



Does international aid increase freedom in recipient countries?

International development is a key priority for most UK political parties. The Conservatives, Labour and the Liberal Democrats are pledged to the UN target of spending 0.7 per cent of gross national income on foreign aid. The Prime Minister, David Cameron, said recently that reaching this target was his “proudest achievement”.

But our current approach to development is not delivering the progress for which many hoped. Too often money is spent on projects which are late, overrun on costs or simply not delivered. Broader objectives are therefore not met. A recent independent report found that a DfID education programme in three East African countries did not improve the educational outcomes of the children involved.

There are many reasons for this unsatisfactory relationship between spending and outcomes, but as donor countries look to improve the effectiveness of their aid spending, it is crucial to assess the progress made over the last decade.

Are UK taxpayers and those in need getting the best deal from the Government’s current approach to development? Before more money is channelled through the same bureaucratic systems, taxpayers must be reassured that this approach really is delivering good value for money. This research note analyses the relationship between bilateral aid payments and scores on key freedom indices.

The key findings of this research are:

- **An analysis of 20 countries in receipt of international aid from the UK shows that varying the amounts of money given does not have any discernible impact on freedom in developing countries**
- **Ten countries showed little or no change in their freedom score despite an increase in the bilateral aid**

they received (Bangladesh, DR Congo, Ethiopia, India, Malawi, Mozambique, Pakistan, Uganda, Vietnam and Zimbabwe)

- **Five countries had a falling freedom score despite an increase in bilateral aid received (Afghanistan, Kenya, Nigeria, Somalia and Sudan)**
- **Four countries showed improvements in their freedom score despite a reduction in the bilateral aid they received (Ghana, Paraguay, Peru and Zambia)**
- **Just three countries had an improved freedom score with an increase in bilateral aid (Nepal, Rwanda and Tanzania)**

“With Britain’s public finances in such a horrendous state, it’s crucial that foreign aid delivers results. Too often, British taxpayers’ money is spent propping up governments that refuse to grant fundamental freedoms. The arbitrary spending target of 0.7 per cent so loved by politicians means that money is spent for the sake of it, rather than for any obvious need. Every penny of foreign aid should have one goal - making the lives of ordinary people in developing countries better. If it isn’t doing that, it should be stopped.”

Jonathan Isaby, Chief Executive,
TaxPayers’ Alliance

How does it all add up?

Emergency aid can help prevent famine and limit the spread of disease. Health programmes can ensure millions of children in the developing world are vaccinated against serious illness. But the impact of other aid spending, on things like education, infrastructure, governance, capacity building and more, is much harder to measure.

Aid spending is being increased, against a growing backdrop of academics and aid practitioners increasingly of the opinion that it is not delivering as it should. Progress has been patchy and the Millennium Development Goals – so cherished by the international development industry – were unlikely to be met even before recession took hold. As Roger Riddell – no opponent of international aid – argues: “more aid without addressing aid’s systematic problems is likely to [...] mean more aid unnecessarily wasted”.¹

What those systematic problems are is itself a matter of considerable contention, but this note suggests that the very structure in which international development is currently organised poses significant problems.

Too much money is not spent directly on the projects or materials for which it was intended. Furthermore, it has long been thought that the longer-term prospects of recipient countries have not improved with the big increases in international aid. Do recipient countries become more free? Is aid spending effective at improving democracy and freedom?

This analysis aims to inform debate over how current mechanisms for delivering aid work, and whether the decision to ring-fence and dramatically increase the UK aid budget was justifiable.

The pressure for UK spending on development to increase – regardless of concerns about its effectiveness – comes most vocally from intermediary bodies. While international structures and organisations are critical in the global effort to tackle world poverty, the iron triangle between DfID, recipient governments and multilateral institutions/NGOs must not push donor governments into believing that financial inputs are more important than actual outcomes.



Jonathan Isaby of the TaxPayers' Alliance discusses international aid on Sky News

Calculation for final 'Freedom Score'

We took each of the indices below, and separated them into three sub-categories: Political Freedom; Economic Freedom; and Press Freedom. We then calculated an average score for each of the three sub-categories, depending on where the country was placed in each of the individual reports. Then an overall average was calculated, weighting each of the three sub-categories equally.

Freedom in the World

Freedom in the World is a publication of Freedom House, an organisation that is committed to greater political freedoms and civil liberties. This publication has been published annually since 1972 and analyses 195 countries.

Freedom of the Press

The Freedom of the Press index is also published by Freedom House. It assesses the degree of print, broadcast and internet freedom in every country in the world.

Freedom on the Net

Also published by Freedom House, Freedom on the Net is a comprehensive study of internet freedom looking at the laws and practices relevant to digital media.

Press Freedom Index

This is published by Reporters Without Borders, and assesses the degree of freedom that journalists, news organisations and citizens enjoy in each country.

Heritage Index of Economic Freedom

This is published by the Heritage Foundation, assessing the economic freedom of 186 countries based on trade freedom, business freedom, investment freedom and property rights.

World Bank Doing Business

This World Bank study looks at business regulations for firms in economies around the world.

