Sharing Prosperity? A Comparative Analysis of Aid Policy in New Zealand and the United Kingdom in the 2010s.

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By Emma Mawdsley[a], Warwick E Murray[b], John Overton[b], Regina Scheyvens[c], Glenn Banks[c]

[a] Department of Geography, University of Cambridge
[b] School of Geography, Environment, and Earth Sciences, Victoria University of Wellington
[c] Institute of Development Studies, Massey University

Abstract

The global aid world has changed, partly in response to unfolding re-configurations of global economic and political power, and more acutely in response to the global financial crisis (GFC). Paradoxically, in the face of recession in most Northern economies, collectively foreign aid contributions have not fallen sharply, and in some cases has even increased. However there has been a qualitative shift in its narrative and nature, and we discern revealing commonalities in the institutional, geopolitical and economic shifts taking place within many OECD-DAC donors. In this article we suggest that this new regime – which we term retroliberalism – projects the concept of 'shared prosperity' but constitutes a return to explicit self-interest designed to bolster private sector trade and investment, primarily for the donors. We argue that aid programmes are increasingly functioning as 'exported stimulus' packages, exploring and opening new locations for investment. This argument foregrounds the articulation between donors' uneven domestic 'economic recovery' programmes and the emerging foreign aid regime, which in both cases appear to favour corporate capital growth while producing growing inequality. We examine these claims and connections through case studies of policy shifts in New Zealand and the United Kingdom, where retroliberal restructuring of domestic economies and foreign aid programmes has been particularly profound. Ultimately we argue that 'aid' needs to be (re)claimed to serve genuinely progressive and inclusive goals.

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Introduction

Many commentators suggest that we are currently witnessing the emergence of a new aid regime, marking a paradigmatic turn away from the poverty-focused consensus on aid that guided OECD donors from the late 1990s, which found formal expression in the Millennium Development Goals (MDGs) and the 'aid effectiveness' regime (Mawdsley, 2011a; Eyben and Savage 2013; Janus et al 2014; Harman and Williams, 2014). There are clearly crystallising trends and outcomes in what is being termed the 'development effectiveness' or 'beyond aid' agenda (Hudson and Jonnson 2009; Barder et al 2013; IDC 2015). At its best, this emerging paradigm recognises that 'aid' cannot work in isolation, and must be complemented by more coherent pro-development policies domestically and abroad with regard to trade, migration, investment, technology, the environment, and including a broader conceptualisation of 'development financing'. At the same time, however, many 'traditional' donors are dealing with the reverberations of the global financial crisis (GFC), and the budgetary and often public pressure on international development spending. In this context it is very notable, indeed counter-intuitive perhaps, to observe that the collective OECD-DAC aid budget has not fallen since the GFC with the volume of DAC member aid being higher in real terms than in 2007 (see Figure 1). Although several states have seen reductions in their aid allocations (e.g. Japan), others have held steady (for example, Canada), and a few have even increased their relative or absolute contributions (for example, Germany).[2] This is despite widespread and significant budget cuts in other sectors, ministries and departments. In this paper we aim to provide a theoretical framework that explains this tension, or even paradox, amongst the traditional donors.

We argue that governments and corporations are increasingly co-opting the rhetoric and resources of 'aid' (increasingly being packaged within a broader conception of 'development financing') under the rubric of ‘shared prosperity’ in order to stimulate and subsidise corporate capitalism. This is being pursued through the enthusiastic re-framing of 'the private sector' not just as an object of development, but as an active development partner (see below).The paper thus foregrounds the articulation between domestic policies and trends within many 'traditional' donor countries, and the redeployment of aid to serve the interests of (corporate) capital accumulation. We frame this within the apparent destabilisation of the former north-south model of aid, and of a ‘retroliberal’ era (Murray and Overton, forthcoming), which theorises new combinations of earlier concepts and practices of aid. We demonstrate how aid, like neoliberalism itself (Ong 2006; Peck et al 2012), proves yet again to be agile and adept at responding new crises and opportunities within capitalism. Two extended case studies of the United Kingdom and New Zealand are presented to illustrate how the shared prosperity motto has been constructed and operated in practice. These two countries are quite different as donors in terms of scale and scope yet share similar policy drivers, and are illustrative of broader changes across the range of

[2] Some states, such as Australia, the Netherlands and Canada, however, have signalled significant cuts to their aid budgets beyond 2014.

donors (see Figure One). We conclude not by calling for the end of aid, but by arguing that 'aid' needs to be reclaimed as supporting a project for social justice.

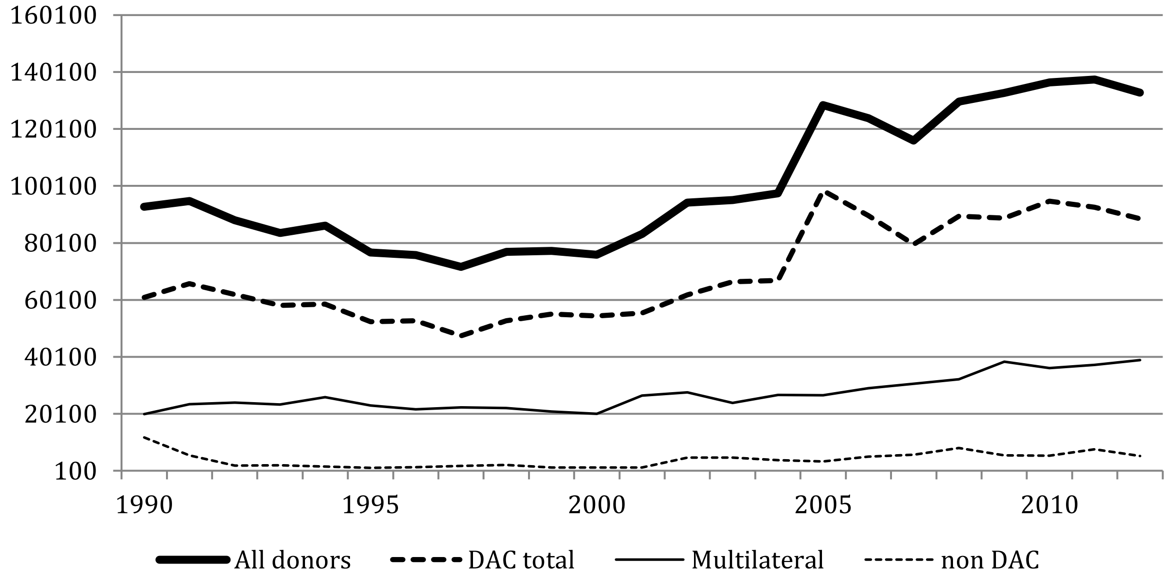
Context: the GFC and the 'rise of the South'

Two profound changes in the gravity of global economic and political power provide the context and drivers for the changing aid regime that we analyse in this paper. The first is the GFC of 2007/8 onwards, which severely disrupted the major world economies. As banks and companies were threatened with collapse, many Western governments engaged in programmes of substantial bail outs and subsidies of corporations. This seemed to signal a return to Keynesian-inspired strategies to stimulate domestic economies to avert severe recession. Yet there were also major reductions in almost all other areas of state spending, notably public goods and services, and in particular in some countries, social programmes and welfare. In such circumstances Western aid was threatened with crisis. It became difficult to publicly justify the continuation of the previous decade's expansion of aid spending on poverty alleviation in other parts of the world at a time when local unemployment was rising, socio-economic inequality was increasing and many donor economies were in recession. It is striking, then, that collectively OECD-DAC aid did not collapse, and in some cases the sector was one of the least affected sectors of government spending.

Figure 1 illustrates the counter-intuitive trend forms the empirical backdrop to the discussion in this paper, showing that the overwhelming trend since the mid-1990s has been a rise in real aid outflows following a decline from the early 1990s.[3] The spike in 2005 which took aid levels to a new high came in response to the Indian Ocean tsunami and aid levels returned to the general path by 2007. They continued to rise through the GFC, falling off only in 2012, largely due to the reduction in US, and to a lesser extent Japanese, donations. Figure 2 illustrates that aside from Japan aid flows from all major donors continued to rise during the GFC, and in the case of New Zealand, Australia and the United Kingdom they continued to rise until 2012.

