The problem with charity is that it is often detrimental to the beneficiaries it sets out to help.

In 'Dead Aid,' Dambisa Moyo describes the state of post-war development policy in Africa today and unflinchingly confronts one of the greatest myths of our time: that billions of dollars in aid sent from wealthy countries to developing African nations has helped to reduce poverty and increase growth.

Over the past 50 years, more than $1 trillion in development-related aid has been transferred from rich countries to Africa. This assistance has not improved the lives of Africans. In fact, across the continent, the recipients of this aid are worse--much worse than had they not received a dime of free money. Over reliance on aid has trapped developing nations in a vicious circle of aid dependency, corruption, market distortion and further poverty, leaving the poor with nothing but the "need" for more aid. (Source: http://www.forbes.com/2009/04/07/summary-dead-aid-opinions-business-visionaries-moyo.html)

The situation has been similar in Cambodia, which despite (because of) hundreds of millions of aid money pouring into the country, the country has made laggard progress at best. Before the world financial crisis, Cambodia received $687 million in foreign aid - almost half of the government's annual budget, and the highest per capita foreign aid in the world. With over 600 local and international NGOs based across the country, money has flown into projects to improve health, education and infrastructure. After decades of foreign assistance, over a third of Cambodia's population live below the poverty line. (Source: Al Jazeera on Cambodia http://english.aljazeera.net/programmes/101east/2008/07/200871613851378258.html)

For the Cambodian poor, lack of access to safer drinking water is one of the biggest problems. Approximately two-thirds of the rural population live without access to safer, potable water, and consequently, many Cambodian families are prone to water borne diseases. Many Cambodian children regularly suffer from diarrhea on a regular basis, and diarrhoea is the second highest causes of death in children under 5 worldwide.


So how has international aid caused more diarrhoea in Cambodia?

Recognizing the need to increase access to safer water, many well-intended NGOs gave away ceramic water filter pots (CWP) which can safely remove over 99% of the solid pollutants and bacteria in the water. This temporarily helped make water safer for consumption at home, but soon, people began to expect a freebie. Even when villagers were aware of the health benefits of the CWP, they waited for a hand-out, for indefinite amounts of time, delaying their access to safer water, rather than buying the product at approximately the same price as a case of 12-pack beer; about US$9.

CWPs that were given away were also less used and more likely to be damaged than CWPs that were purchased. Some customers also shunned the product as something
for the poor, since in the past it had been given away to the poor.

As such, hand-outs and subsidies have created market distortion, cultivated dependency, making it difficult to provide safer drinking water solutions to the Cambodian people.

Now what is a charitable person to do? Without getting preachy or condescending, there are some practical tips to charitable giving or better yet, alternatives thereof.

Think about the long term repercussions of the beneficiary of your charity. Will it dignify the recipients or treat them like beggars? Will it stimulate or hamper market development?

Better yet, how about investing into social, environmental and economic development? Even if you do not gain a financial return on such investments, such “giving” that create jobs, stimulate market activities and dignify the beneficiaries to help them help themselves would be help that is actually helpful, and in line with the spirit of charity.

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About GIFT


The Global Institute For Tomorrow (GIFT) is an independent, for-profit pan-Asian think and do tank working at the forefront of globalisation-related challenges in the region. At a time when Asian values, cultures and business operations are becoming more integral to global development, GIFT believes tomorrow’s leaders require exposure to what is happening on the ground in Asia. Our approach to leadership using experiential learning to make sense of the complexities of globalisation to better understand the role business can play in society today.

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