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## **Factors Influencing Effectiveness of Development Assistance and Humanitarian Aid in Developing Countries: A Literature Based Review**

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# Factors Influencing Effectiveness of Development Assistance and Humanitarian Aid in Developing Countries: A Literature Based Review

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## Abstract

An effective and timely humanitarian aid and developmental assistance is crucial for diversified development. Donor Aid Effectiveness remains a top priority for the international development community. Use of humanitarian aid and effectiveness of development assistance have received renewed consideration during the first years of the 21st century. At the Millennium Summit of 2000, the international community agreed on certain Sustainable Development Goals (SDG) to be reached by 2015. Literature based review was adopted in this paper. Various factors influencing effectiveness of Development Assistance and Humanitarian Aid have been identified. The factors include effectiveness of Development Assistance and Humanitarian Aid, donor assistance and humanitarian aid Internal Management Structure, monitoring and evaluation, donor policies and transparency and accountability in aid. Foreign aid has been contributory towards fostering broad-based development and complementing national development initiatives in the recipient countries. According to Radelet (2006), most foreign aid is designed to meet one or more of four broad economic and development objectives: stimulate economic growth through building infrastructure, supporting productive sectors such as agriculture, or bringing new ideas and technologies, strengthen education, health, environmental, or political systems, support subsistence consumption of food and other commodities, especially during relief operations or humanitarian crises and or to help stabilize an economy following economic shocks. However, there are controversies about aid effectiveness go back decades. Critics such as Milton Friedman, Peter Bauer, and William Easterly have revealed stinging critiques, charging that aid has enlarged government bureaucracies, perpetuated bad governments, enriched the elite in poor countries, or just been wasted. Undoubtedly some aid is given with humanitarian motives in mind; however, according to the literature, most foreign aid

is given for variety of political, strategic and economic reasons that benefit the donor countries in the longer term. Official Development Assistance (ODA) is often designed to achieve political objectives rather than increase the prosperity of recipient countries.

**Key words:** *effectiveness of development assistance, humanitarian aid, developing countries*

## 1.1 Introduction

Given large increases in aid levels since 2000, sub- Least Developed Countries now receive historically unprecedented volumes of aid (OECD, 2010). The United Nations has formally recognized that search countries need special assistance from the international community, in part due to geographical characteristics that accentuate their development. The amount of aid that developing country governments have available to spend per head of population is an important issue. Donor aid comprises financial help, technical help, and goods meant to stimulate economic empowerment of less privileged countries and include loans and grants.

Majority of aid providers should bend over backward to improve the adequacy of their development humanitarianism support. The IV High Level Forum on help adequacy in Busan, the Republic of Korea, in November 2011 gives a chance to a reestablished responsibility to help viability. In any case, over the long haul, there should be more thought about the most fitting and comprehensive gathering for discussing help and issues of advancement viability. Substantially more guide needs to arrive at beneficiary nations than is as of now the case, as a lot of is despite everything spent inside contributor nations or on administrations that giver nations give and significantly more guide could be diverted through direct spending help, which is the most productive and powerful type of asset move (Aid Watch, 2010).<sup>1</sup> This plan, encapsulated in the Paris Declaration on Aid Effectiveness, explains a progression of responsibilities reflected by the accompanying principles: proprietorship, arrangement, harmonization, overseeing for results, and common responsibility.

An effective and timely humanitarian aid and developmental assistance is crucial for diversified development. For humanitarian aid potential recipients might be situated inside a zone of contention or in regions with weak infrastructural facilities, making it troublesome and hazardous for compassionate organizations to convey help. Therefore, help may arrive at just the most open regions, with other potential recipients being disregarded (Joseph, 2014). The ever-expanding number of offices on the ground, the trouble of acquiring precise insight, and the unconventionality of human conflict make viable administration and coordination incredibly troublesome. Taking care of this issue demands effective use of development assistance and humanitarian Aid.

