

**Where Development Ends and Disasters Begin:
Comparing Channels of Aid Delivery Across three Recipient Types**

Gina Yannitell Reinhardt
Bush School of Government and Public Service
Texas A&M University
www.ginareinhardt.com
gyannirein@tamu.edu

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Since the creation of foreign assistance in the 1960s, critics and proponents have asked: Why isn't foreign aid more effective at reducing poverty and fueling growth and development? I argue in this article that aid does not always lead to development because aid donors do not always have growth and development as top priorities when giving aid. Donors operate under a complex incentive structure and a range of international and domestic pressures, all of which combine to produce an aid system in which development assistance is used as a tool to achieve one or more of a variety of goals. Growth and development can be two of those goals, but they are also often overshadowed by other goals related to diplomacy, trade, or security. As a result, we get a puzzling picture of aid that sometimes encourages and drives development, and other times, does not. The consternation felt by observers and scholars who wonder why aid doesn't achieve growth and development more effectively might dissipate with a thorough and comprehensive understanding of what donors intend for aid to do.

Among scholars of aid distribution, it is no secret that aid is allocated according to different patterns among different donors. What are new are both the way I go about finding out donor motives, and the link I draw from donor motives to allocation decisions, and from allocation decisions to effectiveness outcomes. Previous studies of aid allocation search for patterns of national-level aid giving among donors, and use them to conclude that donors have particular political, economic, or altruistic priorities and goals driving their allocation (Balla and Reinhardt 2008; Alesina and Dollar 2000). But there is a fundamental problem with a logical process that infers donor motives based on observed patterns. Deducing allocation *goals* from allocation *patterns* in this way is only viable if goals translate directly into patterns, but there is not a convincing case that they do. Instead of looking to recipients first and using their received aid to infer donor motives, I begin with the donor. I find that donor goals and priorities influence national-level allocation patterns, but do not stop there. They also affect aid disbursement through a key decision regarding the channel through which aid is delivered. This delivery mechanism is the tool aid implementation that conditions effectiveness.

By exploring delivery channels in light of donor goals, I am able to illuminate the mechanisms that determine whether allocation decisions will translate into effective aid implementation. Using the United States Agency for International Development (USAID) as an illustrative case, I conduct over 150 interviews with representatives of governmental, private, and non-governmental donors and recipients of bilateral and multilateral aid in multiple countries over a 10-year period, including USAID mission directors in South America and Central America, and technical officers and administrators from USAID headquarters in Washington, DC. I examine this information alongside documents and directives defining USAID policy and procedure with respect to three recipients of disaster aid during the 2002-2011 period: Nicaragua, Brazil, and Japan. Each received disaster relief from the United States during the decade examined, and the aid to each was administered through different channels.

Disaster relief is an area of foreign assistance unlikely to be complicated by a multitude of donor motives. My focus on this narrow type of assistance notwithstanding, I find that strategic policy goals drive decisions regarding aid delivery channels. To continue a policy line in opposition to Daniel Ortega's regime while still fostering goodwill among the recipient public, the majority of Nicaraguan disaster aid was given via bypass channels. To maintain a strong alliance with Japan and a formidable presence in the region, and possibly to justify the presence of 50,000 troops on Japanese land, more than 90% of aid to Japan was implemented directly by the US Government. Surprisingly, despite relations with Brazil characterized as friendly and respectful, most Brazilian disaster aid was via bypass channels.

Learning that the US channels aid strategically even in the throes of natural disasters is more surprising than one might think at first glance. This behavior flies in the face of the Paris

Declaration, in which donors such as the US pledged to funnel aid to recipient governments and use it to build their capacity to answer their own needs and sustain their own development (2005; 2008). Disaster assistance that arrives via bypass channels makes the recipient government look weak in that it cannot supply those services itself, particularly when the government has not asked for help, which Nicaragua and Brazil never did. The choice not to give money or supplies to the recipient government reflects a lack of confidence in that government to be either able or willing to distribute the relief appropriately. And paying money to local or nearby agencies to do the job funnels money and revenue away from the central economy. That a donor government would choose a delivery channel that directly contradicts these principles of the Paris Declaration reflects how important non-humanitarian goals are to the choice of aid delivery.

There are important lessons to be drawn from this work. First, aid effectiveness should not be determined based on externally-imposed definitions of what observers believe aid is designed to achieve. Donors have concrete ideas of what they are purchasing with aid, and the best way to get it. Even in the disaster context, when humanitarian interests are assumed paramount, donors make strategic calculations regarding channel delivery and those calculations can have direct repercussions on development and aid effectiveness. Second, the complexity of donor goals requires a complex analysis of effectiveness. Narrowing the definition of effectiveness to only one element, such as growth or development or poverty reduction, runs the risk of not only mis-measuring donor intent, but misjudging the full reach of aid.

WHAT DO DONORS WANT?

Literature on aid effectiveness tends to conceptualize the goal of foreign aid either as reducing recipient poverty or as advancing donor strategic interests. Those who view aid as a tool of poverty reduction typically divide the concept into the two components *growth* and *development*, often measured in terms of national GDP per capita, or aggregate indicators of infant mortality, literacy, general health, or education (Burnside and Dollar 2000, 2004; Casella and Eichengreen 1996; Batana 2010; Easterly 2003). Scholars of aid as a policy tool have argued that aid advances donor goals of democratization (Bermeo 2011; Wright 2009), anti-terrorism (Bapat 2011), recipient government stabilization (Kono and Montinola 2009), favorable outcomes in the United Nations (Kegley and Hook 1991), and policy concessions (Bueno de Mesquita and Smith 2009). Each of these studies makes basic assumptions about what donors seek to achieve with foreign aid.

Examining aid allocation shows us that donors give aid according to a variety of altruistic/humanitarian, economic, and political priorities.¹ These patterns have been measured with a multitude of indicators: literacy and infant mortality rates, access to health care, trade openness, export/import ratios with a donor, treaty memberships, UN voting records, UN voting similarity with a donor, and colonial ties are only a few. Several argue that a mix of these priorities condition allocation (Balla and Reinhardt 2008; Alesina and Dollar 2000; McKinlay and Little 1977).

