

**Forum:** Economic and Social Council (ECOSOC)

**Issue:** Assessing international aid programs in LEDCs and the misuse thereof

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## **Introduction**

The contribution of foreign aid to the development of poor countries has always been controversial. Regarding the social and moral side of this issue, the aid that is being given to poorer countries and people is appreciated in order to reach economic and social equality. However, the broader development efforts are undermined with only giving financial resources of which the effective usage is still disputed. Despite signs of a positive effect of aid on social indicators, such as child mortality and primary school enrollment, the impact on growth still divides economists. The development aid of the poorest countries is without doubt one of the most beautiful ideas of our time. It has risen sharply over the last thirty years and even broke its record by reaching over \$140 billion. Yet, at the same time, Africa has become considerably poorer and growth has remained extremely low. The continued infusion of international aid is actually producing a number of perverse effects in the countries that depend on it. It breeds corruption and prevents the development of a prosperous economy. This help, which is often used only to relieve our consciences, is now questioned. In case of a major crisis, humanitarian aid is absolutely necessary. It is even a moral imperative. But this punctual aid is a drop of water in the ocean of money that floods Africa every year. Over the last sixty years, more than \$ 1 trillion in development assistance has been transferred from rich countries to Africa. However, we are forced to note that this massive transfer policy is only a factor of erosion of the already fragile economic and political structures of this continent. Per capita wealth is now lower than in 1970. More than half of the population, or 350 million people live on less than \$ 1 a day. That number has tripled in 40 years. A growing economy needs strong institutions, effective public services and responsible government. Young people need to work and believe in the future of their country. The help showed that it was unable to meet these goals. On the contrary, it only encourages the governments of poor countries to pick up the phone and ask for more help, thus

removing the African people more and more from the sphere of production. Another perspective to the ineffectiveness of international aid is that the financial resources are captivated by third party criminal groups or are used before being a humanitarian aid by political leaders by means of corruption. Thus, fraud and corruption can also inhibit the transfer of the donated money to Less Economically Developed Countries (LEDCs).

## Definition of Key Terms

**Corruption:** Corruption is the abuse of entrusted financial power for private gain. Corruption can be classified as grand, petty and political, depending on the amounts of money lost and the sector where it occurs.

**Neoliberalism:** Neoliberalism is a policy model—bridging politics, social studies, and economics—that seeks to transfer control of economic factors to the private sector from the public sector. It tends towards free-market capitalism and away from government spending, regulation, and public ownership.

**Foreign aid:** Foreign aid, the international transfer of capital, goods, or services from a country or international organization for the benefit of the recipient country or its population. Aid can be economic, military, or emergency humanitarian (e.g., aid given following natural disasters).

**Economic aid:** Aid involves economic assistance from one country to another. Usually, aid refers to assistance from the developed world to LDCs – less developed countries.

## General Overview

### Corruption

There are thousands of ongoing international aid programs to strengthen LEDCs. But if corruption continues to exist, it is impossible to reach the predetermined goals to eradicate extreme poverty or social inequality. Even though the necessary money is given, it will never reach the destination point. It will be either captured, corrupted, or misused which becomes a vicious cycle of international aid.

After the foreign aid is given to a country, many financial experts denounce the inconsistencies in the reports, often ensured by international cooperation actors of development aid or military

support.

Neoliberal criticism focuses on many of the perverse effects of aid. According to the proponents of this trend, development aid contributes to the inflation between the excessively controlled but insufficient public administrations in the states who are destination points. Also unintentionally or intentionally, foreign aid exacerbates corruption and undemocratic political leaders.

Furthermore, while foreign aid may be widespread in the form of donations, it may cause the malfunction of local markets, commerce relations, and destroy the economy. Even though the aim of international aid was to encourage political, social, and economical development, aid reduced impetus for leaders of LEDCs to adopt beneficent policies and their efforts for development. Majority of the NGOs, international community such as donor or destination countries keep encouraging the augmentation of the budget for international aid. They still think that the amount of foreign aid has not met the necessary requirements for the international aid to be improved and rendered efficient. However, at a larger extent of point of view, there are bulks of foreign aid that have been sent in the necessary amount however have not been arrived to the destination points. Rather than solving this major step of this issue, the international community keeps on spending and donating money without knowing where it goes or if it is efficiently used with the positive objectives of reducing poverty, terrorism, illegal migration, and global challenges. When international aid is given, usually governments do not build the necessary economic planning or do not spend the money wisely as it is not a budget that is earned within the country borders, rather a freely usable cash donated by other nations. These systematic failures and corruption creates a notion of dependency to other nations.