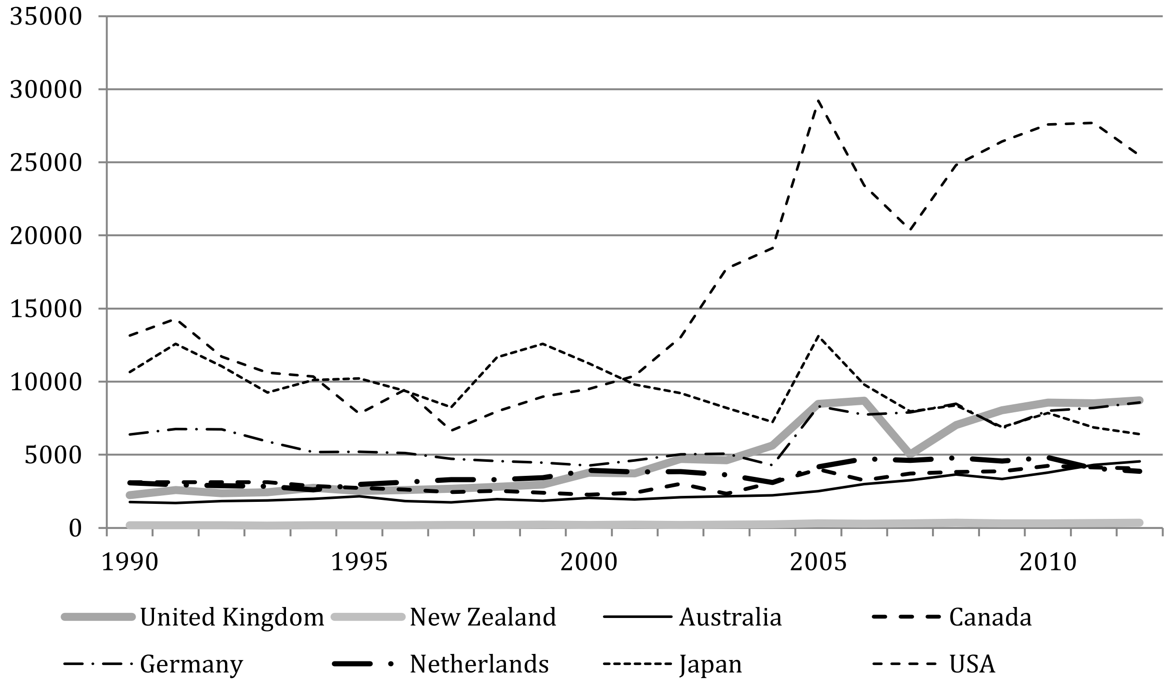
[3] These figures need to be treated with caution, particularly those for non-DAC donors. Non-DAC donors are only those as captured in OECD statistics and do not include China and India for example.

Figure 1: ODA 1990-2012 (constant $US 2012)



Source: OECD, various years.

Figure 2: ODA 1990-2012 by Selected Donor (constant $US 2012)



Source: OECD, various years.

The second factor shaping and driving the shift in the aid regime amongst the 'traditional' donors are the real and perceived challenges and opportunities presented by the 'rise of the South'. Southern economies are now acting as major sources of FDI, competitors for market share, and are increasingly important trade partners. Within the realm of development cooperation, Southern development partners are making growing contributions to various forms of development financing; have resisted or engaged on their own terms the western-dominated 'international' aid governance architecture; and rather successfully promoted alternative ideational norms and programme modalities - including blurred and blended aid, trade and investment packages, and the focus on growth strategies, notably in terms of infrastructure development. Over the last decade or so, Western donors have moved rapidly from a position of neglect and ignorance of the Southern partners, through complacent expectations of 'socialising' the rising powers as donors and development partners, to more respectful attempts to engage Southern development actors in dialogue, shared platforms and partnerships. While this can be attributed as much to strategic competition as collaboration (Abdenur and Fonseca 2013; Vestergaard and Wade 2014), it is clear that in some regards at least, it is the OECD-DAC, collectively and individually, that is moving closer to some of the norms and modalities of the Southern partners than the other way around. This is motivated in part by growing respect for the achievements of Southern partners, but also by a sense of competition and fear that China and others are out-competing the 'traditional' powers in pursuit of resources, markets and investment opportunities.

Changing aid regimes - a history of 'shared prosperity'

Aid regimes have a chameleon-like history, as donors have responded to shifting domestic and international circumstances, ideologies, and events. Throughout this history, the linkages between actual and stated 'national interests' (which are invariably multiple, complex and competing) and the particular geographic scope, modalities and rationale for a donor's aid programme have fluctuated. A rich seam of literature has used qualitative and quantitative techniques to examine the evidence for the many ways donors pursue their own (or rather, particularistic) interests through aid allocations, conditionalities and practices. Foreign aid has always been accompanied by claims to the altruistic pursuit of improving the lives of others *and* self-interest. While the precise formulations of these interests may change (for example, during and after the Cold War), or be constructed differently by different donors (for example, Norway and the USA) they are invariably presented as positively aligned: New Zealand's earlier phrase of 'doing well by doing good' is just one such example (Scheyvens and Overton, 1995; Banks et al, 2012). We should note that in and of itself the enduring continuity of self-interested aid is not inherently problematic: rather, it is that all too often such formulations conceal particularistic interests and agendas that conflict with those of others, rather than 'universal' ones claimed for both donor and recipient countries.

A conceptual note on terminology is required here. We see an 'aid regime' as comprised of an overarching set of principles combined with a specific regulatory structure designed to both conceptualise and disburse overseas development assistance. That these rise and fall with broader regulatory socio-economic and political regimes of accumulation – neoliberalism, structuralism etcetera – is no coincidence, although further work is required in terms of elaborating these links. Each aid regime will employ various modalities – which refer to the delivery mechanisms – such as General Budget Support, SWAPs etc.

Modalities may be used across and between regimes, but their combination will be necessarily different. In order to lay the historical context for the current period. We conceptualise four such regimes (see Table 1); Modernisation (1950-1980), Neoliberalism (1980-2000), Neostructralism (2000-2010) and Retroliberalism (2010-present). Note that discussion here is not exhaustive and fuller reviews exist (see Murray and Overton [2011 and forthcoming]).

The first of the aid regimes refers to the early era of development (Rist, 1997), from the early post-Second World War period through to the 1980s. During this Cold War period, aid allocations were linked explicitly to geopolitical motives, and approaches and modalities firmly wedded to Rostowian models of staged development, domestic imperatives concerning industrialisation and urbanisation as the path economic growth, and funding the directive state. The introduction of structural adjustment during the 1980s has its origins in the economic transformations and agendas of OECD nations over this period – the UK (under Margaret Thatcher), the USA (under Ronald Reagan) and NZ (influenced by Finance Minister Roger Douglas). Based on earlier experiments in Chile in the 1970s (see Barton and Murray 2001) neoliberalism was rolled out rapidly across the South partly as a condition of aid grants and loans. At the centre of such endeavours was the shrinking of the state and privatisation, the reduction of corruption allegedly associated with oversized governments, export orientation based on comparative advantage and widespread privatisation and reduction in state expenditures in order to 'liberate the market' often while donors themselves remained behind protectionist walls. The shortcomings of the so-called 'Washington consensus' influenced by the Chicago school of economics, led to the moderate reforms (or arguably, deeper penetration) of the 'post-Washington consensus' including 'good governance' approaches and a host of modalities associated with inspiring capitalist accumulation – including land titling and small enterprise creation for example (Stiglitz 2010). Amongst other things, this was associated with increasing growth of the 'development industry' involving consultants and contractors as well as NGOs in donor countries.