All these studies are based a fundamental assumption: aid donor goals directly translate into aid donor patterns. Surprisingly, we do not spend much time linking the goals we assume donors have in allocation to measures of effectiveness in aid. That is, we accept that donors use aid for economic, political, and humanitarian goals, but we rarely use those goals to measure effectiveness as an entire package. Even though aid is given by the donor, we do not measure effectiveness from the eyes of the donor. Where we often go wrong is in our level of analysis. We study aggregate bilateral aid flows from one donor to a variety of recipient nations over time, for example, and draw

¹ This method typically involves gathering national-level data on recipient nations over a range of time, then analyzing how aid flows from donors correlate with other national indicators. Although constrained to find patterns only in the variables scholars choose, the method has come to gain consensual validity over time.

conclusions about what that donor prioritizes, without appreciating the nuances that aid projects and programs offer.

Take, for example, the option of aid delivery channels. Foreign aid can be delivered via one of three main mechanisms. The first is *government-to-government aid*, given directly from the donor government to a recipient government. The second has come to be known as *bypass aid*, aid given from the donor government to a non-governmental or for-profit contractor to implement in the recipient nation, which is meant to bypass the recipient government mechanisms on its way to implementation (Dietrich 2012; Knack 2013). The third is *direct implementation*, aid that is implemented by the donor itself.²

DELIVERY CHANNELS AND WHY THEY MATTER

For the first twenty years development assistance was given, almost all foreign aid went directly from donor governments to recipient governments. This trend was broken in the early 1980s when concern arose over the possibilities of moral hazard, rent-seeking, and the fungibility of aid money (Gibson et al 2005; Svensson 2000; Feyzioglu, Swaroop, Zhu 1998). Critics believed recipient nations' leaders were likely to be less careful with aid money because they did not bear the cost of poor implementation (moral hazard), likely to be more corrupt with aid to use as a bribery tool (rent-seeking), and likely to use aid to pay for public services they would have supplied anyway (fungibility), saving the surplus for themselves.

In response to these concerns, several donors began to divert aid to implementation via *bypass channels*. The bypass mechanism is a means to avoid the recipient government almost entirely. Donors give aid to third-party contractors, such as private firms or non-governmental organizations, and those contractors implement the money. Although the recipient government might still be consulted for approval, aid money given through bypass channels never actually flows through recipient government mechanisms, meaning there is no way for government hands to remove portions of the aid in the name of transfer fees, service dues, or overhead charges.

It is always an option for aid to be implemented directly by donors themselves. For some small donors, this option has never been realistic; they do not have resources or means to implement aid in a variety of recipient contexts. For larger donors, however, direct implementation is possible and occasionally desired. Direct implementation has no chance for loss of funds due to local corruption or transaction costs, and allows for complete oversight of all aspects of a project.

Donors vary in the ways strategic, economic, and humanitarian goals factor into their allocation calculi (Balla and Reinhardt 2008). They will also, then, vary in which solution they choose as the most appropriate to achieve each goal. What are the primary reasons for choosing each type of delivery channel?

Government-to-Government Aid

Government-to-government aid is used to deliver millions of dollars of aid every year. For some donor countries it is the primary delivery mechanism. Table 1 shows the amount of Official Development Assistance (ODA)³ flowing from each of the major OECD donors through

² A possible fourth delivery channel is *trust or partner aid*, which is given to a multilateral organization or trust, such as the World Bank or United Nations. This aid is then channeled through recipient governments or bypass contractors.

³ The Organization for Economic Co-operation and Development defines Official Development Assistance as flows to countries, territories, and multilateral institutions that are:

1. **Provided by official agencies**, including state and local governments, or by their executive agencies; and 2.

Each transaction of which:

a) Is administered with the promotion of the *economic development and welfare of developing countries* as its main objective; and

government-to-government channels, and what proportion that represents of total ODA, from 2008-2011. Donors such as France, Germany, Japan, Korea, and New Zealand consistently give well over half their aid via government-to-government transfers. The United States, Australia, Canada, the Netherlands, Norway, and Sweden never give even 50% of aid via this mechanism.

Table 1 Amount of ODA Being Channeled through Government-to-Government Aid, in Absolute and Percentage Terms

