

A SCRAMBLE IN AFRICA

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Donors and recipients try to get to grips with the chaos in international aid

THE development-aid business is a shambles. Privately, most of the 1,200 delegates at the grandly titled High Level Forum on Aid Effectiveness, which met this week in Accra, agreed on that. The meeting was the first big follow-up, involving 100-odd countries, international agencies and non-governmental organisations (NGOs), to an accord on making aid more effective, reached in Paris in 2005.

The main problem is not the one poor countries and NGOs usually complain about: too little aid. In fact, official development assistance has been rising modestly since the mid-1990s, in real terms and as a share of donors' national incomes.

Rather, the problem is that aid is fragmenting: there are too many agencies, financing too many small projects, using too many different procedures. "Fragmentation is the opposite of effectiveness," says Lennart Bage, head of the International Fund for Agricultural Development.

Little Eritrea, for instance, deals with 21 official and multilateral donors, each with their own projects, budgets and ways of operating. Uganda has 27. That is normal. According to the Organisation for Economic Co-operation and Development (OECD), 38 poor countries each had 25 or more official donors working in them in 2006. The number of aid projects financed by bilateral donors has skyrocketed from 10,000 to 80,000 over the past ten years.

NGOs are more numerous. Their explosive growth explains much of aid's fragmentation. The UN reckoned there were 37,000 international NGOs in 2000, a fifth of which had been formed in the 1990s. There are almost certainly more now. Ethiopia plays host to 12 affiliates from Save the Children, seven from Oxfam and six from Care International. NGOs are increasingly important to the aid business. By one estimate, they spent \$27 billion of aid in 2005, compared with total official assistance of \$84 billion. The Gates Foundation had a budget of \$3.3 billion in 2007--more than Norway, Denmark or Australia spend.

This largesse is evidence of western generosity. But it is swamping poor countries. According to OECD figures released in Accra, donors conducted over 15,000 missions in 54 recipient countries last year. Vietnam played host to an average of three visits each working day. So did Tanzania, whose overstretched civil service produces 2,400 quarterly reports on projects a year. Health workers in several African countries say they are so busy meeting western delegates that they can only do their proper jobs--vaccinations, maternal care--in the evening.

The Paris declaration of 2005 laid down a number of principles for making aid work better, and drew up specific targets which donors and recipients are supposed to meet by 2010. The aim of the forum which took place in Ghana was to record how much--or little--progress has been made at the halfway point.

Some of the targets are sensible and even stand a chance of being hit. It is obvious that aid should help recipient countries but that idea is forgotten when donors ring-fence their projects, using their own experts (not local people) to build, run and evaluate operations. The Paris declaration aims to cut the use of such parallel systems dramatically. Between 2005 and 2007, their number did indeed fall, by about 10% in 33 countries. But big problems remain. In Mozambique, says Oxfam, a British NGO, donors are spending a staggering \$350m a year on 3,500 technical consultants, enough to hire 400,000 local civil servants. "Aid should strengthen local capacity rather than spawn parallel aid empires," says Robert Fox, Oxfam's top representative in Accra.

FRAGMENTS OF THE IMAGINATION

Similarly, it may seem obvious that flows of aid should be recorded, so recipients can know what they are getting, and scrutinise it. But in practice this does not happen. One can measure how much aid is recorded accurately and the share has risen from 42% in 2005 to 48% in 2007 (ie, only 48% of aid is properly accounted for). Again, an improvement, but still a far cry from the target, which is 85% accuracy.

But the biggest problem is too many aid agencies, and the challenge is co-ordinating them. In practice, national, multilateral and NGO donors probably can't do more themselves than they do anyway, so the best way of coping with the fragmentation of aid is for recipient countries to lay down a set of national development priorities and ask donors to fit

in with their plans. That sounds fine in theory, but if recipients were serious about it they would be expected to be saying no to offers of aid that don't fit in with their plans. That hardly ever happens. The Paris target is for three-quarters of recipient governments to publish development programmes that aid agencies can use. Last year, according to a survey on monitoring the Paris declaration, only a fifth did. Unless that improves, aid is likely to remain badly fragmented.

Still, the picture is not all doom and gloom. One of the oldest problems bedevilling the business is the practice of "tied aid" (ie, requiring some of it be spent in the donor country). This increases inefficiency (tying is reckoned to raise the cost of aid to the recipient by 15-30%) and adds to the problem of fragmentation. So it is good news that Britain, Sweden, Ireland and the Netherlands are untying their aid and that, in Accra, the OECD revealed evidence that things are moving further in the right direction. In 2002, 43% of official aid was untied. By 2006, the no-strings-attached share had increased to 53%. A small but welcome step in changing developing countries from "projects" to "partners".