Uniwersytet Ekonomiczny w Katowicach

Studia Ekonomiczne. Zeszyty Naukowe
Uniwersytetu Ekonomicznego w Katowicach
ISSN 2083-8611 Nr 384 · 2019

Ekonomia 18

Cristina Montesi

University of Perugia
Department of Economics
cristina.montesi@unipg.it
montesik@usa.net

THE SAMARITAN'S DILEMMA

Summary: The paper tries to answer to some questions concerning the efficacy of international aid and the reason of its failures, which have made different scholars and institutions question on its validity (The Samaritan's dilemma). The actual dissent on international aid together with the lessons learnt on the ground of its implementation and with the lessons derived from economic history of some developing countries should foster a deep reform in foreign aid management. Some proposals of reforms will be illustrated starting from the evidence of some data concerning Official Development Assistance and taking into consideration the results of the scientific debate and the recommendations of the High Level Fora on Aid Effectiveness.

Keywords: development, foreign aid, Official Development Assistance, Samaritan's dilemma.

JEL Classification: O19.

Introduction

In 2017 almost one billion individuals (902 million people, 13% of the world population), are in absolute poverty, living on less than 1.90 dollar a day in Power Parity Purchase calculated on 2011 prices[1]. The 'absolute poor' are concentrated in 2017 for 42.7% in Sub-Saharan Africa, for 18.8% in South Asia, for 7.2% in East Asia and in the Pacific area, for 5.6% in Latin America and the Caribbean [Oxfam, 2017]. Even if the percentage of absolute poor is still high, it should be noted its considerable reduction over time (in 1990 were 1.850 million, 35% of the world population), despite the persistence of substantial differ-

[1] This is the international threshold of absolute poverty, which is different from the national thresholds of absolute poverty.

ences among different geographical areas. To this part of world population, the *Bottom Billion* according to the famous, but sad expression coined by economist P. Collier [2008], is addressed a large part of the financial resources stocked by Western countries to combat poverty. However, despite the amount of money allocated annually to international cooperation (in 2016 Western countries have provided $142 billion in development aid) there is no unanimous agreement on the validity of foreign aid, given the non-exciting results achieved over time, not so much in terms of reducing absolute poverty, but in terms of reducing inequality [World Bank, 2017] and in terms of positive effects exerted on the economic growth of the countries that have most benefited from it[2].

On foreign aid economists tend to position themselves on diametrically opposed positions. On the one hand there are those who support the need to increase foreign aid system, even making reforms in light of the critical issues that have emerged over time, to allow low-income countries get out of poverty trap. On the other hand, there are those who, observing the poor results obtained in 50 years by foreign aid, argue that the current model should be abandoned to adopt alternative measures of economic policy. The resolution of the Samaritan's dilemma is even more pressing facing the challenge of the 17 Sustainable Development Goals (SDGs) contained in the 2030 Agenda for Sustainable Development approved by the UN General Assembly on 25 September 2015[3], which can no longer allow the waste of resources (natural, human, financial).

The resolution of the Samaritan's dilemma is also important for another reason: the adoption of the right recipe for the development of poor countries can stop the incessant migratory flows coming from them and can prevent 'the four horsemen of Africa's Apocalypse' (Sickness, Poverty, War, Corruption) from being exported putting global welfare and security at risk.

---

[2] Several studies have even found a *negative* relationship between aid and economic growth. Erixon [2005] cites a number of detailed country studies that show no benefits from aid whatsoever across a range of periods and a large number of countries. After the late 1970s, aid to Africa grew rapidly yet GDP growth collapsed and was close to zero or negative for over a decade from 1984. GDP growth in Africa did not start to pick up again until aid fell in the early to mid--1990s. In East Asia, South Asia and Pacific, one finds a similar trend. As aid was reduced in these regions from the early 1990s, national income increased rapidly. In total, in the 30 years from 1970, Africa received $400 billion of aid, under different regimes, tied to different forms of economic policy and reform, yet there is no evidence, according to Erixon, of a single country developing because of aid. It should be also noted that the most successful developing countries (China, India, Southeast Asia) are those that have received less grants in comparison with other countries and have attracted a considerable share of direct private investment.

[3] The Agenda opens with the following words: "We recognize that the eradication of poverty in all its forms and dimensions, including extreme poverty, is the greatest global challenge and a prerequisite for sustainable development" [after: Giovannini, 2018, pp. 35-36].

