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Executive Summary: The Effect of Humanitarian Aid on Developing Nations

Nations in the developing world receive billions of dollars in aid every year. It is important for researchers to determine whether humanitarian aid is having an effect on the quality of life within developing recipient nations. If aid does not improve any of the quality of life indicators, then this policy of sending money to impoverished nations should be discontinued. Past studies on the topic of aid present conflicting results. Some find that aid achieves its development objectives. Other studies find that aid is only partially successful, and still others find it to be completely ineffective. More research is needed on the topic because of the lack of consensus within the academic community.

This study uses Official Development Assistance coming from the Development Assistance Committee of the UN as a predictor of three quality of life indicators. Quality of life is measured by gross national income (GNI) per capita, male and female life expectancies, and adult illiteracy rates. These quality of life indicators are meant to reflect three different facets of overall well-being. GNI per capita reflects economic purchasing power, life expectancies illustrate some measure of health, and illiteracy rates demonstrate educational achievement.

Two additional independent variables are used as controls to help predict the three quality of life indicators. Total population and type of government are accounted for because the sample of 80 developing nations is very diverse. It includes Latin America, the Caribbean, South America, and sub-Saharan Africa. St. Kitts-Nevis, with a population of 46,000, is in the same sample as Brazil, with a population of 184,184,000. This difference should be considered when interpreting the effects of aid on quality of life.
Type of government is also inserted as an independent control variable because political rights and civil liberties are closely related to the governmental services that affect quality of life indicators. The completely free nation of Costa Rica is measured in the same sample as completely non-free Cuba. The type of government under which citizens of a developing nation live affects the economy, health, and education of its citizens. A nation that receives a great amount of aid but has little freedom under its government may have lower quality of life numbers than a nation receiving little aid that is more free. Amount of freedom under government should not be taken into consideration. In this study, type of government was separated into the two categories of political rights and civil liberties.

The time period measured by the regression models covers ten years using two snapshots, 1995 and 2005. The independent variables Official Development Assistance, total population, and type of government, all coming from 1995, are used to predict the quality of life indicators from 2005. A ten-year lag is necessary to accurately measure an indicator such as illiteracy rate, because it takes years for that aid money to trickle down in the form of better education.

Does humanitarian aid have an effect on the quality of life in developing nations? This primary research question was broken down into twelve secondary research questions, with separate questions studying the relationship between each independent variable and each quality of life indicator individually. Do Official Development Assistance, type of government, and total population predict the levels of the quality of life indicators GNI per capita, male and female life expectancy, and adult illiteracy rate?

Four regression models were used to determine whether the independent variables of 1995 predicted the dependent variables of 2005. Nations receiving more Official Development Assistance were those nations with low levels of GNI per capita, low male and female life
expectancies, and high illiteracy rates. Nations with more civil liberties had higher levels of GNI per capita, higher male and female life expectancies, and lower illiteracy rates. More populous nations had higher GNI per capita, higher male and female life expectancies, and lower illiteracy rates than less populous nations. These results were expected, except for the fact that civil liberties were significant while political rights were not.

Overall, does humanitarian aid affect the quality of life in developing nations? The results show that nations receiving more Official Development Assistance display worse conditions than nations not receiving as much aid. Correlation does not necessarily equal causality, but Official Development Assistance is clearly not achieving its objectives. The presence of aid has no perceivable ameliorating effect upon conditions in developing countries. Nations with poor economic, health, and educational conditions are receiving more aid than nations with more effective services, but this aid is not making up the difference in quality of life.

The static nature of this study does not predict aid’s effect on the direction of individual quality of life indicators, manifested as improving or worsening conditions. To achieve a significant prediction, one would have to measure change in quality of life against change in aid received over many years. Data available to the public is not yet sufficient to make this prediction. This study is also hampered by the fact that there is no way to account for pre-existing economic conditions before foreign aid became a convention in the international system. A positive aspect that this study illuminates is that aid is going to the nations that need it the most. Official Development Assistance, total population, and type of government can work together to predict the levels of a nation’s quality of life indicators, but further research is required to determine how that quality of life could best be improved.