Around the mid-/late 1990s, a 'new aid paradigm' was initiated which involved a deliberate shift away from language of the SAPs towards poverty alleviation as the dominant aid objective, inspiring the formulation of the MDGs. Domestically in both the UK and NZ, Labour governments came to power with modest domestic socially progressive 'New Left' reform agendas, that whilst reformist were 'globalisation friendly', and thus promoted policies that facilitated the expansion and growth of transnational capital including free trade agreements and continued deregulation of the economy. In the aid realm, these were reflected in the establishment of independent/semi-autonomous aid agencies (DFID 1997, NZAID 2002) with an explicit focus on ostensibly more altruistic, poverty-driven agendas embodied in Poverty Reduction Strategy Papers (PRSPs). In the context of post-9/11, previously hollowed-out states were 'reconstructed' in part to reflect new security concerns. Economic growth policies that found favour built on neo-liberal foundations, linked into the notion of 'Third Way' economic development and 'bottom-billion' capitalism that views the poor as potential entrepreneurs and consumers, highlighted through programmes that focussed on micro-finance and slum improvement programmes. There was also strong continuity with the previous paradigm in the unfolding of policy and practice. PRSPs could be considered SAPs by another name and involved the continuing centrality of 'the project' and the limited enthusiasm for budget support as modalities, for example.

Table 1: Aid Regimes 1950-present; selected events, principles, goals and policies

	Modernisation	**Neoliberalism**	**Neostructuralism**	**Retroliberalism**
	1950-1980	*1980-2000*	*2000-2010*	*c. 2010 to present*
Global Events	Allied War victory, evolving Cold War, Truman's four point programme	Debt Crisis; fall of the USSR	9/11 and the hollowing-out of the state	GFC and the aftermath of war, the rise of China and other Southern 'emerging powers'
Domestic political context in West	Cold War politics, Kennedy Alliance	Thatcherism, Reagonomics; Rogernomics	The rise of Tony Blair's New Labour (UK) and Helen Clark's Labour (NZ) and Clinton's democrats	Swing back to the right –Cameron, Abbot, Key, Republican control of Senate in US
Principles	Modernist and traditional Structuralist ideas concerning role of industrialisation and backwardness of rural development. Geopolitical imperative of preventing domino effect across the Third World; socialist modernities, dependency theorists	Neoliberal theories. The state crowds out the private sector and leads to inefficiency and corruption. The market will arrive at Pareto Optimum. Benefits of export growth will trickle down to poor through employment	The state tackles social justice based on neo-structuralist ideas but in the context of a globalised economy that remains open. Delivering the benefits of globalisation and ensuring its trickle down	The state exists to facilitate economic growth, the private sector should not be crowded out by the state, the state sponsors and facilitates the private sector. Ricardian comparative advantage
Development goals	Grow industrial sector, promote regional alliances, promote urbanisation and reduce rural inefficiencies	Reduce government size, raise productivity, stimulate exports	Poverty alleviation, equality promotion, aid effectiveness through market mechanisms	Economic growth, infrastructure development, stimulate trade and investment through financing
Aid policies and modalities	Import substitution Industrialisation, land reform, General Budget Support, Colombo Plan	SAPs, export-orientation, privatisation, hollowing out of the state, reduction in social expenditure, 'Good governance', Market-based projects	MDGs, national interest and development agenda (formally) separate, Poverty Reduction Strategy Papers, Poverty reduction-based projects, Sector Wide Approaches (SWAPs), reconstruction of the state for security	Infrastructure, semi-tied aid projects, new (returnable) forms of development financing, development for diplomacy and the rolling together of national interest and developmentalism, partial return to General Budget support

Retroliberalism: the post GFC aid regime

In the introduction we suggested that there has been a marked shift in the nature of the aid regime, driven by the challenges and opportunities that have accompanied the re-balancing of the global economy and governance towards the 'rising powers', and by the (related) GFC. We suggest that this is part of a broader shift to a new phase in the regime of accumulation towards what Murray and Overton (forthcoming) term elsewhere 'retroliberalism'. In reaction to the collapse of global financial markets in 2007/8, the core Western economies implemented selective neo-Keynesian stimulus packages: that is, the state stepped in as supporter of last resort for the financial sector. The bail-outs in the UK and the USA for example made the Marshall Plan reconstruction of post-War Europe pale into insignificance, with the US stimulus package alone standing at US$831 billion (Murray and Overton, 2015). The purpose of such packages was not to tackle the underlying (and some might say, causal) inequalities of the GFC. Rather, the purpose was to rejuvenate capitalism, with state corporatisation at the centre of this endeavour. This has socialised debt, with the burden of the 'crisis' being passed to taxpayers, who also face the impacts of widespread budget cuts. It is this response to domestic 'recovery' that, we suggest, provides part of the explanation for the apparent paradox of sustained commitments to ODA collectively (and increasingly, a wider conception of 'development financing') in the case of a substantial number of individual OECD-DAC donors.

In many OECD-DAC donor countries, some of which were previously at the forefront of claims to more progressive aid policies, aid is being re-tuned to bolster the private sector. Ostensibly this will raise broader social progress under the rubric of 'shared prosperity' and 'sustainable economic growth', and is one part of a potentially more desirable 'beyond aid' agenda. It also appeals to, and co-opts, the rhetoric of popular capitalism in developing countries (SMEs, microfinance etcetera). However, early evidence suggests that these policies are working primarily to favour business elites and the owners of capital in donor and recipient countries - particularly the former. This use of public money, in the form of ODA is by no means new, but it is rapidly evolving, expanding and being explicitly foregrounded within the emerging development narrative as a credible and legitimate way of promoting 'inclusive growth' (Janus et al, 2014). Aid (and newer forms of 'development financing') can be seen here as representing a rolling out of the selective and elitist stimulus that has characterised the post-GFC response to 'crisis' within many of the leading OECD economies. The new retroliberal regime can thus be theorised as an amalgamation of old and more recent concepts. In terms of modernisation of the 1950s and 1960s the emphasis on economic growth as the core target and the role of the rolling out of infrastructure investment to facilitate this harks back to Rostowian concepts of stages of growth. The state's role at the centre of this and the tying of aid to the state's domestic agenda goes back to the post-World War 2 order, as identified earlier. The concept that the state should support the private sector, not allowing it to fail goes back to liberal (mercantilist) ideas of the 1700s. Yet, placing the market at the centre of society also builds on neoliberal ideas. Retroliberalism then recreates elements both classical liberalism and neoliberalism with the intention of perpetuating cycles of private capital accumulation. We suggest that the new regime not only echoes the modernist past of development, but also harks back more profoundly into colonial history, and the idea that opening new markets and opportunities somehow civilises the periphery by rendering it open for business.

In understanding retroliberalism it is important to observe that the so-called GFC was anything but global. There have been numerous critical reflections on the use of language in this regard. Sidaway (2008) argues that it should be more appropriately termed the 'American' Crisis. What is certain is that it had a rolling and differentiated impact across the globe. At the broad level, those economies most dependent on financial capital suffered the worse consequences. Thus, parts of the Global South were relatively unaffected in the short term at least. This accelerated what appears to be a contracting economic gap between the south and north. Furthermore, growth and thus investment opportunities increasingly shifted to the 'emerging markets' of the Global South. It is this differentiated geography of the GFC that partly explains the continued rise in ODA from DAC countries, and indeed, the growth in South-South development cooperation and financing. We suggest it this can be framed as global capital doing what it has always done – seeking out the highest potential returns. The difference under the retroliberal regime is that this pursuit of self-interest is enacted by a state-corporate nexus, who export their stimulus packages under the guise of 'shared prosperity' (Apeldoorn et al 2015; Robinson 2015). The retroliberal regime can be seen unfolding and evolving in a number of countries such as New Zealand, Australia, the USA, United Kingdom and to a certain extent across Latin America (Chile until the election of Michelle Bachelet in 2014 for example). In some way New Zealand and Chile between 2009 and 2013 under the Key and Piñera administrations respectively can be seen as the laboratory for broader retroliberal regulatory ideas.

