, OECD countries disbursed an average of .31% of their Gross National Income (GNI) on aid. While this is still far from the agreed United Nations (UN) target of .7%, it is on the right track. Globally, only Sweden, Denmark, Norway and the Netherlands exceeded the UN aid target in 2011. The world’s largest donor in real terms, the USA, is among the stingiest, calculated as percentage of its GNI – its US\$30.7 billion in development aid in 2011 only comprises a small .2% of its GNI.<sup>4</sup> Yet, 10 years earlier, US aid represented only .1% of GNI (van der Veen, 2011, p. 8). While the USA and most other Development Assistance Committee (DAC) donors continued to increase development aid even after the 2008 financial crisis,<sup>5</sup> a few countries, like Spain and Greece, have significantly reduced their real-term development aid despite the pre-2008 official policy of increasing aid.<sup>6</sup>

A key goal in van der Veen’s (2011) volume, *Ideas, Interests and Foreign Aid*, is to prove that it is possible to measure motivations for development aid by categorizing

<sup>1</sup>For the entire speech (in French) see [http://www.rfi.fr/actufr/articles/037/article\\_20103.asp](http://www.rfi.fr/actufr/articles/037/article_20103.asp). For analysis of changes in French foreign policy toward Africa, see Hansen (2010b).

<sup>2</sup><http://stats.oecd.org/Index.aspx?datasetcode=TABLE1#>

<sup>3</sup>[http://stats.oecd.org/Index.aspx?DatasetCode=REF\\_TOTALODA#](http://stats.oecd.org/Index.aspx?DatasetCode=REF_TOTALODA#)

<sup>4</sup><http://www.oecd.org/aidstatistics>

<sup>5</sup><http://www.oecd.org/development/aidstatistics/44285539.gif>

<sup>6</sup>As late as 2007, the official aim of Greece’s development assistance was to reach .51% of the GNI by 2012. In 2010, Greece disbursed 0.17% of GNI in aid. *Annual Report of the Bilateral and Multi-lateral ODA from Greece*, Ministry of Foreign Affairs of Greece, 2007 and 2010. Available at <http://www.hellenicaid.gr/frontoffice/portal.asp?cpage=NODE&cnode=1&clang=1>

politicians' aid arguments in various 'frames' and thereby better understand foreign policy decision-making (pp. 2–3). In fact, van der Veen establishes very high expectations about his book in the first few pages. He insists that his method – further expounded in three appendices – of coding and framing political speeches on aid will answer questions like:

Why do some countries consistently fall short of the commitments to increase foreign aid?

Why do countries persist on funding aid projects that are likely to fail? And why are some recipient states so much more successful at attracting aid than others? (p. 4)

These are interesting questions for sure. Yet, after reading van der Veen volume, these questions remain largely un-answered.

Van der Veen devotes a 30-page chapter – Chapter 6 'The generosity contest' – to argue in favor of his frame method for determining the variations in aid volume. Based on five decades of legislative debates in the Netherlands, Belgium, Italy and Norway, van der Veen analyses 1400 public speaking turns. He finds 44 distinct arguments for giving foreign aid and regroups them into seven different frames: security, power/influence, economic self-interest, enlightened self-interest, reputation, obligation and humanitarianism (pp. 45–46). Van der Veen then classifies all the arguments within one of the frames and makes two regression analyses of the coded arguments. Though he admits that 'a number of explanatory variables may be associated with more than one particular frame' (p. 39) and that 'different communities may have different composite frames for aid, even within a single country' (p. 137), his conclusions are firm, at times too firm. To me, it is difficult to determine whether an argument for example about 'international stability' in a debate on aid, should be classified under the 'security frame' or the 'enlightened self-interest frame'. Van der Veen has chosen the latter. Based on my own experience of classifying Norwegian newspaper entries on severe acute respiratory syndrome into author-created coded categories, I recognize that the classification of most utterances is ambiguous and not straightforward, leaving vast room for interpretation by the author (Hansen, 2009a, 2009b). I speculate that giving the same sources used by van der Veen to other researchers and asking them to classify the arguments according to van der Veen's seven frames, would result in very different outcomes.

A second difficulty with van der Veen's method is that he only measures speeches and neglects actual political decisions. In foreign aid, as in most political arenas, what politicians say often differs from what they actually do. In addition, some legislators' statements are much more important than others', both for founding policy and for actual political outcomes.