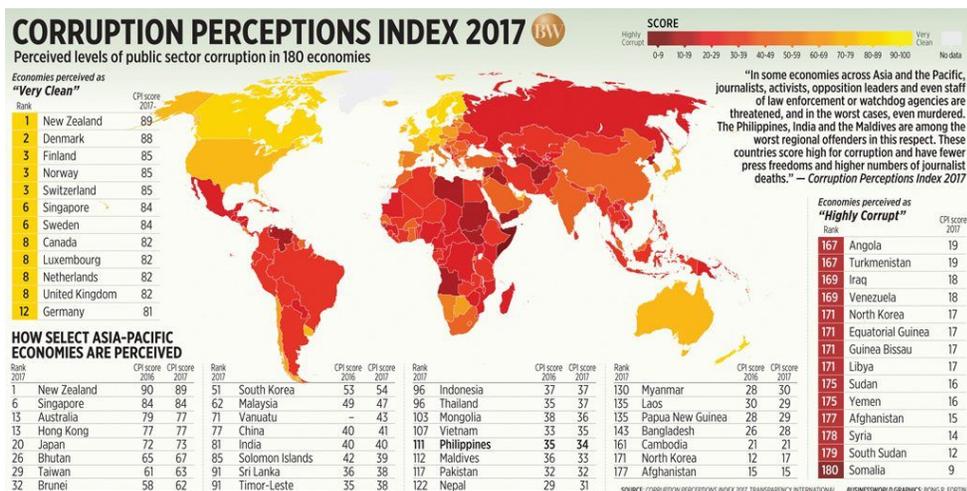


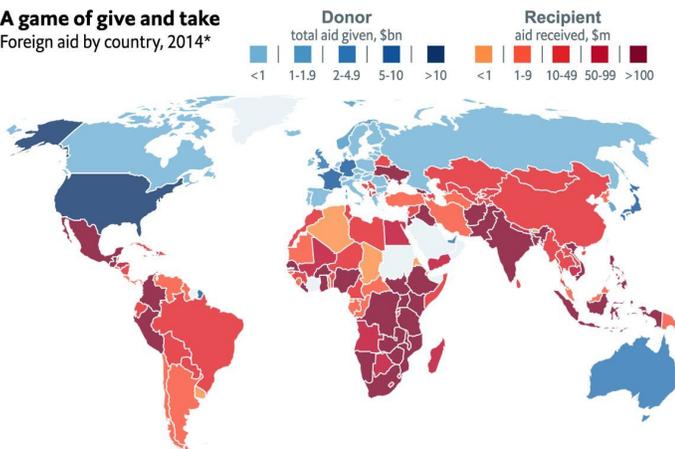
Figure 1: World Map of Corruption Perceptions Index in 2017 by Transparency International

## Advantages of International Aid Programs

When a developing country does not have the capital to finance its investments, international aid can give it the necessary impetus and help lay the foundations for prosperity that will then be self-sufficient. It can also participate in the formation of "human capital" by strengthening the education system and the health system, which can ultimately fuel growth. Finally, in contact with developed or more developed countries, poor countries can gain valuable expertise and access advanced technologies. The disadvantage is the limits of aid, the fact that its returns are decreasing. A developing country may simply not be able to use significant aid, for example if the government lacks the means to manage a multitude of projects or teachers to work in newly built schools.

