

Boglárka Horváthné Angyal

Development aid as a global public good – a case study

This study introduces a new concept to the analysis of development aid. Aid is regarded as a global public good where donors benefit from the advantages of aid without rivalry and excludability. The public-good-nature of aid is a logical explanation for the deficiencies of the international aid regime, especially the sub-optimal supply of aid and the free-riding of donors. The concept of aid as a public good raises the question whether there are any actors who could produce this global public good. The study analyses whether non-governmental organizations are able to fill this gap in the international aid regime. The model is introduced through a case study: aid in Afghanistan in general, and the activities of the NGO Hungarian Baptist Aid in the country.

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The Millennium Development Goals adopted in 2000 and the failure of their achievement has shown that the system of international aid is not successful enough to fulfill the goals set by the main donors themselves. In order to find an explanation for this, the present article applies a specific approach to international aid. Its starting point is that aid can be defined as a global public good and this is why there are systemic reasons for aid being undersupplied.

Development aid has become a relevant phenomenon of today's international regime. Aid consists of the transfer of resources between countries and the main goal is to contribute to the recipient country's economic and social development. A sum of 148 billion USD was given last year for development assistance and this amount has been rising since the turn of the millennium (*OECD StatExtracts*).

Donors have three groups of motivations for giving aid. The first group consists of security and foreign policy motivations. Through foreign aid a donor can reach foreign policy objectives and strengthen relationships with an allied country. In a world facing numerous security challenges from sub-state actors, most importantly, aid can strengthen security objectives, stabilize a fragile state, or help in state-building efforts. The second group of motivations is economic or commercial interests. Development aid can strengthen

The author is a PhD student at the International Studies Institute of the Corvinus University of Budapest and works at the International Department of Hungarian Baptist Aid.

E-mail: angyal.boglarka@gmail.com, tel.: +36 20 886 4384

the economic position of the donor in the recipient state and it helps to ensure the presence of cheap raw materials produced by developing countries in the world market. As for the third group the moral motivations have to be mentioned.

Aid can be regarded as a global public good, and when classified as such, aid is given with a security motivation. The security gains achieved by aid have a public good aspect and the questions raised by this shall be examined in this paper.

Public goods theory originates in Samuelson's "The Pure Theory of Public Expenditure" (1954) and is now part of mainstream economics textbooks. (Begg *et al* 2005, Stiglitz – Walsh 2002) Goods consumed by society can be distinguished according to the way they are consumed. The two main features of public goods are non-excludability and non-rivalry. This means that no consumer can be effectively excluded from consuming the good and that the consumption by an individual does not reduce the availability of the good to other consumers respectively. There are very few pure public goods. The cases in which consumers can be excluded but there is no rivalry for consumption are called club goods. Club goods for example include private parks and playgrounds, and satellite television. In contrast, there are goods from which excluding consumers is impossible or too costly, but there is a rivalry between them. These are called common-pool resources, for example deep sea fish stocks. Pure public goods are air, lighthouses, national defense, free-to-air televisions, etc. Through environmental degradation forests, water and even the atmosphere are increasingly becoming common-pool resources instead of public goods.

The concept of public goods can be applied to the international regime too. The notion of global public goods gained broad acknowledgement through the UNDP's publication "Global Public Goods; International Cooperation in the 21st Century". (Kaul *et al* 1999). The benefits of consuming a global public good can be enjoyed globally. Non-excludability and non-rivalry can be interpreted along three dimensions: countries, social-economic groups and generations. In all three dimensions the criteria of a global public good remains that more than one group can enjoy the benefits of consumption and no group is put at a disadvantage. (Kaul *et al* 1999:10-11)

There are very few pure public goods on the national level and even less on the global level. These concepts are more of a tool to investigate the problems of international aid. Aid behaves like a global public good since it can contribute to global security, strengthen fragile states and stop negative spill-overs from a failed state. The donors are not only providers of aid, they are also consumers of the benefits created by aid. Thus for them, aid behaves like a global public good because the mentioned benefits are non-excludable and non-rivalrous.