Section 1 deals with the scientific debate on foreign aid, which actually is very rich and articulated, showing how the borders of the 'dissent of development' are wider than in the past. The 'defense' of foreign aid can be schematically represented by the positions of economist J. Sachs [2005, 2010], the 'demolition' of foreign aid by the positions of economist D. Moyo [2011], who fits into the tradition started in the Seventies by P. Bauer [2009] and recently resumed by W. Easterly [2006] and A. Deaton [2015, pp. 300-362] – Nobel Prize winner for Economics in 2015. In section 2 an updated 2016 framework of the foreign aid system has been outlined. In section 3, proposals for a reform of development aid are put forward, starting from the results of the scientific debate and from the recommendations of the High Level Fora on Aid Effectiveness. Paper ends with Conclusions.

1. The Samaritan's dilemma

For P. Bauer [2009, pp.125-144][4], a liberal economist, foreign aid, in presence of local conditions adverse to growth, not only is ineffective, but also is harmful because, instead of encouraging economic progress, it can even hinder it[5]. The criticisms put forward for consideration by liberal economists, both from a theoretical and an empirical point of view [Deepak, 1983; Barro, 1997; Dichter, 2003, 2005; Ovaska, 2003, pp. 175-188], that inflows of foreign aid have negative effects on those factors that determine development itself. According to neoclassical economists, foreign aid is an expression of paternalism because it underestimates the abilities of people in being the creators of their own rescue, in producing economic activity, in creating wealth, in opening their country to international markets. In other words, *foreign aid nourishes dependence of the poorest countries from the rich and replaces assistance to the indus-*

[4] P. Bauer (1915-2002) – Hungarian economist, Professor of Development Economics at the London School of Economics, was one of the most important representatives of the rebirth of classical liberalism after World War II, managing to profoundly change the interpretation of development in the poorer countries, through his research on the rubber industry in western Malaysia and West Africa. Bauer, dispelling the axioms at the base of the vicious cycle of poverty, used to repeat that "having money is the result of economic activity, not its precondition" [2009, p. 64]. He also said that in order to develop a country needs, above all, institutions that guarantee respect for property rights and freedom of exchange and of trade and a non-invasive or predatory attitude of politics regard to economy.

[5] According to Bauer [2009], development does not depend on injections of capital which, even though aid can come from the outside to economic system, but rather "from personal, cultural, and political factors, from individual skills, mentality and motivation, and from social and political institutions" [p. 133].

trious enthusiasm of civil society on the market[6]. Foreign aid instils the idea that exit from poverty depends primarily on gifts from abroad, rather than on the efforts, abilities, motivations of individuals, cooperation among individuals and institutions[7]. Foreign aid thus creates a vicious circle that can be summarised as follows: poverty is used to justify aid, aid is addictive, dependence keeps the populations to whom aid is destined in poverty. Foreign aid promotes extraverted development, based on financial resources coming from outside, rather than endogenous development, with the aggravating circumstance that subsidies, unlike foreign direct investment (IDE), are not directly accompanied by technical, commercial, administrative skills. Foreign aid embraces a technocratic vision of development [Easterly, 2014] centred on the crucial importance of 'capital' for economic progress rather than of 'people conduct', 'culture' and 'institutions'. Foreign aid also increases the real exchange rate of the currency of the beneficiary country and therefore reduces the competitiveness of its exports, penalising those sectors of economy which are more export-oriented. If foreign aid is bound to the purchase, made by the receiver-country, of goods or technical assistance from the donor country (tied-aid), it also causes an increase in imports. The final outcome is a worsening of the balance of payments of the receiving country.

Foreign aid generally ends up in the hands of governments and not directly in the hands of the poor and this fact has two negative consequences: the *politicisation of economy and society* and the ineffectiveness of aid because *state is subject to numerous failures in their distribution*. The increase in the importance of politics can exacerbate the internal struggle for the conquest of power, also giving rise to civil wars. The invasiveness of state in economic and social life risks diverting people's energies from the sphere of the market to the administrative sphere (due to the lesser attractiveness of doing business than to be engaged in public employment), with a general loss of economic performance in society.

---

[6] "Peter Bauer expressed great confidence in the ability of ordinary persons, the peasants and small holders, to look after their own affairs, and, in so doing, to exhibit the necessary entrepreneurial talents to ensure a viable and productive market economy. Bauer might well be labelled as a laissez-faire optimist. He seemed to be convinced that ordinary people, if they are simply left alone and to their own devices, and without overt interference from others, including governments, would use resources wisely and productively" [Buchanan, 2005, p. 461].

[7] The basic precondition for development is, according to Bauer, *good governance*, including the *enforcement of private property rights*, *freedom of contract*, *enforcement of contracts*, the *rule of law*, the *authority of law and the absence of corruption*. This list is not exhaustive, of course, but should include, according to Civil Economists, *social capital*. It appears that, if these preconditions are present, development and growth will generally follow. This is not surprising. An economic activity, a employment, a saving and a capital accumulation will not take place unless there is a freedom of contract and an enforcement of property rights [De Soto, 2000].