Successive surveys show that there is significant support for the idea of development cooperation. According to a 2009 survey in the European Union, 72% of Europeans are in favor of respecting, or even increasing, existing aid commitments for developing countries; and "if Europeans misunderstand how development cooperation works, they are genuinely interested in knowing more". As we have known for a long time, it is necessary at the same time to win the public opinion of the OECD countries to the cause of cooperation for the development and to educate the public. These two imperatives will only get stronger if governments decide to increase aid levels to make faster progress towards the Millennium Development Goals (MDGs). But the public's knowledge remains weak. As the surveys reveal, most people think that humanitarian aid and emergency aid are the bulk of aid, whereas, as we have seen, they are only a small fraction of all of the ODA. In addition, it is more difficult to publicize the achievements of aid as its nature has changed in recent years. We are witnessing a "professionalization" of aid and the emergence of an "industry" of aid. Finally, donors are

**A game of give and take**  
Foreign aid by country, 2014\*



increasingly channeling aid through recipient governments, which sometimes makes it difficult to attribute success to a particular donor. If the recipient country can use aid more effectively, donor countries find it more difficult to show results that will convince their citizens to continue to support additional spending.

## **Inevitable Negative Impacts of International Aid Programs**

There are also some countries who are aware of the malfunction of the aid system. They say that they cannot depend on other nations financially for their own development in education, finance, politics, etc. It does not mean that they do not want anyone to help them if needed, nor turning their back to their allies who support them. But if LEDCs' politics start to depend on other states' financial donations, it starts to become risky. LEDCs may be the ones who suffer if the aid-providing countries change their politics and suddenly make shortages. If they do not have their own financial system, their economy will collapse totally. LEDCs should make their policies themselves which will be based on their own necessities, it means that they will be in control of their own destinies. The budgetary resources are already available in Africa, in fact in abundance. Nevertheless, these resources are not eligible because of the widespread corruption and also many MEDCs who want to exploit Africa's resources. If international

Figure 2: Foreign Aid World Map indicating donors and recipients

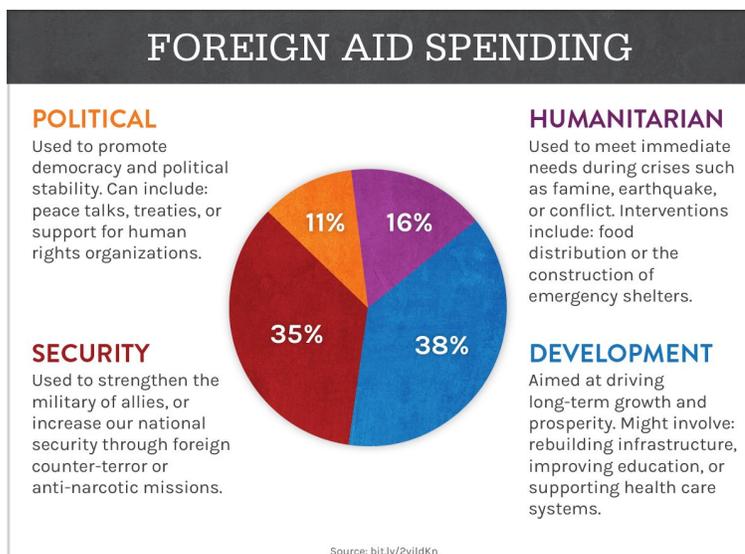
relations are stabilized and more intellectual and equal agreements are made, Africa

will prevent the capital flights, illicit financial flows. According to estimations of the World Bank, every year around 50 billion US dollars go out of Africa through illicit means. If the illicit financial flows weren't at this extent and African Nations were to take action against these flows, there would be significant changes in the development rates of African States. Major aim of African States should be to use their wealthy and extensive resources inside of their continent but not letting them flee to the other parts of the world. For example, in Africa, neither the budgetary support for education, nor the quality of education is sufficient. If governments become able to control their economy and resources on their own, firstly, they can invest money in educational system to ensure the system to meet the necessary standards. Then, they will be able to augment the access to education. Finally, they can increase the quality of their curriculums and education, leading to educational development.

While corruption and misuse of international aid lead to even poorer LEDCs and discourage free enterprise, governments are judged by not helping the countries in need and millions of citizens in MEDCs march for international aid and fighting social and economic inequality. But after billions of development assistance have been given, LEDCs failed to get better.

