

Tailored Aid for a Tailored Age?

By David Wheeler

June 2010

www.cgdev.org/content/publications/detail/1424247



ABSTRACT

In this short essay, senior fellow David Wheeler compares the world's foreign assistance architecture to how the rest of the world operates in the digital age. He suggests that multilateral and bilateral transactions from one behemoth to another (B2B) may be stuck in the past now that technology can and should create more person-to-person (P2P) foreign aid programs. The foreign assistance world, he argues, should learn from the worlds of business, entertainment, and interpersonal communications, which are fragmenting into interconnected nodes that continually form and reform through the web as needed. He explains why predigital-age B2B assistance should give way to P2P aid and suggests what that may look like.

The Center for Global Development is an independent, nonprofit policy research organization that is dedicated to reducing global poverty and inequality and to making globalization work for the poor.

Use and dissemination of this essay is encouraged; however, reproduced copies may not be used for commercial purposes. Further usage is permitted under the terms of the Creative Commons License. The views expressed in this paper are those of the author and should not be attributed to the board of directors or funders of the Center for Global Development.

Tailored Aid for a Tailored Age?

Walk down a street in DC or LA with an iPhone or a Droid and the world is your oyster. Hear a song drifting through the air, launch the Shazam app, get a near-immediate read on the track, album, local sales prices, friends who like the same song, possible new friends worldwide who have the same taste. Drive down a road in Ethiopia, see an interesting village, launch a GPS app that names and describes it, provides the best available local data, identifies the worst shortfalls from the Millennium Development Goals, queries for projects at GlobalGiving.org, worldbank.org, and other donor sites, and finds other individuals who might want to join you for a local project.

Such experiences are becoming commonplace. Thanks to the continued operation of Moore's Law,¹ anyone with a few hundred dollars can now possess a pocket-sized device whose capabilities match the wildest vision of Alan Turing² when he posited an omnipurpose computing machine in the 1930s. Propelled by this digital leap forward, the worlds of business, entertainment, and interpersonal communications are fragmenting into millions of interconnected nodes that continually form and reform through the web as needed.

Meanwhile, the world of official development assistance retains a distinctly pre-Moorian (not to say primordial) cast. Most assistance flows, whether bilateral or multilateral, are from one public behemoth to another. Rarely can either party claim a constituency that is stable, unified, and agreed on the purpose of any particular assistance transaction, appropriate criteria for judging its success, or a credible system of accountability. On the donor side, partisan constituencies endlessly disagree about appropriate national counterparts (Are they democratic? Corrupt? Pro-market? Respectful of human rights? Pro-life?). On the recipient side, the prevailing politics inexorably align national

¹ Moore's law, first stated in 1965 by Gordon Moore, posits a doubling every two years in the number of transistors that can be placed inexpensively on an integrated circuit. Moore's Law has continued to hold since then.

² See for example Alan Turing, "On Computable Numbers, with an Application to the Entscheidungsproblem," *Proceedings of the London Mathematical Society* 1937 s2-42(1):230–265; "Intelligent Machinery," Reprinted in C.R. Evans and A.D.J. Robertson (eds.), *Cybernetics: Key Papers* (Baltimore: University Park Press, 1968), 31.

resources with the interests of dominant constituencies, whether they are “deserving” or not.

Unsurprisingly, the result of such behemoth-to-behemoth (henceforth B2B) assistance is often a shambles that angers nearly everyone on both sides. Many prescriptions for improvement have been forthcoming—a generalized assault on “corruption” (which is diversion of assistance from deserving to dominant constituencies in the recipient country); a shift from input-based to performance-based aid (with the intent of shifting assistance from dominant to deserving constituencies); a change from project-based to policy-based aid (i.e., reshuffling the deck that has been stacked against deserving constituencies by dominant constituencies); elimination of aid entirely (a despairing recognition that the recipient deck is hopelessly stacked against the deserving); and, at the other extreme, a radical escalation of aid (in effect, a doubling down on the bet that deserving constituencies will play a better hand if the pot is larger, whether or not the deck is stacked).

Each of these prescriptions undoubtedly has merit in particular contexts, *given the presumed inevitability of B2B transactions*. But a question immediately intrudes: why, in a digital age that propels everything toward point-to-point (P2P) transactions, should foreign assistance be mired in B2B arrangements?

