

2018 Mitchell Oration – Reengineering the Aid Industry: A priority for the 21st century.

The 2018 Mitchell Oration was delivered by Professor Sir Richard Feachem. Sir Richard is Director of the Global Health Group at the University of California San Francisco (UCSF) Institute for Global Health Sciences and Professor of Global Health at both UCSF and the University of California, Berkeley.

From 2002 to 2007, Sir Richard served as founding Executive Director of the Global Fund to Fight AIDS, Tuberculosis and Malaria, and Under Secretary General of the United Nations.

From 1995 until 1999, he was Director for Health, Nutrition and Population at the World Bank. Previously, he was Dean of the London School of Hygiene and Tropical Medicine. Sir Richard serves as Chair of the Lancet Commission on Malaria Eradication.

He has also served on the Commission on Macroeconomics and Health, the Commission on HIV and Governance in Africa and the Commission on Investing in Health.

Introduction:

Conflicts of interest

- Career in the Aid Industry and is part of it.

1965 – British volunteer program. Since then has worked as a recipient, giver, advisor, and researcher. He acknowledges that for most of his career his salary has been paid by donors or foundations.

- Heavily influenced by his work in Australia.

He has worked here, has family and professional connections here and has degrees from two Australian universities.

His presentation on the Aid Industry concentrates on the major role of Governments (Official Development Assistance) and looks at Aid to all sectors. A number of examples from the health sector are provided as this is Sir Richard's specific area of expertise.

Reengineering Aid

1. Structure of the Aid Industry

1946 – World Bank

1950 and 1960's saw a proliferation of agencies. All OECD countries have bilateral institutions, some have more than one. Now Brazil, China and India etc. have bilateral aid agencies i.e. the number has significantly increased over time.

2. Origins of Aid

70 year history – complex origins but 3 are highlighted.

- 1946 Marshall Plan (George Marshall, US Secretary of State 1947 - 49)

Huge amounts of cash which unleashed dynamic economic growth were injected into war torn Europe and Japan. The Plan was short lived but highly successful. The feeling was that providing large amounts of cash and then withdrawing was the best approach.

- Decolonisation

1946 – The great majority of all countries in the world were run by someone else. Three countries were decolonised – Syria, Jordan and the Philippines.

1947 – India and Pakistan

1948 – Sri Lanka

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1960's – 18 decolonisation's The process continued into the 1970's.

Former colonial powers transferred funds to the previously colonised countries.

➤ Cold War

USA vs USSR. Aid was a way to cultivate influence. It was used as a weapon.

3. Amount and Generosity

The amount has gone up substantially but the wealth of the countries providing the aid has increased by a greater margin. This means that although the dollar amount has gone up, generosity has been reduced. Specifically, in 2016 the least generous were Australia, Japan and US and the most generous were Sweden, Denmark, UK, Germany and the Netherlands. The accepted level of the amount of Aid that should be provided is 0.7 % of GDP. Australia's contribution has been coming down steadily until in 2016, 0.19% of GDP, the lowest level in Australian history.

Specifically, Aid for health, as a percentage of total government expenditure

1 Norway 0.6%

↓

5 Australia 0.1%

↓

7 Spain 0.03%

4. Aid debate

OECD (2010) – "Aid is a vital investment with big returns for the world as a whole"

During the period of the Aid Industry (1950 - 2018), Homo Sapiens has been through a period of dramatic biological evolution. Poverty ↓ Life Expectancy ↑ Fertility ↓

There has been more change in life expectancy during this period than in any other period of evolution i.e. greter change in 70 years than in the previous 70, 000 years. Is this

a) Because of Aid? b) Irrespective of Aid? a) Despite Aid?

Very debatable - Lots of references are given.

Arguments along the continuum **Aid is good..... Aid doesn't work, it does harm.**

5. Inconvenient truths

Macro Economics "*We find little robust evidence of a positive (or negative) relationship between aid inflows and economic growth (GDP per capita)our findings suggest that the Aid apparatus will have to be rethought.*"

Simplistic Models - In relation to health "*Workout how much saving one maternal death would cost, raise that amount per maternal deaths and the problem will be solved*". Of course this doesn't work.

