

Unmasking the Doctored Image of Foreign Aid: A Mirror Model

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Foreign aid: A doctored image of impact on social welfare development in developing countries

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Brief Abstract:

Foreign aid is primarily a wealth transfer mechanism from rich, developed countries to poor, developing countries. Throughout the world, developing countries have received billions in aid to assist in their social welfare development and rise from poverty. Yet, there are still many in poverty. This paper examines the impact, if any, on social welfare development in the recipient countries because of foreign aid from donor countries.

KEYWORDS:

Developing countries, third world states, recipient countries, foreign aid, and social welfare development

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As of 2003, many industrialized and developed nations sent out more that \$50 billion a year to developing countries in the form of in-kind items, grants, low-interest loans, personnel, and technical assistance under the guise of foreign aid (Perez, 2003). Over the past 50 years the United States alone has spent over some \$750 billion, and in some records trillions of dollars on foreign aid (Pearson, 2004). This assistance is funneled to third world nations and developing countries largely to assist in poverty alleviation and/or social welfare development. Thomas (1999) points out that the need for foreign aid in third world countries is great:

These third world states house eighty-five percent of the global population, including the overwhelming majority of the world's poor, and produce only 20 percent of the world's Gross Domestic Product (GDP). They lack general progress in national development. Three billion people in these countries lack basic sanitation; one and half billion lack clean water; a billion or more are without adequate food, housing, [or] healthcare; and twenty percent of children do not learn to read and write. While acknowledging differentiation within this inclusive third world grouping in broad terms, these states remain economically weak, politically powerless and socially marginalized. (p. 227)

Despite 30 years of studies, little is known about the impact or effectiveness of foreign aid on social welfare development (Hansen & Tarp, 1999). Aid has decreased sharply because many believe that it does not work to alleviate the factors it was meant too; some calling it 'aid fatigue' (Lensik & White, 1999). Much of the analysis in the literature on foreign aid has focused on the economics of aid (Tang 1996) across countries thereby only producing a doctored image of

impact. There is a blatant assumption that production sectors in various countries over time will be similar (Lensik & White, 1999). For example, the majority of the literature reviewed (Alba, 2004; Bauer, 2000; Blanchette, 2003; Brumm, 2003; Dollar & Pritchett, 1998; Hansen & Tarp, 1999; Lensink & White, 1999; McGillivray & Morrissey, 2000; Perez, 2003) focuses on relationships of aid to economic growth, trade, and basic nutritional provisions through agricultural policies across countries. These factors, however, fail to show a direct link between foreign aid and positive social welfare development (Ovaska, 2003). In essence, direct receipt of aid, by recipient countries are often mistaken for increases in social development by donor countries (Dollar, 2003).

A few studies in particular (Gomanee, Morrissey, Mosley, & Verschoor, 2003; Lupien, 2002; Tang, 1996) have shown links to areas of poverty reduction as an indication of positive social welfare development in developing countries. For example, the studies use the human development index (HDI) and infant mortality rates as key indicators of social welfare (Gomanee, et al., 2003) to help show impact on development from aid. This is clearly a step forward in unmasking and accounting for foreign aid's true impact on social welfare development (Lensik & White, 1999); but it is likely that no matter the variables studied, there will be significance despite the relationship being commonsensical (Lensik & White, 1999). There should be clear and noticeable impacts on social welfare development from foreign aid, especially if one considers the mass amount of resources shared, distributed, and acquired by developing countries for this purpose. Current insight and documentation is insufficient in determining how aid works, and to what extent the impact of foreign aid has on social welfare development in third world countries (Lensik & White, 1999; Pearson, 2004). Hence greater

efforts must be expended to pay attention to what is present, as well as what is absent as aid is fungible (Lensik & White, 1999).

This paper proposes to examine foreign aid and the impact it has had on developing countries through the evaluation of social welfare development via government public expenditures in recipient countries. Five relevant areas to be explored for this examination includes: 1) what is foreign aid; 2) overview of third world/developing countries; 3) impact of foreign aid on developing countries via public expenditures, 4) understanding the doctored image through a power lens and public expenditures and 5) implications for social work and future research. Please note that due to the interchangeable use of developing countries and third world nations in the literature the names are used in the same manner in this paper to account for the same population.

FOREIGN AID

To understand how aid may affect the development of third world countries, we need to consider the context. Since 1958, through efforts of the World council of Churches and the Organization for Economic Cooperation and Development (OECD) donor nations have been asked to contribute to the development of third world nations by giving aid to a proposed target of 0.7 percent (Adelman, 2003). Since then, only Denmark, Luxembourg, Norway and the Netherlands have gotten close to the target even though the OECD has realized that meeting the target has no real indicator of quality or impact (Adelman, 2003). The term foreign aid has a broad definition and was initially geared toward various aspects of influence of economic and/or social reforms (Gomanee, et al., 2003). In addition to this, some authors have defined its purpose as a way to promote increased economic growth through “a mixture of ideas and money

customized to meet the local conditions of recipient countries” (Dollar & Pritchett, 1998); and as “welfare for governments – welfare on a global scale; government-to-government subsidies funded through taxes and constitute wealth transfer between governments” (Blanchette, 2003, 1-2). Recently foreign aid has changed from pure government-to-government support to a diversity of actors and complex partnerships including support from shipment of vaccines, remittances, scholarships and even help from religious organizations. Foreign aid also constitutes help to other countries in the form of technical support, trade loans, emergency, disaster relief, and direct grants among others (Adelman, 2003). Foreign aid, especially in large amounts, has shown to support government spending with the intent of reducing poverty, or at least improving the welfare and living conditions of the poor (Gomanee et al., 2003); any effort beyond this to buy influence is often trumped (Pearson, 2004).

The variation in scope and definitions of aid according to Santiso (2001) has itself caused confusion. It has allowed for unclear boundaries in examining aid and the inability to identify specifically how aid impacts social welfare development. For the purposes of this paper, the definition offered by Dollar and Pritchett, (1998) is most relevant “a mixture of ideas and money customized to meet the local conditions of recipient countries”. For a better understanding of foreign aid a quick synopsis of some of the various viewpoints of the giver (first world states, donor countries) and the receiver (third world or developing countries) is necessary.

