



SELECT COMMITTEE ON ECONOMIC AFFAIRS

CALL FOR EVIDENCE

The Economic Impact and Effectiveness of Development Aid

The Economic Affairs Committee has decided to conduct an inquiry on *The Economic Impact and Effectiveness of Development Aid*. The Committee welcomes written evidence on any or all of the issues set out below by June 30.

The inquiry will seek to assess the impact of official development assistance (ODA) on the economic growth and development of recipient countries and in particular the impact of the UK's ODA.

Net aid flows from traditional donors -- the members of the OECD Development Assistance Committee (DAC) -- totalled US\$129 billion in 2010, the highest ever recorded in real terms and equivalent to approximately 0.36% of donors' Gross National Income.¹ The UK's contribution of US\$13.7bn, equivalent to 11% of the total, represented 0.56% of UK's Gross National Income. Non-DAC members contributed a further US\$7bn.²

The Inquiry, **which will not examine the role of humanitarian aid**, will seek to answer questions such as:

1. How far and in what ways does official development assistance (ODA) affect the economic growth of recipient countries? Where possible to identify, what has been the impact of British ODA? How robust are results from studies in this area?
2. How does economic growth in countries which experience large surges in ODA compare to similar countries which do not?
3. What lessons, if any, can be learnt from the experience of former aid-receiving countries that have graduated from reliance on ODA?
4. What factors determine the effectiveness of ODA in recipient countries? Are they dependent on the scale and form of aid flows? How is aid effectiveness monitored?
5. Do conditions imposed by government donors on recipient countries improve the effectiveness of ODA? What has been the British government's experience?
6. How should ODA be allocated? How far do (and should) the Millennium Development Goals (MDGs) shape aid allocations?
7. How useful is the UN target of rich countries giving 0.7% of GNP in ODA? If the target was reached would it lead to more official development aid than developing countries could efficiently absorb?

¹ See OECD-DAC (www.oecd.org/dac/stats/data)

² Figures for 2009 only. They take no account of aid flows from China, India, Brazil and Russia.

8. Does ODA complement or inhibit private investment in developing countries?
9. How does ODA, and British aid in particular, interact with financial flows from other sources including new donors, such as China, India and Brazil, private capital flows, and philanthropic sources?
10. How does and how should development assistance engage with security concerns, at a global level and at the level of individual (fragile) states?
11. What are the prospects for using aid to support market-based initiatives, for example in providing insurance against earthquake damage?
12. In what ways, if any, can the British government improve the effectiveness of its development aid?

Please note:

Evidence provided becomes the property of the Committee, and may be published. Witnesses may publicise their written evidence themselves, but in doing so should indicate that it was prepared for the Committee.

Evidence should be clearly printed or typed on single sides of A4 paper, unstapled, and should be set out in numbered paragraphs. It should be signed and dated, together with a note of the author's name, address and status and of whether the evidence is provided on an individual or corporate basis.

Concise evidence of 6 pages or fewer is preferred; anything longer should include a single page summary. Annexes may be provided, but will not necessarily be published. Relevant material prepared for other purposes (such as reports or evidence to other inquiries and consultations) may be forwarded to the Committee for information, but will not be published. Witnesses who provide original written evidence may be invited to give oral evidence at Westminster; transcripts of such sessions are published.

The Committee would prefer to receive written evidence by email, with a signed, hard copy to follow. **(Written evidence can only be accepted in Word format, not PDF. Attachments or annexes to the evidence can however be in PDF format).**

Evidence and inquiries should be addressed to:

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