Since aid is a global public good, the dilemma of public goods will have its effects on the aid regime. The dilemma of public goods is their scarcity. As no one can be excluded from consumption, no one has the motivation to pay for the provision of a public good. This market failure is usually handled by the state. The state will provide public goods (in an amount preferred by its voters) and enforce the financial contribution of its citizens (consumers) through taxation. For global public goods there are not any mechanisms like this, so the market-failure affects the global aid regime. Since there is no global governing body that could substitute the market and produce the global public goods represented by aid, the situation raises the question whether the tertiary sector, the non-governmental and non-profit organizations can provide aid as a global public good.

Non-governmental organizations in development aid

Civil society organizations play an important role in international development aid alongside donor countries and multilateral institutions. Most of these organizations are non-governmental, non-profit and voluntary at the same time. These qualities distinguish them from the state and from the sphere of the market.

According to political scientists, these organizations are "non-governmental" (*Mathew 1997, Baron 2003, Florini 2000*) to distinguish them from the state and the civil society. (This does not mean that all organizations that differ from the state can be called a non-governmental organization [NGO] because they also must be non-profit.) The political science approach is interested in how NGOs influence public policies (*Keck – Sikkink 1998, Wapner 1995, Sasser et al 2006*). Political scientists deal with advocacy questions in general, and in the case of development NGOs (NGDOs) the research focus is on the interaction between aid and security, as well as the influence of NGOs on conflict management. (*Frangonikolopoulos 2005*)

NGOs are distinguished from private companies on the market through the non-distribution constraint (originally coined by *Hansmann 1987:28*). This means that the profit (the difference between benefits and costs) earned from their activity cannot be distributed among the people having control over the organization. This ensures that NGO leaders have a different set of motivations than company executives. One of the important advantages of NGOs compared to for-profit companies can be found in the trust-hypothesis. Since there is an informational asymmetry on the market, consumers may prefer non-profit organizations instead of for-profit companies, especially if the person who purchases the service is not the same as the beneficiary. (*Hansmann 1987*) In these cases, the purchaser can hardly control the quality and quantity of the service (e.g. nursery, homecare) so it is important to have trust in the service provider. The trust-hypothesis has its constraints (*Anheier – Ben-Ner 2003*) but this is still an influential theory.

The number of NGOs and their role in international politics has been rising since the 1960s. They appeared as important partners of public policies and took over tasks of the state, such as tertiary education, health services, home care, nurseries and kindergartens. The tendency of international expansion has many reasons. Through the informational revolution states ceased to have a monopoly on specific information, additionally long-distance transportation became cheaper. Non-national identities were becoming stronger and this made it possible for people to join together transnationally for a specific purpose or principle. This process was also stimulated by states and multilateral institutions, because these actors provided NGOs with political possibilities through financial support. (*Reimann 2006*)

Although NGOs are not legally acknowledged actors of international public law, they were granted recognition on a number of fora and they have the possibility to formulate and articulate their positions in specific international conferences. There was already a political will to grant NGOs' access to international politics at the time the United Nations was created. Article 71 of the UN Charter states "The Economic and Social Council may make suitable arrangements for consultation with non-governmental organizations, which are concerned with matters within its competence." NGOs have participated in deliberations of the UN Economic and Social Council since 1946.

Both national and international civil society organizations can receive a consultative status at ECOSOC and participate in international conferences. The process of NGOs gaining importance is shown by the number of those having a consultative status. In 1946 only 42 organizations were accredited to ECOSOC, by 1992 this number grew to approx. 700 (*Introduction to ECOSOC Consultative Status*) and in 2011 there were over 3,500 NGOs having a consultative status. (*List of non-governmental organizations in consultative status*) The consultative status is not the only institutional relationship between NGOs and the UN. The UN Department for Economic and Social Affairs has established relations with 13,000 civil society organizations, the majority of them being NGOs (*UN and Civil Society*). This shows that a large number of organizations share the goals of the United Nations.