View of foreign aid by developing countries

Coincidentally as there are varying definitions of foreign aid, there are varying views of what aid is expected to do once it reaches the recipient countries (Englehart, 2004). Thomas (1999) believed “What is at stake is the relationship between market, state and society” (p.237). For instance some aid show an ethical responsibility to decrease poverty, and foster goodwill

while others seek to advance economic interest and stability while creating foreign markets for U.S. goods (Englehart, 2004). The donor and recipient needs vary (Lensik & White, 1999); for each there are pros and cons in the representation of views. Aid began not as a mere handout for developing countries, particularly Africa and Latin and Central America, but as a possibility for the reduction of poverty and promotion of increased economic growth (Gomanee, et al, 2003). Negative views by developing countries largely result from defining foreign aid as a pre-made fix-it-all formula that negatively impact social welfare development, disrupt economies and foster dependency (Arimah, 2004). This limits economic markets and the capacity of developing countries to develop and pursue their own objectives (Weiss, 1999). In fact, as of the late 1990s foreign aid (or aid inflows) accounted for a great part of the revenue base for public expenditure, touting signs of dependency, for most developing countries (McGillivray & Morrissey, 2000) (See Table 1).

With increased attention to the needs of the country, many developing nations in the 1950s began to shift their focus to social welfare programs (Tang, 1996) and sought increases in foreign aid. Foreign aid was further seen as a way to bring about a better quality of life by decreasing extreme poverty, reducing illiteracy rates, infant mortality rates, and disparity between genders (Dollar & Pritchett, 1998). Developing countries wanted to increase their economic growth, infrastructure, production, and savings ability while ultimately changing the daily reality of their citizens (Thomas, 1999); unfortunately these views were not shared by donor countries.

View of foreign aid by donor countries

Supplying aid on the part of the donor, although sometimes born of altruistic motivations is primarily rooted in self-interest (Dollar & Pritchett, 1998). This interest is based on the hope

that future security, albeit political and/or economic, will prosper from allegiance to donor countries by recipient countries because of receiving aid (Francis, 2003). Quite noteworthy is that this self interest spans the protection of borders against negative social ills; in spite of the fact that social ills are not country-specific and do not respect borders. Hence, foreign aid also served as bargaining chips to protect donor countries and not necessarily to aid developing countries in addressing social welfare, and development needs (Perez, 2003). Pearson (2004) adds that as a defense tactic and as a form of foreign aid, the United States in the 1960s established government-to-government subsidies. This type of tactic was used, to pre-empt development in the Soviet Union and buy influence in non-Communist developing countries under the guise of combating poverty. Some donor countries nonetheless, have an ethical interest in poverty reduction, despite self-interest in the security of foreign markets (Englehart, 2004). As we better understand foreign aid there is a need to grasp an understanding of the recipient countries.

OVERVIEW OF THIRD WORLD/DEVELOPING COUNTRIES

Varied names have been given to developing countries. Some authors use third world states, developing nations and/or countries and recipient countries, while others use third world countries. For the purposes of this paper, these concepts are used interchangeably.

A humanistic view to the third world, using a definition coined by Thomas (1999) identifies these countries as

those human beings for whom poverty is the norm, for whom vulnerability and risk are defining features of their daily existence, wherever they are located territorially. Their search is for security, fulfillment of basic material needs; the

achievement of human dignity, which includes personal autonomy, control over one's life and unhindered participation in the life of the community (p.229).

Developing countries are seen as poor, marginal populations, in need of help and rescuing (Tang, 1996). They account for 20% of the production of the Gross Domestic Product (GDP) of the world and today as many as 70 developing countries are still in severe poverty, losing the fight despite receiving aid (Pearson, 2004). They have huge economic, savings and foreign exchange gaps (Dollar & Pritchett, 1998). The governments' in-ability to solve recurrent economic problems creates escalating welfare and social welfare development costs (Tang, 1996). De Soto (2000) adds that developing countries simply do not have the capacity to turn their belongings into usable economic assets that can contribute to get them out of poverty. For instance, the citizenry have 'houses but not titles,' 'crops but not deeds,' 'businesses but not statues of incorporation'; without this, they cannot produce sufficient capital (De Soto, 2000).

In addition, these countries account for populations where over two billion live on less than 1-2 US dollars a day and are home to the majority of the world's poor. Population growth in these regions reinforces poverty (Lupien, 2002). With limited job creation markets, a low-skilled labor force, shifts in household structure (the rise of one-parent families) and demographics, the result is an increase of those in severe poverty (Weiss, 1999). Poverty is a reality of the developing societies in which economic growth is rarely seen and if so, only in marginal percentages (Dollar, 2003). The result is that many countries began to seek foreign aid to help break this cycle of poverty (Bauer, 2000).

In addition there is constant political instability in developing countries compensated by foreign aid (Lensik & White, 1999). This instability is economic in nature though it guises as political. For example, in violence ridden and changing government environments it is more

likely that political instability would negatively influence aid effectiveness and may never contribute to growth (Chauvet & Guillaume, 2002).

IMPACT OF FOREIGN AID ON DEVELOPING COUNTRIES

Relevant and comparable research findings are limited (Mosse, 2004). This is due largely to the fact that foreign aid's relationships to social values, cultural factors, historical events, conflicts, and its ability to continuously adapt to the realities of the world has been overlooked in assessment (Lapshina, 2004). Because the outcomes measured have varied from researcher to researcher, based on their hypotheses and operationalization of foreign aid and impact, both foreign aid and global public goods have been shown to impact social welfare development in developing countries (Dollar & Pritchett, 1998). The result is that the impact of foreign aid could increase or decrease based on what variables are measured to show impact. Examining global public goods such as policies for poverty reduction may increase results on social welfare impact. On the other hand if structural characteristics and the country's vulnerability to climatic and external shocks such as hurricane and other disasters are not considered there could be a sharp decline in measurement of social welfare development (Guillaume & Chauvet, 2001). This is what fuels the view of those who argue that foreign aid has become associated with fraud, waste, and abuse (Thornton, 2002). Lack of standardized measurements limits ability to generalize findings on aid.

Burnside and Dollar (2000) find that foreign aid positively impact social welfare development in recipient countries, particularly if there are fiscal measures and policies that support the poor. Such findings however, place power in the hands of politicians and corruption is welcomed, not punished (Rogoff, 2004). Underground market economies are then forced (Bauer, 2000). Sadly helping recipient countries to clean up their act or policies before distributing, is not

seen by donor countries as their responsibility but that of the governments of developing nations (Johnson, 2004). This is the reason, hypothetically, why aid has not worked to the magnitude it can (Rogoff, 2004).