The emerging aid regime amongst a large number of OECD-DAC donors is a stark example of the insinuation of retroliberal principles and their application. Previous aid regimes were underpinned by core theoretical ideas, whether modernisation theories, neoliberalism or the post-Washington Consensus. This is not the case with retroliberalism and the policy changes brought in following the GFC have been opaque and notably heterodox (Murray and Overton, forthcoming). In short, the new regime is pragmatic and, we would argue, opportunistic. What is remarkable is the high degree of consensus in terms of policy across a range of countries including Canada, New Zealand, Australia, the Netherlands and the United Kingdom for example. Although still evolving it is possible to discern a set of policies and tendencies across a range of countries that are very similar. Firstly, the implementation of the new regime was rapid, pre-figured in earlier administrations, but rapidly consolidating after the election of centre-right governments which, to varying degrees, used a set of blunt discursive techniques to undermine the previous approach (McGregor et al, 2014). Secondly, the institutional component of change has been echoed: in many cases the aid component has been amalgamated into the wider trade and foreign affairs goals of the countries adopting such policies (in some cases through formal institutional reabsorption, such as NZAID, and in others through re-positioning in relation to Foreign Affairs, Trade and Defence, such as DFID). In many cases this has involved physically bringing together formerly separate parts of government, with New Zealand being the earliest example of this (Banks et al, 2012).

A further commonality has been the shift in the mission of aid from what was previously a broad consensus based on the MDGs on the reduction of poverty to the less precise 'sustainable economic development', as well a focus on the private sector and its development as a policy goal and actor. This target has, in some cases, led to the promotion of businesses from the donor countries themselves, leading to the sense that the 'tied-aid' regime has returned.[4] This is certainly the case in the more explicit use of contractors from donor economies to perform tasks that has been observed across the Pacific for example where there has been an increasing emphasis on infrastructure projects. In the latter regard and others, it is also possible to discern a shift towards more explicit statements of national self-interest and it declaration as evidenced in policy statements as well as the re-branding of aid programmes. A recent review of the future of aid by the UK's International Development Committee, for example, stated that:

> *We support the UK's principled stand against tied aid, but this should not stand in the way of building links between middle income countries and UK institutions (IDS 2015, para 22).*

Of particular concern are the type of firms that are being increasingly enrolled as 'active development partners'. These are mostly transnational conglomerates, larger corporations, international consultancies (especially the 'big four'), hedge funds and private equity firms and so on. These powerful sub-sections of the private sector have been active agents of retroliberalism, helping produce growing inequality in donor states (and in some cases growing poverty), precarity that reaches ever higher up the class and employment hierarchy, and often brutal policies of neglect and disciplining of the poorest. What we have then in a new geopoliticking which places the donor at the centre and comprador elites as the vessels of change masquerading as the new orthodox economics. Needless to say, these shifts are being discursively projected as moral, smart and effective for donors and partners, as the motto 'shared prosperity', clearly suggests. One of the most worrying aspects of the new regime is the suppression of dissent through the attack on civil society through reductions in funding for NGOs (McGregor et al, 2014) and NGO platforms, something that is likely to hamper genuine and inclusive development in years to come as people are disconnected from power and governments set the international aid agenda. In the next section we aim to provide an empirical anchor for the arguments advanced so far. We provide two case studies, taking in two very different OECD-DAC donors (in terms of history, geography and scale), but which show revealing

[4] This needs to be finessed, of course. The OECD-DAC has sought to pressure its members to reduce or abandon tied aid with variable success, and some states continue to have very high levels of formal trying (for example, USA, Austria). However, amongst those who are apparently more committed to un-tied aid, we often find high de facto levels. The UK is the best example of this: despite the 2002 International Development Act, which legally obliges it to 100% untied aid British companies still manage to secure a large percentage of all contracts.

commonalities that are reflective of wider trends amongst the 'traditional' donors.

NZ Aid and *New Zealand Inc.* Abroad?

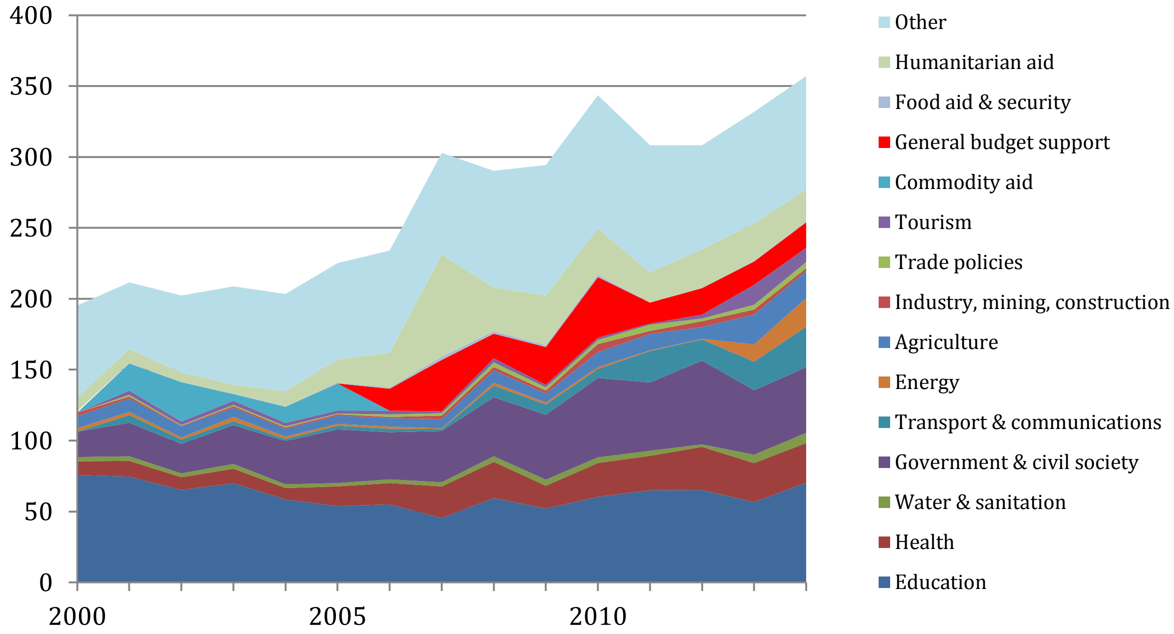
New Zealand is one of a number of OECD donors that had a clear focus on poverty alleviation in the 2000s, which has since been altered in line with retroliberal thinking. In 2002 policy makers made a bold move, shifting New Zealand aid from the ‘doing well from our doing good’ focus of the mid-1990s noted previously (Scheyvens and Overton 1995) towards a programme centrally oriented on poverty alleviation. A semi-autonomous unit, NZAID, was created in order to deliver on the a new, holistic agenda which was underpinned by four pillars: governance, diversified livelihoods, improved health and education, and conflict resolution. There was a real growth in aid volumes in the early 2000s. Between 2000 and 2007 the New Zealand aid budget grew from $US 271 million to $US 389 million (in constant 2012 prices – OECD data – see also Figure 4). Dispersal was focused more on the Pacific Islands than in the past with special efforts to target the poorer countries of Melanesia rather than mainly supporting more well off Polynesian countries with which New Zealand had important political ties, and obligations. Conflict within the region, especially in the Solomon Islands, led to a real growth in support for reconstruction, peace building and good governance activities (Banks et al. 2012; Murray and Overton 2011a).

In 2008, however, a change of government took place with the centre-right administration of John Key appointing Murray McCully to the Foreign Affairs portfolio. Since then, the aid budget has increased overall to reach $US 449 million in 2012 (constant 2012 prices), although the government has distanced itself from pursuing the 0.7% target. The geographical focus on the Pacific has continued, albeit with stronger political rhetoric about commitments to neighbours and a shift back to Polynesian countries (Cook Islands, Niue, Samoa and Tonga). Meanwhile Minister McCully instigated significant changes across the aid programme. These shifts in the New Zealand Aid Programme speak clearly to the increasing influence of a retroliberal philosophy.

