

CRAWFORD SCHOOL OF ECONOMICS AND GOVERNMENT

Is aid allocation consistent with global poverty reduction?

A cross-donor comparison

Takashi Kurosaki

Tuesday 5 May 2009

12.30am - 1.30pm

Seminar Room 4, First Floor, Crawford Building

Light lunch will be provided

Inquiries contact Ben Grono 6125 0178. ben.grono@anu.edu.au

This presentation will investigate the gap between the first target of the Millennium Development Goals and the actual allocation of grant aid in the late-1990s and the early-2000s in order to identify policy adjustments needed to achieve the target. As a theoretical framework, the poverty-targeting model of Besley and Kanbur (1988) is extended by considering multiple donors and possible strategic interactions amongst them. Detailed data is employed on grant aid allocation of eleven major aid donor countries and on aid disbursement of six international institutions including the IBRD, IDA and UN. Four main empirical results emerge. First, both in the late-1990s and the early-2000s, grant allocations from Canada, France, Japan, the Netherlands, and UK are consistent with the necessary conditions of optimal poverty targeting. Second, there is a negative population scale effect for aid allocation, suggesting that strategic motives may also exist. Third, the overall results for multilateral donors indicate that allocation patterns are consistent with the theory of poverty targeting. Finally, there has been a recent improvement in coordination among major donors.

This presentation is based on a paper 'Is aid allocation consistent with global poverty reduction?' by Yasuyuki Sawada, Hiroyuki Yamada and Takashi Kurosaki, April 2009.

Takashi Kurosaki PhD is Professor of Economics at the Institute of Economic Research, Hitotsubashi University, Tokyo. His research focuses on poverty issues, risk diversification, irrigation, and institutions in rural economies in India, Pakistan and Myanmar. His interests include micro-econometric analysis of development issues in Asia, especially the household behaviour of rural dwellers facing risk. Takashi has implemented several field surveys in India, Pakistan and Myanmar.

CRAWFORD SEMINAR