Despite increasing foreign aid, developing countries remain vulnerable (Weiss, 1999). Notwithstanding the foreign aid that is given, donors take it all back in protectionist trade policies. For instance, the “value of annual agricultural subsidies in rich nations is more than three times the yearly aid flow to poor countries, causing heavy losses to producers in the developing world” (Perez, 2003, p.63) (See Figure 1). Years of foreign assistance have not worked for some countries such as Zaire (now the Democratic Republic of Congo) (Blanchette, 2003). Aid results continue to be disappointing (Ovaska, 2003). For instance Blanchette (2003) shares that it is the political instability of developing nations that has stunted growth from foreign aid because:

Funds, clothing, food, etc. are not given directly to the poor; rather they are funneled through the recipient governments. Any ‘aid’ that is subsequently passed down to the poor of developing countries is secondary and incidental. The recipient country’s government decides where and how much money actually reaches its citizens. Because corruption runs rampant through much of the developing world, vast sums of aid are embezzled or consumed by government employees (p 3).

Some developing countries’ own political powerlessness, economic poverty, and social marginalization (Thomas, 1999) gets in the way of effectively meeting the objectives of social welfare development vis-à-vis foreign aid. When government self-accountability fails that is when the social welfare in developing countries is negatively affected (Schacter, 2001). The

World Bank reports that corruption is a major factor why foreign aid has not contributed to adequate amounts of impact on social welfare development (Dollar & Pritchett, 1998). Other than corruption, aid has been misused for many other reasons. For instance in North Korea foreign aid was used to develop lethal weapons, leaving their citizens in need of food relief to starve. The Zimbabwean dictator similarly used the aid received as ‘political weapons,’ where food was used to reward allies and starve enemies (Pearson, 2004).

However, in using Dollar and Pritchett, 1998 definition of foreign aid, “a mixture of ideas and money customized to meet the local conditions of recipient countries” as the basis to measure impact on social welfare development, much has been achieved. Aggregate savings and investment have increased in developing countries, showing positive relationships with growth (Hansen & Tarp, 1999). Foreign aid for assistance in the health care and systematic needs of developing countries, national peace, and conflict resolution, and educational literacy needs has significantly contributed to social welfare development (Guillaumont, 2004). Aid inflows to governments have freed up governmental resources allowing governments to invest in the social welfare of its people. This is evidence of foreign aid improving social welfare development in developing countries (Dollar & Pritchett, 1998; Lensink & White, 1999).

In fact billions of dollars have already been distributed in the history of foreign aid by rich countries, particularly the G7¹ (Perez, 2003). Lupien (2002) points to evidence that

The number of literate adults has tripled, from approximately 1 billion in 1960 to more than 2.7 billion today, and the proportion of children out of primary school has fallen from more than half to less than one-quarter. The share of rural families without access to a safe water supply has fallen from nine-tenths to about one-

¹ G7 countries: These are the richest countries identified by Perez (2003) that contribute to the aid inflows in developing countries. These include Canada, France, Japan, Germany, Italy, United Kingdom, and United States.

quarter, and 80% of people in developing countries now have access to health services (Lupien, 2002, p. 3).

In addition countries such as Ghana, Uganda, Tunisia, Thailand, China, Chile, and Cuba, have seen considerable progress because of foreign aid (Lupien, 2002). The monies spent on Africa's human development in the areas of education, expenditure on health, good governance, economic growth, and external debt have brought noticeable improvement to social welfare development (Arimah, 2004). In their study of pro-poor public expenditures (PPE) with 39 countries from 1980 to 1998, Gomanee and colleagues (2003) found that PPE results increased welfare development. For instance, the developing countries' sanitation, education, and even health-based sectors on the evaluation of the Human Development Indices and Infant Mortality Rates showed great development (Gomanee et al., 2003). South (2004) also found that aid greatly influenced the rebirth of civil societies and reforms in developing countries. Because of direct foreign aid, hundreds of millions of Asia's citizens are much better off today and out of poverty (Brown, 2003). Research findings suggest that in Bolivia, Kyrgyz Republic and Uganda, technical cooperation represented huge portions of social welfare capacity development (Hilderbrand, 2002). Hilderbrand's research in developing countries demonstrated that foreign aid has had tremendous impact on these societies and their people. This alarming impact has been due to ...

Early aid support for scholarships and universities helped to create a base of well-educated professionals for Uganda, many of whom form the core staff of government ministries. In Kyrgyz, technical cooperation played a substantial role much more recently in helping develop new institutions for a market economy and a democratic government, and in training and acculturating the group of

professionals needed to run those institutions. Reform programs in Bolivia, including reforms essential to strengthening national capacity, including education reform and popular participation, were supported largely by technical cooperation. The blossoming of civil society and NGOs in the Philippines, while certainly not brought about by the donor, was supported by their encouragement of participatory process and institutions and their openness to work with NGOs. These, among many other contributions, should not be overlooked even when casting a critical eye on technical cooperation's overall performance (p. 5).

Recommendations

Despite the successes, Hansen and Tarp (1999) caution that the instruments used must be able to adequately measure the impact on social welfare development in light of the variability in country circumstances. There has been no standardized instrument for effectively measure foreign aid's impact (Hansen & Tarp, 1999). In fact, this is what interferes with its ability to be measured and why the full gamut of the impact of social welfare development in developing countries has not been clearly observed. Measurement of impact has grown slowly (Dollar, 2003). Development is not for unwillingness to help impoverished nations for undoubtedly efforts have been employed to stabilize economic markets (Brueggemann, 2002).

For instance, (refer back to Table 1), there is evidence provided by Perez (2003) that support has been given to trade, investment, and migration, peacekeeping and even environmental development. However, this reference may only show that aid has helped in these particular areas in developing countries but not that they impacted positively on social welfare development (Chauvet & Guillaumont, 2002). Measuring foreign aid's ability to impact social welfare development in developing countries has three main factors. These include, examining

the effect of foreign aid on policy, the potential impact of external shocks, and the relationship between aid effectiveness, policy, and political instability over a long term. If these variables are assumed to have no direct effect there are flaws in analysis (Chauvet & Guillaumont, 2002).

THE DOCTORED IMAGE THROUGH A POWER LENS

This section examines the role of measurement, and the lack of appropriate measurements in regards to foreign aid has impacted social welfare development. The landmark study by Dollar & Pritchett, 1998 “Assessing aid: what works, what doesn’t and why?” presents respectable findings but has been criticized (Chauvet & Guillaumont, 2002; Guillaumont & Chauvet, 2001). Many of the difficulties in the cornerstone research on assessing aid by Dollar & Pritchett (1998) had to do with their understanding of aid assessment using their frame of reference. They reported that there were no effects to recipient countries in regards to external shocks not acknowledging that this can single handedly hamper development tremendously (Chauvet & Guillaumont, 2002). Since it is evident that both foreign aid, external shocks i.e. natural disaster, and the relationship between policy, and political instability over a long term interferes with foreign aid’s ability to impact positively on social welfare development. In addition to external shocks, the way in which power functions are exercised, albeit by the donor or the recipients of foreign aid must be examined (Amoore & Langley, 2004). The model of explanation presented explores some of the power relations that affect impact of social welfare development.