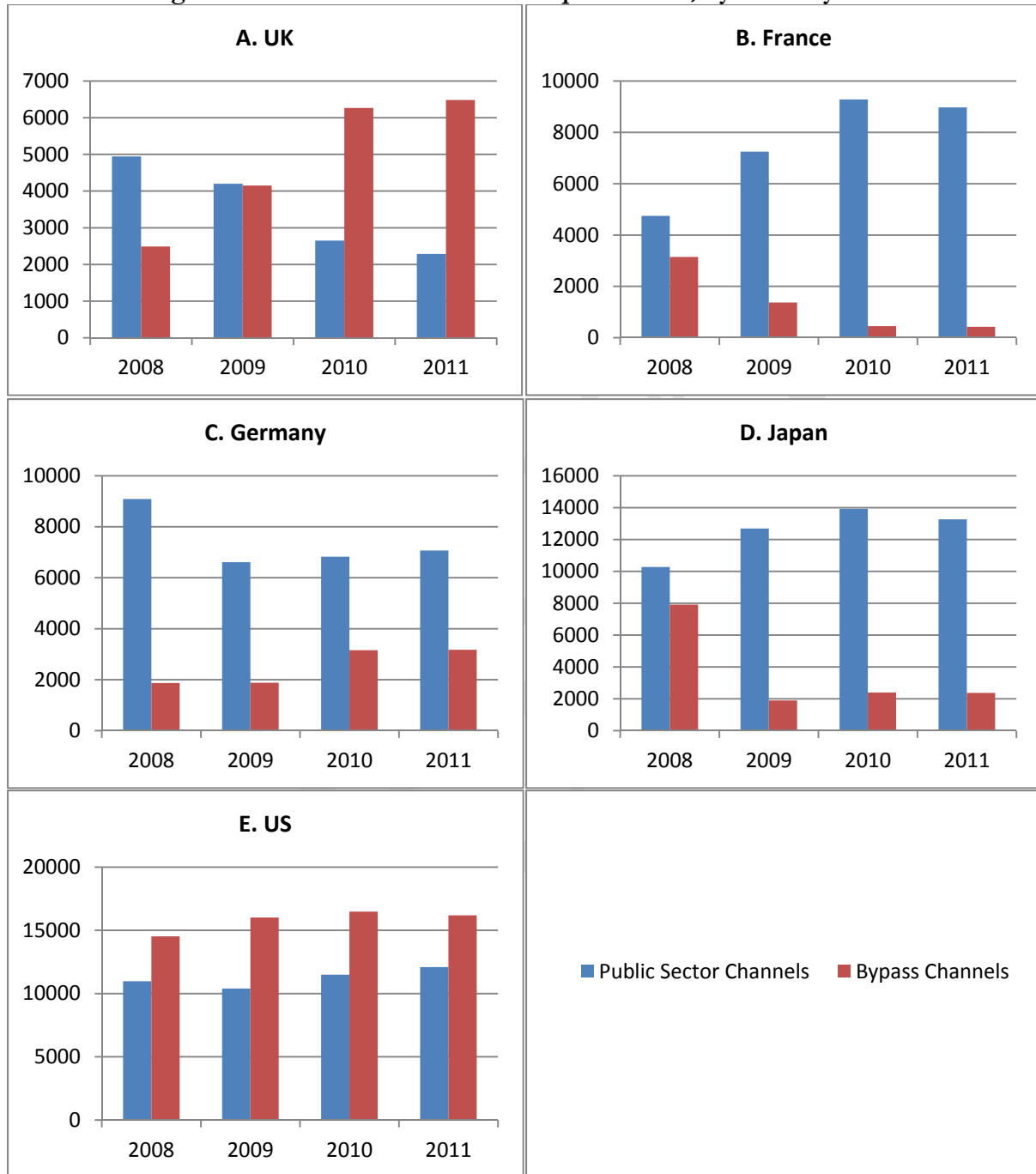
	2008		2009		2010		2011	
	Gov-to-Gov	Prop. of Total	Gov-to-Gov	Prop. of Total	Gov-to-Gov	Prop. of Total	Gov-to-Gov	Prop. of Total
Australia	1402.72	0.39	1263.85	0.38	1208.00	0.32	1186.41	0.29
Austria	1020.52	0.78	266.32	0.49	353.19	0.53	228.61	0.46
Belgium	1014.16	0.67	1137.41	0.66	1276.23	0.56	933.06	0.47
Canada	893.02	0.24	1336.07	0.34	1569.44	0.37	1518.81	0.37
Denmark	564.27	0.38	420.26	0.24	1353.65	0.59	1200.50	0.54
Finland	193.63	0.28	238.96	0.29	294.16	0.32	267.83	0.31
France	4745.80	0.60	7249.66	0.84	9283.45	0.95	8974.65	0.95
Germany	9086.73	0.83	6612.17	0.78	6828.46	0.68	7065.82	0.69
Greece	289.75	0.92	283.34	0.94	130.26	0.58	79.01	0.51
Ireland	250.63	0.30	254.29	0.37	239.37	0.39	230.19	0.38
Italy	618.56	0.30	626.30	0.59	827.70	0.80	1729.67	0.82
Japan	10270.99	0.56	12687.69	0.87	13927.71	0.85	13269.39	0.85
Korea	566.03	0.89	660.91	0.89	910.55	0.92	916.47	0.89
Luxembourg	144.85	0.47	142.63	0.48	134.73	0.41	129.40	0.46
Netherlands	2195.62	0.41	2173.61	0.43	2351.10	0.45	1743.49	0.38
New Zealand	199.25	0.60	197.09	0.65	221.23	0.72	228.32	0.69
Norway	1122.59	0.34	1427.12	0.36	1247.74	0.32	1092.50	0.31
Portugal	364.21	0.96	258.19	0.81	377.99	0.83	477.02	0.93
Spain	1169.81	0.22	2155.22	0.45	1431.53	0.31	733.06	0.28
Sweden	1330.00	0.39	1240.85	0.34	1216.63	0.37	1437.28	0.39
Switzerland	919.24	0.47	1058.26	0.49	954.57	0.47	1115.03	0.46
United Kingdom	4944.22	0.67	4199.25	0.50	2649.57	0.30	2288.44	0.26
United States	10974.19	0.43	10401.83	0.39	11491.42	0.41	12094.74	0.43

Source: OECD Creditor Reporting System and Author Calculations

The donors who give the 5 largest amounts of money also exhibit different patterns. For each of the four years (and across them combined), the five largest donors were the United Kingdom, France, Germany, Japan, and the United States (in order from smallest to largest). Figure 1 shows the distribution of each of these donors' aid, split between government-to-government transfers and other channels, for the four-year period.

b) Is *concessional in character* and conveys a grant element of at least 25 per cent (calculated at a rate of discount of 10 per cent). ((*sic.*) emphasis original; OECD 2013)

Figure 1 ODA Disbursements of Top 5 Donors, by Delivery Channel



The visual depiction is clear: not all donors choose government-to-government aid, and not all donors choose the same delivery channel consistently over time. Germany and Japan (Panels C and D) seem to have found a level of government-to-government aid that is relatively fixed, although data from 2012 and 2013 would be necessary to confirm the trend. France has begun to rely on government-to-government transfers almost entirely (Panel B). The UK, meanwhile, is phasing in the other direction, giving more of its aid through bypass channels each year (Panel A).

And the US (Panel E) has maintained a relatively steady relationship between bypass and government-channeled aid over the time period.

The main advantage of government-to-government aid is that it conforms to the Paris Declaration. The Paris Declaration (2005, 2008) touts government-to-government aid as the only path to true and sustainable development. Signed by 137 donor and recipient nations, the Declaration asserts that development assistance channeled directly to recipient governments is a good idea for a variety of reasons. As opposed to delivery at the grass-roots or client level, government-level delivery should help coordinate aid with the priorities, systems, and procedures of the recipient country, and help strengthen recipient government capacities (Paris Declaration, Introduction). Donor signatories commit to avoiding “activities that undermine national institution building, such as bypassing national budget processes” (Article II.39).