Foreign aid encourages also 'rent-seeking' attitudes as in the 'curse of natural resources'[8]. The increase of the weight of foreign aid on national income and the growth of influence of government and bureaucracy in managing it entails a deterioration of institutions through the increase of the risk of corruption. But there are also other deleterious effects that massive inflows of foreign aid exert on the quality of institutions. Governors can slacken taxation to procure financial resources and in this way foreign aid weakens the constraint of consensus and responsibility that must subsist in a democratic regime between citizens and their representatives.

It should also be noted, talking about state failure, that a government, unlike market operators, does not have sufficient information to decide how to best allocate foreign aid, especially when they are spent in productive investments at local level. Among productive investments carried out through foreign aid, those in infrastructures (roads, bridges, ports, railways, dams etc.) have long project and execution times which do not improve in short-term life conditions of the poor. But most of the time state devolves, directly or indirectly, foreign aid into unproductive public consumption. Among unproductive public consumption there are all those expensive works made for political propaganda (impressive monuments raised to praise the rulers who are often leaders of presidential states). State often employs foreign aid to increase bureaucracy, police, secret services, military apparatus (soldiers and armaments), consensus among voters (the crony redistribution of aid usually benefits the social groups more wealthy, more influential politically and closer to the rulers rather than the poor). Finally, when state channels foreign aid to the poor, it takes more often the form of assistance rather than the feature of a welfare oriented to the promotion of people capabilities (which would require greater public spending on education, training, health). The fight against poverty can, however, clash with the political interests or the personal interests, or ideological priorities of the rulers who receive foreign aid or the customs of the beneficiary country[9].

Errors are, however, made not only by the donee states, but also by donor states. Western subsidies continue to be paid even when the receiver countries adopt harmful economic policies for their citizens, such as: persecution/

[8] The discovery of natural resources often leads to civil wars, corruption, rent-seeking attitudes to control the resources themselves. A huge flow of development aid has the same consequences. Compare the case of the Chad-Cameroun oil pipeline financed by the World Bank described by Djankov, Montalvo and Reynol-Querol [2006].

[9] The Islamic Government of Sudan is not willing to help the poor among the Christian and animist populations in the south of the country, just as the Sinhalese government does not want to help the poor of the Tamil ethnic group.

expulsion of the most productive groups, especially of particular ethnic groups, suppression of trade, restrictions on inflow of capital and foreign direct investment (IDE), voluntary or forced purchase of foreign companies, price policies that depress agricultural production, confiscation of private goods, up to forced collectivisation, provision of subsidies to support local productions which must replace imports, imposition of economic controls that reduce contacts with foreign countries and limit the internal mobility of inputs and products. All these political errors have the effect of increasing poverty of the countries which adopt them, with the paradoxical result of fuelling a further inflow of foreign aid to them precisely because these countries have further impoverished (like in the case of Ethiopia and of Sudan in the eighties of the twentieth century). The unconditioned availability of foreign aid encourages governments to pursue all those (wrong) policies that attract aid.

Western subsidies have still been transferred even when beneficiary countries are not democratic, helping to support oppressive, unjust, incompetent, corrupt regimes that otherwise might collapse under the pressure of popular protest. Foreign aid has been granted in the past and is still granted today more for political and self-interested motivations of the donor than for humanitarian purposes: to expand its sphere of influence, to maintain a link with an ex-colony, to hire in times of Cold War allies in the ranks of its own line, to facilitate the transition of a country from a planned economy to a market regime[10], to fight against terrorism or Islamic fundamentalism, to intervene in countries that are experiencing

a 'political collapse'. Political background explains why most of foreign aid is not allocated only to poor or low-income countries, but also to middle-income countries or autocratic countries.

Often donor countries through 'tied-aid' subsidise different interest groups present in their countries (exporters of goods and services in developing countries, non-governmental organisations, charitable associations, foundations) or finance bureaucratic apparatus of the international organisations to which they belong (World Bank, IMF, UNDP etc.) [Yunus, 1998, pp. 25-27]. The 'international poverty alleviation industry' absorbs much of the funding allocated to developing countries for its self-perpetuation. For all the limits exposed[11] there

[10] In the case of Eastern European countries, foreign aid eased the acute shortages of consumer goods on the markets accompanying the structural reforms of the economy.

