

Are we done doing good?



Suddenly the world seems to have lost interest in international development assistance. It will reshape the way water is financed, but perhaps in a good way, argues [Christopher Gasson](#).

Ethics "is a dumb game we Westerners play where we say all the right shibboleths and so everyone likes us" – Sam Bankman-Fried, former CEO of FTX.

For 79 years since the end of the Second World War, international development assistance has been an important feature of the global economy. It has assuaged consciences in the rich world, while also promising to create prosperous new markets to sell to in the longer term. From a water perspective, aid flows have been an essential part of the way infrastructure is financed in low- and middle-income countries. Yet today it looks like history. The world seems to be turning against the very concept of aid. We need to understand what this means for water.

The reason why international development assistance (which includes grants, as well as concessionary loans) is looking like history as we go into 2025 is because it is under attack from four different directions. First, populist politicians in donor countries are finding votes in slashing aid budgets. Last month, for example, the Netherlands PVV Foreign Trade and Development Minister Reinette Klever was so excited by the prospect of cutting the spending on international development NGOs from €1.4 billion to €400 million that she announced it to the press before informing parliament of the plan. Although she was criticised, there was no rebellion against the reduction. The Swedish government has also been cutting back on its aid commitments, abandoning its target of spending 1% of gross national income on international development. The decision was driven by the populist Sweden Democrats party, but delivered by International Development Cooperation Minister Benjamin Dousa of the Moderate Party. It has led to a dramatic reduction in funding for the Stockholm International Water Institute, and the withdrawal of Sweden from the Global Water Partnership.

It isn't just populists who don't like aid. The concept is also falling out of favour with the young liberal progressives who used to be the biggest supporters of international development assistance. They worry about neo-colonialism and the white saviour complex. For example, the 40th anniversary relaunch of the Band Aid single has been met with accusations that it "perpetuates damaging stereotypes that stifle Africa's economic growth". Artist Ed Sheeran tried to distance himself from the charity fundraiser because he thought it might make him look bad. Nobody told him he was being ridiculous.

Source: [Water Intelligence Magazine \(December 2024\)](#).

It isn't just the donors who are turning against aid. Many of the recipients are also rebelling. They want the money, but they don't like being told how to spend it. One can understand why. Uganda, for example, has 46 faecal sludge treatment plants, most of them funded by development finance institutions. These projects make the concessionary lenders happy because they tick two boxes: they improve public health, and they reduce greenhouse gas emissions. They don't make the Ugandans happy because there is very little demand for them: only four are thought to be working at their design capacity. Furthermore, the debt related to the projects, no matter how concessionary the terms, still burdens the public balance sheet. The problem is that the list of terms and conditions attached to grants and concessionary loans is getting longer as agencies in donor countries are under greater pressure to ensure that their spending is effective. To populist politicians in recipient countries, it all looks like neo-colonialism in comparison to the more transactional finance that comes from Russia and China.

The fourth and final reason why aid is on the way out is because it has not been conspicuously successful at changing the world. The country where the largest number of people have escaped poverty in the past 79 years is China, which has received relatively little international aid. Meanwhile, countries in sub-Saharan Africa which rely most heavily on international aid have seen their economies stagnate. It isn't just that aid has not moved the needle at the macro level for any country; it also looks ineffective at the micro level: the cost of developing projects is unconscionably high when compared to the funds disbursed, and many projects (such as those sludge plants in Uganda) fail to deliver the value they promised.

Taken altogether, it means that we can't expect the aid industry to have a growing role in financing water infrastructure in low- and middle-income countries in future. The multilateral development banks such as the World Bank will probably survive longer than bilateral development assistance agencies, which are more directly dependent on the support of taxpayers, but the overall funding trend will be downwards from 2025 on. We need to plan for that.

There could be an upside. The thought that one day foreigners might step in and pay for it is a big reason why many people in the global south don't have access to water. Extinguishing that hope could force politicians to think more realistically about full cost recovery tariffs. More urgently, I think it will be necessary to focus on ensuring that what money is still available is spent as well as possible. That may mean refocusing finance on performance improvement rather than service extension. High-performing utilities are able to fund themselves even in low-income countries, but poorly performing utilities can never make aid worthwhile.

Source: [Water Intelligence Magazine \(December 2024\)](#).

