

Comments on Bill Easterly's "Foreign Aid to Countries in Conflict"

Norman Loayza

ECA TALK, June 16, 2022

Aid effectiveness in times of crisis

- War, conflict, famine, pandemic ...
- During the pandemic,
 - Calls for help coming from policy experts, international organizations, and academics (for instance, Brown and Summers 2020, United Nations 2020, and Gourinchas and Hsieh 2020).
 - International financial institutions, such as the IMF and the World Bank, responded with “decisive action,” pledging financial support in the hundreds of billions of dollars
- To avert an economic and humanitarian catastrophe, and to save millions of people’s lives and livelihoods, aid must be well used
 - However, we cannot ignore the evidence that international aid has not always fulfilled its objectives and that, at times it has been misguided, misused, wasted, or even stolen

“Aid effectiveness during the COVID-19 pandemic: This time it must be better”

Norman Loayza, *Let's Talk Development*

<https://blogs.worldbank.org/developmenttalk/aid-effectiveness-during-covid-19-pandemic-time-it-must-be-better>

1. To fight the pandemic, international aid should be seen as a global public good. To dispense it at scale, introduce flexible mechanisms and update international rules to fit new realities.

Ibrahim Elbadawi (Minister of Finance and Economic Planning, Republic of Sudan)

2. International aid should be unbiased. Donors: help those who need it (and forget about other motives).

Christopher Kilby (Professor of Economics,
Villanova University)

3. Aid effectiveness can be improved if driven by the right incentives to deliver. Donors can help, but success depends ultimately on domestic ownership and accountability.

Nancy Birdsall (Senior Fellow and President Emeritus, Center for Global Development)

4. Use existing domestic institutions to deliver aid but be flexible in adopting new ways to reach the most affected. This can help in times of crisis... and also improve governance.

Ben Olken (Professor of Economics, Massachusetts Institute of Technology)

5. Aid effectiveness depends on knowledge and information: Accountability requires real time data, and efficiency requires evidence-based strategies.

Amanda Glassman (Executive Vice President,
Center for Global Development)

6. Don't lose sight of long-run objectives. The world's poorest people live in continuous crisis: interventions now (and ever) should help them in pragmatic and sustainable ways.

Finn Tarp (Professor of Development Economics,
University of Copenhagen)

“An old saying suggests that success is not doing the extraordinary thing but doing ordinary things extraordinarily well. High impact aid is associated with doing many ordinary things well, but also with doing the extraordinary, in less than ideal circumstances” – Finn Tarp