Non-governmental development organizations have been growing together with NGOs in general. Their expansion did not only affect the international system, but the aid regime too. The aid regime is a product of the era following World War II and NGOs formed an active part of it. NGDOs work in several areas of aid activity: in implementation, fundraising, awareness raising and advocacy.

The largest international NGDOs compete in size with UN agencies and international organizations. Chart 1 shows the yearly turnover of the largest UN agencies, international organizations and NGDOs.

Chart 1:

Turnover of INGOs and international organizations (USD) 2006

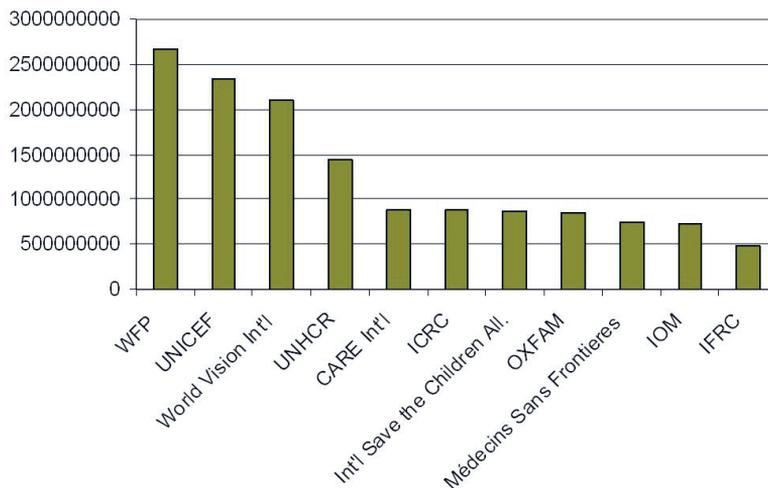


Chart based on the research of Peter Walker – Daniel Maxwell (2009): *Shaping the Humanitarian World*, Routledge p. 120.

There are two specific reasons for the expansion of development NGOs in addition to the general reasons mentioned above. In order to reach target groups on the local level there is a need for flexible organizations which are willing to work in rural areas and which can establish direct relations with target groups. Additionally, NGOs fill a niche: donor

countries were not willing to expand the operative capacity of the UN family, they also had no intention to enlarge their own apparatus, so they found non-governmental organizations to be the best for implementation and service delivery. The conservative turn of the 1980s in the US and the UK also had an effect on NGOs. Domestic welfare services were left to the private sector and thus enhanced the importance of NGOs. This resulted in a shift towards the tertiary sector in international issues too. (*Ahmed – Potter 2006*)

This is the point where the theory of public goods can provide useful explanations for the role of NGOs. The classical dichotomy of the market providing private goods and the state providing public goods does not seem to work. Both the state and the market fail to provide the optimal quantity of public goods so NGOs exist logically to fill the niche of producing public goods.¹ Weisbrod (1977) argues that the government will only produce public goods according to the demand of the median voter. The citizens demanding a higher quantity of public goods will try to buy these either from for-profit companies or the tertiary sector. If they turn to companies they will have to bear all the costs of the public good so the tertiary sector, the voluntary joining of people demanding a higher quantity of public goods, seems to be a better choice for them. The public goods typically provided by international NGOs are the advancing of human rights, an equitable world economic order and, aid.

This is the exact reason why NGOs exist. The aid provided by institutional donors is suboptimal and some of the citizens in the so-called developed countries demand more aid. The existence of NGOs provides them with the possibility to contribute to the production of international aid as a public good. NGOs provide advantages in contrast to bilateral aid. Flexibility in the organizational structure and the ability to react fast are two key features of NGOs. Some of the most important values of an NGO can be keeping its informal mechanisms while growing in size, being transparent and at the same time avoiding becoming overly bureaucratic. Through working together with target groups and grass-roots organizations they have access to information and can implement alternative development models inspired by the target groups themselves. NGOs can work in countries or regions where bilateral and multilateral donors do not prefer to engage themselves for political reasons. (*Dengbol-Martinussen – Engberg-Pedersen 2003:158*) Since the 1990s it has become more and more common that NGOs work as project implementers for government agencies and international organizations. The positive role of NGOs in peace-building, reconstruction and humanitarian action has been acknowledged by several authors. (*Waisová 2008:66*) Another advantage of NGOs may be the engagement of its staff. Even though this is a controversial issue, the real and honest motivation of NGO staff to reach durable outcomes through foreign aid has not been disproved. (*Bebbington 2005*)