MIRROR MODEL

The mirror model (See Appendix 1), is explanatory in nature and looks at the reflective image that recipient and donor countries ultimately expect when giving and receiving aid. Often

viewed as charity by first world states in theory, give to poor countries hoping to increase and speed up economic and humanitarian needs and development (Francis, 2003). In essence the model suggests that these countries want to see images of themselves reflected in the other. The model touts at the “if ... then” what of explanatory reasoning (Breuning, 2003). *If* foreign aid is given for one reason, *then* where does the responsibility to affect change occur in the underlying social welfare development needs of the recipient countries? It is a well researched fact that many collaborative activities, conducted with donors and their selfish interests (Lensik & White, 1999; Hansen & Tarp, 1999) drive interactions with recipient countries. However, even selfish interests for each country seem to negate the impact of social welfare development and the gain is not the assumed end. This concept is idealized by the model. (See Figure 3 for pictorial view of model).

First world states look at third world states and see what they can gain but also what dependency can be fostered to ensure continued world dominance (Francis, 2003, Pearson, 2004; Hoefler, 1996). The more countries stay in poverty the more they receive funding. It is the way power and control is maintained (Pearson, 2004; Van der Hoeven, 2000). Socially, donor countries do not want to see severe signs of poverty that may one day transcend borders and be present in their countries (Bauer, 2000). Third world states on the other hand, see the first world and their successes and want to mirror that same success in their societies, at whatever cost. There is a continued attempt to copy capitalism and its policies and patterns (Bauer, 2000). Thus policies are welcomed from capitalist societies. As a result, each state (first and third world) looks at the mirror image of themselves and exert influence, power and control to secure a place on the economic market platform (Rogoff, 2004). In fact Pearson (2004) stated quite vividly that “once seen as charity for the starving, foreign aid has become a huge politically motivated bureaucracy that has little to do with poverty, but instead attempts to secure votes or otherwise buy influence”

(p. 1). For example, economically developed nations, especially the United States, rely heavily on foreigners and to remain in control and share a large part of the world economic markets (Peterson, 2004a). This adds to the political power of the rich and especially US's ability to wield power as global hegemon (Derouen Jr. & HEO, 2004). The distribution of foreign aid continues to keep these realities at bay, and not essentially cure them or alleviate them (Rogoff, 2004) If aid were distributed, for instance by the United States at the levels that they are to give stated by the United Nations (0.7 % of national GDP) many developing countries would be well off (Perez, 2003). There would be more countries coming out of poverty daily, an obvious fear for the wealthy and rich donor countries (Rogoff, 2004). However, great energies have gone into developing effective policy models but not in evaluating their practical effectiveness (Mosse, 2004).

Granted empirical models have been used in assessing foreign aid's impact on social welfare development (Brumm, 2003). However a standard methodology has been overlooked to keep all researchers focused on the proper tasks and activities required when studying this phenomenon (Paper, Rodger, & Pendharker, 2000). The reality is that many of the models are 'how to models' and not 'why' models. This type of model according to Paper and colleagues (2000) incorporates the fundamental principle of a transformation methodology, where social development change results can shape the implementation and articulation of further development goals through tactical and effective decision making.

To understand the process better the model identifies that there are six main activities that take place in mirroring an image of self when distributing aid. These activities include bargaining (including political factors, colonial status), assessment & reassessment, mutual benefits established, exchange, situational re-analysis and re-bargaining and dependency (See Table 2 and direction of process in Figure 2).

Bargaining

In the initial activity, bargaining, the donor countries review their needed relationships and policies and assess the recipient country potential (Peterson, 2004b). On the other hand the recipient country evaluates the patterns of the donor and looks for a window of opportunity for them to gain assistance, as they see no other alternative to financing (Weiss, 1999). Sometimes the political factors may be simply to buy votes from developing countries in the UN voting process. On the other hand if a country was formerly of colonial status they may get twice as much aid especially if they are of non-democratic status by their former colonizers (Francis, 2003).

Assessment & Reassessment

The second activity is that of assessment and reassessment, where the donor and the prospective recipient country acknowledge the need for aid makes a request for aid. Recognizing that aid is dispersed based on relative need from an very humanistic perspective and “the needier the country the more aid is expected to be received” (Feeny & McGillivray, 2004, p.101). This activity allows for the patterns of giving to be clear across developing nations (Francis, 2003).

Mutual benefits established

The third activity where mutual benefits are established follows the examination for mutual power-political economic status and position by the donor countries. This is because, based on several studies, the needs of recipient countries are not always primary influential factors in aid allocation (Feeny & McGillivray, 2004). The authors further explain that with support from similar studies by Maizels & Nissanke (1984) aid allocations are made primarily to support perceived foreign economic, political and security interests (Feeny & McGillivray, 2004, p.101). At this time the prospective recipient countries simply wait as their policies and willingness to comply are evaluated by donor countries.

Exchange

The fourth activity is exchange where the donor country reassesses the request for aid by prospective recipient country. However, during this reassessment, the prospective recipient country engages in a type of bargaining to ascertain what to do with the aid, theoretically. For instance developing countries may consider their need to access their products to markets in the first world states or developed nations and thus may bargain on this point (Van der Hoeven, 2000). Thereafter aid may be disbursed and progress, if any is tracked.

Situational reanalysis and re-bargaining

Progress of aid impact is reported to the donor country and re-bargaining may take place for more aid, based on need or incompleteness of project or even because of dependency for continuing to enhance social welfare development. Clearly this is a difficult aspect due to the fungibility of aid creating a 'fiscal illusion' (McGillivray & Morrissey, 2000). Lensik and White (1999) points out that the fungibility of aid is not necessarily a question of corruption but that aid given to a project may be used to help free up resources for governments in the same area if monies were already allocated. Hence in reporting success, the project may have been achieved but not always with the resources from the donor (Lensik & White, 1999).