The effectiveness of donor support remains a top priority for the international partners. According to Acharya (2003), whether tackling the global Sustainable Development Goals (SDGs) or working collaboratively on Poverty Reduction Strategies at the country level, donor agencies must improve their effectiveness to achieve concrete development outcomes and eliminate poverty. Easterly (2003) argued that in looking at the history of aid, one might wonder if Official Development Assistance is truly meant to promote economic growth and reduce poverty. Mosley and Marion (2000) attested that issues of financial administration and incapable

use of improvement help have extended from poor or no meeting with the expected recipients; absence of coordination between different government organizations; the inability to fit strategies; projects and techniques harmonization and arrangement; poor task plan; to poor observing of outside subsidized undertakings and high debts and embezzlement (Elayah, 2016).

## **2.0 Literature Review**

### **2.1 Effectiveness of Development Assistance and Humanitarian Aid**

Use of donor aid and effectiveness of donor support have gotten reestablished thought during the primary long periods of the 21st century. At the Millennium conference of 2000, the global network concurred on certain Sustainable Development Goals (SDG) to be come to by 2015. World leaders have recognized that target fulfillment relies upon expanded asset moves just as improved guide viability through giver co-appointment. Help increment has been recommended in the Monterrey Consensus (UN 2004) and (UN 2005). The recharged political intrigue together with expanded asset moves have brought about various investigations on the effect of helpful guide and improvement help on development. Roodman, (2004) finds that the donor growth connect is impacted by components, for example, governance policies, external agreements and past histories.

The idea of the viability of aid support is seen by certain experts as profoundly connected with the exhibition level of projects and techniques of outer creating help in advancing economic development, institutional changes, and battling and diminishing impoverishment in the objective nations (Biscaye, Reynolds & Anderson, 2017). Some others link the effectiveness of humanitarian aid with the 'power of development (Scott-Smith, 2013). There exist varied factors that may influence the effectiveness of humanitarian and development assistance: civil conflicts and cataclysmic events are nevertheless a couple of models. As needs be, it is difficult to draw an association between the adequacy of the projects and arrangements of donor aid, from one viewpoint, and the level of the accomplished advancement in the beneficiary nations, on the other (OECD, 2015).

The economic profession has produced an abundant literature on the effectiveness of official development assistance and humanitarian aid in achieving its ultimate goal: to promote economic development in poor countries. Two clear observations emerge from a review of this literature. The first is that there is no agreement on whether or not aid has been effective (Ndikumana, 2012). The second is that there has been little change in the approach used to evaluate aid effectiveness. This paper argues that the two observations are related: Donor-aid and recipients show up logically stressed over the duty and reasonability of help, as highlighted by the 2005 Paris Declaration on Aid Effectiveness, the 2008 High Level Forum on Aid Effectiveness, the 2011 Busan Partnership Agreement for Effective Development Cooperation, and the ascent and augmentation of help watching and reporting affiliations including the International Aid Transparency Initiative and the OECD-DAC CRS. Exercises by the OECD, the Center for Global Development (CGD), the United Kingdom Department for International Development (DFID) and others have hoped to study the introduction of provider relationship against an arrangement of markers acknowledged to impact help reasonability. These reviews normally survey advocate affiliations only, yet consistently draw progressively expansive assessments among two-sided and multilateral suppliers, as multilateral guide is once in a while depicted as



being commonly continuously revolved around supporting headway brings about making countries, while reciprocal assistance is seen as bound to be assigned subject to supporter fundamental interests (Milner & Tingley, 2013).

Aid effectiveness could be measured in several ways. Some are using the relation between aid and the growth, while others are using the improvement of national policies toward utilizing the received funds, where others measure aid effectiveness as share of gross domestic product GDP (Fielding & Knowles, 2007). The empirical literature on aid effectiveness has resulted to inconsistent outcomes.

## **2.2 The Paris Declaration on aid effectiveness**

Late discussions have turned significant as they address issues related guide viability. New strategy records have started the endeavors to break the contributor driven motivation and its over the top fracture of help by depending on beneficiary or "accomplices" nations' advancement systems, organizations and techniques. Building up nations' needs and needs are currently at the focal point of advancement strategies: Aid is seen (from a certain perspective) more as an organization than as contributor possessed. As per OECD: "The Paris Declaration is tied in with evolving conduct" OECD (2006) At an increasingly functional level, the World Bank and the International Monetary Fund, presented the Sector-Wide Assistance Programs (SWAPs) and Poverty Reduction Strategy Papers (PRSPs) to help viability.

