

Aid Policy in the Post 9/11 Era

An Analysis of new Frameworks & Definitions,
Design & Consequences

Abstract

The Millennium Development Goals (MDGs) of 2000 stands out as one of the greatest manifestation of international consensus. Since then, more than half of the time that was set out has elapsed, and we still find ourselves struggling to join the efforts of the given objectives.

This paper suggests that contemporary Aid Policy to a high degree are determined by external factors, such as perceived threats, additional self interest and hidden agendas. This is directly related to the emergence of security as the overriding goal concerning foreign policy, becoming increasingly real since the 9/11. In the light of the Security Development Nexus and the MDGs the issues of this paper will be investigated, correlating the implemented aid allocation to the concepts of security concerns and the perception of underdevelopment as dangerous.

Keywords: Security Development Nexus, Millennium Development Goals, Aid Allocation, SIDA, DFID, MCC

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2 Introduction

Contemporary aid policies have during the last decade in many aspects redefined its way of interpreting global events. This paper will according to new definitions reevaluate current development, as new discourses and theories take centre stage in the global debate and leave its mark on how aid is allocated in the 21st century.

The aid allocation of this decade are to a large extent conducted from a perspective of conditionality, creating an incentive for donor governments to emphasize on their perception of what an eligible recipient are (Hudson 2004:188).

In September of the year 2000, one hundred and eighty nine countries manifested and established in writing their common goals concerning aid related issues. The Millennium Challenge Declaration, resulting in the Millennium Development Goals (MDG), was a reaction of a new faith in aid policy and the possibilities of what was achievable.

Following the events on 9/11, at least one of MDG's supporters reevaluated their position of current global events. As a consequence, in accordance to the declaration of the War on Terror, the notion of security, after being put aside since the end of the Cold War, reemerged as a crucial aspect of modern day foreign policy (Soederberg 2004:280/ Crenshaw 2008:67). This upgrade of national security resulted in the direct connection between poverty and terror being made, an assumption that is evident in the aid policies of many governments of today (Duffield 2005:44/ Owusu 2004).

This paper rests on the assumption that perceived threats are a major factor when decisions on aid allocation are made, and that the connection between security and development is key when aid is allocated. The emergence of the *Security-Development nexus* stands out as the very embodiment of this development (Beall, Goodfell & Putzel 2006:52/ Duffield 2008).

This essay will analyze current direction of contemporary international aid policy. The Security-development nexus as well as the Millennium Development Goals will here constitute the framework from where further analysis are being made.

2.1 Background

Since the end of the Second World War the notion of bilateral state bound aid policy has, though always present, been more or less evident. During the Cold War era it, to a large extent solely formed the international policy agenda, as the United States and the Soviet Union sought to, through allocation of aid to certain recipients, gather allies in the short run for the purpose of gaining momentum in the long run.

Even though the granting of aid from one donor towards one recipient was highly political, the humanitarianism of the Cold War was often able to be perceived as to stand “above” politics. Even though “Competitive aid” gained ground in the early years of the Cold War (Beim 1964:784), it is the popular mobilization of depoliticized aid agencies of the eighties that constitutes the core of the aid policy of that era. Poverty reduction and the fight against AIDS and refugee flows became slogans of the aid allocation during the 1980’s creating awareness and compassion in many segments of public opinion. As the popular depoliticized new aid allocating actors, such as NGOs and Band Aid, criticized the older ways of conducting aid, emphasizing on its problems regarding organizational factors and inefficiencies, these new actors where often perceived as to be the solution to the problem (Duffield 2001:76).

Since then, the development of aid agencies has up until 9/11 continued transforming in accordance to this trend. In the mid 1990’s public aid agencies experienced an increasingly real pessimism regarding their aid allocation. Most of the public budgets where suffering from the financial crisis of the early 1990’s, creating even more pressure on how aid funds was distributed. Meanwhile much of the latest academic evidence suggested that public control over aid allocation hampered the possible growth effects of the aid given (Collier & Dollar 2004:244). Thus the allocation of aid shifted from public bodies towards private organizations, resulting in the emergence of more private organizations. This development has continued to the extent that one might argue for the existing of an *aid market*. As in basic market economies, the actors of the aid market are all competing for the same aid funds (Duffield 1997).

If the overall development of aid policy during the nineties can be categorized as going from public to private control, the trend during the first years of the 21st century has taken a different approach. Within the terminologies of the “War on Terror” following the attacks on the World Trade Centre and the Pentagon, and the reemerge of security on top of the political agenda, the current aid policies are in higher extent conducted from a perspective of security and perceived threats (Duffield 2005:44/ Owusu 2004).

2.2 Aim & Problems

This paper has the overall aim of investigating the direction of contemporary international aid policy. In doing so, this analysis will contain a number of theoretical components, presented to the reader for the purpose of basic knowledge of current debate and also for its essentiality regarding understanding the analytical approaches. Once these theories have been presented further investigation will be possible.

The problems and questions at issue regards international aid policy and its connection to current discourse on international security issues, or put more bluntly; *To what extent is the current terminology within the notion of international security leaving its mark on how aid is being allocated?*

Three case studies will be presented, in order to investigate how the security concerns are evident. The critical questions in respect to each of these cases concerns aspects all included in the Security Development nexus, such as perceived threats, attitudes towards the MDGs and the connection towards the War on Terror.

Here the main analytical framework will be related to the assumed correlation of the following hypothesis; *Governments more involved in the War on Terror, are more prone to allocate aid funds from a perspective of security, than governments that are not as involved.* The hypothesis will be further approached using the Security Development nexus and the MDGs as conceptualizing tools, increasing the paper's stringency and structure.

2.3 Method

A number of problems are naturally revealing itself when examining such a vague matter as this. One of the most obvious is the choice of method. When analyzing the subject of the paper, a variety of methodological tools will be at display. Most evident is the comparative approach, as three partly similar and partly dissimilar subjects for investigation will be presented. The comparative method at hand will be carrying the small N characteristics, putting three subjects up for investigation (Hopkin 2002:261).

Concerning the implementation of the methodological approaches towards the given objectives of this paper (first and foremost investigating the correlation of high degree of involvement within the war on terror, and a tendency towards a more security focused aid allocation), each of the actors will be analyzed keeping the critical question of the assumed correlation in mind.

The correlation will be measured using two different approaches, one relating to the *discourse* within the aid policy of the actors. Subject for this analysis will

be the actors' respective documents on framework and definitions. The other approach evident when analyzing the correlation at hand is based on the real *implementation* of the aid programs. Using statistical reports and evaluation documents when highlighting the current projects around the globe, assumptions can be made whether or not the agencies are practicing the way they preach.

Measuring the correlation in this manner is one way to combine quantitative and qualitative methods (Read & Marsh 2002:231). Here, the qualitative approach will be more evident when analyzing the documents on framework and definitions, hence the quantitative more clear when analyzing the different statistics on where and in what context the funding tends to end up.