Related to this, one may ask whether foreign policy is informed and formed by legislative aid debates in the parliaments. In Norway, some argue that foreign aid policy is formed by a small clique of academics and development aid practitioners, together with politicians and bureaucrats with the Ministry of Foreign Affairs and the Norwegian Agency for Development Cooperation more than by legislative debates within the

parliament (Tvedt, 2003). Others would point to a possible positive correlation between public support for development aid and development aid budgets. From 1986 to 1996, Statistics Norway reports that a growing number of Norwegians wanted a decrease in foreign aid. While only 12% preferred a decrease in aid in 1986, a year with a high aid level (and rapidly growing GNI), by 1996, 30% proclaimed they would decrease the Norwegian aid budget after five years of relative stagnation (Rønning, 2000). By reducing his measurements to arguments within the legislative debates, van der Veen loses these factors.

A third critique of van der Veen's volume would be that the international economic and geo-political contexts are not included in his analysis of ideas and interests determining foreign aid. To me, acknowledging 'domestic factors as the driving forces in changing the framing of aid' (p. 95) does not legitimize forgetting the international context in which foreign aid takes place.<sup>7</sup>

Finally, I think, van der Veen's results would have gained credibility by being presented with a little humility, rather than with an authoritative voice. Van der Veen insists that 'the success of the empirical analyses is all the more gratifying given the fact that ...' (p. 212) and that 'it appears unlikely that a less synthetic argument will be able to explain policy patterns as nicely [as I have done]' (p. 234) and 'it is more fruitful to pursue [my own] theoretical elegance' (p. 234). I read these statements as subjective arrogance rather than objective, scientific excellence.

Van der Veen insists that 'much of the variations [in aid volumes] can be explained, once one has a measure of the frames that dominates the aid discourse' (p. 168). However, when aggregating data from the four countries under scrutiny, he is not able to determine common reasons for variations in aid volumes. As an example, van der Veen states that correlation between aid volume and welfare state expenditure is clear only in countries which also have a strong humanitarian frame (the Netherlands and Norway) while in welfare states without a frame of humanitarian aid discourse, the correlation is absent or negative (Belgium) (pp. 168–169).

For sure, even if van der Veen's goal to explain variations in aid levels over recent decades, he agrees that finding determinants of aid volume is difficult (p. 146). Thus, I may only continue to speculate on reasons for the increase in aid from DAC donors since 1997. One possible answer is related to increased public and academic interest in inequality over the last decade, both between states and within states, as such inequality relates to a security threat.<sup>8</sup> While it is not possible to date this change to one particular year, the political understanding of inequality as a security threat may have led to an increase in aid with the goal of reducing inequality.

Another reason may be the engagement of new donors in the world of development aid. Many former recipient states, formerly only treated as recipients of development aid,

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<sup>7</sup>For an analysis of domestic factors relevance for aid framing in Norway, see Borchgrevink and Hansen (2006) sett inn.

<sup>8</sup>See e.g. Thomas (2001), Held and Kaya (2006) and Stewart (2004).

and thus understood as somewhat backward, inferior and underdeveloped states populated by somewhat backward, inferior and underdeveloped people, started their careers as development aid donors around 1997. Is it possible that the change of status from recipient to donor of aid, or their double status both as donor and recipient of development aid (as is the case with Brazil, South Africa, China, Vietnam, India and Turkey among others) has encouraged Western donors to increase their aid budgets? The new donors often have an open agenda with a focus on equal economic benefits for both donors and receivers. Rhetorically, this differed from the Western donors, which focused more on the moral responsibility for poverty alleviation. The entry of the non-DAC donors onto the global aid market may have scared the OECD–DAC countries away from the altruistic, charitable discourse on aid toward a more *realpolitik*-oriented discourse of enlightened self-interest (to use van der Veen's vocabulary). In fact, I see a new Cold War sneaking into foreign aid again as China takes over from the USSR as the Big Bad Wolf in the Western understanding of foreign politics. It seems as if democracy and respect for human rights are not prerequisites for receiving aid any longer, as long as western aid can prevent China from gaining political influence and market share in developing countries. The political power of the DAC donors has weakened significantly as new donors have made their way through the jungle. Yet, DAC donor discourse around aid has gained in veracity and seems to be moving toward more self-oriented motives for foreign aid.