Transparency International

The Transparency International Index scores countries on the perception of corruption within their public sectors.

Budgets for each country

We used bilateral aid payments from the UK for this study, sourced from the Department for International Development. Most of the countries analysed in this note also receive additional aid from the UK Government via multilateral institutions, where the link to UK taxpayers and UK government policy is less explicit.

¹ Riddell, R (2008) *Does Foreign Aid Really Work?* Preface, p.XXI

Freedom scores and bilateral payments

Total Freedom Score out of 100 – 1 being not free at all and 100 being completely free

	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Afghanistan										
Total Freedom Score	36	39	38	45	34	33	32	33	32	29
Total Bilateral Aid (£,000)	£99,595	£98,959	£126,949	£123,011	£146,818	£197,687	£205,701	£172,311	£225,309	£265,116
Bangladesh										
Total Freedom Score	54	52	51	59	55	53	55	55	55	52
Total Bilateral Aid (£,000)	£155,364	£149,152	£128,258	£109,313	£129,725	£135,686	£151,176	£178,565	£223,652	£192,173
Congo (Dem Rep)										
Total Freedom Score	42	40	39	44	44	42	42	42	42	40
Total Bilateral Aid (£,000)	£151,657	£36,585	£58,832	£79,284	£82,910	£99,645	£116,783	£133,883	£239,312	£133,171
Ethiopia										
Total Freedom Score	43	44	45	56	54	49	48	45	40 *	48
Total Bilateral Aid (£,000)	£43,665	£73,044	£62,562	£90,506	£140,011	£168,607	£215,688	£251,895	£325,789	£263,656
Ghana										
Total Freedom Score	65	64	64	65	65	66	67	66	68	69
Total Bilateral Aid (£,000)	£73,448	£145,335	£96,315	£93,147	£93,076	£103,728	£96,749	£95,471	£83,927	£56,529
India										
Total Freedom Score	54	54	56	56	56	57	57	54	55	52
Total Bilateral Aid (£,000)	£242,736	£267,510	£270,065	£293,707	£312,751	£402,239	£356,490	£428,084	£371,389	£283,497
Kenya										
Total Freedom Score	65	63	62	64	63	65	63	62	59	57
Total Bilateral Aid (£,000)	£28,647	£37,824	£65,486	£67,054	£52,135	£109,829	£75,685	£73,849	£107,331	£111,037
Malawi										
Total Freedom Score	57	52	54	59	56	57	58	58	57	50
Total Bilateral Aid (£,000)	£54,437	£56,429	£68,653	£88,686	£72,619	£82,012	£77,370	£76,434	£66,351	£128,197
Mozambique										
Total Freedom Score	56	55	56	57	55	57	55	55	57	56
Total Bilateral Aid (£,000)	£36,713	£47,941	£56,540	£56,273	£67,799	£66,365	£68,301	£94,815	£86,354	£67,291
Nepal										
Total Freedom Score	52	46	44	52	52	53	55	55	52	55
Total Bilateral Aid (£,000)	£32,047	£35,285	£34,548	£46,543	£55,274	£58,518	£68,487	£62,993	£71,389	£60,476
Nigeria										
Total Freedom Score	52	51	51	57	53	55	51	52	52	50
Total Bilateral Aid (£,000)	£32,630	£73,113	£1,227,717	£1,750,694	£157,772	£131,637	£130,594	£181,015	£206,194	£217,710
Pakistan										
Total Freedom Score	54	50	49	50	51	52	54	54	53	49
Total Bilateral Aid (£,000)	£66,299	£55,278	£97,688	£118,150	£88,145	£129,713	£151,244	£211,860	£224,869	£188,293
Rwanda										
Total Freedom Score	52	53	53	50	46	49	48	53	59	54
Total Bilateral Aid (£,000)	£26,910	£45,053	£70,427	£16,799	£52,769	£70,570	£53,702	£90,898	£76,939	£59,937
Somalia										
Total Freedom Score	49*	50*	49*	50*	43*	47*	42*	45*	45*	39*
Total Bilateral Aid (£,000)	£3,973	£5,820	£18,753	£16,643	£25,799	£33,600	£45,176	£47,588	£103,842	£84,801
Sudan										
Total Freedom Score	35	35	35	34	31	35	33	26	30	27
Total Bilateral Aid (£,000)	£24,663	£83,964	£117,114	£109,917	£138,702	£109,945	£149,289	£133,113	£35,515	£57,084
Tanzania										
Total Freedom Score	56	57	56	57	57	58	59	61	60	62
Total Bilateral Aid (£,000)	£162,372	£130,009	£114,134	£115,023	£125,353	£142,299	£146,029	£149,771	£148,768	£156,125
Uganda										
Total Freedom Score	53	54	55	58	56	56	57	57	55	50
Total Bilateral Aid (£,000)	£59,694	£62,928	£72,064	£79,035	£77,231	£72,131	£78,131	£96,020	£81,376	£88,057
Vietnam										
Total Freedom Score	43	43	45	47	45	46	47	48	48	41
Total Bilateral Aid (£,000)	£23,264	£40,425	£57,509	£52,665	£51,390	£56,671	£55,660	£58,485	£41,422	£28,457
Zambia										
Total Freedom Score	61	60	60	63	62	62	63	64	64	62
Total Bilateral Aid (£,000)	£32,304	£163,537	£101,707	£63,412	£41,942	£49,466	£50,353	£52,982	£45,352	£55,453
Zimbabwe										
Total Freedom Score	42	39	39	44	40	42	41	43	41	40
Total Bilateral Aid (£,000)	£36,006	£27,355	£35,376	£34,096	£46,660	£57,332	£70,323	£73,296	£91,557	£82,728

Where do we go from here?

