



Joint research

on the application of mutual obligation in welfare and development assistance

Mutual trust: an alternative to mutual obligation in overseas aid

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Executive Summary

Released in December 2005, AusAID's interim *White Paper* on Australia's aid program recommends that future aid payments and allocations be regularly reviewed and made conditional on a recipient country's performance against certain agreed targets. The report suggests that aid be used to reward countries that show reductions in corruption or improvements in business friendliness.

As the Federal Government considers the recommendations of the report in light of its new commitment to increase Australia's aid budget, there will be temptation for it to "[make] operational the idea of 'mutual obligation'" for major aid recipients. It is an idea that will resonate with a government which has shown it is unafraid to use financial means to socially engineer Australia's poor.

In the domestic context, the government's attempt to impose conditions and performance targets on the long-term unemployed and other income support recipients, including single mothers, the disabled and even indigenous communities, under the idea of mutual obligation has seen radical changes in social policy.

The seductive nature of this principle is understandable but flawed. The evidence suggests that such a shift toward performance-based and contractual forms of aid delivery will not necessarily bring about similar outcomes to welfare reforms in Australia. Applying the 'mutual obligation' philosophy to Australia's aid policy by demanding recipient behavioural change is no answer to the complex development problems faced by many nations in the region.

The downside to lavishing more attention on the policy weaknesses of poor states through ideas such as mutual obligation is that equally critical questions about Australia's own policies and performance in this area are often ignored. Such is the current practice that allows aid money to 'boomerang' back to Australia's shores through payments to Australian companies often for overpriced and inappropriate goods and services that have few benefits. Such is also the policy that insists on putting conditions on aid that go beyond basic fiduciary accountability and that work to undermine real ownership of the development process.

This paper suggests that an alternative to a 'mutual obligation' policy based on paternalism and self-interest is a policy of mutual trust based on a fairer balance of the legitimate interests of Australia and its aid recipients. It suggests a system that places greater emphasis, responsibility and accountability on Australia also to deliver better poverty-reduction outcomes for the region.

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Aid with strings

The occasion of the United Nations World Summit in September 2005 presented Prime Minister John Howard with the opportunity to announce Australia's long-awaited goal of increasing its overseas aid. The Australian government will now aim to double¹ its development aid allocation from the 2004/5 level of about 0.26 per cent of Australia's Gross National Income (GNI) to 0.36 per cent or \$4 billion by 2010. Howard's announcement sounds generous but to put it in perspective, this goal is still lower than the 2004 Organisation for Economic Cooperation and Development (OECD) average country effort of 0.42 per cent² and falls well short of the internationally agreed target of 0.7 per cent of GNI.³

Despite sounding sceptical with Howard's insistence that 'trade liberalisation is infinitely more valuable than direct assistance',⁴ the announcement nonetheless marked a change of heart by the government in its proposal to scale up Australia's neglected aid budget. Under former Prime Minister Robert Menzies the Australian aid/GNI ratio was 0.50 per cent. Under the current Coalition government, the aid level fell from 0.32 per cent of GNI in 1995/6 to a low of 0.25 per cent in 2003/4.⁵ The aid budget has risen slightly since 2003 only in response to unplanned emergency expenditure in the region, including the 2003 Solomon Islands intervention and the Asian tsunami of December 2004.

However, the doubling of Australia's aid allocation will come with new strings attached. Australia's overseas aid agency, AusAID, is currently preparing a *White Paper* on the direction of its aid program. The 2005 report of the *White Paper* Core Group ('the Group') commissioned to assist AusAID with this task, is a glowing endorsement of the government's repeated insistence that economic growth is central

to poverty alleviation and that Australian aid can be used more effectively to levy reform in recipient countries to induce economic growth.⁶ Although the practice of putting conditions on aid is not new, the report promises that such practices will be more stringent in future.

Government has not yet placed an ideological label on its emerging aid policy. But if the Group's recommendations are signs of things to come, then Australia's development aid program is about to move towards a more formal acceptance of the 'mutual obligation' concept used to justify recent welfare reforms. This paper argues that the seductive nature of this principle is understandable but flawed. As Australia leans toward performance-based, contractual forms of aid delivery, the downside to lavishing more attention on the policy weaknesses of poor states through the idea of mutual obligation is that equally critical questions about Australia's own policies and performance in this area are often ignored.