To combine these two methodological approaches does not come without problems, for example it may raise questions concerning this papers epistemological position. There are however benefits to be addressed. First, investigating a subject like this using only one of these measures may not allow us to incorporate all possible aspects of the issues concerned, hence mixing them broadens the analysis and at the same time add depth to the overall hypothesis. Second, combining two or more types of methods increase the validity of the paper, as using a variety of methods means that one serves as a check on the other (Read & Marsh 2002:237).

It seems quite natural that correlation based on quantitative assumption would be more valuable for the sake of proving this papers hypothesis, however one might be careful before making this assumption. As for the more qualitative based correlation concerned, despite perhaps being more challenging to prove, it can be a very well indicator of the organizations attitudes and norms.

The main methodological approach is essentially comparative. Using this method and adding quantitative and qualitative elements is one way to methodologically triangulate the hypothesis of the paper (Read & Marsh 2002:239).

To sum up; the analysis will contain an overall comparative model, where three case studies will be the subjects for investigation. Each of the actors will be approached keeping the correlation in mind. To deepen the analysis and get a more structured layout two different measures towards finding correlation will be evident. Here the quantitative and the qualitative approaches will together highlight the overall correlation at hand.

2.3.1 Choice of Actors

The purpose of the paper is to examine to what extent current direction of international foreign politics is leaving its mark on how aid is being allocated, both in general within the Security Development nexus and the MDGs, but more specific within the discourse of the War on Terror. To do this, three individually independent actors on the aid allocation market will be investigated. These three will together constitute the empirical base of the analysis. These actors are;

- SIDA (public aid agency of Sweden)
- DFID (public aid agency of the UK)

- MCC (public aid agency of the US)

The reasons for choosing these actors are threefold. First they are all well spread over the spectrum concerning the connection to the War on Terror (if one of such exists). USA being the one most involved Sweden the least involved and the UK in the middle. UK stands out as it has obligations both towards USA but also in respect to other European countries within the scope of the EU, eventually putting their aid program in a somewhat different context. Secondly, they all are organizations with very high demands concerning documentation, statistics and protocol. The number one source of information regarding the three will be gathered from their websites and different data bases. Finally, the status of sovereign states gives them an interest in the matter per se.

2.3.2 Definitions

It is vital for the sake of stringency that the most important definitions are being established.

Security Development Nexus; The Security-development nexus (SDN) is the discourse and debate from where this analyze take its theoretical stance. It includes different aspects such as poverty reduction, epidemic research, economic growth and democratization, all aspects evident in contemporary aid policies around the globe, and incorporates it within a context of security.

As a consequence to the declaration of the War on Terror, a new approach towards latent threats has been incorporated within the foreign politics of many countries in the developed world (Duffield 2006:22). The reemergence of the security agenda stands out as of great importance. Security at home has during recent years been conceptualized as both the objective and as an instrument of development (Beall, Goodfell & Putzel 2006:53).

The security-development nexus is the problem of combining donors will to allocate aid vis-à-vis their fear of the same aid to end up in the wrong hands. What it all comes down to is a conflict of interests.

Millennium Development Goals (MDG): The Millennium Development Goals where signed by representatives of one hundred and eighty nine countries in September of 2000. Rich countries committed themselves to increase levels of foreign aid, poor countries committed themselves to prioritizing national poverty reduction policies, and more importantly they all agreed that they would need new modalities and partnership to reach such ambitious goals (Chhotray & Hulme 2007:36).

The Millennium Development Goals document consists of eight goals, each with their respective targets, together they will, if implemented, help reaching the main objective of reducing poverty and create sustainable development.

In absolute figures the Millennium Project called an overall increase of aid flows from \$69 billion in 2003 to \$135 billion by 2006 and eventually rising to

the total amount of \$195 billion by the year 2015 (Baulsh 2005:933). In addition to increased aid disbursements, the donor community also made promises of extended aid analysis for the purpose of more effective aid allocation.

The MDGs should be regarded as a whole, representing the partnership between developing and developed countries to effectively create an environment at the national and the global level, which is conducive to development and the elimination of poverty.

Conditionality; Since the more harsh and in many ways realistic way of conducting aid, the notion of aid funds connected to conditions imposed on the receiving government has been increasing (Killick 2004:12). Dating from the mid eighties and increasing throughout the nineties, conditional aid is the allocation of aid to developing countries on the basis of promises to follow good policies in the future (Hudson 2004:188). In its aftermath lies the notion of questioned sovereignty in respect to the receiving end of the relationship. In a nutshell; how much is there left of a states sovereignty when its political maneuverability been interfered in such ways? (Scholl 2009:378).

The former way of conducting conditional aid, the focus was set on *changing* policies, since the dawn of the 21st century, the approach has been slightly revised, now instead emphasizing the *level* of the policy prior to the aid issued (Owusu 2004:11). This layout of conditional aid is more in resemblance to contemporary aid policies in general, paying more attention to the perspective of the poor and not being colored by the realist views, evident in the conditional aid of the nineties.

Scholars have been fairly unanimous regarding the insufficient implementation of these promises when due day arrives, partly due to lacking enforcing incentives on behalf of the donor (Kilby 2009:51). Some scholars are also focusing on the timing of the conditional aid, arguing that bad timing imposing the conditions are counter-productive (Devarajan, Dollar & Holmgren 2001:35). Despite these lesson learned many still practice an aid doctrine of conditionality.

Selectivity; Due to more technical analysis regarding the decision on eligibility the selective way of conducting aid is gaining ground. Surprisingly encouraged by the World Bank in the 1998 rapport *Assessing Aid* (Chhotray & Hulme 2007:37), the World Bank promoted this more symmetrical way of conducting aid. It can be perceived as an opposite to the conditional allocation, as selectivity has the model of being a reward due to *past* achievements, instead of the conditionality model whereas the reward is based on the promise of *future* achievements (Hudson 2004:188).

The selectivity model is perceived to be used by the one in favor of the soft power approach as for the conditionality model may be regarded as a supporter more prone the hard power doctrine of IR.

2.3.3 Limitations

The limits evident are of course the decision to only put three actors under investigation. For the sake of proving the thesis of this paper it would be more preferable to have more than this. Restrictions regarding time and space are the main reason for this. However one should not overemphasize these issues. Using three subjects for investigation allows us to deeper penetrate the different aspects of the hypothesis, for instance the distinction between the different types of correlation, something that would have been impossible investigating a broader sum of N, for example the members of the EU.

This paper will not take a normative stand on how aid is supposed to be allocated, nor will it categorize the different actors according to good or bad aid policies. There is not enough room for such an interpretation given the empirical base at hand. Instead the categorization evident will be more focused on organizational-, policy based factors and its consequences in relation to their respective aid allocation programs and its implementation, all in accordance to the aim and problems presented under the section 1.2 above.

3 Presentation of the Actors

The three subjects for this comparative analysis are the public aid agencies of Sweden, Great Britain and the US and their contemporary aid programs. These programs could be regarded as the actors' respective attempts to adapt to current aid policy climate, generally in respect to the MDGs and Security Development nexus. The emergence of the MGDs stands out as a revelation in respect to the pessimistically influenced aid discourse of the 1990's, and are generally perceived as a document of international consensus concerning development and poverty reduction (SIDA 2005:12).