Of course, the rise of NGOs also has its disadvantages. The advantages mentioned above do not necessarily go together with the formal denomination of an NGO. The strongest criticism of NGOs is that the financial support provided by governments enables NGOs to be simple service providers instead of advocates for development. (*Edwards – Hume 1996*) The question is whether the NGOs can contribute to the production of aid as a public good through their own fundraising and other functions or if they only carry out the projects outsourced by government agencies.

¹ Bangladesh is a very good example for this. With 20,000 NGOs it has one of the strongest civil sectors. This is attributed to the inability of the government to produce public goods and fight poverty and the inability of the private sector to provide employment. (*Karnst – Mingst 2004:224*)

Even though there is rising skepticism toward NGOs, there is a consensus that NGOs fill a niche where the state and the market are not able to provide the needed goods. Their strength is the fast implementation of direct objectives. They can reduce the impact of poverty in their target groups but since they are less likely to consider strategy they are weaker in the fight against the source of poverty. (*Oakley 1999*)

Aid as a public good in Afghanistan

This section shall provide a case study where the theory of aid as a public good can be tested. The country selected for the case study is Afghanistan. The main reason for this is that state building, political stabilization and development in Afghanistan are crucial for the international community. The aid as a public good can be seen best by its positive effects on security. Afghanistan is a good example because building security in Afghanistan is in the interest of all donor countries.

The other reason for choosing Afghanistan is the inability of the state itself to provide stability and development. The government and most of the country's budget are mainly sustained by the donors. 45% of the legal Afghan GNI is international aid. (Calculation based on *World Bank Intranet*) The private (for-profit) sector is also unable to stimulate development because of weak institutions and lack of capital. The amount of foreign direct investment to Afghanistan was 83 million USD in 2011 (for comparison: in neighbouring Pakistan it was 1.3 billion). (*UNCTAD 2012:170-171*) Official development aid going to Afghanistan was 6.426 billion USD (data for 2010, *OECD Query Wizard for International Development Statistics*).

NGOs work in numerous sectors in Afghanistan. Similar to other international conflicts it became evident in Afghanistan that the capacity, legitimacy, power and capability of states and international organizations were not sufficient to efficiently manage the conflict. So they had to accept the fact that long-term security can only be reached through conflict prevention and that conflict prevention can hardly be effective without socio-economic development. NGOs are important partners in this process: they work in conflict prevention, conflict management and post-conflict rehabilitation.

In the 1980s the role of NGOs in Afghanistan was contradictory, they became channels of support to the warring parties. More than 200 international NGOs worked in Afghanistan and in the refugee camps of neighbouring countries. This instrumentalization of NGOs led to trust between NGOs and the government which can be felt today. (*Waisová 2008*) After the Taliban taking over, UN-agencies pulled out of the country and other international organizations cut back their activities too. While under pressure from the Taliban and with more and more restrictions on their activities, the staying NGOs were the country's only contact with the Western world in those times. This period was characterized by a re-politicization of aid through the emphasis on human rights and the application of conditionality. (*Beckwith 2012*)

After 2001 there was a large influx of NGOs and this multiplied the number of humanitarian, and later development, projects. There are approximately 1,200 Afghan and 300 international NGOs working in the country now. The proportion of aid channeled to Afghanistan through NGOs is estimated to be around one quarter of the whole aid volume. (*Waisová 2008:79, MFA of Denmark 2005:13*)

The sector where the role of NGOs in Afghanistan can be best analyzed is health care. The health status of Afghans is one of the worst in the world. Infant mortality is the highest in the world (165/1000 births), life expectancy is 44.6 years. Maternal mortality is 1,400 to 100,000. Ten thousand inhabitants have only 2.1 physicians and 5 nurses/midwives. (data as of 2009, latest available, *WHO – Afghanistan: health profile*) The health sector of the country was characterized by a huge lack of professionals and infrastructure. Healthcare was project-based and ensured by numerous different, uncoordinated organizations. (Witter 2012, Waldman et al 2006:4) Because of the severe problems in this sector, health was in the focus of the Afghan government and the donor community. With some simple steps, such as vaccination campaigns, serious results could be reached.