The influence of mutual obligation

In his announcement of Australia's plans to increase overseas aid, Howard said that there is a 'reciprocal responsibility' on recipient governments to tackle corruption, strengthen governance and promote institutional reform.⁷ Howard also said that the aid program would be subject to annual reviews 'taking into account the effectiveness of the ... additional resources', implying that funding will not be guaranteed.⁸ Even though AusAID had been working on the *White Paper* since early 2005, Howard's September announcements in effect 'became the new terms of reference for the Core Group'.⁹

Released in December 2005, the Group's report recommended that future aid payments and allocations be regularly reviewed and made conditional on a

recipient country's performance against certain targets. The report suggested that improvements in 'performance' could be measured by 'the composite policy and institutional indicators developed by the World Bank and ADB [Asian Development Bank]'.¹⁰ Aid funds could also be used to reward 'countries that show reductions in corruption (as measured by corruption surveys) or improvements in business regulation (as measured by indicators such as the number of days it takes to register a business).'¹¹

Some of the Group's recommendations will resonate with present government practices of using financial means to lever behavioural change in Australia's poor. In the domestic context, its attempt to impose conditions and performance targets on the long-term unemployed and other income support recipients – under the principle of 'mutual obligation' – has seen radical changes in welfare and indigenous policies. In considering the report's recommendations, the government will find comfort in seeing that its policy mantra can be extended to aid: 'For major [aid recipient] partners, making operational the idea of "mutual obligation" put forward by [Helen] Hughes ... would make explicit the responsibilities of both parties.'¹²

In Australia, 'mutual obligation' is the name government has given to policies that stress the importance of obliging people to do something in return for income support. In application, the principle is about tightening unemployment activity tests and imposing harsher conditions and penalties upon those considered not to be seriously searching for work.¹³ Popular with the electorate, the Coalition government plans to extend the principle to other income support recipients in 2006, including single mothers and the disabled. Since late 2004, the government has also cited this principle as the rationale for reform in Indigenous affairs. This includes new contractual agreements between the federal and state

governments and remote Indigenous communities to provide infrastructure and services.

The principle of mutual obligation (together with tax and other financial incentives) is part of the government's carrot-and-stick approach to getting the long-term unemployed back into the workforce. A clear characteristic of the mutual obligation concept as it is applied in Australia is the focus on individual responsibility rather than structural factors like labour market barriers and anti-inflationary policies that favour joblessness.¹⁴ It is justified by perceived notions of 'welfare dependency' and the 'entrenched entitlement mentality' of the long-term unemployed, as summarised by Tony Abbott's rhetorical question: 'Why do some people not work? Because they don't have to.'¹⁵

The simplicity of the dependency idea as applied to households also provides an easy answer to the entrenched problem of global poverty. It has long been proposed that poor countries receiving aid are subjected to a similar 'trap'. As Susan Windybank and Mike Manning from the Centre for Independent Studies (CIS) declared, 'Like welfare dependency in developed countries, aid dependency in developing countries entrenches a "handout" mentality.'¹⁶ Pioneer neoclassical economists like Peter Bauer and Milton Friedman have argued that aid and the expectation of aid, particularly government-to-government assistance, are disincentives for self-reliance. Overseas aid, it is argued, has enlarged recipient government bureaucracies at the expense of the private sector, encouraged bad policies and enriched the elite of recipient countries.¹⁷

Recent years have seen a revival of this theory not just in Australia but throughout the developed world, accompanied by the usual 'economically correct' policy medicine. Paolo Pasicolan and Sara Fitzgerald of the US think-tank The

Heritage Foundation have called for an end to the 'era of giving aid to any outstretched hand'.¹⁸ 'Just as the United States has reformed welfare [the way Australia reformed its system] to help people end the cycle of poverty,' they said, 'so should the United States reform its development assistance program to ensure economic growth and prosperity rather than dependency in recipient countries.'¹⁹

This is the view of Helen Hughes of the CIS who advocates 'link[ing] Australian aid to conditionality under the principle of mutual obligation'. 'Aid should only be spent on mutually agreed development projects and programmes designed and monitored by teams nominated by the sovereign recipients and donors', she argued.²⁰ Importantly, 'Aid would continue to be disbursed progressively on the documentation of clearly specified benchmarks ... [and] there would have to be a willingness on Australia's part to bear the political heat of halting disbursements if benchmarks were not met'.²¹