Dependency

Thereafter the recipient country fosters a sort of dependency continuously requiring aid to carry out the work (Weiss, 1999). Due to a commitment to either political motivations or humanitarian needs the donor country continues to disburse aid (Lensik & White, 1999). This happens especially if the measures for aid successes is not transparent, not communicated to the recipient country departments and the recipients do not have effective means of monitoring the expenditures and budgetary processes" (McGillivray & Morrissey, 2000, p.7) If not the process

Weiss (1999) cautions is the result of a globalization where recipient countries lose its capacity to control and protect its social, and economic well-being of its members. The result is diminished power.

Foundations of the model

The model embraces many theoretical aspects. However, the reason for choosing the theories relies on an understanding of how change occurs researched by Edwards and Sen (2000). The researchers write that

From the perspective of change, all social systems rest on three bases: a set of principles that form an axiomatic basis of ethics and values; a set of processes – the functioning mechanisms and institutions that under grid the system and the subjective states that constitute our inner being – our personal feelings and intuitions in the deepest sense. The first of these bases of change describes how we understand and rationalize the workings of the social order, while the third describes how we understand ourselves. Some of this understanding revolves around our own place in the social order, but it also concerns the deeper questions we ask ourselves about the meaning of human existence and the nature of reality (p. 606).

Based on this model of understanding the mirror explanatory model is grounded essentially in structural functionalist (belief that there is already an assumed order based on current position on the world market), systems theory (within this structure there are various systems, subsystems that must work together and transcend border boundaries systems to operate and exist in the suprasystem), and conflict theory as there is mass competition for very scarce resources conceptually drive the collaboration. The model through these theories explains the

political and economical dimensions of foreign aid and why impact has been minimally observed in developing nations.

Advantages of the model

The model is linear and simplistic and is not laden with economic matrices. It allows both developing countries and donor countries to see pictorial interactions. The strength of the model is in its concept. Its foundation explains that despite the country of origin, albeit donor or recipient, we want to see a reflection that is an image of ourselves. This basic concept explains why, in every third world country, that one may visit, peddlers flock the street selling everything and anything that they have created, built or grown, mimicking a capitalist society (De Soto, 2000). Sadly the model showcases a weakness of countries to help themselves. The result is that developing countries want to be like donor countries and donor countries want to ensure that they keep that reality, as it allows them to see themselves in developing nations.

Limitations of the model

Yes, the model explains many of the power relations and position of the two world states but lacks adequate explanation to maintain collaboration once goals have been achieved. It does not allow for links and variations against the model. For instance if a country simply disburses aid to where it was intended to go without diversion or corruption, the model does not take in account this strengths perspective and does not reward the country but simply identifies it as abnormal or an outlier. The model also assumes perfect progression through the collaboration stages. The assumption is that each donor-recipient relation progresses smoothly through the group process from norming, storming, forming, and brainstorming, performing stages etc. (Brueggemann, 2002) when in fact this may not be the case. Lastly the model is unique, not tested and only explains the variation as why aid has only worked minimally and cannot be

generalized to all forms of foreign aid such as emergency relief, hurricane and disaster relief and so forth as data is limited.

IMPLICATIONS FOR SOCIAL WORK AND FUTURE RESEARCH

Foreign aid clearly helps governments free up resources to invest in the welfare of the poor (McGillivray & Morrissey, 2000). To ensure investment in the poor, clear tasks and responsibilities proportionately, are never allocated to specific entities. Optimizing that the largest share of resources are distributed to the poor require the help of various government, national and regional entities including social workers at all those levels. Social workers specifically at the mezzo and macro levels can enable policies that foster growth, allow the flow of resources to the poor, and help officials stay clean of corruption. Gomanee and colleagues (2003) suggest that this type of work by social workers and similar entities enhance the growth of human welfare impacts and accounts for a fair impact on alleviating poverty. This fair impact cannot come to fruition without advocacy, effective political leadership and will; as the role of the social worker in policy advocacy, social policy development and education, and monitoring and evaluation becomes clearer (Mallaby, 2004). Social workers are the common thread in all these sectors and there are few involved at the policy level throughout the world and even fewer in developing nations (Brueggemann, 2002). With a common cause, collaboration and a will to champion the voiceless, social workers can create the bridge to ensure impact on the social welfare development of people and their countries (Edwards & Sen, 2000).

The voices of social workers cannot come alive until they choose to speak up and share their well-reasoned opinions formed by their daily interactions from human interaction (Goldstein, 2000) in developing countries. Until this is done social workers will continue to be

viewed as agents of social control rather than agents of change. They must realized that particularly in developing countries ‘information is power’ and thus education is a key tool of empower and sharing power.

FUTURE RESEARCH

Power relations because of economic market and impact on trade got more attention, as outlined in the model, than social welfare development in the distribution of aid. Aid can serve to meet many of the needs of developing countries but is not to be a catch-all cure of every ailment. Because an elite ruling class often concentrates power, there are huge disparities that force a distortion of social welfare in favor of the elite, limiting social welfare spending and negatively impacting social welfare development (Tang, 1996). In fact expecting foreign aid to address all social welfare development needs of a developing country can be fatal. Failing to impact all, may fail to impact any, thus skewing results to where aid is withdrawn, or redirected to other countries who demonstrate success with monies allocated (Dollar & Pritchett, 1998; Lensink & White, 1999). Countries have hurt themselves by becoming extremely dependent upon foreign capital to the point of local initiatives not even being noticeable (Brueggemann, 2002)

According to Englehart (2004) a clean-up of foreign aid giving and corruption in developing countries can bring great improvements in arenas of social welfare. The revision of aid giving can strengthen the need for aid and increase its effectiveness. This will eventually foster selectivity for aid rewarding good policy governments and withdrawing aid for not keeping promises (Johnson, 2004). There is no other way that foreign aid is going to reach poor people in poor nations (Lensink & White, 1999). Efforts to clean up aid have already come in the form of adjustment programs and loans with conditionality factors because of countries’ huge

debts even after getting aid by the International Monetary Fund (IMF) (Alba, 2004). There is need for more research on the positive impact of foreign aid on social welfare development in developing countries. Many symptomatic aspects have been examined such as increases or decreases in employment, education, and economic markets but have failed to look at other areas of social welfare development impact. To efficiently conduct an analysis to gather pertinent information researchers Perez (2003) and Adelman (2003) suggest that more information is needed on:

- 1) Migration and labor movements, including legal inflows by country of origins;
- 2) Data on the impact of rich nation's domestic producer subsidies on trade;
- 3) Data on the tax treatment of developing assets held in rich nations and on the income earned by those assets;
- 4) Details on tax-information agreements(if any) between developing countries and rich countries;
- 5) Internationally comparable data on private aid flows from rich countries to poor ones, including aid from churches, foundations, and other voluntary organizations; Data on remittances from migrants back to their home countries;
- 6) Data assessing how rich countries affect the security environment of poor countries, from U.S. contributions to keeping major sea-lanes open for trade to French and British subsidies for arms sales to developing countries (p. 62).

