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Development aid, child health and inequality

Where is the Link?

Maternal and Child Health, Aid, and Armed Conflict

28. August 2018, Wilson Center, Washington DC

- Global spending on DA is estimated to be 2.5 trillion \$ between 2015-2030.
- Based on previous scholarly literature it is highly uncertain if this will do any good and some even argue that it can lead to worse outcomes.
- Most previous findings on aid effectiveness are based on cross country growth regressions.
- Identification of causal effects is difficult in such studies and they may have been looking at the wrong outcomes at the wrong level of aggregation.



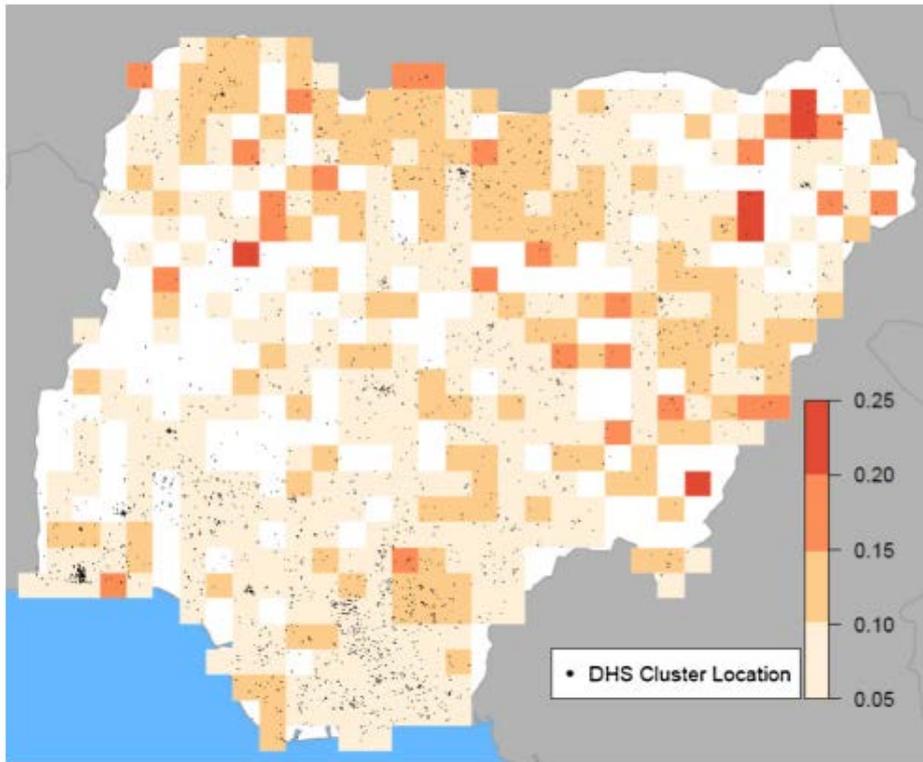


Fig. 5. Infant mortality rate based on the five DHS surveys.