Given these purported advantages, there are a few key reasons why a donor might prioritize delivery via government channels. The first has to do with development, specifically improving governance. Governance aid is aimed at building the capacity of the recipient government, including financial and accounting systems, tax offices, and reporting mechanisms. Anti-corruption aid focuses on training law enforcement and judicial systems, and encouraging transparency and accountability. A portion of democratization aid is used to improve access to free and fair elections, including strengthening election commissions.

The second reason to prioritize government-to-government channels has to do with policy goals. We cannot forget that government-to-government aid is a transaction between two governments. Giving money directly to recipient governments is only likely to happen if a donor believes that recipient to be a competent and trustworthy implementer of aid. As such, aid factors into the relations of those two countries, and can be used as a bargaining chip. In the past, aid packages have been suggested as tools to gain US access to borders (a \$10 billion aid package was demanded by Turkey to gain access to its border with Iraq), and some have suggested that aid buys votes in the UN General Assembly (Kegley and Hook 1991).

Bypass Aid

Donors can use bypass aid to pursue a variety of goals. Bypass aid is called upon when there is a lack of trust between a donor and recipient. The first justification for bypass aid is that it eliminates the moral hazard and rent-seeking problems caused by government-to-government aid (Gordenker and Weiss 1996). The very procedures by which contractors compete for aid projects and programs are said to eliminate the need for trust and monitoring systems (Fisher 1997). Although the purity of bypass aid has never been proven, it is likely that bypass aid generates fewer rents in the public administration than government-to-government aid generates (Knack 2013; Dietrich 2012). Contractors can also provide for substantial progress toward donor goals because aid money is less likely to get funneled into corrupt governmental ends or practices. Thus, targeting good policy environments is still possible, but no longer necessary, to achieve all donor goals.

When bypass channels are used, donors can also be sure that recipient government interference will be minimal. In certain development areas recipient governments are not trusted by their citizens, while NGO implementers are: “At least half of ordinary citizens here fear that the government might try to kill them,” reports a contracted implementer of aid from Spain and EuropeAid. She further states:

For some of them, that was a reasonable fear not too long ago. While we wish to work to dispel that fear, doing so goes against a generations-old, deeply inculcated and venerated history. So, when it comes to healthcare, we leave the political issues

alone. That way, when it is time to distribute retroviral therapy, we are trustworthy because we do not represent the government they fear.⁴

Thus, bypass aid is often used to implement aid in sectors such as healthcare, environmental sustainability, and human rights. Education, infrastructure, transportation join this mix in the least developed countries, when private contractors are deemed the most efficient and effective implementers.

Another benefit of bypass aid is that donors know it can be linked to them. Increasingly, bilateral donors have attested to striving for "winning hearts and minds" of the citizenry of recipient countries with aid (Djerejian 2003). Recipient government distribution of aid that acknowledges donor government participation can carry with it a stigma due to its attachment to the recipient government. Bypass channels offer donors opportunities to reach the hearts and minds of recipient citizens directly without divergence through recipient governments first.

Direct Implementation

Direct implementation, as stated above, is an option available only to donors with enough resources to be able to implement aid themselves. For the United States direct implementation

Table 2 United States Official Development Aid Flows by Implementing Agency, 2011, in Millions of US Dollars

Agency	US Bilateral ODA	Percentage of US Bilateral ODA	US Multilateral ODA	Percentage of US Multilateral ODA
African Development Foundation	33	.12		
Department of Agriculture	-31	-.12		
Department of Commerce	6	.02		
Department of Defense	695	2.57		
Department of Energy	154	.57		
Department of Health and Human Services	3,263	12.05	297	8.02
Department of Homeland Security	1	.00		
Department of Justice	8	.03		
Department of Labor	58	.22		
Department of State	4,059	14.99	968	26.12
Department of Transportation	3	.01		
Department of the Interior	199	.73		
Department of the Treasury	372	1.37	1649	44.47
Environmental Protection Agency	9	.03	10	.26
Export-Import Bank of the United States	979	3.62		
Federal Trade Commission	0	.00		
Inter-American Foundation	23	.09		
Millennium Challenge Corporation	1,620	5.98		
Peace Corps	368	1.36		
Trade and Development Agency	40	.15		
U.S. Agency for International Development	15,216	56.20	783	2.11
Bilateral and Multilateral Totals	27,076		3707	
TOTAL ODA			30,783	

Source: USAID and Author Calculations

⁴ Administrative Director of Contracting Agency with \$1.19 million in contracting funds from AECID and EuropeAid. 2011. Interview with Author.

happens regularly. Although roughly half of US Official Development Assistance (ODA) is overseen by the United States Agency for International Development (USAID), approximately the same amount is administered and implemented by other agencies, including the Departments of Defense, Commerce, and Agriculture, and the Drug Enforcement Agency. Table 2 shows the amount of US Official Flows in 2011 and how much was administered through each agency (USAID 2013).

Direct implementation is useful when a donor wishes to exercise large amounts of control over projects, money, or implementation. Often this occurs in projects related to security, military training, or intelligence. Control extends to publicity over the project as well; directly implemented assistance has at times been kept classified for several years before knowledge of it becomes public.

Second, and somewhat contradictorily, direct implementation is useful in publicizing donor efforts among the recipient public. Although some of this publicity could be used to foster goodwill, it is also useful to justify donor presence in a recipient nation and emphasize donor priorities. Arresting smugglers, interdicting contraband, and keeping the peace are all messages donors send of their policy priorities toward a particular country. Direct implementation can send an open, public message to citizens, or a private but just as forceful message to recipient governments. Direct implementation is useful in reinforcing relationships and affirming commitments.

In sum, not all delivery mechanisms are suitable means to achieve all donor goals, in all contexts. The savvy donor varies its aid delivery mechanisms among government-to-government channels, bypass channels, and direct implementation, according to the goals it wishes to achieve. When a donor chooses one of these channels for aid delivery, it is not perfunctorily choosing a mechanism to deliver a particular aid package. It is carefully choosing the best mechanism to achieve its goals. That choice has repercussions for the implementing partners chosen to be involved, and for ultimate implementation effectiveness.