## Types of International Aid

Usually international aid is categorized into 3 elements. The first being humanitarian or emergency relief aid where donations are used in response to natural disasters, well-being of citizens, or during conflicts. Charity-based aid is given by Non-Governmental Organizations (NGOs) or voluntary people around the world. Systematic aid is the payment that is made directly to the governments. It can be made directly from one government to another which is known as the bilateral aid or it can be given with the arrangements of institutions like World Bank, which is known as multilateral aid.



Emergency relief is unlikely to stimulate economic growth; in many cases, they occur at events, earthquakes or floods that can put the economy on their knees. Regarding aid targeting improvement of health, education or the quality of governance, it is likely to promote growth, but its effects are so long term that they are sometimes difficult to put in evidence. On the other hand, aid to strengthen infrastructure (bridge and road construction, electricity supply) can quickly have visible effects.

The successes of the help, private or public, are innumerable. In the health sector, with the support of the World Bank and WHO, China launched a tuberculosis campaign in the early 1990s in its most affected provinces. Thanks to the innovative Directly Observed Treatment Short Course (DOTS), which closely monitors patients during treatment to ensure they take their medications, 95% of new cases have been successfully treated for less than \$ 100 per patient. In terms of food, much of the work that laid the foundation for the Green Revolution - which saw in a decade Mexico, Pakistan and India go from being a net importer of food net exporter - was funded by the Rockefeller and Ford Foundations, two US philanthropic organizations. In education, "school enrollment has increased significantly in sub-Saharan Africa" in recent years thanks to "considerable external funding [...]", according to a UNESCO report.

## **Major Parties Involved and Their Views**

### **United States of America**

United States of America is one of the largest suppliers of international aid. With its cooperation with the United Nations as well as its internal aid policies and programmes such as United States Agency for International Development (USAID). Billions of international aid is given to Afghanistan, Israel, Iraq, Egypt, etc. The most significant efforts of USA were the Marshall Plan and the Mutual Security Act. To prevent corruption in destination countries, USA gives the majority of its foreign aid to NGOs, not directly to governments.

### **China**

China's aid is mainly through bilateral channels. In order to respond as effectively as possible to the needs of developing countries, China conducts rigorous economic studies that allow it to assess the feasibility of the aid projects proposed by recipient countries before granting funds (IOSC-PRC, 2011). In addition to its bilateral relations, China also provides aid through multilateral institutions, albeit on a smaller scale. The PRC is a member of the World Bank, the International Monetary Fund (IMF), the Asian Development Bank and the African Development Bank. It is also a long-time member of United Nations agencies such as the United Nations Development Program (UNDP), the United Nations Food and Agriculture Organization (FAO), the World Food Program (PAM) and the World Health Organization (WHO).

### **Afghanistan**

Due to the military and political instability in the country, in the recent years Afghanistan received 8.5 billion foreign aid. It used 6.5 billion of this aid for military assistance such as counter-terror operations and political frameworks with the aim of national peace and security. However, the humanitarian crisis has not come to an end.

### **Pakistan**

Pakistan received 26.7 million dollars of foreign assistance. There has been an assistance program called RAPID which is a funding mechanism established in 2009. Its aim is to provide assistance after a natural disaster and it is determined to be in progress from 2013 to 2019. It is

also in collaboration with NGOs providing emergency systems, shelters, food, and medical supplies.

## Timeline of Events

<b>3 April 1948</b>	The adoption of the Marshall Plan by the United States of America
<b>1960</b>	The establishment of International Development Association (IDA) by the World Bank
<b>1960</b>	The formation of Development Assistance Committee by willing Member States
<b>30 September 1961</b>	The establishment of the Organization for Economic Cooperation and Development (OECD)
<b>2005</b>	Paris Declaration in order to augment aid effectiveness
<b>2000-2015</b>	Millennium Development Goals
<b>2012</b>	After the heavy sanctions on Syria, UN Office for the Coordination of Humanitarian Affairs mobilizing to provide aid to Syria
<b>2015-2030</b>	Sustainable Development Goals

## UN Involvement

The United Nations with its sub-bodies and organizations such as United Nations Development Programme, United Nations High Commissioner for Human Rights, World Bank, UNICEF, United Nations High Commissioner for Refugees, etc., carry out extensive humanitarian aid programs. Trying to reach out and take action against every major natural disaster and humanitarian crisis, the UN raises awareness to further encourage international aid programs and assesses the ones that are present.