### **(Re-)emergence of new donors**

The new, (re-)emergent donors, or non-DAC donors, as Mawdsley (2012) prefers to name them, are central in her new book *From Recipients to Donors; Emerging Powers and the Changing Development Landscape*. Her point of departure is that today the DAC-oriented 'global consensus' in foreign aid is 'presently in a state of considerable flux' (p. 17). Throughout the book's seven chapters, she questions and refutes this consensus.

The entire volume describes and analyses the changing development aid landscape over the last decade with a focus on non-DAC donors. She groups them into former socialist states, rapidly industrializing states and global giants. In addition, Mawdsley includes the new super-rich philanthropists and their foundations in her study. Discussing typical categories and concepts in the Western world of development cooperation, she points to persistent Orientalist binaries in the discourse. Creating new or substituting old vocabulary, Mawdsley offers alternative understandings of these relations. Through a fine and detailed analysis of a variety of non-DAC donors, she counter-weight the asserted argument that the new donors, by most other researchers exemplified by China promote their self-interest and undermine the interest of the poor. (She adds to this argument that many traditional, western OECD donors also promote their own economic interests, pursue their own geo-political strategies, exert soft power and garner international status with their foreign aid, proclaimed to be in the

pure interest of the recipient poor.) Discussing global development governance, she offers sound arguments about credibility, legitimacy and incentives of both non-DAC donors and recipients.

Mawdsley insists that South–South development cooperation emphasizes a shared identity based on a shared experience of suppression and/or colonial exploitation – a specific, experience-based expertise in appropriate development approaches, a shared rejection of hierarchy in relations and an insistence on a win–win relationship of mutual opportunities in a foreign aid relationship (p. 152). Consequently, she actively examines norms, rituals and rhetorics in foreign aid relations. Although she mentions that ‘a complex array of rhetorics, realpolitiks and intended and unintended outcomes is characteristic of all donor/recipient/partner relations’, she manages in an exemplary way, to make these elements from a broad selection of non-DAC donors lucid and clear to the reader. Problematizing complex issues and a variety of donors does not lead her into obscurity or vagueness. Rather, she offers us a clear comprehensive, instructive analysis of the new world in foreign aid.

Mawdsley’s book is an informative, well-documented heaven for anyone interested in the latest changes in development cooperation. She offers a comprehensive presentation and an ample analysis of new donors of development aid since the turn of the century. Mawdsley uses data from numerous valid sources and her analyses are dense and to the point. Her bibliography is loaded with the latest and most valuable reads in aid literature, literature that has been actively and pertinently used while writing her volume. Her 270-page paperback deserves a large readership for many years to come. It is a treasure both for development studies and political science students, aid workers, politicians and bureaucrats within ministries of foreign affairs.

### **Old stereotypes in development aid**

In sharp contrast to Mawdsley’s (2012) fine book is Fee’s volume *How to Manage an Aid Exit Strategy: The Future of Development Aid* (Fee, 2012). If you have ever spent some time at a typical African expatriate bar populated by foreign development aid staff, you would probably have heard every argument Fee makes in his book. Fee starts his book by stating that the three main problems with development aid today are mission creep, lack of exit strategy and the symbiotic relationship between donors and recipients of aid. All three are well-known pitfalls in the aid business. Pointing to random statistical data, mostly from Africa, Fee argues that, despite having received heavy loads of development aid for four decades, there is a total ‘lack of results to date’ (p. 20).

Fee goes on to give ‘a short history of development aid’ (Chapter 2). In fact, he prefers to name it a ‘Cinderella business par excellence’ (p. 19). As a trained historian, I would prefer to call what Fee gives us not ‘a short history of’, but ‘a story’. His chapters on aid and the aid business are so filled with pathetic critique justified by random samples of malfunctioning aid initiative that it compares to a late bar night discussion

rather than an intelligent book. Fee throws arguments in all directions. Sometime he critiques coordination: ‘Why do aid agencies maintain their existence when there has been a recognition among [the] development community that aid coordination eats up a large amount of human resources?’ (p. 46), while he at other stages critiques implicitly the lack of coordination: ‘African governments spend an inordinate amount of time and effort in explaining their policies and actions to [the] donor community.’ (p. 62). On other occasions, he states blithely that ‘development aid works has changed little since the first interventions with the newly independent African nations in the 1960s’ (p. 59) while at the same time arguing that small-scale development aid has moved away from project support to broader program support and that large-scale multilateral aid has moved from structural adjustment loans to general budget support (pp. 54–55). He also insists that ‘the BRICS present a totally different development model’ (p. 45). No changes?