One of the first arrangements of the newly re-organized Public Health Ministry was to establish the Basic Package of Health Services (BPHS), which defined the framework of infrastructure rehabilitation and health care services. The intention of this was to standardize the quality of care. Following the advice of the donors the government established the system of NGOs contracted by the Ministry in order to provide health care. The BPHS in Afghanistan, has become a model for the reconstruction of health systems in post-conflict countries (Witter 2012). It was first of all the World Bank that supported this “outsourcing” model, but USAID and the EU agreed as well, while the Afghan government and the civil society had reservations. Among government officials there was some mistrust towards NGOs and since health care was regarded as a task of the government fears emerged that outsourcing health care to NGOs would undermine government legitimacy. The reservations of the NGOs were on one hand theoretical: they feared to risk the humanitarian principles including neutrality and independence. On the other hand, they had practical reservations: they were used to the freedom they enjoyed in previous times when they did not have to cooperate with local authorities. Still, contracting with NGOs for health care seemed to be the only solution.

The several dozens of domestic and international NGOs contracted by the Ministry of Health still maintain rural health centres, provide basic health care to a large segment of the population, provide reproductive health care, train midwives, etc. Approximately 80% of the basic health care in Afghanistan is provided by NGOs. (*WHO Humanitarian Health Action Afghanistan*)

This regime has its advantages. Surveys show that the quality of care has been enhanced, the number of out-patients in health centres has increased, pregnant women have more access to prenatal care, and the screening of TB is more successful. (Waldman et al 2006:5) The regime has helped to establish clear policies and provide a sense of direction for partners. Still, the hand-over to government staff, while planned on paper, has not been realized in practice. More than a decade after the fall of the Taliban, the Afghan government is not capable of maintaining the healthcare system on its own. Since healthcare is not provided by the state, it cannot enhance loyalty of the citizens. The huge number of actors places a lot of administrative burden on the government, and coordination is also a big problem among NGOs.

Similar to other sectors of aid, the health sector shows that the model regarding aid as a global public good can be useful. Health sector aid affects security policy goals, since the amelioration of the population’s health status and satisfaction affects the acceptance of the central government and may reduce the commitment to radical groups. Health sector aid can also prevent epidemics and the spread of other health problems to large geographical

areas and this is also a global public good. But if health sector aid is not being carried out with due foresight it can also hinder the most important goal of aid in Afghanistan, namely statebuilding and peacebuilding.

Hungarian Baptist Aid in Afghanistan

Hungarian Baptist Aid (HBAid) is a Hungarian NGO working in Afghanistan with a special focus on health. It was founded in 1996 and, beyond social work in Hungary, it has expanded its activities to 18 countries in the world. As one of the biggest Hungarian NGOs, HBAid has a staff of 2,300, many of who naturally work on domestic issues. Besides the “usual” profile of an aid NGO, HBAid pays special attention to disaster rescue, the rehabilitation of the disabled and health sector in general.

The following section will examine the role of HBAid in Afghanistan and its contribution to the global public good represented by aid. Information was primarily gathered through interviews with the HBAid CEO and project staff.

HBAid started its Afghanistan projects in 2001. This was an explicitly humanitarian aid project focused on getting food, blankets, and tents to the needy. This work was part of the general effort to alleviate humanitarian needs following the war. HBAid was able to raise private contributions to supplement aid financed by public donors. As time passed and it became evident that the effort of statebuilding would be a long-term task, the commitment of the donors began to diminish. Neither the public nor the private donors provided funds so HBAid had to stop its activities and pulled out of the country in 2003/2004.