Firstly, institutional change was achieved via disestablishment of the semi-autonomous agency, NZAID, and the aid programme was subsumed into the Ministry of Foreign Affairs and Trade in 2009. This signalled an ideological shift towards a much stronger tying together of New Zealand’s aid, trade, foreign policy and security issues. Interestingly, the new symbol for the New Zealand Aid Programme is a the white fern on black background, an image which is strongly associated with New Zealand’s national sporting teams, especially the All Blacks. In this way, the branding of the aid project has adopted the iconography of the national project and it seems intended to pursue explicitly New Zealand’s wider diplomatic, security economic, and arguably cultural interests.

Secondly, the poverty focus of the aid programme was downgraded, supposedly subsumed under the broader mission of sustainable economic development. Aligned with this mission is a significant sectoral shift in aid. While health, education and governance continue to provide a solid base to New Zealand's aid programme, the areas of real growth, from both a monetary perspective and in terms of publicity, have been infrastructure, agriculture, tourism and energy. Figure 4 depicts changes in the aid programme in terms of spending by sector. Between 2000 and 2008 there were marked increases in general budget support (and sector-wide programmes - reflecting the principles of the Paris Declaration of 2005) and in humanitarian and relief spending. Since then (and a short-lived reduction in aid from 2008 to 2009) the growth in spending can be explained principally by the increases in allocations to transport, communications and energy projects and 'production' sectors (mainly agriculture and tourism). Furthermore, although some categories remained fairly static in real terms (such as education), there were important changes within, such as the change in education spending towards more tertiary scholarships (see below).

Figure 3: New Zealand ODA by Sector 1998-2012



Source: OECD, various years.

Thirdly, there has been significant change in terms of what types of organisations the New Zealand aid programme engages with, and how they engage. The relationship with civil society has been eroded, with a decrease in the overall resources available to NGOs, at least at first, and a halting of support for development education and advocacy activities (McGregor et al 2013). More so, however, the way in which MFAT wishes to work with NGOs seems to have shifted considerably such that NGOs are seen increasingly as contractors to the aid programme rather than partners in development. Aid funding has continued to flow through civil society but it now appears as a much more compliant sector, wary of questioning government policy (McGregor et al 2013). In an associated move, MFAT has deliberately courted new alliances with the private sector and encouraged them to bid, alongside NGOs and public sector agencies, for funding from its 'Partnerships for International Development Fund'. To be clear, much of this has been about getting the New Zealand private sector involved in aid delivery through the rhetoric of 'shared prosperity', rather than supporting private sector development within poorer countries.

Underlying these shifts towards 'shared prosperity' is, not surprisingly, considerable self-interest. New Zealand aid money was used to subsidise Air New Zealand flights from the Cook Islands, Tonga and Samoa to Los Angeles from 2008 onwards after pressure from the airline that it would otherwise have to cut these services. Initially the governments of these countries were asked to underwrite the airline, but later New Zealand decided to cover the costs of subsidies because these routes provide new visitors which would boost the tourism-dependent economies. Between the years 2010 and 2012 the Cook Islands used half of the $3 million of New Zealand aid it received for tourism to underwrite Air New Zealand flights, while $3.8 million was spent on subsidising flights to Tonga and Samoa between 2009 and 2011. It was noted at the time that other airways competing on such routes, such as Pacific Blue on the Apia-Los Angeles route, were put at a competitive disadvantage by such moves. This support for Air New Zealand goes directly against the neoliberal logic of encouraging economic efficiency, and Minister McCully's rhetoric that the aid programme should provide a 'hand up rather than a hand out'. The New Zealand government has a 75 percent stake in Air New Zealand. What would be politically unacceptable domestically – a direct government subsidy for a New Zealand company – has become cloaked within the aid programme in a way that justifies such a stimulus as being good for the region's poor.

One element of the shared prosperity approach is support for education scholarships for students from developing countries to study in New Zealand. In 2007/08 the aid programme allocated some $NZ 31.25 million to such scholarships (NZAID 2008:18). This amounted to just under 7.6% of the aid budget for that financial year. In 2012/13 the allocation had risen to $NZ 54 million (or 10.2%) and the forecast allocation for 2014/15 is $58 million (11.7%) (New Zealand Aid Programme 2012). Scholarships bring benefits for the students able to gain university and other qualifications in New Zealand and when they return home and contribute enhanced human capital to their government departments, NGOs or businesses, these benefits can be significant. Yet, around a tenth of the total aid budget, is spent on tuition fees, support costs and living expenses within New Zealand (together with some international air travel costs). As such, benefits undoubtedly also flow to New Zealand education institutions, accommodation providers and the wider economy. The steady increase in tertiary education scholarships within the aid programme since 2008 has again reflected the strategy of supporting elements of the New Zealand economy whilst pursuing broader aid objectives.

Although the expansion of the scholarships scheme rested on a long-existing element of the aid programme, a marked change since 2008 has been the open collaboration between the aid programme and New Zealand agricultural enterprises. One example of this is the $NZ 4 million allocated to Plant and Food Research NZ (a government-owned agricultural research company) to work with a private New Zealand avocado processing company (Olivado) in order "to strengthen the avocado industry in Kenya" (New Zealand Aid Programme

2014a). In practice the funding appears to involve working with Kenyan avocado producers to improve varieties and yields so that then, presumably, they will sell their fruit to Olivado for processing and marketing. The shared prosperity justification for the project was articulated thus: “the combination of New Zealand’s horticulture expertise and Olivado’s ability to negotiate a secure path to the market is expected advance the economic development of small holder farmers” (New Zealand Aid Programme 2014a).

This model of using the aid programme to upgrade production by local farmers so they can link with New Zealand processing and marketing companies working overseas seems to have its greatest potential in the dairy sector. Fonterra is a milk production company and its cooperative origins have resulted in an ownership structure in the hands of some 13,000 New Zealand dairy farmers and companies. In recent decades, however, it has become a leading global dairy processing and marketing company with operations also in Latin America and Asia. Its global expansion strategy rests not on directly operating farms overseas but more on managing the supply chain and processing milk into powder and a range of dairy products. It has a particular strategy to expand in developing economies, given the slow growth of traditional European and American markets and the rise of middle class consumption patterns (particularly for protein) in Asia and Latin America. In September 2014, Fonterra and the Ministry of Foreign Affairs signed a framework document agreeing to “work together in the future, combining Fonterra’s dairy industry expertise with MFAT’s development best practice” (New Zealand Aid Programme 2014b). The partnership is already reflected in proposals to work with dairy farmers in Indonesia and Ethiopia to improve milk yields and quality and link in with Fonterra’s supply chain. The partnership also seems to have an output as well as input aspect: Fonterra appears to be concentrating on milk powder production and marketing and it seems to be replicating its milk for schools project in New Zealand (an effective public relations exercise ostensibly focusing on children in poverty in New Zealand) in places such as Sri Lanka (where it has a large processing factory). Thus the emerging aid narrative behind the MFAT-Fonterra partnership is one that talks of lifting smallholder production and improving the nutritional intake of the poor[5] whilst simultaneously drawing on New Zealand’s expertise in dairy production and supply chain management. What remains unsaid but understood is that Fonterra’s global strategy is also supported and subsidised by the country’s aid programme.

The changes in the New Zealand aid programme have become entrenched in the programmes and mission statements of the government’s aid agency, the International Development group within MFAT. In early 2015, the agency released its draft strategic plan for consultation. The priorities it articulates (Table 2) are noticeable for the alignment between them and New Zealand business interests. Thus the energy and agriculture sectors are given ‘flagship’ status, reflecting the move to involving New Zealand companies such as Meridian (energy) and Fonterra (agriculture) in aid projects. Poverty alleviation is not

[5] However the nutritional benefits of infant milk formula – one of Fonterra’s major users of its milk powder – compared to breast milk may be questioned and there is a potential conflict here between increasing milk production and maternal and child health.

mentioned explicitly in this list and the core concerns of earlier years in health and education seem relegated.