EXPECTATIONS

Based on the above discussion, we should expect donors to choose aid delivery channels according to the goals they wish to achieve. Table 3 outlines the policy areas, inter-governmental relationships, and development goals we should expect to see linked with each channel of delivery.

Delivery Channel	Development Goals	Policy Goals	Inter-Governmental Relations
Government-to-Government	Capacity-building		
	Governance		
	Anti-corruption		
Government-to-Government	Financial transparency	Trade access	
	Accountability	Border access	More Trusting
		Bargaining tool	
Bypass	Human Rights		
	Health		
	Environment	Foster Goodwill among Public	
Bypass	Infrastructure		
	Education	Win hearts and minds	Less Trusting
Direct Implementation	Military		
	Law enforcement	Justify presence	
	Security	Reinforce commitments	

- *Government-to-government* channels should be chosen when aid is specified for areas dealing with improved governance, and when foreign policy goals involve access and bargaining.
- *Bypass* channels should be seen when donors want to foster goodwill or win hearts and minds, or when they are attempting to achieve development in areas in which bypass agents are known to excel, such as human rights, health services, or environmental sustainability.
- *Direct implementation* should be seen when development goals involve military, security, or law enforcement, or when the donor wishes to justify its presence in the recipient's arena.
- Additionally, the more trust we see exhibited in intergovernmental relations between the donor and recipient, the more likely we are to see aid delivered via government-to-government channels. The less trust we see, the more likely we are to see aid delivered via bypass channels.

DATA AND ANALYSIS

The data for this paper comes from a larger study conducted with documents, press releases, aid allocation reports, and 151 open-format interviews conducted by the author from 2003-2013. Information regarding delivery channels of US disaster relief comes from fact sheets from the United States Agency for International Development (USAID). Total amounts given by the US for each natural disaster are confirmed by the United Nations Office for the Coordination of Humanitarian Affairs (UN OCHA).

Interviews took place in person (94: 62.25%), over the telephone (42: 27.81%), and over the internet (15: 9.93%), and ranged from 22-172 minutes long (average: 69 minutes; median: 67 minutes). Interview subjects fell into two broad categories. The first was composed of Executive Directors, Managing Directors, Finance Directors, and Project Managers of organizations competing for bypass aid contracts, grants, projects and programs. These subjects represented organizations that were and had been both successful and unsuccessful at acquiring aid from donors in one country to implement in another country. The second was composed of Global, Regional, National, Mission, and Technical Directors and Officers of donor agencies that give and/or administer bilateral and multilateral aid.

Face-to-face interviews typically took place in the main agency of the organization (12% took place in a neutral area, such as a coffee shop), in major cities in Brazil, Canada, Japan, the US, and Nicaragua. Telephone interviews took place with the subject in her/his organization office, adding Angola, Guatemala, Honduras, Jamaica, Mauritius, Mozambique, the Netherlands, Panama, South Africa, Switzerland, and Venezuela.⁵ Subjects were chosen based on an elite snowball sample.

In this paper I focus on US disaster relief given to Nicaragua, Brazil, and Japan during the 2002-2011 period. I selected the United States as an illustrative donor in part because it gives a large quantity of ODA. Further, the US gave 39%-43% of its aid via government-to-government channels from 2008-2012 (Table 1). This range holds the median proportion of ODA given via similar channels during the same time range, making the US representative of the median donor. It also gives a significant amount of aid (roughly 50%) via direct implementation, enabling variation among the three delivery channels.

The US also represents a critical case. Conventional wisdom is that the United States is the most strategically motivated donor of foreign assistance. Finding evidence consistent with my hypotheses for the United States will justify examination of the hypotheses with other donors.

⁵ The donor agencies interviewed include: USAID (US), AECID (Spain), EuropeAid (EU), CIDA (Canada), DEZA (Switzerland), JICA / JBIC (Japan), IADB (Inter-American Development Bank), NORAD (Norway). See appendix for list of recipient organizations.

Foreign development assistance comes in many forms. Standard ODA, as defined by the OECD, “is administered with the promotion of the economic development and welfare of developing countries as its main objective,” and may include military aid, peacekeeping, nuclear energy, and cultural programs (OECD 2014). Disaster and humanitarian assistance fall in their own category, and I choose to focus on disaster relief because it is a narrow area of foreign assistance, easy to separate from ODA both conceptually and empirically. For the purposes of this paper, disaster aid will be restricted to aid listed by UN OCHA as “an intervention to help people who are victims of a natural disaster⁶ meet their basic needs and rights” (2014). Disaster assistance is unpredictable by nature (OECD 2014), and generally disbursed quickly after a critical event; there is therefore less time available for strategic motivations to enter into allocation calculations.

If foreign policy preferences are motivating USAID disaster relief decisions, we should see them reflected in the disbursement of relief to Nicaragua, Brazil, and Japan over the 2002-2011 decade. These recipients represent a broad spectrum of development in the world. Nicaragua is a lower middle income country in Central America, with 42.5% of its population living at or below the national poverty line (World Bank 2014). Although life expectancy has grown in the past twenty years, Nicaragua remains the second-poorest country in the Western hemisphere, and represents a development priority to many donors for Latin America (interviews with author). Brazil is an upper middle income country housing more than one-third the population of Latin America. With a GDP of \$2.25 trillion in 2012, Brazil had the largest economy in South America, and the largest gap in wealth distribution. Japan is an OECD country with the third-largest economy in the world, which most countries do not even consider a recipient of foreign assistance. After receiving disaster relief for the Hanshin earthquake in Kobe in 1995, Japan did not receive foreign assistance again until the Tōhoku earthquake and tsunami of March, 2011. Together these three countries offer an opportunity to see how one donor might disburse disaster assistance in a variety of contexts.

The United States – Foreign Policy and Aid

Consider, first, basic United States’ foreign policy. The US Department of State is the agency delegated by the President to conduct foreign affairs. The United States Agency for International Development (USAID, or AID) is the United States executive agency that maintains and administers the largest portion of US Official Development Assistance (ODA). AID is a quasi-independent agency, located organizationally under the Secretary of State, but also serving as the “lead development agency” in the country (US State Department QDDR 2010). According to *The First Quadrennial Diplomacy and Development Review* (2010), the State Department and AID “are called upon to lead and advance US foreign policy objectives through diplomacy and development” (p. 9). This strategy involves the pursuit of four international interests: protecting the security of the US; promoting prosperity; supporting the spread of universal values; and shaping a just international order” (ibid.).