However, the analogy between welfare and development aid, in so far as it implies a 'trap' in which recipient countries remain perpetually reliant on aid, has been thoroughly critiqued by economist Paul Collier, formally of the World Bank.²² Collier argued that the theory is based on flawed assumptions, in part because the scale of aid to developing countries is small in relations to national incomes, whereas welfare payments usually make up the bulk of total income of welfare-recipient households thus creating powerful disincentives.²³ In any event, he argued that national economies do not respond to incentives and disincentives the same way it is believed some households do.²⁴

Collier found that aid to poor states would create incentives for the recipient government to reduce politically unpopular taxation or increase politically popular public expenditure. This in effect means

that the benefits of aid would indirectly accrue to households through better public services or reduced taxation. Rather than being the incentive problem, aid is actually the solution: 'The marginal costs of taxation are often quite high in developing countries because they have few efficient tax handles ... reduced tax effort can free households and firms from [these] powerful disincentive effects'.²⁵

The evidence suggests that the idea of 'dependency' on aid cannot be assumed. Yet rich countries continue to find it convenient to shower attention on the behaviours of poor countries. In a globalising world, the policies and practices of rich countries like Australia matter as much as practices of poor countries. As Yilmaz Akyüz argued, 'In a closely integrated world economy, no country should be expected to be able to put its house in order independently of what is happening elsewhere.'²⁶ The concept of mutual obligation, with its focus on recipient behavioural change and its aversion to extraneous or structural factors, can only entrench, rather than correct, this imbalance.

Conditionality: solution or problem?

The hallmark of the mutual obligation idea is the use of formal agreements and conditions to influence the behaviours of the poor. The application of this idea to development assistance as put forward by Helen Hughes was cautiously endorsed by the Group.²⁷ However, the idea of conditionality with 'funds disbursed subject to evidence of targets met and audited expenditure is not an innovative concept', as Neva Wendt points out.²⁸ Conditions are already a crucial part of most overseas aid and loan programs. While few would oppose donor or lender conditions to ensure that funds are well spent, current practices have gone beyond what is necessary for basic fiduciary accountability. Conditions

are now so intrusive that they can cover recipients' trade and investment policies and even the structure of government.²⁹

According to Oliver Morrissey,³⁰ conditionality relates mainly to the use of financing by donors to leverage policy reforms in recipient countries. The conditions tend to be many and wide-ranging, applying not only to most areas of economic policy but also to aspects of governance and political processes. At least in principle, failure to meet aid conditions typically means that funding is not released. Conditionality, in this meaning, was used extensively through 'structural adjustment programs' by international financial institutions such as the International Monetary Fund (IMF) during the 1980-90s. Sometimes referred to as 'traditional conditionality', donor countries like Australia often link their own bilateral aid funding to it. Arguably, such practices already encompass aspects of the mutual obligation concept. The challenge now for Australia is to avoid giving this discredited practice new life.

There is now overwhelming evidence of the failure of conditionality, including findings from the most unlikely sources such as the conservative US Congress's Meltzer Commission in 2000.³¹ Tony Killick, noting empirical evidence of the ineffectiveness of structural adjustment programs, pointed out that one of the chief failures of conditionality is that it conflicts with local 'ownership' of reform processes, thereby undermining their credibility and effectiveness.³² Others have criticised its intrusiveness in the domestic affairs of recipient countries and its disregard for the adverse social impacts on the poor. The 'burden fell on the poor and at the expense of social and public services.'³³ 'It is not a coincidence', Martin Khor from the Third World Network noted, 'that countries undergoing IMF conditionality have been affected by demonstrations and riots.'

With the failure of traditional conditionality in the 1980-90s, the current rhetoric is now about moving from '*ex ante*' conditionality based on promises of reform, to '*ex post*' conditionality based on performance, in order to foster local 'ownership' of the development process: 'International experience with conditionality suggests that behaviour should be given more weight than promises ... It may, therefore, be more feasible to reward good performance, rather than punish bad', the Group advised.³⁴ If there is anything new about the recommendations of the Group, it would only be surface deep. While the acknowledgement of problems associated with past practices is a welcome change, it is a mistake to think that '*ex post*' conditionality will be any different.