[11] The criticisms formulated for foreign aid become less relevant in the situation of natural disasters or famines, or aid oriented to the health sector. In the event of natural disasters, the most urgent needs must be answered immediately and any kind of help is essential. Moreover, when natural disasters happens, many non-governmental agencies intervene and therefore the failures

are some scholars who radically propose the cessation of the system of foreign aid (preserving private donations) and suggest their replacement with other types of economic policy lines. According to Moyo [2011], who was inspired by Bauer [2009], the defence of private property rights, the opening to foreign private investments, the development of a capital market, trade, microcredit, and the elimination of agricultural protectionism in Western countries should drive the development of Africa[12].

Bauer [2009, pp. 142-144] proposes a quantitative reduction of foreign aid and a reform of the latter according to the following lines of action: foreign aid should be directed only to states which give the best guarantees to promote the well-being of the population thanks to a human government, to an effective administration, to the enlargement of personal freedom; the foreign aid should be bilateral and not multilateral because this allows a more effective control on its use and an easier interruption of its flow in case of harmful and anti-democratic policies; foreign aid should be separated from the purchase of goods/services from Western countries; foreign aid should not be linked to the achievement by recipient countries of targets imposed by donor countries that harm national sovereignty (such as demographic control[13] or the implementation of structural reforms of the economy[14]).

A. Deaton [2015], Nobel Prize winner for economy in 2015, speaks of an 'aid illusion', i.e the "mistaken belief that the world's poverty could be eliminated if only the rich – or the rich countries – gave more money to the poor or to the poor countries" [p. 302]. He demonstrates, as already done by other scholars, the

of the state are more contained (even if the NGOs can also suffer the predatory behaviour of the governors/bureaucrats of the states in which they operate). In the case of health aid, the finalities are clearer, more meritorious and easier to measure, but imperfections can appear also in this field (priority is often given to vertical programmes to combat specific diseases rather than to horizontal health programme which must build basic health services).

[12] China seems to have successfully followed the road map indicated by Bauer [2009] and Moyo [2011], which was articulated in: empowerment of small farmers and traders; elimination of public subsidies; liberalisation of prices and internal markets; acceptance of social and geographical mobility of citizens; openness to foreign direct investment; openness to international trade.

[13] According to Bauer [2009, pp. 137-138], poverty is not caused by the pressure exerted by population growth (which should not therefore be reduced by conditional aid based on the reduction of population growth), but by the dirigistic government policies. Moreover, economic growth depends, according to Bauer, not on the absolute number of people present in a country, but on their behaviour. Some poor countries, such as Ethiopia, Zaire, are sparsely populated, while other, more densely populated, are very prosperous from an economic point of view, such as Hong Kong, Singapore, Malaysia.

[14] Erixon [2005] suggests that aid tied to a reform programme imposed from outside does not seem to be effective, while aid can complement an internal reform programme that is already developing within a country.

negative relationship between aid and economic growth: once the Cold War has ended and the Western aid, given in anti-Communist function, has failed, paradoxically, a raising in economic growth of many countries in Africa has begun. Deaton also highlights all the limits of foreign aid, placing particular emphasis on how they undermine the functioning of institutions and democracy. He is anyway conscious that it is a very difficult to eradicate foreign aid due to the lack of awareness of their ineffectiveness and of their counterproductive effects, due to their character which responds to political interests and the action of contrast of the different interest groups involved. Therefore, having acknowledged that the flow of foreign aid will not be easily interrupted, Deaton has nothing left but to hope for its progressive quantitative reduction and to hypothesise some lines of reform to increase its effectiveness. Strong 'selective' aid could work better: "One idea is that the governments of poor countries *firstly demonstrate* their commitment to implement appropriate policies or policies which benefit the population, and *only then* apply for aid" [Deaton, 2015, p. 352], as claims the Millennium Challenge Corporation of United States Government. Anyway, selectivity shows, according to Deaton [2015], two weak points: the first is that if the countries were to move away from the right path, the donor countries would face the problem 'if' and 'how' to stop the aid, which is not easy to solve[15]. The second weak point of selectivity is that it would ultimately exclude the people who need it most, alias the citizens of those countries not properly governed. Faced with the difficulties of reforming foreign aid, Deaton realises that: "it is difficult to imagine substantial increases in development funds to be effectively spent *in* Africa. But it is not so difficult to imagine more substantial funds spent productively elsewhere *for the benefit* of Africa" [2015, p. 356]. So as a substitute for foreign aid, Deaton suggests, taking up the idea of the philosopher Th. Pogge [2012], to stimulate western pharmaceutical companies to invest in research and development of new drugs for diseases which afflict poor countries, proposing the foundation by the main donor countries of the Health Impact Fund. The Fund could solve both the problem of the high cost of some drugs and that of the lack of incentives to experiment by the industries of medicines which

[15] Blocking suddenly foreign aid flows is complicated because the relations between two countries become compromised – many people can be damaged by the suspension of aid (in addition to the poor all the people who revolve around the 'machine' of aid), since voters of the donor-countries, being at the mercy of the 'illusion of aid', have difficulty in understanding the cessation of aid, because the politicians of the donor-country often gain popularity and credibility by granting funds to developing countries, because aid industry is enough competitive in the sense that if a state fails to fulfil its obligations with a country, it will be immediately replaced by another state.

would have as their main buyers poor people. According to Deaton [2015], foreign aid could also take a non-monetary form, but that of free technical assistance offered by international organisations to developing countries of investment projects or international trade negotiations or could assume the form of university and post-graduate scholarships in the West for foreign students.