AID also tracks and documents the disbursement of ODA administered by other US executive agencies. Each year since 2003 (the earliest date for which data describing administering agencies is available), approximately half of US ODA has been administered by AID, while the remainder has been administered by agencies such as the US Departments of State, Health and Human Services, Treasury, Interior, Defense, and the Import-Export Bank and Millennium Challenge Corporation.⁷

⁶ The Financial Tracking Service defines natural disaster: “A serious disruption of the functioning of society, causing widespread human, material or environmental losses that exceed the ability of affected society to cope using only its own resources.”

⁷ Prior to 1982, nearly all US ODA was administered by federal agencies. See Woods (1989), Butterfield (2009).

After the terrorist attacks on the World Trade Center on September 11th, 2001, the one-phrase moniker of US foreign policy became known as "The 3 Ds: Defense, Diplomacy, and Development."⁸ US foreign assistance was the primary tool of the 3rd D, Development, and it was assigned a dual purpose. First, foreign assistance is expected to further US interests. Second, it is designed to improve lives in the developing world. The US Agency for International Development strives to allocate US foreign assistance to better fulfill these purposes by: promoting broad-scale human progress; expanding stable, free societies; creating markets and trade partners for the US; and fostering goodwill abroad (USAID 2012a, 2012b).

Beyond these general goals, the US has a specific policy regarding each country. If the above hypotheses are true, these policies should dictate the delivery channel through which the US delivers aid to each country. If these channels are used to deliver aid even in times of disaster, we should expect the same channels to be used for other development assistance. We can also conclude that strategic motives are entering the allocation process beyond the national-level choice of aid recipient.

Nicaragua

Since 2002, the State Department has written that US policy toward Nicaragua "aims to continue supporting consolidation of the democratic process initiated ... with the 1990 election of President Chamorro" (State Department 2002-2011). Of two stated priorities, the first involves a three-pronged strategy of strengthening democratic institutions, stimulating sustainable economic growth, and supporting the health and basic education sectors. The second involves supporting the reclamation of property that was confiscated or expropriated from US citizens during the Sandinista-led regime. The key US policy goals for Nicaragua are: improving respect for human rights; developing a free market economy; ensuring effective civilian control over defense and security policy; increasing the effectiveness of efforts to combat narcotics trafficking, illegal alien smuggling, and international terrorist and criminal organizations; and reforming the judicial system and implementing good governance (State Department 2002-2011). None of these goals change over the 10-year period under consideration.

Since 1990, the US has provided over \$2 billion in assistance to Nicaragua. In the 1990s over \$900 million went to debt relief and balance-of-payments support, and US aid has decreased ever since, "to reflect the improvements in Nicaragua" (State Department 2005-2010). In 2006, the Millennium Challenge Corporation entered a 5-year \$175 million agreement with the government of Nicaragua, which "sought to reduce poverty and spur economic growth by funding projects ... reducing transportation costs and improving access to markets for rural communities; increasing wages and profits from farming...; and attracting investment by strengthening property rights." In 2009, portions of the agreement were canceled after accusations of fraud in the November 2008 elections. All non-canceled portions of the agreement were fulfilled (State Department 2010-2012).

The US does not have a bilateral agreement with Nicaragua regarding the delivery of foreign assistance. This means that when it comes to delivering aid, although the US government might seek the consultation of the Nicaraguan government, it does not have to have the Nicaraguan government's approval of aid policies or programs. It also does not need to funnel any money through official Nicaraguan channels (public or private) in order to pay aid implementers.

⁸ President George W. Bush himself, though attributed with creating the "3-D" paradigm, does not actually refer to US strategy as such in any speech or directive. He does, however, refer to "three great goals" that must guide the US in order to build a better world, in a speech delivered to the World Bank in 2001. Followed by a speech to the Inter-American Development Bank in March 2002, where he announced his plans to increase development funding by 50% and create the Millennium Challenge Account, the tripartite approach to US foreign policy began to take hold (Bush 2002; Bush 2001).

Analysis

Although relations between the US and Nicaragua are improving, the rocky history between the two is evident in policy statements, which reflect an air of hesitance and caution. The US Government (USG) has denounced the 2011 and 2012 elections as “severely flawed,” and called upon the Nicaraguan Government to “uphold democratic processes and protect universal human rights.” The US continues to “seek resolution of several hundred claims” for expropriated property that was taken during the 1980s (State Department 2012-2014). The USG shows a lack of trust for the Nicaraguan Government in its relations with its citizens and its promises to make recompense for past actions.

Considering the lack of bilateral agreement regarding aid, we should already expect most aid to be delivered via channels that are not government-to-government. Since inter-governmental relations are still at odds on several topics, we should also expect that direct implementation of funds by the US Government will be rare. We should therefore expect the most common method of delivery to be bypass channels. Bypass channels serve several purposes in the Nicaraguan context. First, they allow money to be implemented quickly and directly without any interference from a government the USG does not trust. Second, bypass channels allow the inclusion of the USAID logo and brand on all items delivered to the Nicaraguan people. This brand conveys the presence of USAID and the USG to the Nicaraguan citizenry without needing the actual presence of the US Government itself. And finally, bypass agents are often given more leeway than the USG would be given, in terms of increased access to citizens and less bureaucratic requirements to clear. We should thus expect the majority of US relief to be delivered via bypass channels in Nicaragua.