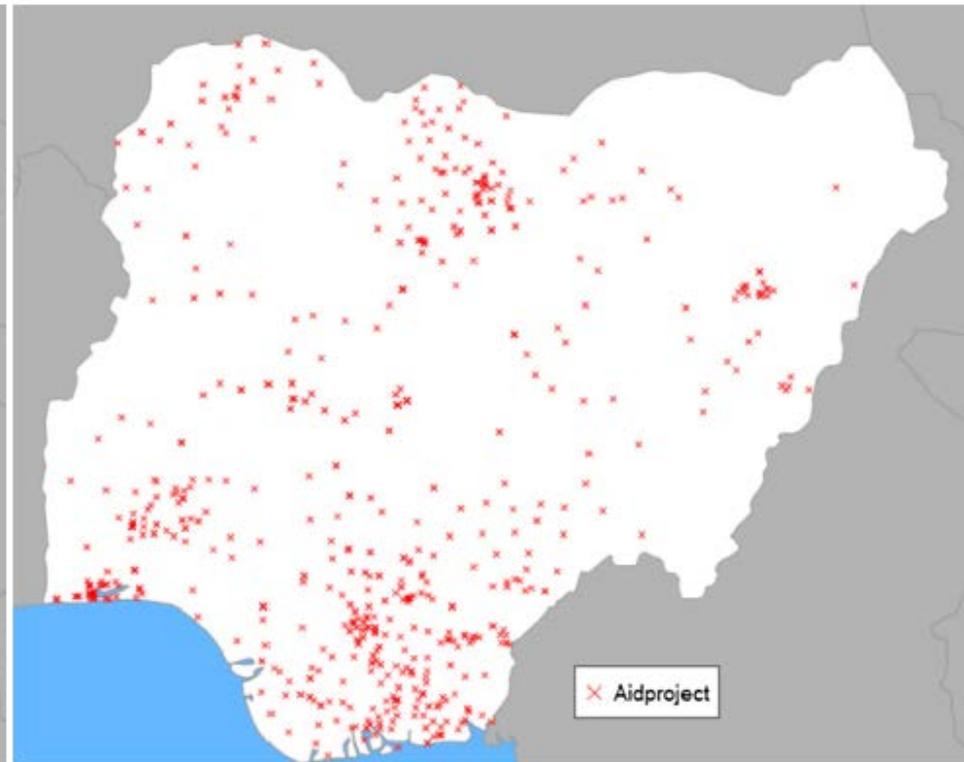


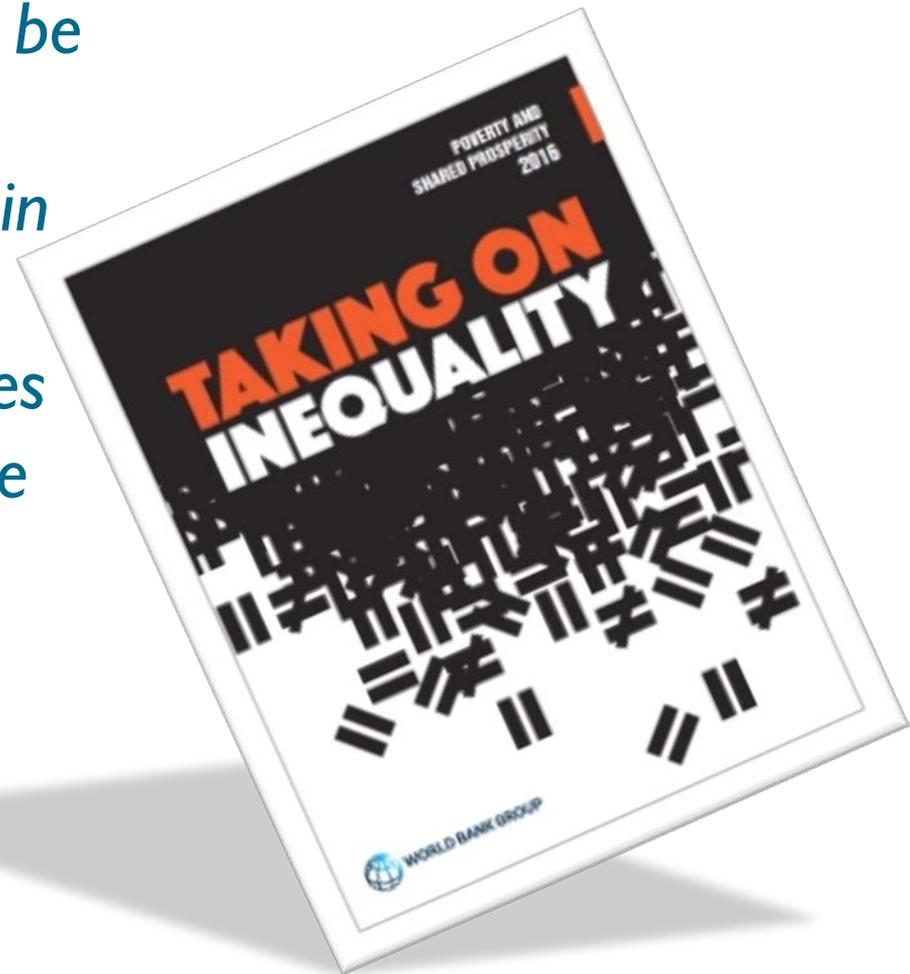
Fig. 6. Aid project locations.

- **Aid saves children's lives!**
- Proximity to aid projects reduces infant mortality with **10 children per 1,000 born**
- The effect is stronger for specific marginalized sub-groups (rural residents, Muslims).
- But aid is allocated to areas with less mortality to start with. Thus, aid does not reach those that need it the most,