The actors will each be presented starting with the Swedish organization SIDA, followed by the DFID from Great Britain and finally MCC from the US. In order to achieve structure and stringency, and also highlighting the two different types of correlation, each of the presentations will contain the same headlines starting with *framework and definitions*, followed by *organization* and an overview of their respective *aid programs*. Each of the presentations will end by taking a closer look at the organizations' view on *selectivity and conditionality* as well as their respective *implementation*.

The source of information regarding the agencies will consist of their different official documents, rapport and statistics of varying kind as well as a number of academic articles.

3.1 SIDA

SIDA is one of the public aid agencies in Sweden and is directly subordinate the Ministry of Foreign Affairs, currently disposing an annual budget of \$120 million (www.riksdagen.se). SIDA is one of six posts receiving funding from the Swedish governments annual budget for international aid disbursement. The total annual budget for all international aid is a little bit more than \$4 billion.

Their document *SIDA at Work (SaW)* (2005) outlines the main policy and methods as well as presenting the principles and values of SIDA's organization. At the very core of its aid allocation policy lies SIDA's *rights perspective*, meaning that for development initiatives to be sustainable, the *rights perspective* must penetrate all levels of the recipient's public policy structures (SaW 2005:13). In practice this means that the measures taken towards development must be emphasizing on respect for human rights, the rights of the child, gender equality and democracy as well as being infused throughout the different levels of society. Without these prerequisites the development efforts will not be sustainable. In a

way the *rights perspective* shares many of the features of Johan Galtung's discourse of structural peace (Galtung 1969).

3.1.1 Frameworks & Definitions

SIDA is keen on emphasizing on the globalization evident today, arguing that we are all living in a world of greater integration and understanding for one another, despite this, there is a vast number of the world's population left outside this turn of events. Focusing on an inclusive aid policy would help reaching the MDGs (SaW 2005:11).

Poverty is defined in SIDA's document *Perspectives on Poverty (PoP)* as to be the condition where people are deprived the freedom to decide over their own lives and the shape of the future (PoP 2002:7). In accordance to the MDGs, poverty reduction takes centre stage as the overall aim of SIDA's activity. In addition to the *poverty perspective* SIDA also emphasize the *rights perspective* mentioned above, these are the two perspectives most evident in respect to SIDA's framework and activities.

3.1.2 Organization

SIDA is an organization that to a seemingly large extent are connected to the Swedish government. The Government appoints SIDA's board and Director General, who has the obligation to establish the framework for SIDA's operations, decide on policies, and ensures that the decisions of the Government are implemented. The board has the decisive role in respect to the Director General, authorized the right to decide on issues such as SIDA's budget restraints, annual report and evaluation plan. The Director General has the ultimate responsibility and executive power when implementing the decisions of the Government (SIDA 875 2005:1/ SaW 2005:30).

A number of departments, regional and international are currently incorporated within the organization of SIDA. On top of the hierarchy, are the different regional departments currently seated, with organizations set up in Asia, Africa, Europe and Latin America.

- Department for Democracy and social development
- Department for Infrastructure and Economic Cooperation (INEC)
- Department for Natural Resources and the Environment (NATUR)
- Department for Research Cooperation (SAREC)
- Department for Cooperation with NGOs, Humanitarian Assistance and Conflict Management (SEKA)

These are what SIDA is calling the sector departments which have the overall assignment of analyzing issued development projects both prior and subsequent when the decision of development efforts is made.

In addition to the sector departments, SIDA has supportive departments for each of the sector departments called *Departments with overall Functions*. These

subordinate departments differ in their respective assignments and span from the department of Finance and Corporate development to more abstract assignments as for instance the department of Policy and Methodological development (SIDA 875 2005:2/SaW 2005:32).

The overall organization scheme of SIDA is classic top-bottom hierarchy with its central seating in Stockholm and within the Government. Virtues, such as public access to official records, typically interlinked with public organizations in western democracies in general, and perhaps Sweden in particular, are emphasized and portrayed as to be cornerstones of SIDA's organization (Granath, Alariksson & Axelsson 2004:29).

3.1.3 Aid Allocation Program

For Sweden, their respective aid program is formulated in what is called the *PGU (Politik för Global Utveckling)*, handed from the Swedish government as a proposition to the second chamber in 2002. However since the switch of governance in the fall of 2006, a new slightly edited PGU has been incorporated as the main approach for aid allocation in Sweden. The main difference between the renewed PGU and its former kin is the more concrete approach regarding the announced unanimous efforts incorporated in all levels of the recipient's society (Government Bill 89 2007:1). This approach is the self proclaimed "Swedish model" of its aid policy.

SIDA is conceptualizing their aid program within the notion of the *rights perspective* and the *poverty perspective*. Somewhat holistic it might be perceived, but is basically a point of view from where SIDA is approaching current events. The rights perspective is the view that for development to be sustainable, basic rights concerning gender equality, human rights and social justice is a prerequisite (SaW 2005:13). The poverty perspective incorporates the poor to the analysis of what measure most effective to be addressed, see section 2.1.1.

"Poverty is context specific – its causes and expressions vary over time and place. This makes it necessary to adapt development cooperation to the specific context."(SaW 2005:15)

3.1.4 Selectivity & Conditionality

During the last decade SIDA has been an advocate for aid projects more conducive to the recipient's perspective, meaning paying more interest to the poor region's needs, interests, capacity and condition, before granting aid funds towards the ones in need (SaW 2005:13). The official Swedish way of conducting aid is vastly opposing conditionality based aid allocation, arguing that it is lacking understanding for the recipient's situation, and eventually will have the consequence of aid being allocated on the basis of false assumptions, eventually reinforcing the asymmetrical relationship between the North and the South. This critical stance is shared by many of today's scholars (Killick 2004:5).

3.1.5 Implementation

The Swedish aid disbursements are according to the PGU categorized in six main fields; oppression, economical exclusion, migration flows, peace and conflict, climate and environment related issues, infectious diseases and health problems.

SIDA's total budget constrain of 2009 are set at \$120 million. The sector that consumed the most money during last year was the human rights and democracy related projects, claiming over \$85 Million of that year's budget of \$147 million. The region taking the most of the funding of 2008 are South America with a total amount of \$9 million. The statistics are a bit skewed considering the whole continent of South America being presented as one region, and Africa divided into several. Taking this into account and summarizing all of the African regions the total amount reach a similar level of \$9 million (SIDA Annual report 2008). Also notable is the amount given toward projects on the Gaza strip and the West Bank of \$4 million, given the geographical size of that region a tremendously large endorsement.

Concerning the aid allocation of SIDA, the distribution tends to be in accordance to the MDG's. The main field of focus is the human rights and the democracy related issues. Focused within regions in South America (most prominent Brazil and Bolivia) and in Africa (most of it spent in southern Africa).

3.2 DFID

The UK Department for International Development, DFID is the public aid agency of Great Britain, and are according to the annual report of 2008/09 currently disposing an annual budget of \$8,4 billion, with an estimated increase of 11% the following years (Annual Report 2008/09:16). Partly due to a public debate, increasingly supporting UK's development work around the globe (Evans 2009:141), DFID was founded in 1997 as a separate public body enjoying a rather extensive autonomy in respect to other agencies of similar kind (Chhotray & Hulme 2007:38).