Local ownership, widely acknowledged as one of the solutions to aid ineffectiveness, does not mean forcing recipients to do things voluntarily, as is implicit in current thinking.³⁵ Real ownership is about taking into account the concerns and needs of developing countries and allowing them to take the 'driver's seat' of development in a genuine spirit of partnership, trust and mutual accountability between recipients and donors – even if the recipient's development paths are contrary to Australia's sense of economic correctness. Conditionality that is intended to accelerate externally designed policy reforms in recipient states – as opposed to local solutions to local problems – will be little different from past practices.³⁶

The reality of aid

It is no secret that the Australian aid program, which falls under the portfolio of the Department of Foreign Affairs and Trade, has since its foundation served a mixture of humanitarian and self-interested strategic and commercial objectives. While corruption and inefficiencies in recipient countries are significant barriers to development, Australia has also contributed

to aid ineffectiveness by allowing strategic and commercial motives to taint its development assistance programs. The failure of a clear poverty-reduction motive may have contributed to aid's mixed record in reducing poverty.

According to Daniel Oakman, aid has always been political, with a history stretching back to the Colombo Plan, Australia's first bilateral aid program which that started in the 1950s. It funded a plethora of development projects in Asia, technical training and scholarships to Asian students. Oakman, argued that although altruism was the publicly stated objective of the Colombo Plan, it operated as 'unspoken propaganda' to express and promote Australia's political and economic interests in the Asian region in the context of the Cold War.³⁷ Due to mixed motives, the program became riddled with inefficiencies. 'There were a lot of short-term programs that [Australia] could put labels on which would have an immediate publicity impact', Oakman said. 'Money was thrown at programs and once the immediate publicity value had been achieved a lot of those programs tended to languish and become corrupt.'

However, instead of reforming Australia's competing aid objectives, they were entrenched in policy following the *Jackson Report* on Australia's aid in 1984, which reaffirmed that 'the overall aims of foreign aid are to achieve humanitarian, strategic and commercial goals ... Australian aid policy has, therefore, not one but several mandates'.³⁸ As late as 1997, AusAID's Corporate Plan was still articulating this triple mandate.³⁹ It was only following recommendations from another major review of development aid in 1997, which cautioned against mixed objectives, that the government announced a change in direction.⁴⁰ The overall aim of Australian aid is now 'to advance Australia's national interest by assisting developing countries to

reduce poverty and achieve sustainable development'.

Yet despite the Group's best efforts to defend Australia's revamped aid mandate as a failure of communication rather than substance,⁴¹ the reality is that the line between 'national interest' and 'poverty reduction' can be quite elastic. For instance, development assistance given on condition that the recipient purchases goods and services from Australian companies ('tied aid') is still a reality even though it is generally accepted by most observers, including the World Bank and other financial institutions, that tied aid reduces the value of aid by 25 per cent or more.⁴² The precise extent of Australia's tied aid industry is unknown because of the lack of reporting procedures in the Australian aid program. However, AusAID official Dereck Rooker-Smith was forced to admit at a Senate Estimates hearing in February 2006 that, of the estimated 2000 current aid contracts worth \$3.4 billion dollars, 'the vast majority' or '90 per cent plus' of them go to Australian contractors.⁴³

Australian aid has also come under criticism for muddying poverty reduction assistance and security issues. The OECD's Development Co-operation Directorate (DAC) Peer Review of Australia noted disapprovingly that Australia included as part of its aid components counter-terrorism measures and strategies to counter illegal migration.⁴⁴ Australia's 'aid' has in recent years included bilateral counter-terrorism programs with terrorism-prone countries like Indonesia and the Philippines, a \$7.5 million 'Peace and Security Fund' to counter transnational crime and terrorism, and post-conflict assistance in the Pacific.⁴⁵ Similarly, since 2001 over \$50 million of the aid budget has been offered to the near-bankrupt Pacific state of Nauru in exchange for parking Australia's unwanted asylum seekers.⁴⁶

Security and defence measures, inevitable as they may be in the post-11 September hysteria, are nonetheless masquerading as altruistic development assistance. It is one element of what ActionAid International calls 'phantom aid' – 'aid that never materialises for poor countries, but is instead diverted for other purposes within the aid system.'⁴⁷ Assistance that falls under this category includes tied aid, aid not targeted for poverty reduction, and aid used for immigration-related purposes. ActionAid modestly estimated that of Australia's 0.24 per cent aid/GNI ratio in 2003, 0.13 per cent was in the form of phantom aid.⁴⁸ That is, more than half of Australia's aid is effectively a handout to everyone but the poor.

