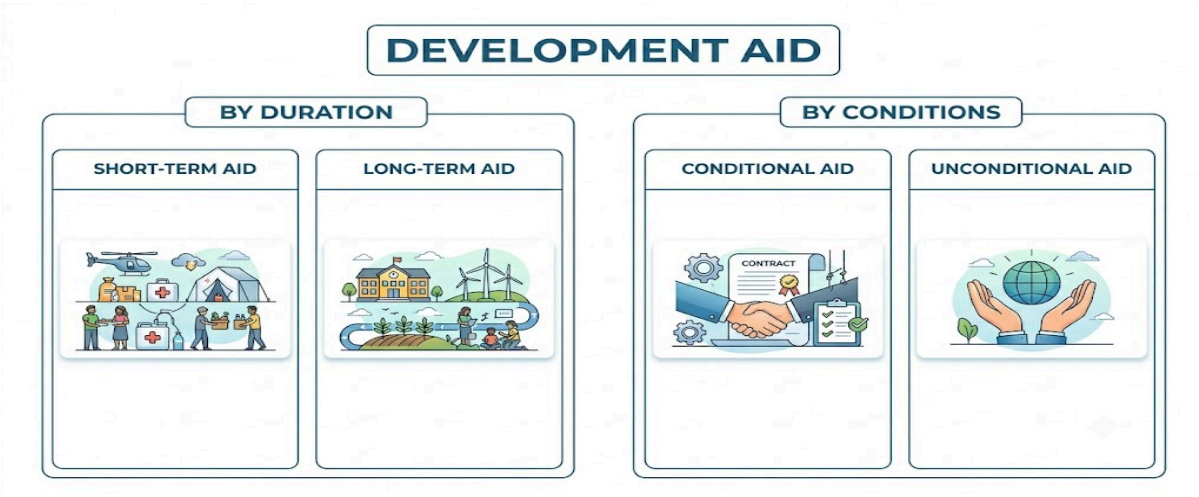
UNIT ENQUIRY - Does Development Aid Work?

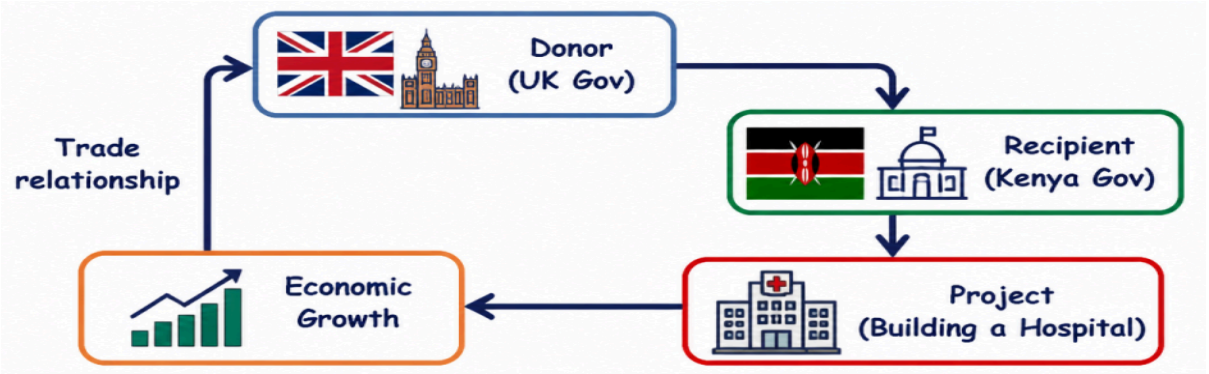


<u>Lesson 1</u> - What is Development Aid?

1. Aid grew from **moral obligations** and the need for **post-war reconstruction**. Today, it often focuses on specific poverty reduction targets.

2. Aid is classified by **duration** and **conditions** (see diagram above).

3. Development aid aims to create a **virtual trade cycle (see below)**



<u>Lesson 2</u> - What is the humanitarian case for aid?

1. **Emergency Aid** is immediate assistance provided after a disaster (e.g., earthquakes, floods, or war). Its goal is **survival** by providing food, clean water, medical care, and shelter to prevent further loss of life.

2. **Long-term aid** focuses on infrastructure, health, and education. An example is a **vaccination programme**, which prevents disease outbreaks for generations.

3. The UN's **Sustainable Development Goals (SDGs)** are a global blueprint designed to achieve a better and more sustainable future for all. They serve as a powerful framework illustrating the humanitarian case for aid.

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Lesson 3 - **Why does aid not always work?**

1. Dr Dambisa Moyo, a Zambian economist who worked for the World Bank, argues in her book *Dead Aid* that over **$1 trillion** in development aid has been given to Africa over 60 years, yet many countries are poorer than before.

2. **Dependency trap occurs when** Aid Arrives → Government Undermined → No Reforms/Tax → Corruption → Dependency.

3. Haiti received billions in aid but remains impoverished as development aid can encourage corruption and weaken states.

Lesson 4 - **Why is aid neo-colonial?**

1. In *Dead Aid*, Dambisa Moyo argues that when governments receive constant aid, they stop relying on taxes from their own citizens.

2. Tied Aid means the recipient must spend funds on goods or services from the donor country. This leads to neo-colonialism.

3. Lenders provide massive loans for infrastructure to nations unable to repay. Defaulting allows lenders to seize assets or demand political control.

Lesson 5 - **What is the 'Trade Not Aid' movement?**

1. Trade Not Aid is a movement focused on economic **Liberalisation**. Instead of sending grants, wealthy nations open their markets to products from developing countries.

2. Trade creates jobs, encourages innovation, and builds infrastructure that lasts longer than a one-off aid cheque.

3. **Trade (Long-Term Stability) provides** predictable income from exports, encourages education and skill-building but creates vulnerability to global price crashes in commodities.

Lesson 6 - **Does microfinance provide a better alternative?**

1. **Foreign Direct Investment (FDI)** often focuses on **infrastructure** such as roads, telecommunications, and power. Because the company wants to make a profit, they ensure the project actually works and is maintained.

2. Microfinance provides tiny loans (sometimes just £50) to entrepreneurs in developing nations.

3. Private investment creates accountability. Investors lose money if projects fail, whereas government aid workers simply move on.