In 2006 Hungary took over the Provincial Reconstruction Team (PRT)² of the province Baghlan from the Netherlands and this was an opportunity for HBAid to relaunch its Afghan activities. A few months before the taking over of the PRT HBAid had already begun another humanitarian mission in Afghanistan. In the province of Badghis an emergency situation developed due to flooding. HBAid carried out a small humanitarian project with the support of the Hungarian Ministry of Foreign Affairs. After registration with the government, HBAid was continuously present and ran an office in the country from 2006 to 2011.

The first large project was launched in 2007. Since infant mortality and maternal mortality rates are among the highest in Afghanistan, this project tried to reduce these rates in rural areas of Baghlan. HBAid started a training program for community midwives using the curriculum centrally acknowledged by the government. This project was implemented together with a French partner, the MRCA (Medical Refresher Courses for Afghans).

It was one of the first steps of the Public Health Ministry after 2001 to elaborate the country’s programme of midwife training. The cooperation with MRCA was necessary because only one organization could provide training for midwives in a province in order to avoid coordination problems. This project is a good example of the Afghan specialty of the government “outsourcing” health care or health staff training activities to NGOs. HBAid raised an amount of 96.5 million HUF for this project, 81.9 million from the MFA and 14.6 million from the private sector.

² *Provincial Reconstruction Teams are units consisting of military officers, diplomats and development experts, working to support reconstruction efforts.*

This project could be implemented, because there were not yet any atrocities against women who wanted to study in Baghlan at that time (before 2010). The male relatives of the women who were to be trained gave their written consent to their wives/daughters to become midwives beforehand, and the provincial shura (council) also supported the project.³

The orientation of HBAid towards the health sector continued after the midwife project. The Afghan project office elaborated a program on drug rehabilitation with the explicit support of the local authorities. Unfortunately, HBAid could not raise the necessary funds to start this project. After a rejection from the MFA, which expressed its security concerns about the project, HBAid tried to find another way to continue providing development aid to Afghanistan.⁴

In cooperation with the Pol-e Homri hospital five emergency care staff were trained in Hungary through an intensive course. Three ambulance cars equipped with a defibrillator, a reanimation bag, an ECG, a vacuum mattress, a pneumatic splint, a spine stretcher and other important diagnostic devices were given to the hospital. The equipment in the vehicles was of course consistent with the training of the staff. This project was somewhat underfunded with a total sum of 60 million HUF, most of which was a grant of the Hungarian MFA.

The huge needs of the health sector and the lack of training possibilities for health workers incited HBAid to continue with emergency care training. In partnership with the Department of Public Health (the provincial branch of the Ministry) the training of emergency care staff was extended to 40 people from Baghlan province, ten of them becoming trainers themselves. In order to be cost-effective, the training was held in Pol-e Homri.

Parallel with this project HBAid also started to work on gender issues in Afghanistan. It started a project aiming at the capacity building of women working in the local administration or in the third sector. The target group was selected carefully in order to achieve multiplier effects among local communities. The Department of Women's Affairs (local branch of the Ministry) and the NGO Afghan Women's Enterprise Network were the two main partners and both their staff and their selected target groups received training in English language and computer literacy.

In the summer of 2010 these two projects had to be suspended due to the worsening of the security situation. In the general context of deteriorating security conditions, there occurred an event directly affecting HBAid's projects: an attack in the school district in Pol-e Homri, where several dozen women and girls were wounded when attackers poured acid on them from a jeep. The number of women participating in the training plummeted, many of them did not dare to go to class. In June HBAid received the advice from the PRT to leave the town and if it was possible the country too. An attack against a Hungarian convoy resulting in the death of two soldiers also affected HBAid's decision to suspend the projects.⁵ The trainings were finished by 2011 and after a last monitoring session, HBAid pulled out of the country entirely.