The Paris Declaration is a political just as specialized instrument to fortify nation responsibility for endeavors. Aid adequacy is plainly connected to a superior assignment and conveyance of help with respect to the benefactors and an improvement in the executives of the assets got from part of the beneficiaries. To improve advancement effect and help viability, many givers and creating nations marked the Paris announcement in 2005. It was structured by the "donor Effectiveness" working gathering of the OECD's Development Assistance Committee (DAC).

## **2.3 Factors Influencing Effectiveness of Development Assistance and Humanitarian Aid**

The question whether or not humanitarian aid and donor assistance funds are effectively used has long been debated, but still no consensus is found among researchers and policy makers. Various factors influence the effectiveness of Development Assistance and Humanitarian Aid.

### **2.3.1 Effectiveness of Development Assistance and Humanitarian Aid**

It not easy to find direct definition of aid effectiveness but generally most definitions measure aid effectiveness in response to economic growth or indicators of achieving the goals and objectives (Lancaster, 2007). Aid effectiveness would be characterized as: "Game plan for the arranging, the board and sending of help that is effective, lessens exchange costs and is focused towards advancement results including neediness decrease" (Stern *et al.*, 2008). Roodman characterizes aid viability as achieving goals such as building schools (Roodman, 2007). While aid effectiveness is measured by tracking countries growth and poverty reduction ratios (McGillivray, 2003).

Aid effectiveness entails improving people's lives as defined in SDGs. To generalize the definition of aid effectiveness: aid effectiveness is the extent of achieving the preset goals and objectives of the foreign funded projects where most of goals and objectives aims to minimize poverty while stimulating GDP of any country receiving foreign aid, generally the community welfare. It is a quantitative-qualitative variable that can be measured using description with positive and negative indicators.

### **2.3.2 Donor assistance and humanitarian aid Internal Management Structure**

The internal management structure is considered one of the management functions where they are: planning, organizing, directing and monitoring. The organizing of human resources lead to the concept of internal institution structure and hierarchy. This structure is a way to organize the human resources to implement the plans with the lowest cost, high efficiency and high flexibility to achieve the goals and objectives (ElFarra, Ashour, Bahar, Wadi, & Abu Moamar, 2010). The internal management structure is the frame that is organizing the human resources to achieve the goals and the objective of the institution. This could be achieved by: identifying the tasks responsibilities, identifying and allocating resources, and identifying the type of relations. There are two main types of organization structures: formal and informal. The internal management structure is the formal one (Makhamrah, Salem, Ramadan & Dahhan, 1995).

The motivation behind getting sorted out is to accomplish composed endeavors by characterizing errand and authority connections. Sorting out methods indicating who does what and who reports to whom. Assets are dispensed all the more viably and utilized all the more effectively in an efficient group (David, 2008). The organizational structure can impact information the board forms through framing models and emphasess of correspondence among authoritative staff, stipulating areas of dynamic, and influencing proficiency and adequacy in the utilization of accessible assets (Kopinak, 2013). Information the executives can continue the auxiliary effect onto authoritative viability, on the grounds that the manner in which information is sorted out, information the board exercises are facilitated, and the degree to which information the executives rehearses are implanted in the everyday work process impact the adequacy and productivity of donor assistance and humanitarian aid (Crilly, 2010). The existence of the internal management structure is presented through clear hierarchy structure, well-identified roles, responsibilities and the type of official relations among the team (Zheng, Yang, & McLean, 2010). Effective donor aid can save lives during disaster. Thus the organization structure of donor aid provider is essential in enhancing aid effectiveness.

### **2.3.3 Monitoring and Evaluation**

Awartani and Hashweh define the Monitoring and Evaluation (M&E) as the degree to which an organization has effective mechanism for adapting and changing program activities in response to information received (monitoring), and for assessing the outcomes and overall impact of its program activities and integrating the results into future improvements in those activities (evaluations) (Awartani & Hashweh, 2002). Based to Wheelen, the assessment and control process guarantees that a foundation is accomplishing what is decided to achieve. It assesses the accomplished presentation with arranged outcomes and offers the best possible criticism important for the executives to assess results and take remedial activities. Assessments must be found for immeasurably significant regions, paying little heed to trouble. The monitoring and

evaluation systems are part of the control mechanism where control process ensures that everything is running as planned according to principals and instructions. The process aims at diagnosing the weakness points and mistakes to correct then to stop doing them again in the future and it is imposed on things, human resources and regulations (Certo & Certo, 2011).