DFID's aid program is called Drivers of Change (DOC) and was launched in 2001, and is essentially a quite dynamic aid allocation model taking a broad spectrum of factors into account. Most evident in DOC is the focus on the political context of where the aid allocation is to be issued. Perhaps not very significant in comparison with other aid allocation models (most of them claiming that the political analysis are present), but different in the way that the political analysis is forced up the political development agenda (Scott 2007:87).

DFID are putting the global aid agenda in centre stage regarding their objectives and activities, paying much attention to the MDGs and poverty reduction.

3.2.1 Framework & Definitions

DFID are conducting their aid allocation from a critical point of view, immensely reevaluating itself according to established routines of external review. In accordance to this self evaluation stance, in the year 2005, DFID founded the Governance and Social Development Research Centre (GSDRC) currently working with evaluation and minoriting as well as creating policy and data research for a variety of actors in the field.

From the perspective of poverty reduction, DFID are nowadays incorporating the MDGs in all of their activities, from their central ruling to the implemented aspects in the field. This is a somewhat new approach since the aid policies prior the foundation of DFID, mainly consisted of development work from an economical point of view (www.dfid.gov.uk).

The channels from which the poverty reduction incentives are implemented vary in different layouts and focus areas. DFID has chosen to work thematic in their approach as poverty is conceptualized in a strikingly dynamic fashion. DFID does not present an overall definition of poverty hence their approach becomes bit cluttered. A number of focus areas are presented as vital in order of reaching the overall goal of eradicating the world's poverty in 2015 (www.dfid.gov.uk). Among them Agriculture and Food, Climate and the Environment, Conflict and Security and the Human rights stands out as vital, little bit in resemblance to rights perspective of SIDA, above 2.1.1.

3.2.2 Organization

DFID has embraced an organizational model that is different in respect to SIDA and MCC. The most striking feature of DFID is the extent of autonomy that the organization enjoys. The shift of power from the Conservative administration to the Labor government in 1997 marks the starting point of the increased autonomy. Public opinion supported the development as the new British government authorized larger funding and even more autonomy. The Labor administration also revised the focus of the aid issued, now allocating aid more in terms of development in a wider context, compared to the conservative doctrine of using aid to protect foreign investments (Chhotray & Hulme 2007:42).

On a more organizational aspect DFID is administered both from a perspective of regional, administrative as well as international entities. On top of the administration is the Secretary of State for International Development seated. Subordinate the Secretary of State, four departments of varying kind constitute the main outline of DFID's organization. These are

- Country Program Directorate
- International Directorate
- Corporate Performance Directorate
- Policy and Research Directorate (www.dfid.gov.uk)

The directorate Generals of each of these departments together with a Permanent Secretary and two Executive Directors constitute the Management

Board of DFID. The Management Board provides strategic direction to the management of DFID's operations, staff and financial systems, within the parameters of policies set by and in consultation with the Secretary of State.

It is not the organizational scheme that is the main feature of DFID's organization but more the autonomy mentioned above. This autonomy in combination to their aid allocation program is what distinguishes DFID the most from other agencies.

3.2.3 Aid Allocation Program

UK's aid program stands out in respect to both Sweden and the U.S. regarding several issues. Most notably is the fact that it is the only aid program that has been internationally recognized and incorporated for further implementation in other countries (Scott 2007:85). The Drivers of Change aid program (DOC), launched in 2001, is a conceptual approach that is attempted to move away from former methods of technical analysis, in respect to more dynamical approaches. It incorporates formal and informal rule when analyzing countries, as well as power structures (DOC Public Information Note 2004:1). Overall it has a more all inclusive approach when examining the possible recipients and their respective eligibility.

The predecessor of the DOC doctrine was as mentioned above more economically oriented and technical in its nature. Decision makers of that time noticed that such an approach prior to issuing aid, seldom succeeded. This led DFID to gradually shift the focus away from the technicalities of that time in to a more dynamic analytical approach. The result is evident within the DOC discourse which in theory include additional factors such as political, social, economical and cultural history and circumstances of a country (Scott 2007:85).

The process of implementing DOC includes three different aspects of any given context, namely the *agents*, *structural features* and *institutions*. *Agents* are basically defined as any actor making a difference regarding the situation at hand including political elites, civil servants, politicians, the judiciary, donors, civil society organizations and the media. *Agents* are both affected and affect the *structural features* that are the next step when practicing the DOC analysis. Natural resources, trade, investment and urbanization are all features included under this notion. Finally *institutions* enter the DOC, analyzing the channels used by *agents* to affect or be affected by the *structural features* (Scott 2007:86). The three cornerstones of the DOC incorporate one another creating a catch 22, much like the situation in the regions concerned.

3.2.4 Selectivity & Conditionality

Although DFID is presenting their aid allocation strategies as to be marked by conditionality, it is somewhat differentiated than the traditional one addressed under section 1.3.3 above. In the UK policy paper *Partnership for Poverty*

Reduction: Rethinking Conditionality, the main features of the slightly revised approach of conditional aid are presented. According to the document, conditionality is to a larger extent supposed to be enforced in respect to the recipient needs.

Agreements of the conditional kind typically allows the donor to stop endorsing his funds whenever the agreements is considered broken. In the conditional aid's early dawn the imposed agreements was strictly economical, however during the last couple of years the conditions has been incorporated all levels of society, resulting in difficulties for the recipient. The problem is the asymmetrical nature where these agreements are met, reestablishing older dependent relations, resembling those evident during the colonial era (Killick 2004:5).

The critique of forcing developing countries deeper in debt, endured by the supporters of conditional aid, is by the DFID met by the argument that the conditional aid of yesterday was conducted from a different perspective. Nowadays as poverty reduction takes central stage on a global scale, the conditional aid will be different (DFID 2005:6).

Although DFID is claiming their aid allocation to be conditional, many scholars argue that they are not in reality practice what they preach. Since the emergence of the selective doctrine in 1998 many countries (including UK) are in fact implementing a combination of both (Chhotray & Hulme 2007:38).

3.2.5 Implementation

The bilateral aid of DFID are classified in 6 types of aid, *financial aid*, *technical cooperation*, *humanitarian assistance*, *debt relief*, *poverty reduction support* and what they call *other bilateral aid* (DFID statistical report 2008:7). For fiscal year of 2008 the bilateral aid claimed over 55 % of the total budget of DFID.

Of the 6 aid types classified above, the somewhat imprecise type of *other bilateral aid* is currently demanding the greatest funding. This aid type includes support to the development work of UK and international civil society organizations as well as any project not classified within DFID's Development Awareness Fund (DFID statistical rapport 2008:7). The *Poverty Reduction Support* programs are since the last year claiming an ever larger amount of funding. Since 2003, more than doubling their share of the total DFID funding, from little less than \$480 million, to last year's amount of over \$1 billion (DFID Statistical rapport 2008:13).

DFID are every year increasingly allocating their aid in accordance to the MDGs. The focus on poverty reduction tends to become more important leaving former popular aid projects as the *technical cooperation* type astray.