Fee offers a variety of themes in chapters as different in level of analysis and content as ‘The BRICS’ (Chapter 6) and ‘Microfinance’ (Chapter 8). In my view, most chapters are packed with miscellaneous information and narrations. Only once does Fee explicitly write that he will ‘finish [the chapter] with an anecdote’. In my view, this anecdote is representative of the style, level of argument and quality of the entire volume and I will therefore fully quote it:

I attended a meeting of the Budget Support group with the Government of Zambia at the end of November 2010. The government boasted 24 members led by the Secretary of Treasury. The donor group was just less weighty at 21 individuals, which included four ambassadors and several heads of aid agencies. The meeting lasted two hours and took no decisions. A total of 90 man-hours (excluding travel) had been wasted without any result. Aid still has a long way to go. (p. 63)

In fact, only the last chapter (Chapter 11) attempts directly to answer the title of the book ‘How to manage an aid exit strategy’. In this chapter, Fee starts off by telling us that many countries are totally dependent on development aid; Liberia’s ODA/GNI ratio is 78; Burundi’s is 41. To make countries less aid-dependent, Fee suggests five focus areas: (1) institutional development, (2) domestic resource mobilization, (3) economic diversification, (4) increased global funds and (5) self-help aid. All these issues were identified decades back and are very well known to everyone even slightly interested in foreign aid. Unfortunately, Fee does not propose any new thoughts or ideas on how to solve these problems. Thus, Fee’s volume may only be of interest to populist critics of development aid who want to keep their arguments unsullied. However, filled as it is with acronyms (on page 57 alone we read about ‘SALs’, ‘PRGF’, ‘MDRI’, ‘PSBS’ and ‘PAF’ in addition to the more commonly known ‘HIPC’ and ‘IMF’), even these readers may have trouble following.

On the cover page, we can read various praises for Fee’s volume. According to one, ‘Fee’s book is a must-read for development practitioners and policy makers who are seeking a new paradigm to the conventional aid model’ while according to another

admirer, Fee's book is 'high-quality and extremely detailed'. My opinion is that Fee's book resembles a late-night bar conversation: the reader is not supposed to remember anything said earlier, only to laugh at others and agree with the storyteller. I did not laugh, nor even chuckle, while reading this volume. Nor did the reading of Fee's volume give me any new ideas, inspiration, knowledge or thoughts.

### New landscapes; what strategies?

During the last decade the landscape of foreign aid has changed considerably. The 1990s 'good governance' conditionality-regime which added to the economic-liberalization-regime from 1980s had not created the 'development' it had promised, especially not in Africa, at the turn of the millennium. In fact, Africa had a negative GNI/Capita from 1980 to 2000 (Sachs et al., 2004). The share of the African population living in poverty is very high (45–50%) and has remained on the same level between 1980 and 2000 (Organization of Islamic Conference, 2007). During the same period, the actual number of poor people in Africa increased (Collier, n.d.). The democratization process in Africa during the 1990s kept many of the old regimes in power and the degree of democracy is considered very low in many countries (Hansen, 2010a). Lack of expected developments resulted in an increased individual and institutional donor fatigue in the 1990s.

However, with the 'war on terror' and China's entrée as an important donor and investor in Africa from the beginning of 2000s, the donor fatigue has changed character and the prerequisites for receiving aid has again changed. Instead of reducing ODA like donors did in the 1990s, the OECD countries have changed their priorities toward a more businesslike development assistance. While the main goal still is to reduce poverty, the way to do it now focuses on private investments, creation of businesses and business partnerships. The 'good governance' mantra from the 1990s has passed away in debates on development aid.

The three volumes here reviewed have one common denominator: they are all recent volumes discussion foreign aid. However, in quality and interest they differ heavily. While Mawdley's volume deserves a broad scholarly readership for years to come, van der Veen's volume is more of interest to scholars interested in methods for measuring political decision-making. Fee's volume would, may be, find readers among ignorant foreign aid critics, snapping a light volume at an airport bookstore.

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