In counterpoint, we might well ask: why shouldn't assistance evolve from B2B toward P2P as quickly as possible? First, a clarification: a successful P2P transaction is an efficient exchange between two agents whose interests are closely aligned, with mutually acceptable and enforceable performance standards and financial accountability. In light of the previous discussion, it is obvious why B2B transactions will seldom have this P2P character. In fact, we might reasonably define a typical B2B transaction as one between two entities whose interests are not closely aligned, with little or no agreement on performance standards, and weak adherence to standards enforcement and financial accountability.

In the predigital age, we seem to have been stuck with B2B assistance for several reasons. First, of course, much of it was never “assistance” at all, if by that we mean the channeling of resources from charitable donor countries to deserving constituencies in poor countries. As everyone knows, donors (and particularly the United States) have used huge sums to rent (not purchase—loyalty is scarce in this sphere) the international political support of dominant constituencies in recipient countries. And much of the assistance has been directly tied to the financial interests of dominant constituencies in donor countries.

For the rest, the dominance of B2B assistance in the past may reasonably be ascribed to the “narrow bandwidth” of donors and recipients alike. But that era is clearly over. In the United States, for example, long gone are the days when three networks ruled the airwaves and three companies ruled the auto world. Everyone accepts the spectacular fragmentation of markets in the digital age. We embrace the profusion of ever more tailored goods and services in the private sector, with the associated proliferation of market constituencies. And our public-sector constituencies are naturally fragmenting apace, as anyone who has paid even cursory attention to the evolving public “discourse” can attest. Yet when it comes to foreign assistance (and, for that matter, many other national and international transactions) we pretend that this burgeoning herd of cats is still a complaisant team that can be channeled through the narrow federal aperture that was installed over two centuries ago.

In the digital age, the transitional advantage may paradoxically pass to “developing” countries that have never been controlled by a centralized national government. In many, politics remain dominated by regional, ethnic, religious or clan groups that uneasily coexist within boundaries imposed by 19th-century empires. In the private sphere, most have responded to the digital age by leaping straight from word of mouth to cell phones without passing through land lines. Surely then, it is reasonable to imagine a similar evolution in the political sphere when the same forces in “developed” countries are manifest (e.g., the resurgence of Scottish and Flemish nationalism within European states whose transactions are increasingly governed by the EU).

The fundamental question for aid (and other public transactions) can therefore be posed as follows: in a digital world where transacting agents in both rich and poor countries are moving rapidly from B toward P in the size spectrum, why do we expect continuing viability for B2B transactions in the public sphere? In poor countries, it is almost invariably regional/local, ethnic, religious or clan groups that have high potential as transactional partners because they have politically coherent interests, commonly recognized performance standards and consensus accountability systems. At the same time, the digital age is rapidly fragmenting rich countries into similarly diverse constituencies which are loath to cede transactional representation to an obsolescing central authority.

Viewed through this lens, the current shambles of foreign assistance is utterly unsurprising. In effect, B2B aid exists in a time warp, precariously supported on the donor side by old-school nationalists whose presumed constituency is rapidly dissolving, and on the recipient side by new-school nationalists whose presumed constituency may never form at all in the digital age.

So, if this analysis is correct, let the new age work its will: let B2B cede to P2P. On the policy side this will clear an entirely new space for discourse. And it will happily rescue us from the interminable rumbling, shaking, cracking and patching of an obsolete, immobile structure that is trapped on newly fluid terrain.

But what, exactly, is P2P assistance? Fortunately, the precursors have already appeared: the Clinton Foundation, GlobalGiving.org, Oxfam, etc. But these are all NGO's. We need a counterpart public model in which much of B2B assistance gives way to transactions linking local/regional constituencies in rich countries to counterpart constituencies in poor countries. Or, understood more broadly, transactions linking constituencies in rich regions (which may be in "poor countries") to constituencies in poor regions (which may be in "rich countries"). The details remain to be worked out, but the prospectus is intriguing. With so much energy currently focused (and perhaps dissipated) on patching

an obsolete architecture, why not pioneer a new architecture that will be ready when, inevitably, the old structure collapses completely in the next digital-tectonic jump?