Also worth mentioning are DFID's quite large multilateral allocation towards the European Commission. With funding reaching the amount of \$1.6 billion, the European Commission is by far the biggest recipient of DFID multilateral aid (DFID statistical rapport 2008:14). The second biggest are the World Bank, currently receiving about half of that amount.

3.3 MCC

The Millennium Challenge Corporation (MCC) is the public agency next to USAID that is currently managing US aid funding. They are disposing an annual budget of \$2.25 billion (MCC Budget Report 2009:34). The MCC was launched as a proposition by George Bush in 2002, as an independent agency that would offer a few carefully selected countries as subjects for extensive development work. Bush's reorganization of the US aid allocation was one way to more directly focus on areas that was important for him, altogether bypassing organizations like USAID, UN and the World Bank (Chhotray & Hulme 2007:36). When formed, by congress in 2004, MCC was said to fight poverty through economic growth (MCC Budget Report 2009:1), in a more direct manner, not suffering from the bureaucracy and ineffectiveness of its predecessors (Chhotray & Hulme 2007:39).

MCC's aid program is the Millennium Challenge Account (MCA), and was presented as a tool for addressing two of the greatest challenges facing the contemporary global agenda, namely poverty and international terrorism (Owusu 2004:4). The main feature of MCA is essentially the connection of terrorism and poverty, arguing that the elimination of poverty would help combat terrorism

3.3.1 Framework & Definitions

When selecting countries eligible for MCC funding, the degree to which the political, social and economic conditions in a country promote broad-based sustainable economic growth, is taken into account. The process of finding eligible countries where U.S. aid investments should be issued is vastly colored by models of selective principles. Special attention is given issues as corruption, health and economy (MCA Fact Sheet 2002).

In addition to this, the efforts imposed by the MCC were initially intended to be neutral in respect to politics, not taking strategic interests in consideration (Owusu 2004:5).

Here the possibility to address many self proclaimed cornerstones of the organization presents itself, however, the main framework and concept from where MCC's activities takes its stance are the notion of poverty and its assumed connection to international terror.

Essentially the MCA was one way for Bush to through one channel address a two-front war (Owusu 2004). The following quote from Bush's speech at the Conference on Financing for Development in 2002, where the reorganization was announced indicates in what sense terror incorporates the U.S doctrine of poverty reduction.

“We also work for prosperity and opportunity because they help defeat terror. Yet persistent poverty and oppression can lead to hopelessness and despair. And when governments fail to meet the most basic needs of the people, these failed states can become havens for terror.”

3.3.2 Organization

MCC is led by a Chief Executive Officer and is overseen by the Board of Directors. The overall activities assigned MCC are conducted within one of the following seven subordinate departments;

- Department of Administration and Finance
- Department of Compact development
- Department of Compact Development
- Department of Congressional and Public affairs
- Department of Policy and International Relations
- Department of Chief Executive
- Department of the General Council (www.mcc.gov.com)

With only 300 employees, the MCC could be regarded as receiving an over dimensioned share of the public funds, especially concerning the members of the board who are entitled the power to decide which countries that are eligible to MCC funding (MCC 2009:4).

The organizational model of MCC is centralized in its nature, authorizing the board and the Chief Executive Officer a large share of power. Although the process of finding eligible countries for MCC, are conducted from established methods, procedure and protocol the definite decisive power lies within the Board.

3.3.3 Aid Allocation Program

Concerning the US, their current aid policy is as mentioned above to be found within the *Millennium Challenge Account (MCA)*. George Bush, a former opponent of allocating aid to less important recipients in respect to US foreign policy, astonished the crowd when he promised an increase of the U.S. foreign-aid budget by 50 percent (Chhotray & Hulme 2007:36/ Owusu 2004:4). In order to put the MCA in practice, the founding of a new public body was seen as a necessary prerequisite, and shortly after the congress voted through Bush's proposition, the MCC was established.

The MCA is implemented through two channels of aid efforts. First what is called *Threshold Programs* and secondly through *Compacts*. A threshold program is designed to assist countries that are on the "threshold," meaning they have not yet qualified for compact funding (MCC Annual Budget 2009:13), whereas a compact is a multi-year agreement between MCC and an eligible country to fund specific programs aimed at reducing poverty and stimulating economic growth (MCC Annual Budget 2009:9). The Compact programs are for the 2009 expected to cost little less than 1,9 billion dollars, claiming over 80% of the MCC's annual budget (MCC Budget Report 2009:34).

Prior the selection of eligible countries, MCC submits a report to the Congress of candidate countries. The selection are based on the respective income per capita (IPC) categorizing candidates in *Low Income* (less than or equal to \$1,785

IPC) or *Middle Income* (greater than \$1,785 but less than or equal to \$3,705 IPC) accordingly.

MCC are taking the notion of governance seriously. The MCA is a tool for MCC to conceptualize the prospective recipient, particularly regarding its governance (Chhotray & Hulme 2007:38). In doing so, MCC defines countries according to their level of income. MCA is intended strictly to be imposed on *low* and *middle income countries*. To evaluate policy performance, MCC uses, to the maximum extent possible, objective and quantifiable policy indicators in three broad policy categories: *Ruling Justly*, *Investing in People*, and *Encouraging Economic Freedom* (MCC 2009:3), in addition also indicators of incentives on *Control of Corruption*.

The quantification of these policy categories are conducted through data analysis of varying kind. *Ruling Justly* are measured from a perspective of civil liberties, political rights, voice and accountability, government effectiveness, rule of law and control of corruption. Whereas *Investing in People* are quantified through notions as immunization, public expenditure on health, girls' primary education completion rate, public expenditure on primary education and natural resource management. Finally measuring the last factor of *Economic Freedom* in respect to business start-up, trade policy, land rights, regulatory quality, inflation and fiscal policy (MCC 2009:3). All and all MCC defines a total number of 16 eligible criteria, categorized in the three main policy categories (Soederberg 2004:279). All of these quantified factors of measure are based on data from internationally recognized statistical sources such as the World Bank, Freedom House Index, WHO and UNESCO.

Evidently, implementing the MCA involves a number of different technicalities. Presupposed the practitioner are able to master these technicalities, the result produced will let the decision makers of the board to determine whether a country are eligible of MCC funding or not.

The MCA approach is very accurate in the sense that it produces quantified empirical evidence to base the decision on eligibility on. The tool is taking self defined factors of poverty into account, paying little attention to global poverty reduction agenda such as the MDGs. However the MCC are just one of the aid agencies in the US, paying little attention to MDGs considering their share of the total aid given might not be something to over emphasize. They are ultimately fighting poverty, even though their approach perceives to be somewhat different, standardized and isolated (Owusu 2004).

3.3.4 Selectivity & Conditionality

The MCC policy is as well as the DFID a bit uncertain concerning their attitudes towards selective and conditional aid allocation. Claiming to incorporate a selective doctrine where the aid funding are received based on achievements of the past, many would argue that their self portrayed image is correct, particularly in respect to the threshold programs outlined above, and also in the process of finding eligible candidates (MCC 2009:2). This is where the concept becomes a

bit harder to define. As the contract of compact cooperation gets settled, both parties of the agreements set out to accomplish their respective obligations. Due to these circumstances many argue that the MCC and the DFID's DOC are in reality conducting an aid doctrine incorporating a little of both perspectives (Chootray & Hulme 2007:37).