After the excursus on the thesis of some of the economists who are highly critical of foreign aid, the analysis of the opposite front can be examined. The thesis in favour of the aid advocated by J. Sachs is based on two arguments: the first is that the aid brings that quantitative of capital indispensable to economic growth and which developing countries are not able to acquire autonomously because they are imprisoned in the poverty trap (a low income leads to a low saving that implies a low investment that causes a low growth that imprisons a country in economic stagnation) [Sachs, 2010, p. 253][16]. If the international community finances, with its aid, a critical amount of 'rapid-impact investments'[17] in agriculture, health, education, infrastructure[18], countries can quickly get out of the poverty trap. The second argument for aid is that they have objectively improved the living conditions of the poorest [Sachs, 2005, pp. 274-281.

[16] Other authors [McKinnon, 1964] point out, however, the insufficiency not only of savings, but also of the availability of foreign currency in a developing country. To this double gap, other economists [Volpi, 2004] add the weakness of public budgets characterised by low and uncertain tax revenues and by an insufficient level of public expenditure able to guarantee the indispensable social services to the population (education, health) and the creation of infrastructures necessary for economic development.

[17] These are investments, financed by aid, characterised by: *immediate implementation*, *effective control*, *easy adaptability to local conditions*, which were recommended by the United Nations Millennium Project (PMNU), from which the Millennium Villages Project was born (PVM), a programme led by three institutions: UNDP (United Nations Development Program), Earth Institute of Columbia University, Millennium Promise (NGO). The PVM has implemented rapid-impact investments in poor villages in 10 African countries, to which were added three other countries. The burden of investments, which has spent, since 2006, about $120 per capita for five years for each inhabitant of the villages involved that count on average 5,000 people, has been divided as follows: $60 from external donors, 30 from the host government, 10 from the local community (in kind), 20 from other partners (NGOs, private philanthropists, Japanese government). The objectives (five for each village: an improvement of agricultural yield, a control of malaria, an improvement of health services, an improvement of sources of drinking water for domestic use, an improvement of school attendance of children supported by school meals) were quantified and subjected at an ex-ante and ex-post evaluation. The results of the PVM have been positive enough to enlarge the project in the existing countries on a wider territorial scale and extend it to other countries of sub-Saharan Africa [Sachs, 2010, pp. 261-265].

[18] The Millennium Villages Project (PVM) has holistically envisaged simultaneous investments in four specific areas (health, education, agriculture, infrastructure), but the public sector should also focus on other sectors such as *natural capital* (a biodiversity conservation and an eco-systems), *institutional capital* (a good functioning of public administration, a judicial system, a public order), *intellectual capital* (a scientific research in the medical, energy, an agricultural, climate, an ecological field), *social capital* (a strengthening of community ties).

Sachs therefore argues that the problem of foreign aid does not lie in its abundance, but in its inadequacy. Hence, according to his opinion, aid should increase in its amount, making the rich countries comply with the financial commitments contracted in 2002, signing Monterrey Consensus (that of devolving 0.7% of their GDP to foreign aid)[19]. The inconsistency between the commitments undertaken and the payments of the main donor-countries is what frustrates the success of foreign aid, in addition to the fact that foreign aid policy should be harmonised with the penalising debt recovery policies which the rich creditors apply towards poor debtor countries and with the protectionist trade policies which rich countries use to build barriers to exports coming from poor countries. Sachs [2010, pp. 265-269] debunks some myths about international aid: that of the autonomous development of South Korea, Taiwan, India, often cited as examples of countries which 'have done it by themselves' [Sachs, 2010, pp. 265-269]. In fact, the economic take-off of South Korea and Taiwan was built on the foundations of Japanese investments in agriculture carried out during the colonial era and on agricultural infrastructures financed by foreign aid (mainly by United States between the 1950s and the 1960s). Even for India, the colonial era has left behind a widespread railway network that has been a strategic factor for economic development after the independence and the financial and technical aid of the US government has been fundamental to realise the Green Revolution in the agricultural field of the Sixties/Seventies [Sachs, 2005, pp.275-276]. Sachs [2005] refutes two other commonplaces on foreign aid: the fact that they can only be effective on a small scale[20] and the fact that as soon as the aid is suspended, development is no longer able to self-feed[21]. However, accepting some of the objections that have been raised to foreign aid, Sachs formulates proposals to make them 'smarter'. Based on the successful experiences of the past, Sachs has concluded that there is a need for the *coexistence of four elements*: *well-defined objectives*, *effective technologies*, *clear implementation*