In addition, studies have not confirmed a correlation between aid and faster growth. There is need for more instruments to effectively measure aid and its effectiveness (Hansen & Tarp, 1999). Developing countries continue to find it hard to raise their own capital due to huge debts and inability to attract investments. Structural adjustment or stabilization programs to achieve external and internal balance² have added to these measures and cannot be part of the solution to

² Internal balance: the aggregate expenditure of the economy is matched by output at stable prices.
External balance: the current account is met by a sustainable capital net inflow. (Alba, 2004)

making aid work as they undermine ownership (Santiso, 2001; Thomas, 1999). With these new databases of information researchers, policymakers and donors will have greater tools for effective decision making and clear the doctored image that permeates the literature.

It is the inadequacies in management, monitoring, and evaluation of aid impact that continue to exacerbate its shortcomings (Santiso, 2001). Ultimately to assess performance effectively, there must be efforts and resources dispersed to conduct pre-program behavior and conditions and post-program behavior and contributions to legitimately attribute change to the intervention (Gilbert & Terrell, 2002). This assessment framework ensures that global public goods and aid goes to work for the issues they were meant to work (Guillaumont, 2004; Guillaumont & Chauvet, 2001). There needs to be a greater promotion of the development of all rather than a few at the expense of the majority (Edwards & Sen, 2000). The Millennium Development Goals have been herald as a way to measure, quantitatively, the progress of poverty by 2015 in developing countries. The MDGs serve as an agreed upon platform for monitoring human development progress (Vandemoortele & Roy, 2004). In fact, efforts underway throughout developing countries, under the guise of the MDGs, say a lot for the future of aid and its impact on social welfare. .

CONCLUSION

Overall, aid impacts the social welfare development in developing countries but the impact is not clear due to a number of factors in evaluating its effectiveness. Evidence from the literature shows that if aid monies are pumped into the infrastructure of education, agriculture, healthcare, roads, dams for electricity, policy changes in public service delivery and public spending (Dollar & Pritchett, 1998) there will be obvious improvement in social welfare. There has already been increased access to education, clean water, electricity, trained personnel,

technical cooperation, and other social welfare impacts evidently increasing social welfare development (Hilderbrand, 2002). There is inevitably a need for more research, cross country analyses and models for understanding, measuring and explaining aid and its impact. The responsibility is not only on donors and recipients but on NGOs, civil societies and the people themselves (Mallaby, 2004). Nevertheless, impact is long term and any study that seeks to measure impacts otherwise is flawed and hence their results will be flawed (Feeny & McGillivray, 2004). The economic capacity of people will continue to grow as they work together on common projects for the benefit of all. It will come to fruition as they develop self-sufficiency, using primarily their own resources, guided by their own ideas, engaging in their own development (Brueggemann, 2002 & Weiss, 1999).

Appendix

Appendix 1

EXPLANATION OF THE MODEL

The mirror is a reflective tool that helps us see whatever we desire to see of ourselves. The model from this perspective explains simplistically ‘what we want to see of ourselves’. When we look into a mirror, what is it that we are looking to see? The answer, at the core is ‘to see an image of ourselves’.

The model is explanatory and contains two triangles on a circular platform connected by dots of collaboration and spirals to showcase class flow of resources. The two triangular images allow a visual look of hierarchies at work within systems on a circular platform of world economic markets. There are only two triangles because there are with all respects only two world states today. Most countries since the fall of the second world have become third world states. The triangles also explain how aid trickles down to the poor, if at all in both world states.

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Table/s,
Table 1

Rank	Country	Aid	Trade	Investment	Migration	Peacekeeping	Environment	Final Average
1	NETHERLANDS	6.9	7.0	6.1	4.5	3.5	5.7	5.6
2	DENMARK	9.0	6.8	1.0	4.4	7.1	5.0	5.5
3	PORTUGAL	2.2	6.8	9.0	1.0	6.0	5.1	5.2
4	ZEALAND	1.7	7.2	2.3	9.0	6.9	3.4	5.1
5	SWITZERLAND	3.3	4.0	6.3	9.0	0.1	7.2	5.0
6	GERMANY	2.1	6.8	1.4	0.1	3.8	6.0	4.7
6	SPAIN	2.4	6.8	8.2	1.0	2.9	6.0	4.7
8	SWEDEN	7.0	6.9	1.0	3.0	1.3	6.1	4.5
9	AUSTRIA	2.8	6.8	2.6	6.5	2.6	5.4	4.4
10	NORWAY	6.6	1.0	3.5	4.6	7.4	2.8	4.3
11	UNITED KINGDOM	3.0	6.9	3.4	3.1	3.6	5.0	4.2
12	BELGIUM	3.5	6.7	1.4	4.5	3.5	4.5	4.0
13	GREECE	1.5	6.7	0.0	1.0	9.0	4.8	3.9
14	FRANCE	3.1	6.8	1.7	0.0	5.2	4.8	3.8
15	ITALY	1.4	7.0	1.5	1.1	5.3	5.3	3.6
15	IRELAND	2.6	6.6	2.3	4.5	3.7	1.6	3.6
17	FINLAND	3.0	6.8	1.7	1.3	2.9	5.4	3.5
18	CANADA	1.7	6.6	2.1	6.1	2.4	1.7	3.4
19	AUSTRALIA	1.7	7.2	1.6	3.7	2.0	1.8	3.2
20	UNITED STATES	0.8	7.7	2.0	2.3	1.5	1.0	2.6
21	JAPAN	1.2	4.6	2.8	1.5	0.5	4.0	2.4

Source: Foreign Policy, *Ranking the Rich* May/June 2003. Manuel Perez, 2003, p.63.