Towards trust and mutual accountability

Australia's current review of its aid program and the government's announcement to double its development assistance level are both potentially positive steps toward a fairer arrangement for developing countries. However, as the government considers recommendations of the Group in light of its new commitment, it should resist the temptation to import 'mutual obligation' to its development assistance program. The evidence suggests that such an arrangement in development aid will not necessarily bring about similar outcomes to welfare reforms in donor countries. On the contrary, two decades of experience shows that development aid is ineffective when recipients do not have control of the development process and when donors neglect the impact of their own policies on poor countries.

The excessive demands for accountability and reform in developing countries through the use of conditionality are contrasted with the almost complete lack of accountability and slow pace of reform on the part of

Australia. With its attention directed mostly at the policy weaknesses of recipients, a mutual obligation regime in development aid will only reinforce the impression that Australia's policies do not matter. But they do. It is a serious ethical question when Australia asks for change in others while neglecting its own contributions to aid ineffectiveness. Such is the policy weaknesses that allow aid money to 'boomerang' back to Australia's shores through payments to Australian companies and their 'consultants' often for overpriced and inappropriate goods and services that have few benefits.

However, should the government insist on applying mutual obligation to development aid, it must at least ensure that the obligation is mutual. This means increasing untied aid and opening the development procurement process to non-Australian companies. It means using the aid budget for genuinely humanitarian and poverty reduction programs and not diverting it for security and defence purposes. It implies winding back the practice of policy conditionality other than as required for basic fiduciary accountability. It means developing a system based on mutual trust and a fairer balance of the legitimate interests of Australia and its aid recipients. Such a model – placing greater emphasis, responsibility and accountability on the donor to also deliver in terms of global poverty reduction – will ensure that Australia's development aid in future will be delivered in ways that are intended to eradicate poverty in the region and, in the long term, lead to a more stable and secure region.

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Endnotes

- ¹ The “doubling” of aid does not account for inflation and is only true when measured from the 2004 figures – not from the time of Howard’s announcement.
- ² OECD, Official Development Assistance in 2004 preliminary data, 11 April 2005, <http://www.oecd.org/dataoecd/40/3/35389786.pdf>. Even with the doubling of aid, it is expected that Australia’s ranking among OECD countries will continue to drop in the next five years due to the more substantial commitments of most other donor countries.
- ³ The 0.7 per cent target was first endorsed by the UN General Assembly in 1970.
- ⁴ John Howard, Press conference, United Nations, New York, 13 September 2005, <http://www.pm.gov.au/news/interviews/Interview1563.html>.
- ⁵ Australian Treasury, Budget Papers 2005/6.
- ⁶ John Howard, address to the UN, New York, 16 September 2005.
- ⁷ John Howard, Media Release, 13 September 2005, http://www.pm.gov.au/news/media_releases/media_Release1561.html.
- ⁸ Ibid.
- ⁹ Ron Duncan et al, *Core Group Recommendations Report for a White Paper on Australia’s Aid Program*, AusAID, Canberra, December 2005, http://www.ausaid.gov.au/hottopics/whitepaper/core_report.cfm.
- ¹⁰ Ibid.
- ¹¹ Ibid.
- ¹² Ibid.
- ¹³ Tim Martyn, ‘Training for work is more effective than Working for the Dole’, Uniya and Jesuit Social Services, March 2006, <http://www.uniya.org>.
- ¹⁴ Pamela L Kinnear, ‘Mutual Obligation: A Reasonable Policy?’, The Australia Institute, p.254ff.
- ¹⁵ Tony Abbott, ‘Mutual Obligation and the Social Fabric’, Bert Kelly Lecture, Centre for Independent Studies, 3 August 2000, <http://www.tonyabbott.com.au/speech/attitude.htm>. Abbott is the former Employment and Workplace Relations Minister.
- ¹⁶ Susan Windybank and Mike Manning, ‘Papua New Guinea on the Brink’, *Issue Analysis*, Centre for Independent Studies, no.30, 12 March 2003.
- ¹⁷ John Blundell et al, ‘A Tribute to Peter Bauer’, IEA Research Paper No.128, <http://ssrn.com/abstract=676647>.
- ¹⁸ Paolo Pasicolan and Sara J Fitzgerald, ‘The Millennium Challenge Account: Linking Aid with Economic Freedom’, Heritage Foundation Background, no.1602, 18 October 2002, <http://www.heritage.org/Research/TradeandForeignAid/bg1602.cfm>. See also Marc A Miles, ‘US Foreign Assistance After September 11: Major Changes, Competing Purposes, and Different Standards – But Is There an Overall Strategy?’, 26 February 2004, <http://www.heritage.org/Research/TradeandForeignAid/tst081104a.cfm>.
- ¹⁹ Ibid.
- ²⁰ Helen Hughes, ‘Aid has failed the Pacific’, *Issue Analysis* 33, Centre for Independent Studies, 7 May 2003, <http://www.cis.org.au/IssueAnalysis/ia33/ia33.htm>.
- ²¹ Helen Hughes, ‘Storm warning: Can the Solomon Islands be Rescued?’, *Policy*, Centre for Independent Studies, 19(2), Winter 2003, <http://www.cis.org.au/Policy/winter03/polwin03-1.pdf>.
- ²² Paul Collier, ‘Aid dependency: a critique’, *Journal of African Economies*, 8(4), 1999.
- ²³ While available economic indicators for the Pacific show that aid as a percentage of GNI can vary between 2 per cent (Fiji) and 52 per cent (Marshall Islands) in the 1998-2002 period, their average aid as a proportion of GNI is only 24 per cent: World Bank, *Pacific Regional Strategy 2006-2009*, Report No. 32261-EAP, 3 May 2005, <http://siteresources.worldbank.org/INTPACIFICISLANDS/Resources/PI-Strategy-05.pdf>.
- ²⁴ Research among poor households in developed countries suggests a dependency syndrome whereby welfare payments create very high effective marginal tax rates (EMTR) – a measurement of the proportion of income

