Book Review: How to Manage an Aid Exit Strategy: The Future of Development Aid

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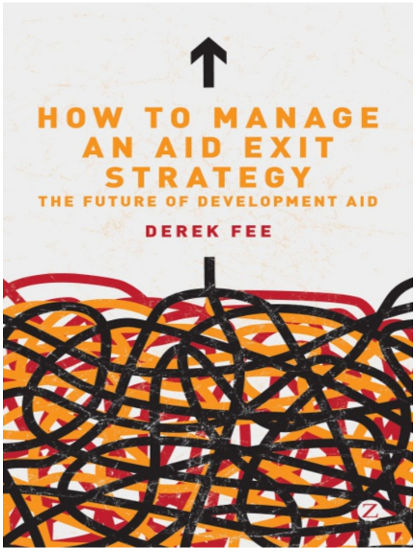
*After almost forty years of development aid, some commentators argue that aid as we know it has not worked and we need a radical overhaul of aid delivery and monitoring methods. In **How to Manage an Aid Exit Strategy, Derek Fee** aims to provide an insightful and comprehensive analysis of how an exit may actually be possible – drawing on real experience and supplying a summary of recommended policy steps. **Maria Kuecken** is not convinced, finding that evidence and references seem to be cherry-picked to uphold the author's points, and not enough detail is given on aid effectiveness.*

How to Manage an Aid Exit Strategy: The Future of Development Aid. Derek Fee. Zed Books. July 2012.



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The existence of development aid fuels a perennial debate that is both nuanced and divisive. In *How to Manage an Aid Exit Strategy*, Derek Fee joins the ranks of those who would push for aid's definitive end. Although he admits that shutting down the aid machine would constitute a "radical step" in the international development world, Fee contests that it is necessary. Moreover, he argues, establishing a pathway to self-sufficiency can help to soften the blow.

Fee is a development practitioner who has sported many hats throughout his career, including EU Ambassador to Zambia and EU Representative to COMESA. Now a managing partner of a development aid and investment consultancy, Fee approaches the topic with considerable experience. He begins by identifying three problems with the current aid system: mission creep from aid's original intention, lack of an exit strategy, and a symbiotic relationship between donors and recipients. Fee argues that these characteristics perpetuate the cycle of aid, one that has been historically more input than output-driven and places considerable emphasis on donors' "need for visibility and the promotion of a particular political stance."

By way of presenting alternatives, Fee showcases a hodgepodge of topics that have been proposed as development solutions, including domestic resource mobilization, trade liberalization, BRICS-related market creation, and regional integration. He weighs their merits and drawbacks. For some topics like microfinance, he underlines the fact that a concept originally painted as a panacea turned out to be much more complicated, yielding both positive and detrimental results. Others, like remittances, "represent an as-yet-untapped resource" for cash-strapped developing nations.

Development wonks will already be familiar with the majority of issues discussed (and will likely find themselves wishing for more in-depth discussion). Newcomers to the subject can benefit from the concise description of foreign aid as well as the outline of aid's various manifestations such as sector-wide approaches (SWAPs) and programme sector budget support (PSBS). Yet the majority of chapters serve as starting points in that they are too global to serve as a stand-alone read for the uninitiated.

The crux of the book is its final chapter which outlines Fee's model for an aid exit strategy. He proposes five elements that can shape a path for withdrawal from aid: institutional development, domestic resource mobilization, economic diversification, increased global funds for infrastructure, and self-help aid (in which donor funding of a particular sector or project is matched with government effort). Fee systematically explains why each of these elements can solve aid's key issues, many of which coincide with the alternative solutions discussed in previous chapters. Though all five strategies should be pursued in tandem, Fee specifies that "institutional development is of primary importance" as government and economic reform are critical to development.

While without doubt sensible, tackling all five points simultaneously *and* effectively seems unrealistic, even with institutional development at the forefront. Moreover, achieving institutional development is itself a daunting and broad undertaking. While the consensus among practitioners is surely supportive of the end goal, the 'how' of accomplishing this task is extremely complicated – similar, one could argue, to the complexity of foreign aid effectiveness. Though Fee readily acknowledges the complexity of aid effectiveness ("Some initiatives work in some circumstances but not in others."), he does not delve into it in great detail nor does he extend similar reasoning to institutional quality. Doing so could go a long way in making his roadmap for self-sufficiency more convincing.

It is worth nothing that this book is, in the Fee's own words, "a series of reflections," his aim to fall "somewhere between the academic and the practical." Emblematic of this approach is that evidence and references seem to be cherry-picked to uphold the author's points. For example, a mention of the primacy of institutions for development gives a nod to only one study, skipping over a broader discussion of what is in actuality a much debated issue. Aid conditionality, the idea that aid can be effective conditional on good policies or institutions, is repeatedly supported via reference to Craig Burnside and David Dollar's influential research – this again ignores significant debate on the topic as well as the potential fragility of such results. Those well-versed in development should already be familiar with such discussions, but newcomers to the field will need to look elsewhere for context.

A quick read, Derek Fee's *How to Manage an Aid Exit Strategy* adds yet another voice to the ongoing debate on the future of foreign aid. His proposed exit strategy can surely stir up worthwhile discussion about the best ways to move forward.

Maria Kuecken is a Ph.D. candidate in Economics at the Paris School of Economics—Paris I Pantheon-Sorbonne University. Maria teaches graduates and undergraduates inApplied Econometrics and Development Economics. Specializing in development economics, her own research focuses on the determinants of educational quality in developing countries. She has blogged on a variety of issues for the European Journalism Centre, worked on educational projects in Rwanda, and interned in the Health Division of the Organisation for Economic Co-operation and Development. Read more reviews by Maria.