Table 2: New Zealand Aid Programme Draft Investment Priorities 2014-19

Flagship Priorities

1. Expand access to affordable, reliable and clean energy

New Priority

2. Increase economic returns and food security benefits from agriculture

Core Priorities

3. Expand ICT connectivity, access and use in the Pacific
4. Increase economic returns and food security benefits from sustainable fisheries in the Pacific
5. Increase employment and economic benefits from tourism in the Pacific
6. Increase economic benefits from trade and labour mobility in the Pacific
7. Strengthen economic governance in the Pacific
8. Strengthen law and justice systems in the Pacific
9. Increase the health of people in the Pacific
10. Improve skills and basic education
11. Strengthen resilience
12. Respond to humanitarian emergencies

Source: New Zealand Aid Programme Draft Strategic Plan 2015/16-2018/19, Wellington 12 February 2015.

Taken together, these changes amount to a bold modernist development project being pursued in the name of building upon areas of New Zealand's comparative advantage. Examples abound in the publicity material for the new aid programme. New Zealand has invested heavily in initiatives such as the rebuilding of a runway in the Western Solomon Islands, subsidising hotel reconstruction in Niue, and installing solar electricity in Tuvalu. This is 'investment' in infrastructure and industry, an attempt to promote economic growth through aid and build more modern and outwardly-oriented economies (that conveniently are often constructed by and go on to link with, New Zealand companies operating overseas). It seems to have taken its inspiration from 1950s modernisation theory - the construction of 'modern' economies and societies that engage with the global economy – rather than more focused notions of aid which identify and seek to alleviate extreme poverty.

DFID's embrace of the private sector[6]

The UK's Department for International Development (DFID) is one of the most influential OECD-DAC donor agencies, admired by many of its peers (Morrissey 2001; Webster 2008). In part this reflects its size and budget, but its standing has been enhanced by its relatively autonomous status, giving it the capacity to shape and act on policy, and by its pursuit and projection of ideational leadership

[6] This section of the paper draws upon elements of Mawdsley (forthcoming), which sets out a more substantial discussion of DFID's turn to the private sector.

within the international development community. DIFD was created in 1997 when New Labour came to power, replacing the series of Overseas Development Offices and Administrations of previous decades (Barder 2005). It was given Departmental status, a Secretary of State with a seat in the Cabinet, and a substantial increase in budget, staff and remit.

Although inevitably controversial, and certainly open to critique, under the leadership of Clare Short in particular, DFID drove an agenda for policy coherence for development within the UK, and an activist role in a (debatably) more progressive and poverty-focused international development agenda (for different perspectives, see Porteous 2005; Marriage 2006; Gallagher 2011). These directions were given legal force under the 2002 International Development Act, which commits the UK to untied aid and ensure that all ODA has a poverty reduction focus.

Programmes and policies to support economic growth were a part of DFID's agenda throughout this period, notably through various forms of 'inclusive finance' and 'bottom billion capitalism' initiatives. Trade, investment and larger-scale financing was also pursued, including through the Commonwealth Development Corporation (CDC), of which more below. But like many other OECD-DAC donors in the mid/late-1990s and new millennium, DFID increasingly concentrated its resources and its 'development narrative' on the core concepts of good governance and anti-corruption, as well as social wellbeing through health, gender and education programmes (Hulme and Fukuda-Parr 2009). A second feature of this period was the emerging 21C development-security nexus, with Iraq and Afghanistan being particularly controversial sites of interaction (Biccum 2005; Waddell and Duffield 2006; Duffield 2007).

Gallagher (2011) makes a compelling case that DFID was not just associated with New Labour, but specifically Tony Blair (and we could add, later Gordon Brown), both of whom actively championed global development issues (Gallagher offers a critical assessment of Blair's image-making endeavours). There was some expectation then, that the Conservative-led coalition government would take a hard line on DFID when it came to power in 2010, something made more likely in the context of the post-2007/8 GFC. But while the Coalition has indeed driven considerable change in DFID, a little unexpectedly - and in the face of considerable media, public and internal party opposition - Prime Minister David Cameron has honoured the commitment to meet the 0.7% GDP target (allowing for the usual donor chicanery in how this is calculated). Indeed, in 2014 the UK for the first time joined the very small group of donors who have ever achieved this, although it was highly revealing that the government chose not to publicise it too loudly. While DFID has been subject to exercises in internal cost cutting, its overall buget has been far more protected than the majority. The reasons for this are debated in a number of academic texts (e.g. Dunne et al 2011; Mawdsley, 2012), and no singular explanation is likely to be sufficient. Here though, we suggest that the retroliberal framework described above resolves what on the face of it appears to be a political paradox, but which finds its logic when a growing share of UK aid is understood as serving UK and transnational capital through exporting stimulus. This mirrors the current government's domestic policy of subsidising banks, financial institutions and corporations, while cutting spending on (non-pensioner) welfare, and social and public goods.

The Conservative Party had already signalled some of its intentions for DFID and UK aid spending in a (pre-election) Green Paper of 2009. As well as the pledge to continue efforts to meet the 0.7% aid target, it promised a more hard-headed, 'value for money agenda', that re-balanced stronger national interests with doing good in the world (Glennie 2011; Hall-Matthews 2011; Mawdsley 2011b; Noxolo et al 2012). Since coming to power, the Conservative-led Coalition has led an increasingly radical set of changes within DFID - although as we see in the final part of this section, these have been tempered to some extent by broader parliamentary oversight, enduring legal frameworks, institutional resistance and inertia, and the critical engagement of development NGOs, think tanks and academics (see Eyben 2014 for an example of successful counter-currents within dominant development institutions). Critically too, we will also return to whether or not DFID can sustain its budget and private sector-led development agenda in the face of considerable opposition to 'foreign aid' (although often from critics who don't recognise the economic interests it is seeking to serve). First though, we will outline DFID's embrace of a private sector-led growth agenda. Although considerably advanced under Secretary of State Andrew Mitchell (2010-2012), we focus on the period since September 2012, when Justine Greening took over. Greening is a former Treasury Minister with a background in business. Her trademark focus has been a commitment to the empowerment of girls and women, and an avid and determined drive to expand DFID's private sector partnerships, spending and remit. As noted earlier, the wider context for this is a global, sector-wide turn to what is being called 'beyond aid', including within the UK.

In March 2013, Justine Greening gave a keynote speech at the London Stock Exchange in which she promised an agenda for change using the language of investment, market making and the necessity of a structural rebalancing from the public to the private sector (Greening 2013). She returned to the LSE in January 2014, and in another high profile statement, detailed the 'transformational journey' that DFID had taken over the preceding year:

> *Economic development is not a completely new direction for DFID but in the past the approach was ad-hoc, and nowhere near a top priority for the department. That is changing. We are now building the most coherent, focused and ambitious approach to economic development that DFID has ever had. This represents a radical shift in the way that DFID works. It's a pragmatic shift to be managed carefully, but it's arguably revolutionary. And make no mistake: DFID's role in the developing world is steadily and surely changing for good. (Greening 2014)*

The 'economic growth' agenda is not just being expanded through sector-specific programmes and spending, but is re-focussing DFID's entire mandate. DFID has committed to increase its budget on economic development to £1.8 billion by 2015/16, which is roughly double what was spent on this area in 2012/13 (DFID 2014). To put this in context, the total aid budget in 2013 was £11.4 billion, so spending on economic development will shortly constitute about a fifth overall. This figure does not include multilateral contributions, which are also being more strongly oriented to serve growth objectives (such as the Private Infrastructure Development Group), while the 2014 Strategic Framework states that DFID will expand existing instruments and create new channels for promoting economic growth. It is likely then that the economic growth share of the aid budget will continue to rise.