Another way of looking at it is through the lens of the conditional aid evident since the beginning of the 21st century, which is defining a conditional aid based on the level of policy already evident. Due to this definition of conditional aid, the MCC's aid allocation could be categorized accordingly, especially during the process of finding eligible countries (Owusu 2004:11).

Once eligible for MCC support, the receiving party will work hard in order to maintain the status and extend the compact contract (MCC annual report 2009:17), perhaps perceive the situations as conditional in its nature. The self proclaimed selectivity of MCC might in reality have other effects on the receiving part of the relation.

The MCC's strength regarding its seemingly effective bureaucracy, perhaps due to its size, is helpful when implementing the partly conditional aid (Chhotray & Hulme 2007:39). An extensive dialogue between a recipient and an organization of a couple of hundred are evidently much easier to maintain than would have been the case with for instance USAID.

3.3.5 Implementation

MCC are categorizing their aid allocation through two types of programs, the *threshold program* and the *compacts*, see section 2.3 above. With a total budget of \$2.25 billion, the latter type of program is calculated to claim over \$1.8 billion of the MCC funding.

There are currently 18 countries that are subjects for compacts, among them three are entitled aid funding of over 500 million for 2009. These are Ghana \$547 million, Morocco \$697 million and Tanzania \$698 million (www.mcc.gov).

Within these countries, funding is being spent on projects such as transportation and infrastructure, development of agricultural and productivity, minoriting and evaluating, water sanitation projects and development of farming, evidently extensive aid allocating towards the African region.

Worth noting is that the second largest recipient of US funding, Morocco, annually receiving almost \$700 million, are currently not being classified as low-income, and are according to the MDGs "on track" in respect to the 2015 time limit. Despite this the MCC continue to disburse aid in this direction.

4 Comparative Analysis

After establishing the respective main features of the actors' different aid policies, focusing on issues as *framework* and *definitions*, *organization*, *aid program*, their perception of *selectivity* and *conditionality* as well as their *implementation*, the next step of the paper is to present the comparative analysis outlined above (see section 1.2 and 1.3). As mentioned above the MDGs as well as the Security Development nexus will provide the overall theories conceptualizing the comparative analysis within popular aid policy discourse.

The analysis will take off in respect to the more general aspects of the comparison, highlighting in what political climate the different policies was created, and then as the perspectives becomes more narrow, switch focus and implement the different theories outlined above.

Highlighting Sweden's, UK's and the US's different roles in contemporary global policy agenda will provide common ground for further analysis in respect to why the models of aid allocation differs. Within the climate related issues, notions as threats (either perceived or real), obligations towards outside actors and the general global agenda will be stressed.

Main features of the latter part of the comparison are an overall categorization of *framework & definitions* and *design & consequences* of the respective agencies and their aid programs. The two correlations outlined above will here be incorporated within the analysis. Within the comparison of the actors' *framework & definition*, the more qualitative correlation will be evident. Analyzing factors as attitudes, norms, perceived threats, neutrality and autonomy, and then correlate it to the Security Development nexus and the MDGs, is one way to provide empirical evidence important for the conclusions of this paper.

Under the headlines of *design & consequences* notions as organizational aspects and implementation will be emphasized. In turn, these aspects relate to the quantitative correlation, namely the one incorporating *implementation*. Together they seek to summarize the results of the paper in a structured fashion.

4.1 Climate of Creation

In the eve of the 21st century, global aid policy where to a high degree colored by the pessimistic debate of the nineties (Collier & Dollar 2004), as a consequence the Millennium Summit was addressed, resulting in the MDGs. These events had a tremendous impact on the aid policies around the globe. Due to this, governments reevaluated their aid programs as an effort of coping according to

the new debate and beliefs, conceptualized through what has been labeled the “New Aid Agenda” (Killick 2004:5). Different governments adapted to this development in different ways. The three programs outlined above are SIDA’s, DFID’s and MCC’s respective representatives in accordance to the post MDG climate.

In addition to the vast turbulent environment caused by the Millennium Challenge Summit, and the thorough reevaluation following it, the events on 9/11 further stressed the issues of the MDGs. Evidently there were fractions of the world that considered their grievances big enough to take action accordingly. The causes of terrorism have always been a subject of debate, and are incorporated in this paper in three ways. First; The assumed connection between Terror and Poverty are something that is MCA’s aid allocation are based upon. Second; According to this assumption, other governments should also be allocating their aid accordingly, as long as their perception of the threats are evident. Finally; the view of terror and poverty are highly connected to the Security Development nexus (Duffield 2006), incorporating the qualitative correlation outlined above (section 1.3).

Perhaps not very surprisingly, SIDA are not allocating their aid according to perceived threats, but more peculiar either are DFID. Eventually stating the following antagonism; In the post MDG and 9/11 era, UK and the US, are allocating their aid very different (Baulch 2006:937).

The climate of creation correlate to the hypothesis of the paper in two ways, direct in the form of the established MDGs and the following reevaluation and indirect in the different interpretations assumed by the actors in respect to international security concerns of the analysis.

4.2 Framework & Definitions

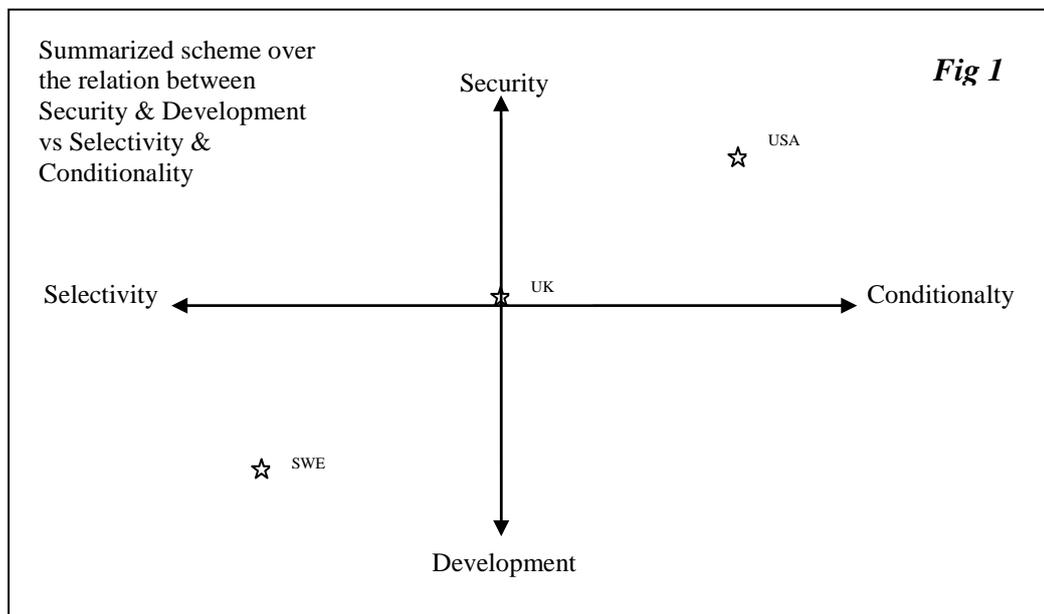
SIDA, DFID and MCC are conceptualizing their aid allocation from different frameworks and definitions. Globalization, basic rights and poverty plays a prominent role in SIDA’s organization as their work is conducted from the two perspectives of rights and poverty. In addition to this the notion of the MDGs are ever present, creating a connection to the global aid agenda.