There is an unmistakable agreement that great observing and assessment of contributor help and philanthropic guide is fundamental. This infers there must be a standard and solid program of estimating, recording and revealing the advancement. This thus implies there must be close contact with the recipients, and furthermore characterized pointers of execution. Assessment contemplates show that it is exceptionally normal for deficient thoughtfulness regarding be given at benefactor help and donor aid projection, working out designs for observing, and the absence of an obviously spread out arrangement undermines effectiveness of donor assistance and humanitarian aid.

#### **2.3.4 Donor polices**

Donor policies are the general guidance of thinking that leads to efficient works. The policy is a directing tool that directs the activities to achieve the preset goals and objectives. There are three main categories of policies: master or basic policies, which are written and imposed by the highest level of management in the organization such as steering committees. The master policies specify the nature of organization and its business in general, and usually are defined as general policies and match main goals and objectives (ElFarra *et al.*, 2010). The political contemplations assume a significant job in benefactor financing designation choices. While at times, neediness decrease is as yet the principle objective in contributors' subsidizing strategies. For political reasons, benefactors for the most part need to impact whatever number nations as would be prudent, which will in general lead to a lopsided measure of help going to little nations (Radelet, 2006). If the donors' policy is to reward recipient with good policy, then it is clear that the margin good policies are rewarded by higher aid. That could be used as mean of growth rate increment of the recipients (Burnside & Dollar, 1997).

Such type polices affects the effectiveness of humanitarian aid and donor assistance (Radelet, 2006). Donors impact neighborhood policymakers by giving money related assets, their effect on arrangement discussion and detailing, and specialized help. They additionally attempt to force arrangements through guide contingency, however work blemished information on the nearby condition, and all the more significantly, flawed control of the execution of these strategies (Bourguignon & Sundberg, 2007).

#### **2.3.5 Transparency and accountability in aid**

Donor effectiveness calls for high level of accountability. Expanded accountability and transparency will assist with supporting more prominent responsibility for help choices in both giver and beneficiary nations. This proposal applies similarly to 'old' and 'new' advancement collaboration accomplices; at present, not very many developing contributors distribute clear and efficient information about their guide exercises, an exclusion that prompts a lot of theory about what they progress admirably and what they do 'gravely'. More data will prompt a scope of better results, bury alia: progressively viable oversight, the capacity to gain from other contributors'

encounters, better coordination among benefactors, and improved advancement results (World Bank, 2010).

Aid effectiveness is another idea, proposed in 2013 at a progression of gatherings composed by OCHA, paving the way to the 2016 World Humanitarian Summit (WHS). Despite the fact that helpful viability presently can't seem to be unmistakably characterized, partaking entertainers have distinguished and proposed. Components of helpful Effectiveness', the center issues that should be tended to, to be specific: execution, responsibility, coordination, contextualization, standards and gauges, importance, interest, limit, versatility and readiness, development, and access.

Contributors and beneficiaries show up progressively worried about the responsibility and adequacy of help, as featured by the 2005 Paris Declaration on Aid Effectiveness, the 2008 High Level Forum on Aid Effectiveness, the 2011 Busan Partnership Agreement for Effective Development Cooperation, and the rise and extension of help observing and detailing associations including the International Aid Transparency Initiative and the OECD-DAC CRS. Activities by the OECD, the Center for Global Development (CGD), the United Kingdom.

Office for International Development (DFID) and others have looked to survey the exhibition of contributor associations against an assortment of markers accepted to influence help adequacy. "help adequacy" as the capacity to accomplish focused on advancement results as estimated by markers, for example, GDP development, increments in proportions of human improvement, and increments in private venture streams OECD (2013). O'Connell and Soludo (2001) contended that responsibility is a key mainstay of adequacy. Responsibility alludes to full straightforwardness with respect to the reason, substance, duty and execution of the improvement office (Biscaye, Reynolds & Anderson, 2017).

A few creators fight that immediate responsibility to benefactors (Barder, 2012), joined with two-sided givers' institutional similarity with beneficiary nations where they have long-standing recorded connections (Cassen, 1994), and the more noteworthy volumes of help dispensed by reciprocal givers (Kharas, 2010; OECD, 2013) all serve to increment respective guide cost-adequacy comparative with multilateral support.