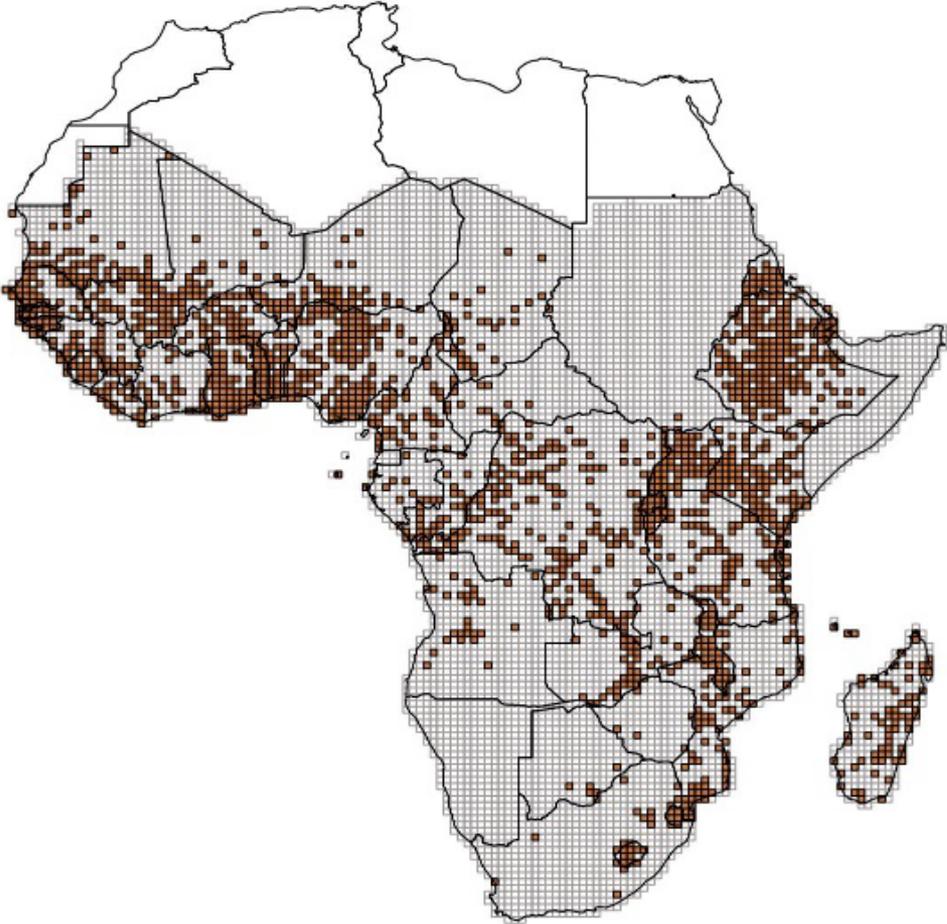
- Development aid has the potential to reduce inter-group inequalities
- On the other hand, aid can also exacerbate already existing group inequalities
- Much of the literature clearly shows that aid distribution flows disproportionately to wealthier regions.
- Further, an emerging literature provides evidence that aid is often distributed in ways that favor particular groups and that it may be politically manipulated

The goal of eliminating extreme poverty by 2030 [...] might not be achieved without accelerated economic growth or reductions in within-country inequalities, especially among those countries with large concentrations of the poor.

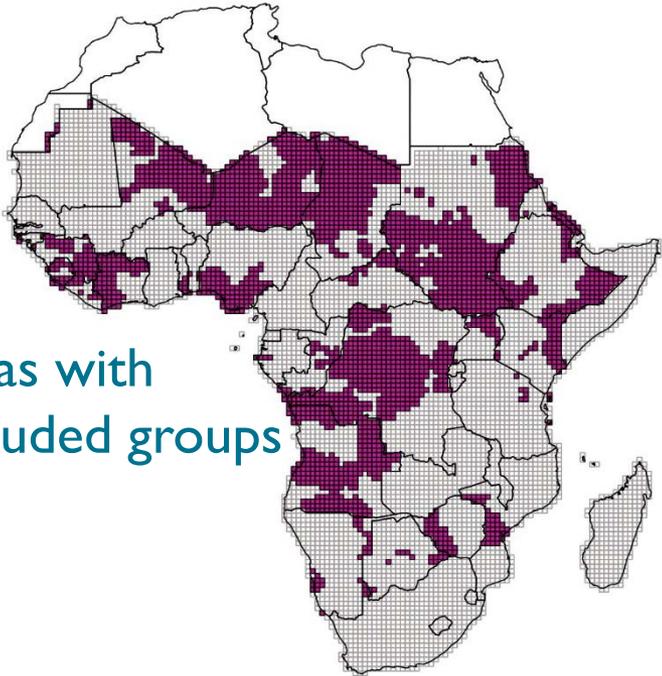
(World Bank 2016)



World Bank Development Aid
project (1996-2013)



Areas with
excluded groups



Areas with
included groups



- Areas with **excluded groups** are **35% less likely to receive aid** from the World Bank than areas with included groups
- The above-mentioned effect has become stronger in recent years, despite the increasing attention on inequalities among donors
- Donor agencies should focus more critically on *where* and *how* the aid is distributed, in order to be able to reduce, and not exacerbate, already existing group inequalities.