Concerning DFID, their strong focus towards the MDGs makes it hard not to emphasize this aspect. DFID has been internationally recognized in respect to their aid allocation and its accordance to the MDGs. Measuring four of the Millennium Development Goals (currently the only ones where statistical evidence are available), UK together with the Netherlands are placing themselves on top of the ranking (Baulch 2006:939). These statistics suggests the DFID allocation model more effective in respect to the MDGs than for instance the MCC.

Focusing now on the MCC allows us to incorporate the technical approach in respect to aid allocation. MCC are evidently very eager to break down the possibly eligible candidates in quantified fragments, creating what they perceives

as empirical evidence in respect to their decision. Strictly technical analysis prior to aid allocation emerged during the later years of the nineties as not produce the desired results (Scott 2007:85). In this climate many governments has changed their allocation methods, implementing a broader spectrum of factors, for instance DFID and SIDA. MCC are still presenting them as to be highly technical in its methodological approach, using the different criteria for eligibility in a highly quantified fashion.

Also worth mentioning is the self proclaimed neutrality evident in the MCC regulation (Owusu 2004:5). MCC are the only organization that specifically addresses their neutrality. The necessity for Bush to address the issue can be seen as a result given the events on 9/11, and an attempt for the President to adapt accordingly. Even though MCC was supposed to allocate aid, not taking strategic interests into account, it is also to a large extent based on the notion of terror and poverty mentioned earlier, raising questions concerned the possible paradox of MCCs neutrality.



4.3 Design & Consequences

The specific designs and methods used by the respective agencies provide interesting relationships, and are taken into account in order to further analyze its consequences. When analyzing the design and consequences of the aid programs, *organizational aspects* will be evident, as well as the *implementation*.

4.3.1 Organizational Aspects

On the organizational level the agencies each incorporates distinctive approaches. Most eminent the extensive autonomy enjoyed by the DFID, the rather small organization maintained by the MCC and the emphasized public access of SIDA's, each of these organizational models leaving its mark on the work and the results shown for the agencies.

The reasons that DFID allocate in the manner they do, and the extent it resembles the allocation of MDGs (and perhaps also the lack of such, showcased by the MCC), has been vastly debated. For now leaving many other possible explanations aside, at first focusing on the organizational aspects, the notion of DFID autonomy perceives to be conclusive. DFID's extensive autonomy was given the organization during a time where the empathy of aid disbursement was at its peak. The Labor government rode on this widespread public opinion granting DFID even more autonomy (Chhotray & Hulme 2009:38). Resulting in the quite extensive maneuverability entitled to DFID, and now ten years later, showcased in respect to the MDGs.

The MCC's organizational model is also evident in their aid allocation, leaving its mark in two different aspects. First; The undersized organization, in absolute terms but also in relation to the size of the budget, entitles the Board the decisive power over MCC allocation (MCC 2009:4), leaving much power at the individual level within that Board of Director (Soederberg 2004:280).

Second; The centralized power structure of MCC also relates the notion of MCC's articulated neutrality. During the 2000 election campaign, Bush on several occasions articulated a reluctance towards issuing aid to regions of less geopolitical significance to US foreign policy (Owusu 2004:4). The debate of undesirable policy biases regarding aid allocation in general, and perhaps especially concerning middle-income countries where MCC are engaged, could in this context be brought to the surface. The US continued disbursements within the MCA program, to middle-income countries that according to the MDG already are "on track" raises questions about the real nature of US aid neutrality and the approach towards poverty reduction incorporating the MCC (Baulch 2006:944).

The organizational aspects of SIDA's, most prominent their extensive public documentation and also their limited maneuverability in respect to the Swedish Government, makes SIDA's organizational model perceived as to be centralized and less independent, especially in relation to DFID. SIDA is however practicing an aid policy much in resemblance to the DFID's agenda, as their aid program PGU rests on concerns for global awareness.

4.3.2 Implementation

When examining the different aid agencies as well as their aid allocation program using self proclaimed attitudes and documents as empirical evidence, questions arise concerning the real implementation of these well edited aid allocation doctrines. In order to compare the real implementation of the aid policies and especially its correlation to the security development nexus and the MDGs, a short overview over the main features of the implemented aid will be presented.

As noted earlier, all three agencies are to different degree allocating their aid in accordance to the MDG doctrine. Due to the large share of the total amount of the aid given, and the fact that it is projected towards projects in the African region, this could be regarded as evidence enough for establishing the lack of hidden agendas. However the MCC approach to allocate aid towards middle-income countries once again calls for further discussion regarding these issues.

Bob Baulch concludes in his investigative article *Aid Distribution and the MDGs* that DFID are allocating their aid more in accordance to the discourse of the MDGs, than any of the main donors (Baulch 2006). When investigating the allocation evident during the post MDG era, UK perceives most considerate as their aid to a large share is distributed toward the poorest and most deprived countries. Baulch goes on throughout his paper arguing that the US and the EU are allocating aid towards middle-income countries, showing little concern towards the international consensus that is the MDGs (Baulch 2004:944). This is perhaps not surprising given the fact that allocation towards middle-income countries is established in the MCA program (MCC 2009:2).

Given the post MDG aid agenda, it seems quite undiplomatic not to allocate aid according to current aid discourse. It has been argued that the real implementation of MCC aid policy has shown signs of hidden agendas. The allocation tendencies towards middle-income countries have by some scholars been evident enough to suggest MCC as incorporating undesirable policy biases (Killick 2004:8). Susanne Soederberg takes it one step further arguing that MCA reflects the ongoing transformation of American imperialism, which has become more explicit after the tragic events of September 11, 2001 (Soederberg 2004:280).

To state MCA activities in terms of post 9/11 American imperialism might be perceived as a bit bold. At this point, avoid taking any side, we settle with the fact that implementing MCA, includes imposing western models of infrastructure and market economy (Chhotray & Hulme 2009:44) and are accordingly perceived to be more commanding in nature then either PGU or the DOC.

The DFID's extensive multilateral allocation towards the European Commission can raise concerns of similar kind. When listing the main donors of bilateral and multilateral aid and categorizing it within the discourse of the MDG, UK placed itself on top, distributing their aid accordingly. At the same time the European Commission are placed at the bottom (Baulch 2006:944).

It appears as when DFID are able to allocate aid based on their own preferences, the outcome is in accordance to the MDGs. Meanwhile their multilateral aid allocations are not, due to the multilateral aid allocation, parts of DFID's funding are not being allocated effectively.