Table 4 Disaster Assistance to Each Recipient, 2002-2011

	Nicaragua	Brazil	Japan
Number of Disasters	26	21	1
Number of Donors	57	15	199
Bilateral	35	10	55
Self	1	0	0
Multilateral	14	1	1
Non-governmental	6	4	143
Avg # per Disaster	5.69	2.48	199
Number of Disasters U.S. Donated To	12	5	1
% of Disasters U.S. Donated To	46%	24%	100%
Number of Recipients	74	32	45
Bilateral	4	1	1
Multilateral	12	1	1
Bypass	55	28	42
Direct Implementation	3	2	1
Other	14	2	68

Results

During the decade in question, Nicaragua received disaster assistance from a total of 57 donors.⁹ Thirty-five of these donors were bilateral; six were non-governmental; fourteen were

⁹ Data provided by UN OCHA and confirmed by USAID and USG documents, except where indicated.

multilateral (Table 4). There were 26 disasters for which Nicaragua received aid. The US gave to Nicaragua for 12 of these disasters, including heavy rains and mudslides (2002-2003), tropical storms Stan and Gamma (2005), hurricanes Wilma and Beta (2005) and hurricane Felix (2007), and floods (2008, 2011). For the remainder of the events listed by UN OCHA as disasters during this period, the ambassador to Nicaragua did not issue a disaster declaration, so US disaster relief was not released.

Table 5 US Disaster Assistance by Delivery Channel, 2002-2011

	Nicaragua		Brazil		Japan	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Given to Recipient Government	\$1,798,545	16%	\$0	0%	\$0	0%
Given via Bypass Channels	\$9,042,490	79%	\$485,705	70%	\$0	0%
Implemented Directly	\$227,177	2%	\$0	0%	\$77,669,198	100%
Unknown	\$414,878	4%	\$212,433	30%	\$0	0%
Total	\$11,483,090		\$698,138		\$77,669,198	

Table 5 shows how much US disaster assistance went to Nicaragua for the time period from 2002-2011, and the percentage of that assistance that was delivered via government-to-government, bypass, and direct implementation channels. Findings bear out the hypothesis for Nicaragua. There were 8 years in which Nicaragua received disaster assistance from the US; 70% - 100% of that assistance was delivered via bypass channels in 6 of the 8 years. In one year, 2004, all disaster assistance was given directly to the Nicaraguan government, and in 2011, the money given was split evenly among the three delivery channels.

When looking at the monetary totals for Nicaragua, the trend over time shows that the two anomalous years do not represent a large portion of the overall amount of disaster assistance during the decade. A full 79% of US disaster relief was delivered to Nicaragua via bypass channels, while 2% was implemented directly by the USG, and 16% was given directly to the Nicaraguan government (the remaining 4% was given via “various recipients” and cannot be traced to USG documents, but only found in UN OCHA documents that do not give details). The pattern of giving bears out predictions that the history of political relations between the US and Nicaragua dictated disaster giving.

Brazil

The United States takes a markedly different stance with Brazil. At the beginning of each policy statement issued by the State Department reads the line: “The United States was the first country to recognize Brazil’s independence in 1822” (State Department 2002-2011). Each statement then goes on to praise the two countries’ “friendly, active relations encompassing a broad political and economic agenda,” and mentions meetings between the two nations’ Presidents and Secretaries of State. The countries are said to be cooperating on areas including “trade and finance; hemispheric economic integration; Free Trade Area of the Americas; regional security; nonproliferation and arms control; human rights and trafficking in persons; international crime, including financial support to terrorist groups; counter-narcotics; and environmental issues” (ibid.). The two countries also share several bilateral agreements, pertaining to economic, security, social, and environmental issues, in addition to legislative capacity building in Guinea-Bissau, and health and food security in Mozambique (State Department 2012). The two countries have joined into more than 37 Memoranda of Understanding (MOUs) and Official Agreements of Cooperation (OACs) regarding these issues.

Interestingly, the US does not have a bilateral agreement with Brazil regarding the delivery of foreign assistance. Although official state relations are in a much better position between the US and Brazil than they are between the US and Nicaragua, the foreign aid relationship remains the same for each donor-recipient pair. This means the US can deliver aid to Brazil through any means it chooses, without needing to attain the approval of the Brazilian government first, and without losing any money to fees, service charges, or other transaction costs that might arise from running funds through the Brazilian financial system.

Analysis

Despite the lack of bilateral agreement regarding aid, the existing relationship between the US and Brazil is more harmonious than that between the US and Nicaragua. The State Department's descriptions cast the interactions between the US and Brazil as "friendly," and depicts a variety of meetings between heads of state. Repeated references to memoranda of understanding, collaborations, and official agreements portray a relationship of mutual esteem.

This environment should lead us to expect aid to be delivered via government-to-government channels. A few key elements suggest this expectation. First, the US maintains a level of trust in the Brazilian government, evidenced in the multiple MOUs and OACs the two governments have entered. Second, the US government seeks to show respect and deference to the Brazilian government, both of which would be reinforced by giving the government aid to implement directly. Finally, by giving disaster aid to the government of Brazil, the US is helping strengthen the government and build its capacity to address its own problems, without demanding that attention be called to the US itself (attention which bypass channels or direct implementation would increase). Government-to-government aid would thus be the most likely type of delivery to increase governmental capacity, inter-governmental trust, and the mutual respect already growing between the two governments.

Results

Brazil received disaster assistance from 15 donors during the 2002-2011 decade. Ten of these donors were bilateral; four were non-governmental; one was multilateral. There were 21 disasters in total, and the US gave relief for 5 (24%) of these, all of which were floods and landslides (2008-2011). For the remainder of the events listed by UN OCHA as disasters during this period, US disaster relief was not released.

Table 5 shows how much US disaster assistance went to Brazil for each year from 2002-2011, and the proportion of that assistance that was delivered via each channel. Findings are not consistent with the hypothesis for Brazil. Rather than give the government disaster relief directly, 70% of aid was given via bypass channels. The only exception to this is funds in 2009 (and 8% of funds in 2010) that were given via "various recipients," according to UN OCHA documents.¹⁰

A look at the raw monetary numbers does show that the amount of disaster assistance given to Brazil was remarkably less than that given to Nicaragua. Over the decade Brazil received just under \$700,000, only 6% of the amount Nicaragua received during the same time period. Still, the entirety of this amount was delivered via bypass organizations, meaning the USG did not channel any of it via the Brazilian government, as far as we can confirm. Even if the portion to "various recipients" all went to the Brazilian government, which is unlikely, that would only represent 30% of

¹⁰ In other years, funds recorded as disbursed to "various recipients" by UN OCHA were listed with specified recipients in USAID documents, and those recipients usually included bypass and direct implementation. With this particular disbursement, no USAID/Office of Foreign Disaster Assistance record of the funds can be found or confirmed, so the delivery channel remains "various recipients."

the total over the decade. It appears that even a trusting and friendly relationship between a donor and recipient does not necessarily beget government-to-government aid.

