

## A SAFARI TOWARDS AID EFFECTIVENESS?

### A CRITICAL LOOK AT THE PARIS DECLARATION & THE ACCRA AGENDA FOR ACTION AS PART OF THE NEW AID REFORM ARCHITECTURE

In this special issue of Norrag News, the focus is on the meaning of **the Paris and Accra discourse** for the delivery of day-to-day aid or international cooperation whether in Ghana itself, in the rest of Africa, Latin America, or in the countries that are thought of as traditional donors, as well as those now termed “emerging” donors.

The impact of the so-called new aid modalities and approaches is being explored and fundamental questions on **the possibility of making aid effective** are being discussed in many of the contributions.

Recently the aid business has come in for a serious critique from a whole range of analysts including for example: Clark Gibson et al. *The Samaritan's dilemma*; David Ellerman, *Helping People Help Themselves: From the World Bank to an Alternative Philosophy of Development Assistance*; William Easterly, *The White Man's Burden*; Roger Riddell, *Does Foreign Aid Really Work?* and Dambisa Moyo, *Dead Aid*.

Moyo's purpose is to unseat the myth that aid can be made effective. Her goal is an ‘aid-free solution to development’ because, for her, the underlying problem of aid is its fungibility – the fact that moneys given for one thing can readily be diverted to another. In other words, aid can and does lead to corruption. As aid to Africa has increased, growth has decreased, and hence a direct consequence of the aid-driven interventions has been a dramatic descent into poverty.

Several contributors in this issue of Norrag News react to Moyo's analysis which leads to a variety of interpretations of her work. In doing so, positive developments that have taken place in recent years are being highlighted such as the economic growth in sub-Saharan Africa until 2008, and for some countries a decrease in the incidence of absolute poverty, fast growing school enrolments in primary education and progress in child survival.

Some believe that simply providing more aid will hasten the desired poverty reduction, others are convinced that not the amount but the quality makes the difference. Aid itself is not the answer to development, but if used well, it has the potential to assist poor country economies faster on the road to sustainable development. For Riddell ideally this means that aid “*needs to be provided to each poor country that needs it, in a predictable and non-volatile manner within a long-term time horizon, and in sufficient quantities, with individual donors agreeing to make up for shortfalls (when one of their number fails to fulfil its aid pledge), and with aid allocations not driven and shaped by the commercial and short-term political interests of the major donor countries*”.

This sounds logical and idealistic at the same time. Can aid be organized in such a way that such effectiveness can be achieved? The countries and donors which signed the Paris

Declaration apparently want to believe this and have formulated the road to aid effectiveness in a number of guiding principles.

In some areas progress has been made such as the shift from project-focussed aid to program-focussed aid, and the inescapable need for donors to speak with one voice on the content of reforms regarding good governance, policy renewal and pro-poor government policies. The implementation of these principles has been less successful in terms of fulfilling donor pledges and the harmonization amongst the multitude of 'development partners'.

A number of contributions call attention to factors which complicate aid effectiveness along the Paris and Accra principles. In a partnership model the power relationships are not easy to balance and the interests may not always coincide. Budget support only works in an atmosphere of trust and a general agreement on priorities. This may lead to dilemmas. What options do donors have when a host government is not delivering on its international commitments to the MDGs and EFA goals? Should donors continue to shift the balance in favour of budget support operations? Or should they pursue anew the project-based approach which gives them greater control over how their money is used?

Donors do have different objectives for their aid; it should be recognised that they often have different comparative advantages (and disadvantages!) for providing certain types of aid, and that the complex democratic processes that govern aid allocation and accountability may lead to approaches that are not always easy to 'harmonize'.

Another factor is the weak capacities of the host government. According to de Moura Castro the countries that receive aid are often unable to deploy effectively the resources targeted at them. That being the case, it seems that the essence of the problem is that poverty and the lack of capacity to use aid are part and parcel of the same predicament. The institutions are unable to transform aid into development. This is the most vicious of the vicious circles.

**Can these flaws be overcome when we organize aid differently?** Can we learn something from countries which do not follow the agreements of Paris and Accra and whose support nevertheless is appreciated, like that of China and Cuba? Their approach to international cooperation with poorer countries seems to be proceeding on a very different trajectory to traditional donors. A number of contributions discuss the particulars of these donors.

China is combining a complex aid relationship, bundling grant aid, concessional loans and FDI along with a relatively unplanned emigration policy which is taking many thousands of Chinese citizens to Africa. China's approach is based on a South-South model of co-operation and its principles of mutual benefit and equality.

A further characteristic of the aid from China is its non-interference in the partner countries' internal politics. China only recognizes African governments as counterparts for negotiations. This results in agreements being concluded at a very high political level. There is much less outward accountability and transparency, but this is true for Chinese as well as for African institutions.

China's experience points to the importance of combining pragmatic, evidence-based, policy making with capable public institutions and a strong leadership that is committed to poverty reduction. Perhaps paradoxically, a lack of ideology could be another. Chinese policy making practices are generally based on a heavy pragmatic approach.

Solidarity principles underlie Cuba's internationalist policy. Cuba's approach is characterized by absolute respect for the national sovereignty and self-determination of the countries involved, and no 'tied' aid; their agreements take account of the different economic levels of each country, a variety of approaches to bilateral financing are identified and, technologies and knowledge are transferred without 'intellectual property' cost to poor countries in need of them. With this support Cuba has been very successful in building capacities in the education and health sectors of many countries in Africa, either by providing opportunities for study and training in Cuba or sending Cuban experts, doctors and teachers overseas.

Although a single author may doubt that we will ever manage to make aid affective, others hope and believe that 'traditional' and 'new' donors could benefit considerably if they are prepared to compare their support policies and systems in terms of effectiveness. As Formica puts it: *"If it is true that greater effectiveness means greater pragmatism, China's development assistance procedures could help improve the practices of the international donor community; at the same time, involving China in the development of harmonized aid practices could assist in creating meaningful dialogue between it and the international community, including donor and recipient countries' stakeholders, leading to a new and more efficacious partnership over the coming years"*.