## **2.4 Empirical review**

Elayah (2016) conducted a study absence of donor effectiveness in creating nations between a mallet and a blacksmith's iron. This article inspects explanations behind the insufficiency of outside guide intercessions in creating nations, utilizing the instances of Yemen, Egypt and Jordan. It begins with an audit of two opposing hypotheses used to clarify remote guide incapability: the open intrigue point of view (PIP) and the open decision viewpoint (PCP). Based on the PCP, this article shows that lacks are bolted inside an endless loop of a poor strategy and



institutional conditions in creating nations and contributors' personal circumstance. The article finishes by proposing a third clarification of outside guide incapability that goes past the extent of the PCP.

Vathis (2013) conducted a study Aid Effectiveness: A Literature Review. Researchers have been going after for quite a long time to look at whether a connection among help and development can be built up, however in spite of the critical volume of work and the new econometric systems, no agreement has been come to. Right now, of help contend for an expansion of help payment to poor nations in order to help plans at worldwide level -, for example, the Millennium Development Goals - while pundits underline the negative parts of help and request significant changes. The point of this paper is to survey the guide viability writing and present the various philosophies utilized in its examination, exploring different components that ruin help adequacy. Additionally, the job of various and differing entertainers - political, institutional, money related - that affect help exercises is broke down.

Mai (2017) in the study conducted a study on the history, adequacy and effects of advancement help with exceptional spotlight on sub-Saharan Africa. Numerous researchers are of the assessment that advancement help has not brought about advancement and that in sub-Saharan Africa improvement help has rather expanded disparity and neediness. The most effective method to accomplish reasonable advancement has consequently become the primary discussion inside the worldwide network. Numerous procedures have been proposed for accomplishing economical improvement with accentuation on considering it to be a procedure as opposed to only a lot of objectives. This establishes a long haul way to deal with advancement and it requires consistent learning and adjusting. There has been a developing mindfulness that maintainable advancement ought to be maintained by the creating nations themselves. Significant advancement help associations concur that specialized collaboration with nearby establishment has not been exceptionally successful in helping creating nations to make their own maintainable limits. The explanation behind this is fundamentally the absence of proprietorship and thusly there have been changes toward bringing advancement ventures under the control of the individuals who need the guide. Most researchers reason that advancement help is for the most part inadequate and different methods are important so as to accomplish economic improvement.

Biscaye, et al. (2015) conducted a Relative Effectiveness of Bilateral and Multilateral Aid on Development and Social Outcomes. They inspected the exact writing, breaking down 40 papers that review the viability of various guide channels on different results. Numerous examinations don't straightforwardly look at the viability of help channels, and the investigations differ in how help channels are characterized, estimated, and assessed. Further, these investigations don't legitimately test the guessed focal points of one channel of help versus another; somewhat they test two-sided versus multilateral guide streams relationship with advancement results, accepting some causal component is grinding away to clarify contrasts in sway. We assess examines detailing the effects of help on GDP development, administration, government speculation spending, wellbeing, the HDI, destitution, and private venture, and locate no reliable proof that either two-sided or multilateral guide is progressively compelling. The absence of convincing proof supporting either help channel is likely identified with contrasts in the philosophies of the

examinations remembered for this survey, however may likewise be because of contrasts in how the hypothetical contentions for the viability of either direct apply in various conditions.

Al-Masri and Al-Habil (2013) conducted a study to investigate to what extent the internal and external factors affect the effectiveness of foreign funded projects for the local NGOs under conditionality. The researcher followed the qualitative-quantitative methodology where he targeted some of the local Palestinian NGOs with questionnaire in addition to deep literature review of previous studies. The results show that the donors funding policy affects with more than 57% of power the effectiveness of the foreign funded projects under conditionality with only about 13% for the internal management structure. The donors usually fund the groups that match their vision and mission in particular with weak interest in making real development. Accepting such funding, force to accept the conditions that work on modifying the local NGO cultures.