[19] Cf. paragraph 42 of the Monterrey petition which reiterates the commitments already signed by many countries of Agenda 21, the document adopted by the Rio Summit on sustainable development (see also chapter 33.13 of the Agenda) [United Nations Division for Sustainable Development, 1992; United Nations, 2003].

[20] Several foreign aid programmes have been successfully brought to national, continental or world level (a smallpox eradication campaign, a malaria elimination, a vaccination coverage, a control of other diseases).

[21] Foreign aid is designed to bring a country out of the poverty trap and thus free the country from its dependence on it, but until the threshold per capita income that can autonomously feed the development has not been reached (calculated at $4,000 PPP or $1,000 at market prices), aid must be maintained.

strategies, certain sources of funding[22]. In presence of the global challenges of XXI century (like a climate change), the quadripartite strategy (objectives, a technology, an implementation, a financing) will have to be strengthened, according to Sachs, by a closer politics-science alliance. This alliance will imply greater public funding for basic research and for new technologies, public-private non-profit partnership (network of governments, international institutions, NGOs, private sector, university), involvement of international scientific community. According to Sachs [2010, pp. 324-327], one could draw inspiration from the institutional architecture of the 'Global Fund for the fight against AIDS, tuberculosis and malaria', which has already achieved brilliant results, establishing other six Funds to cover almost all the needs of the goals of sustainable development[23].

The concise review of foreign aid from both their supporters and sceptics has allowed to have an objective knowledge of their role in development processes. As part of foreign aid reform proposals, it is worth emphasising the importance of ex-post evaluation of their impact on the well-being and on the income of those receiving them (donor citizens are in a position to check perfectly whether the funds have been spent, but they are not able to fully control the results achieved because they have no direct experience of them) [Duflo, 2010]. There are other ideas for aid reform, such as those proposed by N. Birdsall and W. Savedoff [2010], which condition the payment of aid to the achievement, by a certain date, of the goals agreed between donor and donee countries (the so-called cash payment on delivery), but also this solution, which provides for a careful evaluation exercise, manifests some critical issues[24].

2. A brief review of foreign aid trends

According to the Development Assistance Committee (DAC), the total flow of ODA (Official Development Assistance) in 2016 was $142.6 billion, representing 0,32% of the gross national income of all DAC countries (it was 0.30%

[22] The contextual presence of the four mentioned elements was found in the defeat of smallpox, in the fight against polio, in family planning, in the literacy of children, in the electrification of rural areas [Sachs, 2010, pp. 322-324].

[23] The new funds (in some cases it is a question of reinforcing existing funds) should be: Global Fund for the Green Revolution in Africa, Global Fund for the Environment, United Nations Population Fund, Global Fund for Infrastructures, Global Education Fund, Global Fund for Community Development [Sachs, 2010, p. 328].

[24] Developing countries often do not have efficient measurement systems, data could be falsified to demonstrate the achievement of the result, many targets may not be achieved by the country owing to a cause beyond its control. In this last case the countries would not be in a condition to be reimbursed for part of the costs already anticipated.

in 2015) [OECD, 2017]. DAC donor countries are 29; their contribution varies between these two extremes: 0.12% of national income of Slovak Republic and 1.1% of Norway. Considering the absolute value of ODA, the United States are the most generous donors in 2016 ($33.5 billion), followed by Germany ($24.5 billion), the United Kingdom ($18.0 billion), Japan ($10.3 billion), France ($9.5 billion). As a percentage of national income, however, the US contribution is one of the lowest in 2016 (0.18%), while Norway (1.11%) is at the top of the ranking, followed by Luxembourg (1.00%), Sweden (0.94%), Denmark (0.75%), Germany and the United Kingdom (0.70%). Only these five countries meet in 2016 the 0.70% target set by the UN, while Italy (0.26%) is still very far from the target. With regard to the dynamics of ODA, in 2016 they rose by 8.9% in real terms compared to 2015. This positive trend is largely attributable to the increase of in-donor refugees which rose by 27.5% in real terms reaching $15.4 billion. There was also a 10% increase in multilateral cooperation, which with its $41 billion represents in 2016 28% of the ODA (bilateral aid absorbs 49% of the total). A critical aspect is the 3.9% reduction in the share of ODA assigned to the poorest countries (least developed countries) [One, 2017]. The countries which recorded the highest increases in ODA from 2015 to 2016 were Austria, Belgium, the Czech Republic, Germany, Greece, Iceland, Ireland, Italy, Poland, the Slovak Republic, Slovenia and Spain. The largest reductions were recorded in Australia, Finland, the Netherlands and Sweden. The share of concessional loans grew, accounting for 16% of ODAs in 2016.