There is too much focus on raising the cash and not enough focus on how it is spent.

Where does Aid go?

In 2014 US expenditure was \$35 billion.

Israel \$3.15 billion Egypt 1.5 billion Afghanistan 1.1 billion Jordan 1.0 billion Pakistan 0.9 billion

Of these, one country is very wealthy and none of the poorest countries in the world are included i.e. Africa, South America. Clearly there are geo-political influences at work.

Retreat from Infrastructure.

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Western dominated agencies have retreated from building infrastructure and now provide funds for health, female empowerment etc. A great entry point for China which has a rapidly growing Aid program.

Aid Dependency

In poorer countries, particularly in Africa, Aid is included in the domestic spend on health with the Aid often amounting to more than the country is spending on health. When this is withdrawn health expenditure is dramatically reduced. Example given in relation to HIV/AIDS. The effects are seen in weeks.

Additionality or Substitution

As above. No real change in domestic expenditure, in fact reductions can occur. Several examples given. India was highlighted – essentially it doesn't have a health budget.

Aid does not buy hearts and minds.

Aid buys political influence. There are no facts to substantiate this claim. Political views are determined by other issues.

6. Other opinions

Angus Deaton - *The Great Escape* 2013 (2016 – Nobel Laureate)

“Aid Doesn't Work – The record of Aid shows no evidence of any overall beneficial effect.

Aid Does Harm – That dedicated and ethical people are doing harm to people who are already in such distress is not the least of the tragedies of Aid.”

The Just give Money to Poor People Movement

“To reduce poverty and promote development, just give money to the poor”

Hanlon, Barrientos and Hulme, 2010.

What are the implications of this? We do it In Australia. Does it work? (Perhaps a future Hot Topic??)

Do they mean give cash to poor women and not poor men? The growing evidence supports this approach.

Personal Diagnosis

Aid has done much:

- To create focussed, irreversible change: small pox eradication.
- To create focussed, but reversible change: HIV treatment, child immunisation, malaria control.

Aid has done little:

- To drive economic growth or long term broad and deep improvement in welfare

Aid does harm:

- By encouraging and/or perpetuating dysfunctional governance or policies (i.e. India's virtually non-existent health budget)

7. The Future

A New Aid Paradigm

1960's - Supply driven, input focussed

Today - Demand driven, outcome focussed which should include

- Purchaser provider spilt
- Pro-private sector
- Dual accountability
- Extreme transparency (everything should be available on the website)
- Longer term and more predictable Aid flows

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Focus on Non-Aid Development Agenda

“Aid is not the most important policy tool rich countries have to influence growth and development. Much greater influence comes through trade and investment policies”

Steven Radelet, Emerging Africa, 2010

Maintain Momentum with Key Initiatives

For example:

- Polio Eradication
- Childhood Immunization
- HIV/AIDS Prevention and Treatment
- Malaria Control and Elimination
- Neglected Tropical Diseases Eradication (worms etc.)

With renewed concern for sustainability

Find New Ways to Support Very Poor, Small Countries

Burundi, Guinea, Niger, Central African Republic, Liberia, South Sudan, Malawi, Togo and Gambia

2016 Gross National Income per capita is less than \$600: Population less than 20 million

(If foreign flow was cut off they would probably collapse. Pacific nations mentioned)

Invest in Leadership

- Invest in Universities (everybody needs them, not just entry level education)
- Create well-funded, long term, co-managed marriages between northern and southern medical, engineering and management schools
- Open more development and related fellowships, with support for return integration

Scale up support to global functions. In relation to health

- RAD of new health tools
- Outbreak preparedness and response
- Leadership and stewardship

8. Australia

- a) How much?
- b) How do we spend it?
- c) Regional support – aid to countries in the Asia Pacific – not the rest of the world.
- d) Concentrate on small fragile countries
- e) Sectors – Health and education, Infrastructure, Leadership. (Strong connections with leading Universities)
- f) With China or against China?