## Relevant UN Documents

Resolution adopted on the Report of the Ad Hoc Committee of the Seventh Special Session ( Development and international economic co-operation), 16 September 1975 (A/RES/S-7/3362)

Security Council Renews Authorization for Cross-Border, Cross-Line Humanitarian Access to Syria, 19 December 2017 (S/RES/2393)

## **Evaluation of Previous Attempts to Resolve the Issue**

Even though the United Nations has established a significant number of aid programs, the ineffectiveness of its development aid was inevitable. The majority of the proposed solutions were short-termed and did not provide financial assistance which is the major contribution to an LEDCs' development in order to become independent of other nations. The Paris Declaration in 2005, specifically focused on aid effectiveness. It was the major point when it was realized that the billions of aid will not be enough if we do not use them effectively and do not know where they go. It had many aspects to cover the lack of coordination among nations. It was a 5-year-program with 13 goals to reach. However, in 2010, only 1 of these 13 goals was reached completely. The Development Assistance Committee provided trade aids to poorer nations in order to boost their economy and to strengthen the aims of Paris Declaration related with commerce activities. While four countries (Australia, Japan, South Korea and Luxembourg) did not count refugee fees in 2016, eleven countries spent more than 10% of their development aid on these costs, four of which Germany, Greece, Italy and Austria spent more than 20%. Germany, which has hosted almost half of refugees in Europe and has doubled its hospitality costs between 2015 and 2016. In addition to these costs of taking care of asylum seekers, there are the exceptional contributions of the European Union, as part of the outsourcing of border management in Turkey and Africa in exchange for funding, as well as the emergency aid - up 8% - needed to address the humanitarian consequences of conflict. Latin American Countries such as Venezuela had significant political and humanitarian crisis in the recent years. The access to food, medicine, medical supplies have decreased significantly and the malnutrition and many types of diseases became widespread. When the United Nations wanted to provide humanitarian aid, it was rejected by the Venezuelan government since they did not want foreign countries to interfere with their policies. The international community provided bulks of aid, they still wait at the borders of Venezuela, not permitted to get in.

## Possible Solutions

First of all, the mutual accountability should be ensured between donor and recipient nations which will tackle to some extent the dependency since the recipient states start to develop. The idea of mutual accountability means that the donor and the recipient should be accountable to one another for their individual and joint actions. For example, developing countries are expected to strengthen the role of their parliaments; donors are expected to provide transparent information on aid flows, so that governments in developing countries can submit complete budget statements to their parliaments and citizens; and expect both parties to jointly evaluate the results - progress or otherwise - achieved in terms of development objectives.

Furthermore, commerce aid is also a good idea. By ensuring the nations necessities of international commerce, the economy of the recipient country develops and remains active. The World Bank's Growth Commission has identified it as one of the five key factors in the success of the world's "flagship" economies over the last 50 years. Overall, it is estimated that a 1% increase in the share of trade in GDP increases national income levels from 0.9% to 3%.

While it is undeniable that development aid needs to be reformed to meet the challenges of the 21st century, it can only be effective if it is allocated in sufficient quantities to finance sustainable development goals in developing countries where the poorest who need it the most. However, most of the increase in development aid in 2016 can be explained by the costs of taking care of refugees and humanitarian crises, as well as the increasing use of blending, which mainly benefits emerging countries. As a result, this increase does not benefit the poorest countries, which saw the available development aid fall by almost 4%. It is therefore necessary for donor countries to mobilize 0.7% of their wealth as "real aid", ie available to finance concrete development programs in developing countries, and to focus this assistance in the poorest countries, where the needs and challenges are the most important for achieving the 2030 Sustainable Development Goals of the United Nations.

## Notes from the Chair

When writing your resolutions, focus on the major elements preventing the progression of international aid programs such as corruption. Do not cut the international aid totally because of its misuse, but try not to encourage further funds or donations before finding solutions to the

proper usage of the existing funds and aid programs.

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