5 Conclusion

This paper rests on the hypothesis that governments more involved in the War on Terror are more prone to allocate their aid taking security concerns in consideration, than governments that are not as involved. This hypothesis can be put in a correlative context, namely in the light of the theoretical approaches of the Security Development Nexus and the MDGs. The correlations evident throughout this paper have been conceptualized using qualitative measures on the one hand, and quantitative on the other.

Qualitative Correlation

It is clear that the three different actors are interpreting the global security dilemma in different ways. Sweden, not being subject for any threats at all, is able to allocate their aid funding in a seemingly unproblematic fashion. Not to say they are not suffering from other implications regarding effective aid allocation.

On the other side of the spectrum is the US, apparently in very different situation. The notion of the Security Development nexus is central for the foreign policy in the US, especially since the 9/11 (Crenshaw 2008:67). This stance is evidently incorporated in many aspects of the US international relations agenda.

Regarding UK, the conditions perceives to be of similar kind, recently suffering from acts of terror, to a large extent connected to the War on Terror, but not allocating accordingly. As stated earlier, in the post MDG and 9/11 era, the US and UK aid are allocating differently (Baulch 2006:937).

The frameworks and definitions at hand are evidentially a factor when decisions on aid allocation are made. SIDA, DFID and MCC are contextualizing their perception of global events according to self constructed models. This relates to the correlation between War on Terror and tendencies towards allocating aid from a perspective of security. For the US, the situation calls for more offensive strategies, resulting in allocation not incorporating the MDG doctrine. UK and SIDA on the other hand are allocating in accordance to the MDGs, essentially using different frameworks and definitions resulting in a different perception of Global events.

The perceived threats become eminent in respect to US allocation that to a large extent are allocated to countries that are classified as middle-income, a strategy that has been considered evidence of hidden agendas (Baulch 2005:944). The frameworks and definitions correlates to the security development nexus in the sense that the country perceived as exposed to threats are *framing* the situation differently, resulting in reluctance toward allocation in accordance to the MDGs, instead allocate on the basis of self-interest and security concerns (Chhotray & Hulme 2009:37).

“the sudden reappearance of Northern security or ‘global security’ as a primary objective of development is quite clearly a response to the insecurity felt by the developed North in the post 9/11 environment, and the effect of this shift is that development itself becomes increasingly instrumental to the security agenda.” (Beall, Goodfellow & Putzel 2006:53)

Quantitative Correlation

The other conceptualized correlation regards implementation and can be seen as an extension of the first one, further stressing the issues concerned. The contrast of implemented aid doctrine with the US on the one hand, and UK and Sweden on the other is illustrated by the degree to which their aid expenditure targets the poor.

Once again the MCA gets the attention of the analysis, as their aid program results in extensive allocation towards prosperous middle-income countries such as Morocco and Egypt (Baulch 2005:939).

As the announced neutrality appears to be absent, the security development nexus can be correlated to the real implementation of US aid policies. A popular opinion partly explaining the allocation of the MCC is connected to the fact that the US still are the unquestioned hegemony of the world, thus in order to remain as the sole superpower, the priorities are set on other issues, leaving the worlds poverty astray. According to these arguments, US foreign interests are superior as the focus on international security is prioritized by the Washington policy agenda. Meanwhile US policy makers cannot publicly state this lack of interest, from this perspective MCA has been recognized as a soft power strategy in the quest for US foreign policy and security goals (Chhotray & Hulme 2009:43).

Striving for effective aid allocation continues. We are currently six years until due day of the MDGs. The situation at hand are as complex as ever as the poverty reduction now has to compete next to increasing concerns for other issues, most notably the environmental threat. This paper was written as an attempt to stress the different situations the donor community is forced to cope with. In doing so three different actors, with different views on how aid is supposed to be allocated has been analyzed.

The conclusion of this comparative analysis is that the perceived threats, currently rooted in the War on Terror, are a major factor when aid allocation is decided. The main concern is the connection between terror and poverty. In this view poverty facilitates hopelessness, and when hopelessness are real, the tendencies to take desperate measures are increasing, and so it goes.

Many articles have been composed on the subject, creating the deadlock between the two opposing perspectives, one the advocate that the connection is real, and the other opposing it. The fact that a recognized definition of terror still are lacking, does not make concerns better.

In order to reach the MDGs, joint strategies must be put together. In April The MCC and the DFID signed an agreement of consensus on what is to be made, perhaps a sign of the next decades aid allocation trend.

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7 Appendix

MCC and DFID Sign Agreement to Coordinate Poverty-Reduction Efforts

Unprecedented Memorandum of Understanding Specifically Addresses Africa

London—19 February 2008—The Millennium Challenge Corporation (MCC) and the UK Department for International Development (DFID) signed a first-of-its-kind Memorandum of Understanding between the two organizations which will increase coordination and make their poverty reduction efforts more effective in Africa and throughout the globe. MCC CEO Ambassador John J. Danilovich and the Secretary of State for International Development, Douglas Alexander MP signed the memorandum at DFID's London Headquarters as the culmination of a series of working-level meetings between the two agencies' officials.

Focusing initially on Africa, the memorandum identifies practical areas for cooperation on the ground in countries in which both the US and UK are engaging in poverty reduction, including Ghana, Malawi, Mozambique and Tanzania. The agreement builds on existing cooperation to identify new areas where collaboration between the two organizations can better help partner countries and improve development practice, such as data and statistics sharing, coordinated approaches to issues such as environmental protection, infrastructure projects, transparency in large-scale procurements, rigorous evaluation of aid effectiveness, future staff exchanges, and others.

“As innovative donors, we believe that countries must direct their own development and that growth and good governance are critical if poverty reduction is to be long-term and sustainable. Our taxpayers have entrusted us to help make an improvement in the lives of the world’s poorest people. Finding practical things we can do together, on-the-ground, to leverage our ideas, people and resources makes sense and is a smart way to do business. I am thrilled that DFID and the MCC have taken their friendship to a higher level which will benefit those who need it most – our partner countries in places like Africa and around the globe,” said Ambassador Danilovich.

The UK's International Development Secretary Douglas Alexander added, **“It makes sense that donors working in the same developing countries to the same ends should collaborate where possible. That's why I'm pleased that we've agreed to combine the knowledge and strengths of DFID and MCC in areas such as education, anti-corruption and the environment in the countries where we both work. It will help ensure that our programmes are more effective, better organised and that donor presence is less burdensome on country governments.”**

The activities outlined in the Memorandum of Understanding are a strong signal of both organizations' commitment to the spirit of the Paris Declaration on Aid Effectiveness and to helping the developing world achieve the Millennium Development Goals. These efforts will focus on helping developing countries build their own capacity – to collect and use data, to evaluate environmental risks, and to assess their constraints to growth. The memorandum provides a solid framework for in-country cooperation to take place between MCC and DFID in a number of sectors including education, water and sanitation, transportation and governance, especially related to transparency and anti-corruption.

About MCC: Millennium Challenge Corporation, a U.S. government corporation designed to work with developing countries, is based on the principle that aid is most effective when it reinforces sound political, economic, and social policies that promote poverty reduction through economic growth. For more information about MCC, please visit www.mcc.gov.

About DFID: The Department for International Development is leading the British Government's fight against world poverty. For more information, visit <http://www.dfid.gov.uk>.