Conclusions

The trends emerging from the statistics examined and the results arising from the comparison between the different positions of economists schematically summarised in the article, can help to draw a conclusion. The development aid should not be completely suppressed, but that its management should be rethought according to the following guidelines: multilateral aid should be preferred to bilateral aid because political interests are more diluted in it; the incidence of 'tied aid' should be reduced; aid should be planned in a contextualised way, starting from the real needs of the local communities and not from the priorities arbitrarily set by the rulers of the beneficiary countries or set by international organisations (shifting the process from top-down to bottom-up approach); aid should be conceived in an economically, environmentally and socially sustainable manner and in synergy with the 2030 Sustainable Development Goals; aid should not leave institutional context out of consideration; public decentralised

administrations rather than state should be central in the planning/implementation of interventions; several actors (public sector, private sector, non-profit sector, scientific community, civil society) should be involved; close coordination of all donor countries and institutions should be pursued not only in bureaucratic terms, but also in integration/specialisation terms in order to avoid fragmentation of aid; evaluation mechanisms should be introduced; fast-impact investments should be privileged compared to other types of investments. These recommendations follow some of the principles already contained in Paris Declaration on 'Aid Effectiveness' signed in 2005 by 111 countries and 26 multilateral organisations in the context of the second of the four High Level Fora on Aid Effectiveness which have taken place up to now in the world[25]. Reformed aid could be considered a real strategic investment for the construction, in a globalised world, of a common future under the banner of economic prosperity, justice, fraternity, security, peace, political stability, environmental sustainability.

[25] The ***First High Level Forum*** (Rome, 2002) represented the first occasion at which the principles for aid effectiveness were outlined in a concrete declaration. The Rome Declaration listed the following priority actions: that development assistance should be based on the priorities decided by the countries receiving it; that donor efforts should concentrate on delegating co-operation and on increasing the flexibility of staff on country programmes and projects; that good practice should be encouraged and monitored. The ***Second High Level Forum on Joint Progress toward Enhanced Aid Effectiveness*** (Paris, 2005) marked for the first time that donors and recipients both agreed to commitments and to hold each other accountable for their commitments. The commitments were laid out in the Paris Declaration. The Paris Declaration outlines the following five fundamental principles for making aid more effective: 1) OWNERSHIP: Developing countries set their own strategies for poverty reduction, improve their institutions and tackle corruption; 2) ALIGNMENT*:* Donor countries align behind these objectives and use local systems; 3) HARMONISATION: Donor countries coordinate, simplify procedures and share information to avoid duplication; 4) RESULTS*:* Developing countries and donors shift focus to development results and results get measured; 5) MUTUAL ACCOUNTABILITY: Donors and partners are accountable for development results. At the ***Third High Level Forum*** (Accra, 2008), an unprecedented alliance of developing and donor countries, emerging economies, UN and multilateral institutions, global funds and civil society organisations participated in discussions, broadening the stakeholders in the aid effectiveness agenda. The forum emphasised the need to deepen implementation towards the goals set in 2005 in the Paris Declaration, along with a set of priority areas for improvement. To strengthen and deepen implementation of the Paris Declaration, the *Accra Agenda for Action* (AAA) takes stock of progress and sets the agenda for accelerated advancement towards the Paris targets. It proposes improvement in the areas of ownership, partnerships and delivering results. The ***Fourth High Level Forum on Aid Effectiveness*** (Busan, 2011) marked a turning point in international discussions on aid and development. This event brought together over 3,000 delegates to take stock of the progress made in delivering aid and furthering development activities across the globe, and to make collective plans for the future of aid and development for all stakeholders. The forum culminated in the signing of the *Busan Partnership for Effective Development Co-operation* by ministers of developed and developing nations, emerging economies, providers of South-South and triangular co-operation and civil society. This declaration establishes for the first time an agreed framework for development co-operation that embraces traditional donors, South-South co-operators, the BRICS, civil society organisations and private funders.

References

Barro R.J. (1997), *Determinants of Economics Growth: A Cross-Country Empirical Study*, MIT Press, Cambridge, MA.

Bauer P.T. (2009), *Dalla sussistenza allo scambio. Uno sguardo critico sugli aiuti allo sviluppo*, IBL Libri, Torino.