that an individual loses to income tax and income tests when they increase their income. High EMTRs are said to discourage work and self-improvement since recipients get to keep only a small amount of their additional earnings, thereby trapping them into a cycle of continued reliance on welfare: Collier, *op. cit.*; see the *McClure Interim Report*, March 2000, Appendix 4.

²⁵ *Ibid.*, p.533.

²⁶ Yilmaz Akyüz, 'Some Observations of the Question of Coherence and Development', unpublished, 2005.

²⁷ Core Group, *op. cit.*

²⁸ Neva Wendt, Australian Council for International Development, 9 May 2003,

<http://www.acfid.asn.au/campaigns/pacific/pacificaid.htm>

²⁹ Roland Rich, 'Applying Conditionality to Development Assistance', *Agenda*, 11(4), 2004.

³⁰ Oliver Morrissey, 'Alternatives to Conditionality in Policy-Based Lending', Conditionality Revisited, Development Policy Forum, Paris, 5 July 2004,

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³³ Martin Khor, 'A critique of the IMF's role & policy conditionality', Third World Network Briefing Papers, Global economy series no.4, Undated, <http://www.twinside.org.sg/title/geseries4.htm>.

³⁴ Core Group, *op. cit.*

³⁵ ActionAid International, 'Real Aid: an Agenda for Making Aid Work', June 2005,

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³⁶ ActionAid UK, 'Response to the Summary Findings of the World Bank Review of Conditionality', August 2005,

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³⁷ Daniel Oakman, *The Politics of Foreign Aid: Counter-Subversion and the Colombo Plan, 1950-1970, Pacifica Review: Peace, Security & Global Change*, 13(3), 1 October 2001.

³⁸ Cited in Paul Simons et al, *One Clear Objective: Poverty Reduction Through Sustainable Development*, Report of the Committee of Review on the Australian Overseas Aid Program (Simons Report), AusAid, Canberra, 1997, <http://www.ausaid.gov.au/publications/pdf/simons/all.pdf>.

³⁹ *Ibid.*

⁴⁰ *Ibid.*

⁴¹ Core Group, *op. cit.*, p.25.

⁴² World Bank, *Assessing aid: What works, what doesn't and why*, November 1998,

<http://www.worldbank.org/research/aid/pdfs/overview.pdf>; Robert Picciotto, 'The Missing Dimension of Development: Impact of Rich Countries' Policies on the Poor', 2003,

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⁴³ Commonwealth of Australia, Foreign Affairs, Defence and Trade Legislation Committee, Budget Estimates, 16 February 2006, <http://www.aph.gov.au/hansard/senate/commtee/S9104.pdf>.

⁴⁴ DAC, *Peer Review of Australia 2004*, 4 January 2005,

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⁴⁶ Minh Nguyen, 'View on Nauru: between a mined-out rock and a hard place', *View on the Pacific Briefing Series*, Uniya, July 2005.

⁴⁷ ActionAid, *op. cit.*, p.17.

⁴⁸ *Ibid.*, figure 10, p.29.