The Independent Commission on Aid Impact rated DfID's strategy towards tackling corruption in recipient countries as seriously flawed.

Although the Department recognises the extent of the problem, its approach for tackling it is not, according to the Commission, "equal to the challenge". The report also highlighted a lack of focus on alleviating its effects on the most vulnerable, and recommended a series of fundamental reforms in the Department's handling of the issue.

Much overseas aid passes through the hands of government officials in recipient countries. This is especially true in the case of direct budget support. But the absence of effective market mechanisms means that the state is likely to have a much more extensive role and jurisdiction, making it even more crucial that DfID approaches this issue in a calculated way, since potentially it cannot rely on any representations made by the authorities of the recipient state. The worst case scenario paints a picture of a UK taxpayer financing palaces for corrupt officials, or worse, repression of the local population.

Unfortunately, the Government prefers to pay more attention to how many

schools an amount of money could build rather than diverting more of the budget to ensuring the implementation goes smoothly. The overseas aid budget is currently ringfenced, and the Prime Minister stands by his commitment to a fixed figure of 0.7 per cent of GDP. What this demonstrates is that the Government still does not acknowledge that when it comes to publically financed ventures, it is not about how much you spend, but how.

There are two things which be taken from the Commission's report. First, money spent on direct anti-corruption strategies, provided that they are backed with evidence for their effectiveness, is money well spent. As the report highlights, it does not just put aid funds at risk, but also has a very significant impact on the lives of the poorest, and stifles development by putting off foreign investment, making it a legitimate aid objective in and of itself. There are examples of successful anti-corruption projects co-ordinated by DfID, such as those in Jamaica and Bangladesh, where co-ordinated efforts aimed directly at dealing with corruption have significant claim to success.

Second, it is important that aid is administered in such a way so as to minimise the danger of maladministration by local authorities. This may involve prioritising work with independent aid agencies and NGOs, which provide their own frameworks of delivery, and so do not rely on local administration. (However, this can often be problematic too.) A good example is Nigeria, where thanks to frequent reporting of misuse of funds by corrupt officials, aid is now mostly administered through working with third parties, as the ICoAI report reveals. Although this presents issues of its own, such as co-ordination problems and at times unprofessionalism on the part of the NGOs, this can be addressed by giving

DfID a greater role in supervising and co-ordinating the efforts of UK agencies in order to channel money and manpower to where it's most needed. The key lesson to learn from all this is that, just like in other areas, effectiveness more often depends on better management of the funds available, rather than how much there is.

Daily Mail

Tories rebel over PM's pledge on foreign aid

By Steve Doughty
Social Affairs Correspondent

A FORMER defence minister has threatened to derail David Cameron's promise to guarantee a rising foreign aid budget.

The proposed law would compel future governments to spend 0.7 per cent of national income on aid. But Sir Gerald Howarth, MP for Aldershot, said if the Prime Minister backs the law, then backbench Tories will demand a similar pledge on defence spending.

He said Tory opponents will try to amend the Bill so it also commits Britain to spending 2 per cent of national income on defence, adding: 'This Bill is the sort of thing that drives traditional Conservative supporters to Ukip.'

The warning came after a report by the TaxPayers' Alliance found that British aid 'does not have any discernible impact on freedom in

WASTED HANDOUTS

Countries that received UK aid in 2012/13 but now have fewer freedoms

Afghanistan	£265m aid
Nigeria	£218m
Kenya	£111m
Somalia	£85m
Sudan	£57m
Mexico	£5.6m

Source: TaxPayers' Alliance

developing countries'. The Alliance examined the progress

Tyranny of foreign aid

CHAMPIONS of Britain's ring-fenced aid budget have long argued our generosity plays a vital role in spreading political and economic liberty round the world.

But now a study by the TaxPayers' Alliance, based on data from highly respected international bodies, concludes that the money we give away has 'no discernible impact on freedom'.

More worrying still, it finds that after receiving a share of British aid - almost £12 billion last year, and fast rising - six countries suffered worse tyranny while the records of only three improved.

Of course, it does not necessarily follow that aid encourages human rights abuses.

But as this report suggests, and the Mail has long argued, it is often counterproductive when used as a substitute for economic self-reliance or to prop up corrupt regimes.

What is clear is that much of Britain's inflated spending overseas is ill-targeted and harms those it is meant to help.

Isn't it just as clear, after the lavish promises of the party conference season, that politicians of every hue have a credibility problem over which budgets they will cut to balance the books?