Birdsall N., Savedoff W. (2010), *Cash on Delivery: A New Approach to Foreign Aid*, Center for Global Development, Washington, DC.

Buchanan J. (2005), *The Market, Yes*; *Demos, No*, "Cato Journal", Vol. 25, No. 3, pp. 461-464.

Collier P. (2008), *L'ultimo miliardo*, Laterza, Roma-Bari.

Deaton A. (2015), *La grande fuga*, Il Mulino, Bologna.

Deepak L. (1983), *The Poverty of Development Economics*, Institute of Economic Affair, London.

De Soto H. (2000), *The Mystery of Capital: Why Capitalism Triumphs in the West and Fails Everywhere Else*, Black Swan, London.

Dichter T.W. (2003), *Despite Good Intentions. Why Development Assistance to the Third World Has Failed*, University of Massachusetts Press, Amherst-Boston.

Dichter T.W. (2005), *Time to Stop Fooling Ourselves about Foreign Aid*, "Cato Foreign Policy Briefing", No. 86, https://www.cato.org/sites/cato.org/files/pubs/pdf/fpb 86.pdf (accessed: 1.11.2019).

Djankov S., Montalvo J.G., Reynol-Querol M. (2006), *Does Foreign Aid Help*? "Cato Journal", Vol. 26, No. 1, pp. 1-28.

Duflo E. (2010), *I numeri per agire*, Feltrinelli, Milano.

Easterly W. (2006), *Lo sviluppo inafferabile*, Bruno Mondadori, Milano.

Easterly W. (2014), *The Tyranny of Experts*: *Economists, Dictators and the Forgotten Rights of the Poor*, Basic Books, New York.

Erixon F. (2005), *Aid and Development: Will It Work This Time*? International Policy Network, London.

Giovannini G. (2018), *L'Utopia sostenibile*, Laterza, Bari-Roma.

McKinnon R.E. (1964), *Foreign Exchange Constraints in Economic Development and Efficient Aid Allocation*, "Economic Journal", Vol.74, No. 294, pp. 388-409.

Moyo D. (2011), *La carità che uccide. Come gli aiuti dell'Occidente stanno devastando il Terzo Mondo*, Bur, Rizzoli, Milano.

OECD (2017), *Development Finance and Policy Trends*, Development Co-operation Report 2017: Data for Development, OECD Publishing Press, Paris, pp. 137-162.

One (2017), *The 2017 Data Report. Financing for The African Century*, pp. 1-100.

Ovaska T. (2003), *The Failure of Development Aid*, "Cato Journal", Vol. 23, No. 2, pp. 175-188.

Oxfam (2017), *Un'Economia per il 99%*, Briefing Paper, Nairobi.

Pogge T. (2012), *The Health Impact Fund: Enhancing Justice and Efficiency in Global Health*, "Journal of Human Development and Capabilities", Vol. 13, No. 4, pp. 537-559.

Sachs J.D. (2005), *La fine della povertà*, Mondadori, Milano.

Sachs J.D. (2010), *Il Bene Comune. Economia per un pianeta affollato*, Mondadori, Milano.

United Nations Division for Sustainable Development (1992), *Agenda 21*, pp. 1-351.

United Nations (2003), *The Final Text of Agreements and Commitments Adopted at the International Conference on Financing for Development*, Monterrey, Mexico, 18-22 March 2002, pp. 1-23.

Volpi F. (2004), *Introduzione all'economia dello sviluppo*, Franco Angeli, Milano.

World Bank (2017), *Poverty and Shared Prosperity 2016: Taking on Inequality*, Washington, DC.

Yunus M. (1998), *Il banchiere dei poveri*, Feltrinelli, Milano.

DYLEMAT SAMARYTANINA

Streszczenie: Artykuł stanowi próbę odpowiedzi na pytania dotyczące skuteczności pomocy międzynarodowej oraz powodów jej niepowodznia, co spowodowało, że niektórzy badacze oraz instytucje zakwestionowali jej ważność (dylemat Samarytanina). Faktyczny sprzeciw wobec pomocy międzynarodowej wraz z wnioskami wynikającymi z niepowodzeń w jej niesieniu oraz wnioskami wynikającymi z historii gospodarczej niektórych krajów rozwijających się powinny sprzyjać głębokiej reformie zarządzania pomocą międzynarodową. Niektóre propozycje reform zostaną przedstawione przy wykorzystaniu danych dotyczących Oficjalnej Pomocy Rozwojowej oraz z uwzględnieniem wyników debaty naukowej i rekomendacji Forum Wysokiego Szczebla na temat skuteczności pomocy.

Słowa kluczowe: rozwój, pomoc międzynarodowa, Oficjalna Pomoc Rozwojowa, dylemat Samarytanina.