Japan

The State Department considers “the US-Japan alliance” to be “the cornerstone of US security interests in Asia,” “fundamental to regional stability and prosperity” (State Department 2002-2011). Japan is host to approximately 50,000 US troops, including members of all branches of the US Armed Forces, approximately half of whom are stationed on the island of Okinawa. The State Department asserts that the US and Japan cooperate and collaborate on a range of political and economic issues, “including development assistance, combating communicable disease such as the spread of HIV/AIDS and avian influenza, and protecting the environment and natural resources” (ibid.). Also enumerated is Japanese support on specific issues such as: policy regarding North Korea; political and economic reform in Southeast Asia; geopolitical problems in the Gulf; Middle East peace efforts; problems in the Balkans; nonproliferation and nuclear issues; and matters related to the UN and UN Security Council (ibid.).

Analysis

These documents reflect Japan’s prioritization in US foreign policy. Repeated references to the relationship as an “alliance” show the strategic importance of Japan to the US, and further description elucidates the position Japan plays in negotiating with other Pacific Rim countries, reinforcing US interests in the international arena, and serving as a base for US forces in the region. Japan is not referred to as a *friend*, like Brazil is, but rather as an *ally*.

This admittedly strategic relationship should lead us to expect aid to be delivered via direct implementation by the US Government. There are at least two reasons for this. First, direct implementation reinforces a donor’s presence and creates a show of support in favor of the ally; by directly implementing aid, the US shows Japan and the Japanese people that it cares about them and their alliance. Second, direct implementation justifies the donor’s presence in the host country. The decision to keep 50,000 troops and members of all of the armed forces residing in a recipient nation is validated if some of those resources are used to implement aid.

Results

Japan’s disaster assistance came from 199 donors during the same time period, but for only one disaster: the Tōhoku earthquake and tsunami of March 11, 2011. Fifty-five of these donors were bilateral; 143 were non-governmental; one was multilateral. The US joined in the relief effort within 24 hours of the earthquake, and began issuing updates at noon EST on March 12, 2011.

Japan’s US disaster assistance is reflected next to that of Nicaragua and Brazil in Table 5, although it only received it for one year during the period. It also received it via only one channel: direct implementation by the US Government. These findings are consistent with the hypothesis for Japan. USAID delivered 8.9% of this aid, and reports that this portion came mainly in the form of evacuation materials and supplies for displaced persons. The remaining 91.1% was implemented directly by the US Department of Defense (DOD).

The monetary amounts also reflect a stark difference among the amounts given to each recipient considered here. Japan received nearly 7 times the amount of disaster relief that was given to Nicaragua. The totals include salaries, maintenance, supplies, and operational costs for all the services given by the DOD during search and relief operations, as well as technical assistance regarding the daiichi and daini reactor accidents. Certainly a large portion of this was related to the scale of the disaster. But in Nicaragua, more than one hurricane was reported to have displaced over 130,000 people (USAID 2005; 2007), numbers rivaling those displaced by the Tōhoku disaster

(USAID 2011s). And in Japan, the US was joined by a multitude of organizations and donors in its endeavors, including bilateral donors and private organizations from around the world, which did not happen in Nicaragua.

Further, the mission of the DOD does not include humanitarian assistance or relief efforts. It does include supporting the nation's National Security Strategy, to include promoting security and winning the long war against terror, along with deterring conflict, defending the homeland, and winning the nation's wars (DOD 2008). Implementing disaster relief in Japan should only take place to the extent that it furthers the pursuit of these objectives.

One could also offer the argument that the government and people of Japan had no resources to handle the situation themselves. This is not entirely true. In fact, the Japan Self-Defense Forces have disaster relief as a central mission, and they perform disaster relief an average of 330 times, dispatching 230,000 personnel, annually (Yoshizaki 2011, p. 76). The Ground Self-Defense Force (GSDF) is the primary arm of the SDF dispatched for domestic disasters, and it has 157 bases across the country, standing ready for disaster deployments (*ibid.*).

Another possible argument is that the involvement of the DOD and contributions of extra US funds were directly due to the nuclear accidents of the Daiichi and Daini power plants at Fukushima. It is true that the breadth and depth of the Tōhoku disaster was caused not by the earthquake, but by the tsunami, which in turn caused the nuclear accident (Norio et al 2011; Oriki 2011). The USG strictly and carefully monitored nuclear activity beginning on March 11, and did not begin nuclear disaster operations until March 23, when the first indication of a problem was noticed by US Department of Energy officials in Japan. If we separate the disaster relief for Japan into that disbursed only after March 23, and that disbursed prior to March 23, we see the breakdown in the last two columns of Table 5. Even with these partitions the US still directly implemented over \$28 million in funds prior to any concern over leakage from the nuclear reactor.

CONCLUSION

The information presented here reflects the multidimensionality of goals confronted by USAID in allocating US foreign assistance. Although disasters are critical moments when decisions are often made quickly, and many people might think donors would not let strategic or policy-driven motives enter their aid allocation calculi, US disaster aid allocation is given and implemented via channels that reflect USG policy priorities toward each recipient. Aid may be given in a humanitarian response to disasters, but it is delivered via channels consistent with strategic policy goals.

This analysis has shown us the importance of looking beyond aggregate, national-level aid flows when investigating both allocation and effectiveness. When we keep our examination at the aggregate level, stop too soon in the donor decision-making process. By looking further into the aid decision, finding out how aid is delivered, by what mechanism aid is implemented, we find out exactly what aid is meant to be doing – putting up phone lines, giving people internet, handing out blankets, or filling the accounts of recipient governments.

And it is the answers to these questions that help us understand the true goals of donors. Sometimes they line up with policy priorities. Other times they line up with development rhetoric. If we want to know whether aid is effective, we have to know what aid is meant to be effective at doing.

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