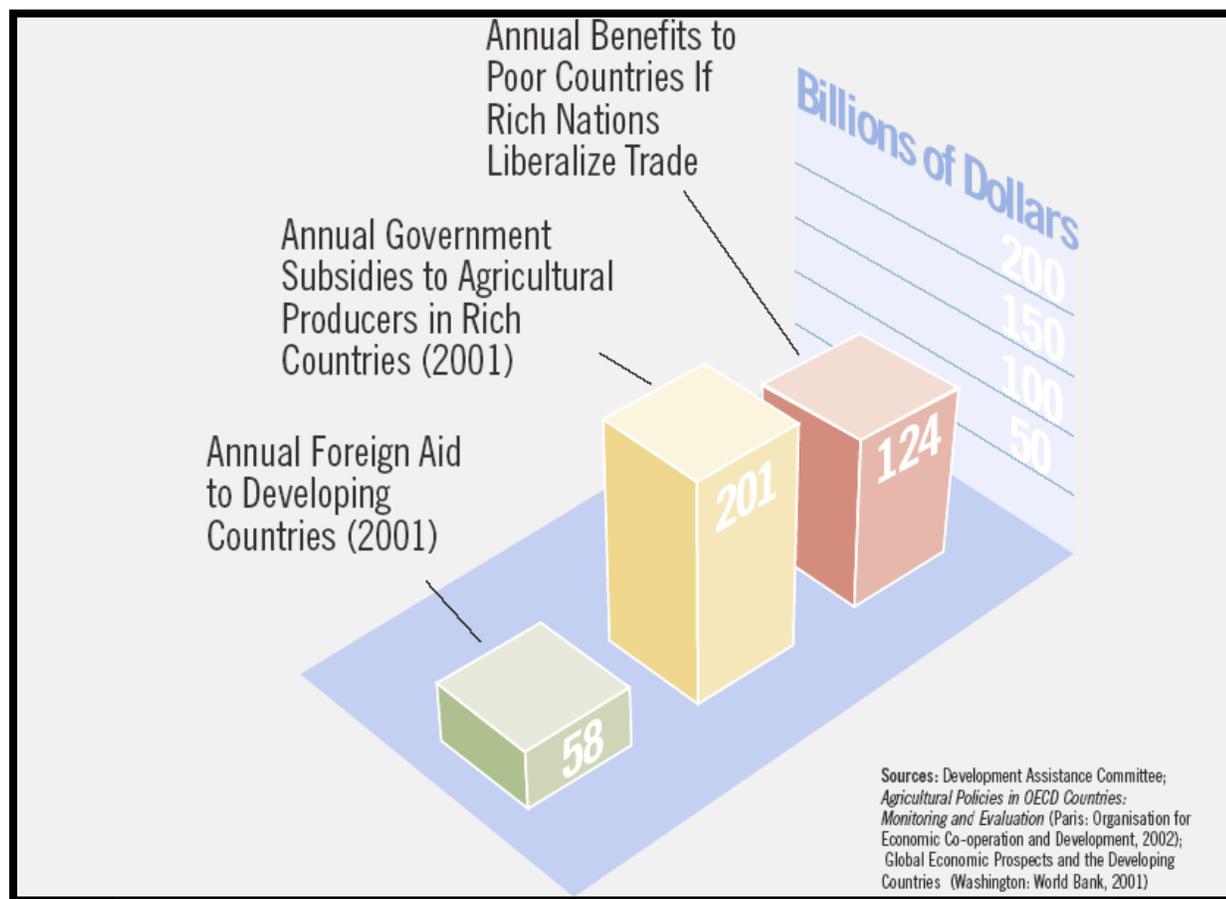
The Rankings

The CGD/FP Commitment to Development Index ranks 21 of the worlds richest countries according to how much their policy help or hinder the economic and social development of poor nations. The index examines six policy categories: foreign aid, openness to international trade, investment in developing countries, openness to legal immigration, contributions to peacekeeping operations, and responsible environmental practices. In the table, green cells indicate a particularly favorable score in a given category and red cells indicate poor performance.

Table 2

STAGES	DONOR	RECIPIENT	LEVEL OF NEGOTIATION
BARGAINING	Relations, policies and country assessed	<ul style="list-style-type: none"> • Donor disbursement patterns evaluated for window of opportunity and leniency 	Upper level
ASSESSMENT & RE-ASSESSMENT	Acknowledge need for aid	<ul style="list-style-type: none"> • Request is made for aid 	Upper level
MUTUAL BENEFITS ESTABLISHED	Request examined for mutual power-political economic status/position	<ul style="list-style-type: none"> • Wait (policies and willingness to comply evaluated by donor country) 	Upper level
EXCHANGE	Request reassessed for fit Disbursement and reporting procedures shared Aid disbursed Await report wait	<ul style="list-style-type: none"> • Bargains are made as to what will be done with aid theoretically • Disbursement and reporting procedures shared (only top level officials are at table of discussion and know the details of agreement) • Aid received (allocation options explored) • Strategize fungibility of aid • Prioritize aid 	Mid & Upper level
SITUATIONAL RE-ANALYSIS & RE-BARGAINING	Report received Situation re-assessment for goal accomplishment and continued need	<ul style="list-style-type: none"> • Aid used with limited methodology to track impact Aid progress reported 	Mid level
DEPENDENCY	Continued aid disbursed	<ul style="list-style-type: none"> • Request more aid [dependence] 	Upper level

Figure/s

Figure 1

Source: Foreign Policy, *Ranking the Rich* May/June 2003. Perez, 2003, p.61.

Sources: Development Assistance Committee: *Agricultural Policies in OECD Countries: Monitoring and Evaluating* (Paris: Organization for Economic Co-operation and Development, 2002); *Global Economic Prospects and the Developing Countries* (Washington: World Bank, 2001)