Accompanying the increase in the share of ODA going to economic growth are changes in DFID's institutional structures and personnel profile. In 2011 a Private Sector Department was created, and in 2013, DFID announced that it was creating the new post of Director General for Economic Development with the mandate to drive forward and scale up DFID's investments in growth. In high profile speeches, the 2014 Strategic Framework document, and in evidence to the Parliamentary International Development Committee, Justine Greening and her senior staff have made it clear that DFID can expect ongoing internal restructuring. In order to improve and expand DFID's growing mission to work with business, for example, the 2014 Strategic Framework promises redesigned systems, dedicated company contact points, senior sector leads, regular strategic relationship review meetings, and memoranda of cooperation around joint objectives. A 2011 DFID document on 'The Engine of Development: The private sector and prosperity for poor people' asserts the goal that "private sector thinking [must] become as much part of DFID's DNA as [its] work with charities and governments" (DFID, 2011, p. 2). DFID is looking to import more personnel and advisors from the private sector and from other government departments, rather than 'traditional' aid bureaucrats.

A related trend that has received media and NGO, and indeed official, scrutiny and some criticisms from the Independent Commission on Aid Impact (ICAI 2014), is DFID's very substantial use of contractors, including pro-market think tanks, and large accountancy, financial and management consultancies. These lucrative partnerships are not new, of course, but the focus on economic growth agenda appears to be opening up further opportunities for collaboration and contracting. Criticisms include the fact that many of these organisations are ideologically committed to privatisation regardless of context or evidence; that ODA is being used to pay six figure corporate salaries and generous expenses; that they are being managed at arms- length, with insufficient strategic direction or oversight by DFID; and that some 'partner firms' are domiciled in tax havens. Civil society organisations are not excluded from this agenda, and the 2014 Strategic Framework states that they can make an important contribution to ensuring 'equitable and inclusive growth and poverty reduction' (the only time 'equity' is referred to in the 27 page document). The role CSOs can play in fostering local markets, SMEs, microfinance, improved value chains and holding business to account, are all mentioned. However, CSOs are given a clear steer. In her 2014 London Stock Exchange speech, Justine Greening commended some NGOs for their work with the private sector, but went on to warn:

> *But I do think NGOs can and need to do more to embed this positive approach towards private sector investment and private sector engagement. I*

understand why it may come more naturally to campaign to get more children into school or vaccinations for babies – but being reluctant or uncomfortable about encouraging a more entrepreneurial business environment won't do these developing countries any favours ... I believe NGOs working with business needs to become the norm not the exception. And I think we all need to be on the economic development path that DFID has set out. (Greening 2014)

In terms of the 'substance' of this shift, DFID is expanding some existing programmes and creating others. Perhaps the centrepiece of the existing mechanisms is the Commonwealth Development Corporation (CDC), the UK's Development Finance Institution. The CDC started life as the Colonial Development Corporation in 1948. Its present mandate is to provide 'developmentally beneficial investment' to help stimulate the growth of businesses in Africa and South Asia. The CDC has been the subject of very considerable controversy for a number of reasons, including a badly handled part-privatisation, and accusations that its investments do little to enhance development, and may in some cases have undermined social and economic wellbeing. The CDC has been the object of reforms in 2012 under the then Secretary of State Andrew Mitchell, which were intended to bring it more into line with 'DFID's objectives'. However it remains a controversial instrument, as do other OECD-DAC Development Finance Institutions (DFIs), many of which are subject to similar critiques (Tomlinson, 2014). Whether and how DFID manages to ensure that CDC pursues inclusive and sustainable growth, which has credible claims to 'development' outcomes, will be a matter of growing interest and importance.

Like other OECD-DAC donors, DFID states that it is promoting 'inclusive growth'. For example, DFID states that it is interested in providing finance for firms of all sizes - including British and partner country SMEs, and in 2012 it launched an Impact Investment Fund that directs capital towards pro-poor businesses and entrepreneurs. However, analyses of these emerging financing approaches in other OECD-DAC donors all point to serious concerns (Tomlinson 2012; Eurodad 2013). These include the tendency to invest in safer, middle-income settings with the best returns rather than where the finance may be most needed; to crowd out private finance; to support donor country firms rather than recipient country firms; to support larger over smaller companies; and to inflate private and public debt.

DFID is also exploring new ways of working with the private sector. One initiative that has attracted media attention is the new Trade in Global Value Chains Initiative, which is aimed at encouraging UK businesses to improve supplier standards. Recipients of this ODA money include Tesco, Primark and Asda. Marks and Spencer, for example, is to receive ODA to develop "the leadership and management skills of farm workers in Kenya and South Africa", while Sainsbury's is receiving aid money to establish an "innovative radio show" for farmers in Kenya. Firms are eligible for grants of up to £750,000 for which they then provide match funding. The stated goal is to harness private sector expertise, to leverage private sector finance, and to raise standards in value chains with benefits for all. Critics express concerns that this is not the most appropriate or efficient use of ODA, and that these initiatives are sticking plasters: they are not helping structurally improve the terms and conditions of labourers, for example. Again, it is too early to assess the content and outcomes of this initiative, but the 2014 Strategic Framework makes no reference to labour rights, decent work, union representation or other more structural means of promoting 'inclusive' growth.

One of the most interesting features of DFID's current direction is the prominence of the financial sector. For example, Justine Greening has created a formal partnership with the London Stock Exchange Group (LSEG). Official documents and declarations foreground the role that DFID, other government departments, and UK businesses and consultancies can play in providing "high levels of technical expertise and innovation" (DFID 2014: 4) to help developing country governments and firms create attractive investment environments, develop 'frontier' markets, privatise assets, create public-private partnerships and so on. One of the goals of the DFID-funded Growth Centre at the London School of Economics is to "accelerate capital market development in Africa's frontier economies". The focus on the financial sector is explained through the UK's leading position in these fields. In her 2013 LSE speech, Greening explained that:

> *Wherever possible I'm determined to pull in the best UK expertise to de-risk investment and improve the business climate. ... the UK's top accountancy companies will be deployed to countries like Malawi and Nepal to help raise professional standards, improve financial reporting and build investor confidence. Thanks to our world-leading insurance sector the UK is also exceptionally well placed to respond to the challenge of insuring for private sector investors in more fragile states where the political risk is higher*. (Greening 2013)

The first step in the DFID-London Stock Exchange Group partnership that Greening launched at this event was bespoke training for financial sector professionals, regulators and government officials. Present at the launch were twenty 'capital market leaders' from Tanzania, who were about to embark on a course designed to help them address constraints to growth in their stock market. Greening asserted that:

> *This is a win-win partnership. It means the best run stock exchange in the world, our stock exchange right here in London, will be offering their expertise to a region where capital markets are in their infancy. And it also means the LSEG will have a fantastic, positive relationship with these frontier economies as they take off. (Greening 2013)*

In a keynote speech intended to inspire it is perhaps no surprise that the distinctive contributions of the City of London's financiers and bankers to the UK and GFC were not mentioned. But this is not something that appears anywhere in the major speeches or policy documents on deepening financialisation in Africa or elsewhere. The 2014 Strategic Framework makes one mention of protecting against financial volatility, and that is to assert that DFID will work with the IMF to help stabilise poor country economies when necessary. This rather underwhelming approach does not suggest a balanced or honest appraisal of the risks and rewards of greater financialisation as a development strategy, which in turn raises concerns that there are insufficient measures to prevent or ameliorate the risks, or mechanisms to ensure that rewards do not simply trickle (or torrent) upwards, as they appear to have done so in more 'mature' financial sectors.

Our argument is this. Like a number of other OECD-DAC donors, these trends are not simply about aid being used in support of greater 'national self-interest'. Rather, as with New Zealand, the example of DFID makes the case for the idea of aid being enrolled in a highly divisive post-GFC era of *deepening* and *consolidating* retroliberalism domestically and abroad. One tool is the use of public money to bail out banks, other financial institutions and corporations, while instituting austerity economics on ordinary tax payers and the most marginalised sections within western economies. If this is the growth model being extended to low and middle income countries, with the assistance of the self-same private sector actors that have been complicit in widening inequality in the UK, as well as growing poverty, precarity and injustice (that is, corporations, transnational conglomerates, accountancy and management consultancies, and financial firms), then we have to question the claims to 'inclusive' or 'sustainable economic growth'. Why would this model be 'inclusive' in Tanzania as it is clearly not in Britain?

