

## **For the biggest bang in foreign aid, small and targeted is the best**

Christopher Ragan  
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In 1969, Prime Minister Lester Pearson recommended that rich countries commit 0.7 per cent of their national income to foreign aid, or Official Development Assistance (ODA). The next year, this commitment was formally adopted by the United Nations and has been re-affirmed by the rich countries many times since.

Canada and most other rich countries have never come close to achieving this commitment. Last year, for example, Canada's total spending on ODA, most of which is controlled by the Canadian International Development Agency (CIDA), was just over \$5-billion – about 0.3 per cent of our gross domestic product.

We haven't achieved Mr. Pearson's target for several reasons. First, CIDA has long been an easy target for governments needing to trim spending, especially since the recipients of foreign aid do not vote in Canadian elections. Second, whether or not it is accurate, CIDA has a reputation of being overly bureaucratic and fiscally ineffective. It is no surprise that finance ministers find it difficult to inject more funds into a department already seen to be unmanageable. Third, experts who study ODA hotly debate its effectiveness, and this naturally reduces politicians' desire to invest.

The debate over ODA is as fascinating as the process of economic development. At one end of the spectrum is Jeffrey Sachs, who argues in *The End of Poverty* that the single biggest problem with foreign aid is that the rich countries have not done enough. While recognizing some problems with delivery, he believes that if we ramped up our ODA budgets, more countries would be able to get onto the bottom rung of the development ladder and from there lift themselves out of poverty.

At the other end of the spectrum is Dambisa Moyo, who argues in *Dead Aid* that foreign aid does more harm than good and that we should shut down the CIDs of the world altogether. She contends that the level of corruption in developing countries is a primary obstacle to growth, and that much of the ODA resources are captured and used to fuel this corruption.

Somewhere in the middle is William Easterly. In *The White Man's Burden*, he rejects Mr. Sachs' advocacy of "Big Aid" on the grounds that much of it simply does not work, largely because the recipient countries have not yet developed the required, home-grown political and economic institutions. But he is not as pessimistic as Ms. Moyo; he sees a constructive role for small, targeted projects that are relatively simple to implement and evaluate.

Despite this debate, there is agreement about some of the key aspects of economic development. Over the past twenty years, for example, there has been growing recognition of the crucial role to be played by girls and women, if only they're given a chance. Educated girls are more likely to marry later and have fewer children, thus slowing the enormous pressures created by rapid population growth. Married women who are employed are more likely to control the household finances, resulting in less money being spent on alcohol and other wasteful male distractions and more being spent on children's education and health. In poor countries, as in richer ones, education and health are keys to future success.

This brings us to *60 Million Girls*, a Montreal-based charity I have recently come to know, which is named for the millions of girls currently denied schooling in the developing world. Since 2006, a small group of dynamic women has been raising money by the bucketful to support educational projects in Sierra Leone, Kenya, Afghanistan and many other countries. The projects include school construction, teacher training, provision of equipment and the support of activities to increase girls' access to school.

The *60 Million Girls* foundation focuses on a crucial problem, carefully screens projects for those with the biggest chance of success, selects partners with a proven track record, follows up to assess the projects' performance, and is operated entirely by volunteers. There are no salaries or overhead: Only 1 per cent of the money they raise is spent on administration. How many charities can make this claim?

Many people might lament the gap between Canadian government spending on ODA and Mr. Pearson's recommended target. But if Mr. Easterly is correct that small and targeted projects are the most effective way to promote economic development, then maybe we should see the work of groups like *60 Million Girls* as a superior alternative. This is charity at its best.

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