## **2.5 Summary of Empirical Findings**

According to Elayah (2016) on absence of remote guide viability in creating nations between a sledge and an iron block, outside guide insufficiency goes past the extent of the open intrigue point of view. Defenders of help contend for an expansion of help payment to poor nations to help plans at worldwide level -, for example, the Sustainable Development Goals - while pundits underline the negative parts of help and request significant changes (Vathis, 2013). Significant advancement help associations concur that specialized collaboration with nearby foundation has not been viable in helping creating nations to make their own manageable limits. The purpose behind this is for the most part the absence of proprietorship and hence there have been changes toward bringing advancement ventures under the control of the individuals who need the guide (Mai, 2017). Advancement help is for the most part insufficient and different methods are important so as to accomplish feasible improvement.

Biscaye, Harris, Reynolds, and Anderson (2015) further noted that absence of indisputable proof supporting either help channel is likely identified with contrasts in the procedures of the investigations remembered for this survey, however may likewise be because of contrasts in how the hypothetical contentions for the viability of either divert apply in various conditions. According to Al-Masri and Al-Habil (2013) donors funding policy affects with more than 57% of power the effectiveness of the foreign funded projects under conditionality with only about 13% for the internal management structure. The donors usually fund the groups that match their vision and mission in particular with weak interest in making real development. Accepting such funding, force to accept the conditions that work on modifying the local NGO cultures.

Biscaye, Reynolds and Anderson (2017) noted that donor viability may shift by nation or area and by timeframes examined, yet we locate no steady proof that either two-sided help or multilateral guide is increasingly compelling, either in general or by study technique. As indicated by Biscaye, Harris, Reynolds, and Anderson, (2015) absence of convincing proof supporting either help channel is likely identified with contrasts in the techniques of the investigations remembered for this survey, yet may likewise be because of contrasts in how the hypothetical contentions for the adequacy of either direct apply in various conditions.

## **2.6 Conclusions and Policy Recommendations**

Various factors influencing effectiveness of Development Assistance and Humanitarian Aid have been identified. The factors include effectiveness of Development Assistance and Humanitarian Aid, donor assistance and humanitarian aid Internal Management Structure, monitoring and evaluation, donor policies and transparency and accountability in aid. Donor support has been contributory towards cultivating expansive based advancement and supplementing national improvement activities in the beneficiary nations. As indicated by Radelet (2006), most remote guide is intended to meet at least one of four expansive financial and improvement destinations: animate economic growth through structure foundation, supporting gainful divisions, for example, agribusiness, or bringing new thoughts and advancements, fortify training, wellbeing, ecological, or political frameworks, bolster subsistence utilization of nourishment and different products, particularly during alleviation activities or compassionate emergencies and additionally to help balance out an economy following monetary disturbances.

The pessimistic literature on the effectiveness of donor aid provides very little evidence regarding the impact on economic development. However, they revealed an unexpected outcome of foreign aid - it reduces the level of democracy of the recipient countries. In that context, it is difficult to make aid effective. The restrictive standard doesn't appear to work in light of the absence of believability of the discipline. Some exact investigations demonstrated that advances may assist with instigating some control and an increasingly powerful utilization of the reserve since they must be returned. Different wellsprings of remote assets, similar to settlements and private help, have end up being very successful in cultivating development and venture. The expanding access to the guide market of new members and the potential clash of the objectives of benefactors add to the inadequacy of help. In this manner, expanding the duty of beneficiary nations by giving advances rather than awards in a solid strategy condition, decreasing the expense of settlement to creating nations, and improving the coordination of benefactors appear to be sensible objectives to improve the adequacy of donor aid later on.

However, there are controversies on aid effectiveness are eminent. Critics such as Friedman, Bauer, and William indicate that donor support perpetuate government bureaucracies, perpetuated bad regimes of governance, enriches few in poor nations with a lot of funds being misappropriated. A lot of aid has been given to African and South Asian countries including Sudan, Haiti and Congo yet poverty is still prevalent. Donor aid policies need to be reformed to serve the purpose meant for including genuine empowerment of beneficiaries and economic stimulation of the target countries.

In most instances, aid is provided to some nations for purpose of political reasons. USA has been providing Israel with a lot of donor aid just because it serves its interest in east and also in taming Arab countries. Provision of aid to less economically empowered countries with aim of stimulating savings. Sufficient savings and donor support may stimulate economic growth in poor countries as long as clear donor aid goals are set and implemented. Technical support is required to implement projects funded through donor aid.

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