The primary reason for leaving was the worsening security conditions which impeded the projects in several ways. First of all, implementation itself was endangered since the

³ Interview with Zoltán Venczel 2010

⁴ Interview with Zoltán Venczel 2010

⁵ Interview with Gábor Debreceni 2010

target groups became harder to reach, especially the women. Second, the achievements and outcomes reached by the development projects could not be secured: the material assets were in danger of being stolen, robbed or exploded, and the people were being intimidated. Third, the deteriorating security conditions also caused problems for the HBAid staff. It became increasingly difficult to find qualified staff willing to work as expatriates in Afghanistan⁶. These reasons together with the difficulty in fundraising led to the decision to suspend activities in the country.

Conclusion

After five years and several projects in three sectors there remains the question: did HBAid contribute to aid as a public good, especially in the health sector?

NGOs can contribute to the provision of aid as a public good in three ways. First, through their fund-raising activities they can raise the amount of financial resources available for aid. Second, through their advocacy they can help donors provide more and better aid. Third, as implementers they can enhance the quality of aid if they are committed to excellence.

As for the first way, fund-raising, HBAid's engagement in Afghanistan was somewhat different from other international aid projects. It has been part of Hungarian foreign policy to be engaged in Afghanistan, both militarily and as an aid donor. So the Hungarian NGOs that were willing and capable to work in Afghanistan could receive grants from the government. Since there were only few NGOs which had both the intention and the capacity to work there it was evident for the MFA that they would be contracted.

Shortly after 2001 HBAid was able to raise private funds, but later it experienced that it is very difficult to raise private funds in Hungary for prolonged crises. This means that there is very little demand for an additional amount of aid as a public good that could be provided through the contribution of citizens. This can have two reasons concerning the perceptions of Hungarian people. Either they do not perceive the global effects of aid to Afghanistan and the worldwide impact of the crisis in Afghanistan, or they do perceive the effects, but they think, it is the duty of other agents to provide the necessary funds (i. e. they behave as free-riders).

The second way for NGOs to contribute to the provision of aid as a public good is through their advocacy role. Through this they can reduce free-riding among donors and make them provide better aid in quality and quantity. HBAid has been in contact with the MFA throughout its activities. Sharing its experiences and mediating the local needs it tried to advocate the interests of the local target groups. It is very hard to measure advocacy activities in general. An example of this is the launching of the midwife training project in 2007 in Baghlan. This was a result of HBAid lobbying work, since the MFA launched an unplanned call for applications partly due to HBAid suggesting the support of the health sector in Afghanistan⁷. The MFA could raise an additional 70 million HUF for this unplanned call.

Since the amount of funds raised from private donors is not too high, HBAid's contribution to the aid effort in Afghanistan is primarily its role in advocacy and as an important

⁶ Interview with Dr. Béla Szilágyi 2012

⁷ Interview with Dr. Béla Szilágyi 2012

implementer of Hungarian aid, since the MFA does not have its own implementing agency but works in partnership with NGOs. Through a strong partnership with target groups the advantages of small-scale projects could be reached: the local stakeholders were involved in the planning procedures and the special needs of the target groups were taken into consideration throughout the projects. The advantages of NGO aid in general, the third way NGOs contribute to public goods, can be found in HBAid's projects too. The main advantage of the humanitarian projects of 2001 and 2006 was HBAid's fast and flexible reaction. In the development projects from 2007 on the main strength of the organization was that the staff had always a direct relationship with the target groups and they could assess needs involving the beneficiaries. The cooperation with local NGOs, especially the Afghan Women's Enterprise Network, and other international aid organizations, like the MRCA had beneficiary effects on the capacity of these partners. These factors mean that HBAid could enhance the quality of aid as a public good in Afghanistan.

Still, the pullout of HBAid is a sign that NGOs' capability to be the provider of aid as a public good in situations where the state and the market fail, is limited. NGOs can and do address the problems of aid as a public good like free-riding and undersupply. They do contribute to the provision of aid in several ways but the inefficiency of the state hinders them in their development activities. If the state (and the international community) fails to provide a minimal level of security, the space for NGOs will shrink.

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