Tempting though a swingeing critique is, we must also recognise counter-current, constraints and limitations. DFID is not, of course, a singular coordinated actor, and nor does it have complete autonomy. Both of these truisms temper the extent and functionality of these growth programmes and direction. Country-level offices and staff in particular, are expressing concerns about some of the directions.[7] DFID is subject to parliamentary oversight, and must respond to supportive but also critical assessments from the Independent Commission on Aid Effectiveness (e.g. ICAI dates), The National Audit Office and the All Party Parliamentary Committee on International Development, amongst others. It is notable that all express some of the concerns listed above about various aspects of the private sector-led growth agenda, policies and programmes. A very well-established and engaged NGO and academic community are also active in scrutinising the UK's development directions, and engaged in various forms of dialogue with the development establishment (e.g. IDS, Action Aid). Whether and how this will play out will be strongly impacted by the imperatives of party politics. Both Labour and the Conservatives are acutely aware of the challenge posed by the growing popularity of the UK Independence Party, a party which is demanding an 85% reduction in British aid. International realities and realpolitik will also pull UK development policy in different directions. Kim and Gray (2016) remind us foreign aid cannot be understood solely through the logic of capital. In their detailed study of Korea, they theorise

[7] This statement is based on confidential discussions with a number of DFID staff and others within the DAC community. For obvious reasons the sources must remain confidential.

the dialectical relationships between different and sometimes competing aid imperatives. Thus, for example, while responding to short term electoral pressures, the UK must also attempt to retain its ability to project soft power in the various international forums of global development governance, such at the SDGs/post-2015 agenda. Together and separately, all of these factors will bear upon the retroliberal directions sought by DFID's leadership and some political allies, with complex and differential outcomes.

Conclusions

The world of aid has been significantly reshaped in the last few years, largely in response to the GFC, but also in response to fundamental changes in the geography of the global economy. The old North-South dichotomy in aid, largely mediated through the OECD and cemented by global agreements such as the MDGs and the Paris Declaration, has been substantially dismantled. While there is plenty to welcome in this more pluralised field of action and governance, we also observe concerning signs. This paper has traced the way such large-scale transformations have been played out in new institutional arrangements, strategies and modalities in the United Kingdom and New Zealand. Despite quite different spheres of interest, perceived comparative advantages and scales of operation, the similarities between the two are startling. For both 'shared prosperity' has come to mean a significant reinvention of aid. The prosperity that is being putatively shared is not a trickle down of the benefits of economic growth to the poor in either donor or recipient countries (and what are now 'donor' and 'recipient' is increasingly opaque) or to those parts of the global economy that are deemed to have poor prospects for growth. The stated mission of aid involving a net flow of resources from the wealthiest to the poorest – never a particularly binding strategic goal – has been lost in these new partnerships. This sees relationships between corporations and institutions whether in Europe, North America, Asia or Australasia, and large enterprises and projects in rapidly growing parts of the world, in Africa, Latin America, Asia or Oceania. These relationships are often brokered and supported by states, governments who see in the prosperity of their more successful economic sectors abroad an opportunity to resuscitate domestic economic growth.

The discursive shift to 'shared prosperity' has obfuscated a fundamental realignment of resources and relationships under the banner of aid. Aid has become a key element of a stimulus package to revive capitalism, primarily with the donors in mind, but with spill-over benefits for capitalist elites in partner countries, and (at best) crumbs, risk and precarity for workers and citizens. The GFC created space for states to openly subsidise capital to avert crisis in 2007-08, and increasingly we see OECD-DAC aid acting as another conduit for public money to promote the interests of certain favoured elements of their own private sector. Shared prosperity has allowed for the export of stimulus packages for domestic private enterprises. Given the trends of rising inequality in these self-same donor economies, decreasing labour protection, 'recovery' for the few and not the many, poverty-level wages, and the contraction of public services, public goods and social welfare, it does not seem illogical to question both ends of the claim to 'shared prosperity'.

We have not read a single critic who has based their analysis on an ideological rejection of the role of the private sector in a healthy economy and polity. All recognise the necessity and value of a well-regulated and diverse private sector, and see the value of aid policies and programmes that seek to support such an outcome. Rather, as we will see, their and our critique rests on the nature, type and quality of such private sector-led growth, and the broader structures within which different parts operate. Clearly, the renewed and expanded focus on private sector-led strategies for 'development' may indeed produce improvements in 'headline' growth figures in both donor and partner countries. However, the evidence to date suggests that the overwhelming beneficiaries of this growth are or are likely to be corporate elites and their political fixers, with much less guaranteed - and in some cases negative outcomes - for ordinary taxpayers, workers and citizens (ActionAid 2014). A detailed review of private sector-led development partnerships, programmes and strategies across the OECD-DAC donor community reveals very little mention of decent work (labour terms and conditions), local ownership, directing investment to where it is needed rather than where it provides the best return, reducing risk and exposure to financial volatility, or more than tokenistic commitments to partner country SMEs (Reality of Aid 2012; others). Breezy statements about 'inclusive growth' or 'shared prosperity' are not backed up with the conceptual or policy frameworks required to actually achieve these goals. Rather, current aid discourses repeatedly assert and assume a confluence of interests between all parties, and a 'natural' translation of 'growth' into 'development'.

There is likely to be opposition to the maintenance of high levels of aid spending when domestic economies remain sluggish, and funds are being spent ostensibly on the poor overseas whilst unemployment and poverty persist at home. Such a reaction has already been articulated strongly in the UK and is fuelled by the realisation that the economies of many recipients are performing better than donors. Paradoxically, then, public resistance to retroliberalism (the support for domestic capitalism under the guise of aid) is coming from those who oppose the idea that aid is being spent overseas on the poor, and such groups are increasingly associated with the rising nationalist movement across the Western world. While this continues to be one dimension of aid allocation and programming, here we have argued that in fact aid is once again being explicitly harnessed to 'national' self-interest. Public and political critique of aid is then, we would suggest, misdirected. Instead, publics and politicians should be insisting that aid is re-purposed to genuinely serve to promote inclusive, progressive poverty reduction, and greater equality, domestically and abroad. Current media, public and political debates are largely missing the point, and diverting attention away from a critical analysis of those who are excluded from current strategies – the poor, civil society, small-scale capitalism and labour movements in both donor and recipient countries.

A second challenge to the present aid approach may come in form of the SDGs due to be launched in 2015. Although there are ominous signs that these may be diluted in their final form, there were signals in earlier drafts of the goals (United Nations, 2013) that they would propose some worthy strategies such as the ‘leave no one behind’ rallying cry to eliminate poverty wherever it might occur - that is, that they be constructed as universal goals, with principles for 'developed' and 'developing' countries alike. There is opportunity here to reshape aid yet again, this time to dispense with old dichotomous North/donor-South/recipient model and focus instead on the marginalised wherever they may be.

Given the preceding we finish by proposing that aid should be reclaimed. This does not mean a return to the old project of the early 2000s, nor does it argue that aid was 'moral' in earlier eras and needs to be 'returned' to this state of grace – such approaches and assumptions have always been suspect. What we do argue is that many states (OECD-DAC and others) have effectively co-opted the mantle of aid - material and moral - so as to enable certain agents (transnational capital, the wealthy) to use it to accelerate their own accumulation. Domestic policy strategies that acted to rescue, support and promote the private sector during the GFC have been reconfigured as an export strategy through aid programmes. And just as those strategies were stimulus packages for capital, so too did they simultaneously exclude and further marginalise peripheralised groups in society. A reclaiming of aid should therefore aim to invert the current redistributive mechanisms of capitalism and instead focus attention on those who lose – wherever they are - and seek to lessen not magnify inequality.

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