Figure 2

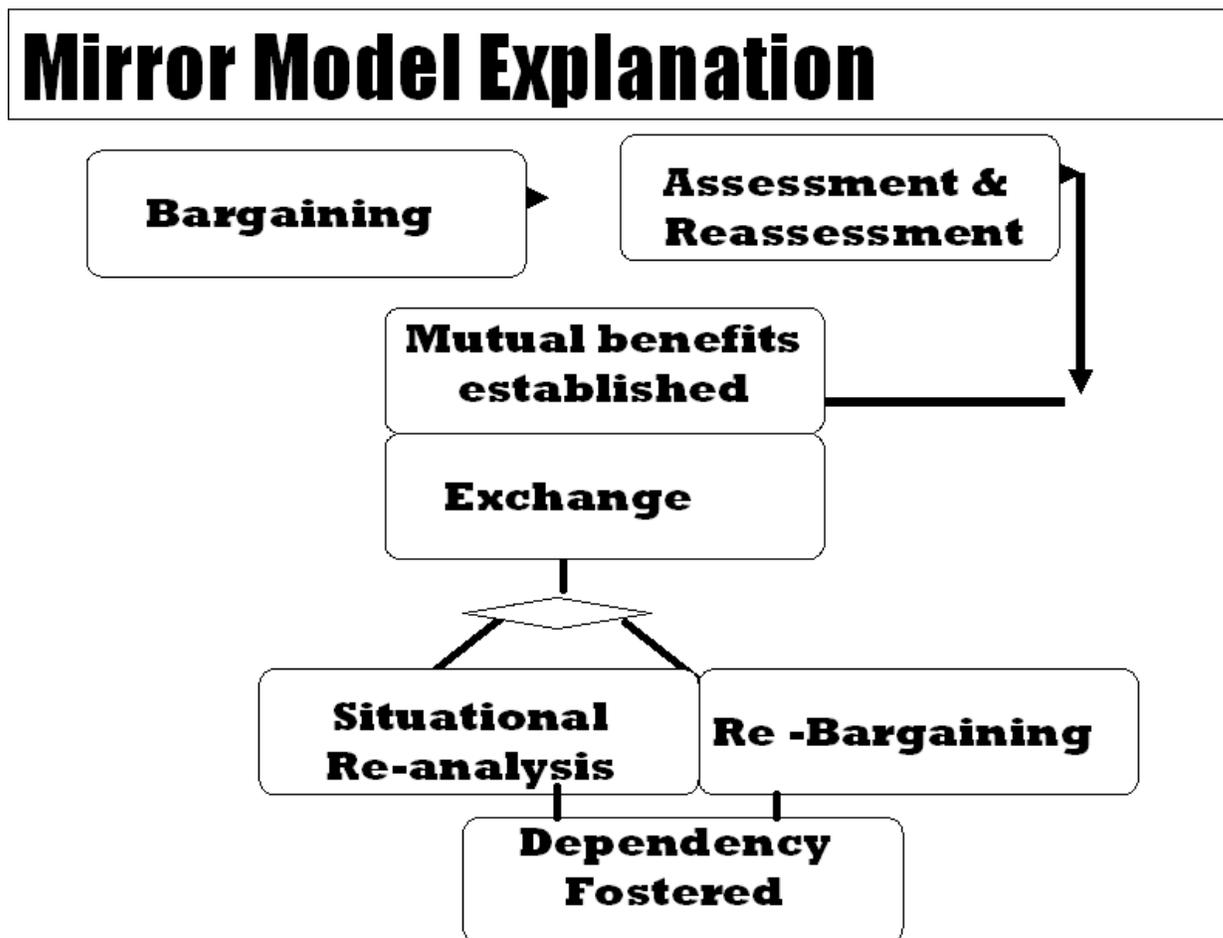
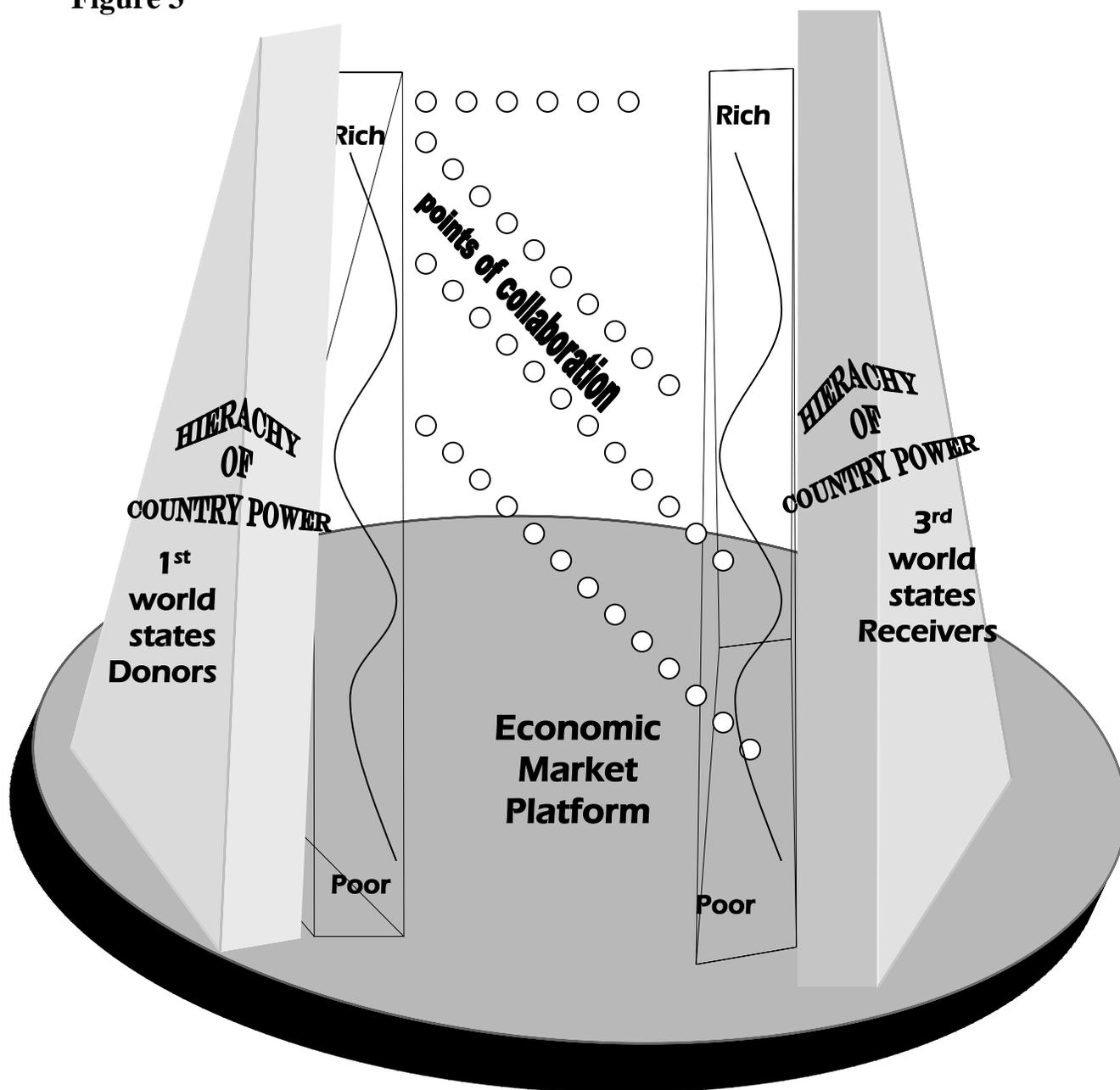


Figure 3



An explanation model of foreign aid and its efforts for collaboration. It is constructivist model with inklings of standpoint theory but grounded in structural functionalism and systems theory.