



Aid Effectiveness

A Contribution to DG Fundamentals

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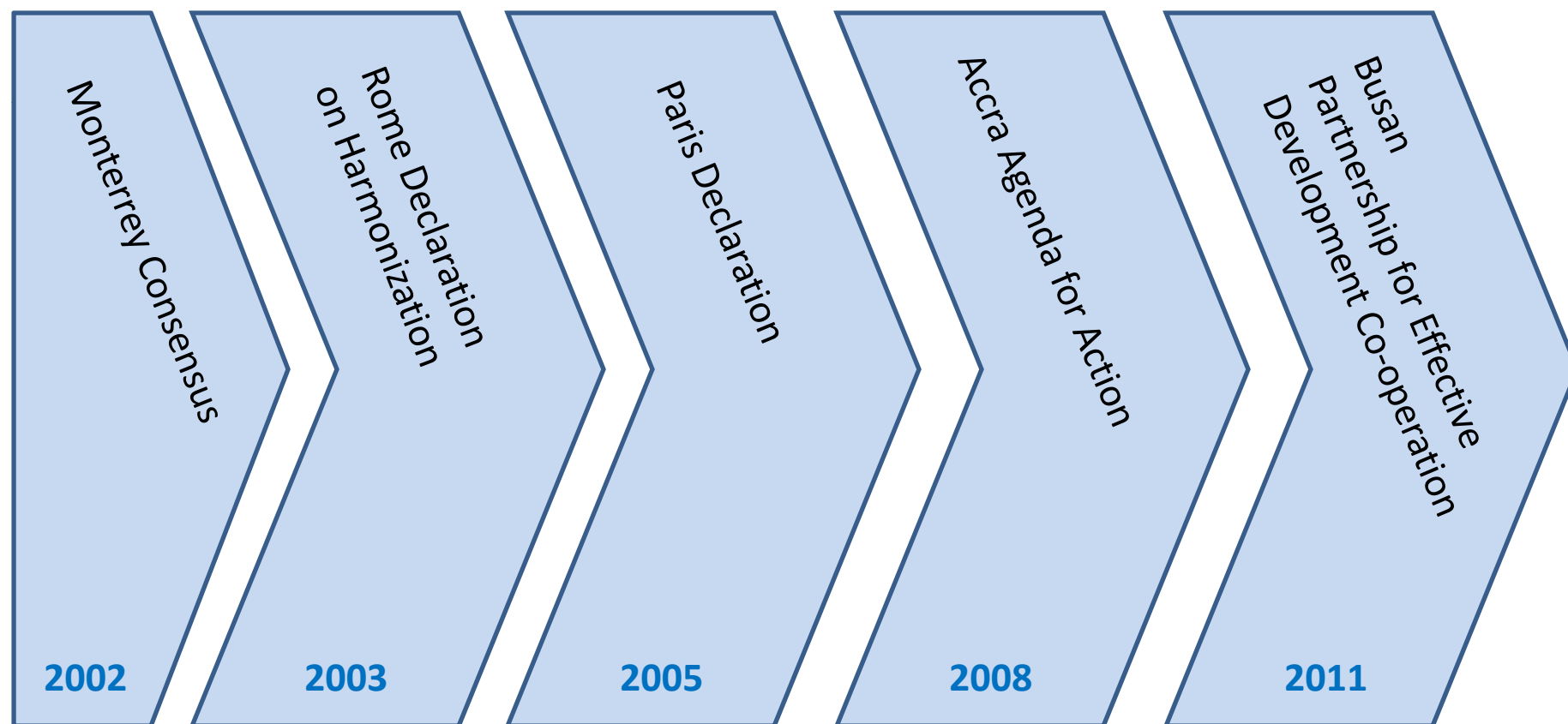


Overview

1. A decade of aid “effectiveness” concerns
2. Aid efficiency is not aid effectiveness
3. Aid *can* work, but rarely does
4. Some good news from South Korea
5. Where are you in all of this?



The pursuit of “aid effectiveness” in global governance, 2002–2012





The five “Paris Principles”

- *Ownership*: Partner countries exercise effective leadership over their development policies and strategies and co-ordinate development actions;
- *Alignment*: Donors base their overall support on partner countries’ national development strategies, institutions and procedures;
- *Harmonization*: Donors’ actions are more transparent, collectively effective and harmonized with each other;
- *Managing for Results*: Managing resources and improving decision-making with a focus on results;
- *Mutual Accountability*: Donors and partners are accountable for development results.

REALITY CHECK



2008 Accra Agenda for ... improvement

The Accra Agenda for Action took stock of progress and set an “**agenda for accelerated advancement towards the Paris targets.**” It proposed “three main areas for improvement”:

- *Ownership:* **Countries have more say** over their development processes through wider participation in development policy formulation, stronger leadership on aid co-ordination **and more use of country systems for aid delivery.**
- *Inclusive Partnerships:* **All partners** – including donors in the OECD Development Assistance Committee and developing countries, as well as other donors, foundations and civil society – **participate fully.**
- *Delivering Results:* Aid is focused on real and measurable **impact on development.**



Aid effectiveness \neq aid efficiency

- Aid effectiveness is concerned about **impact**.
- Aid efficiency is concerned about **delivery**.



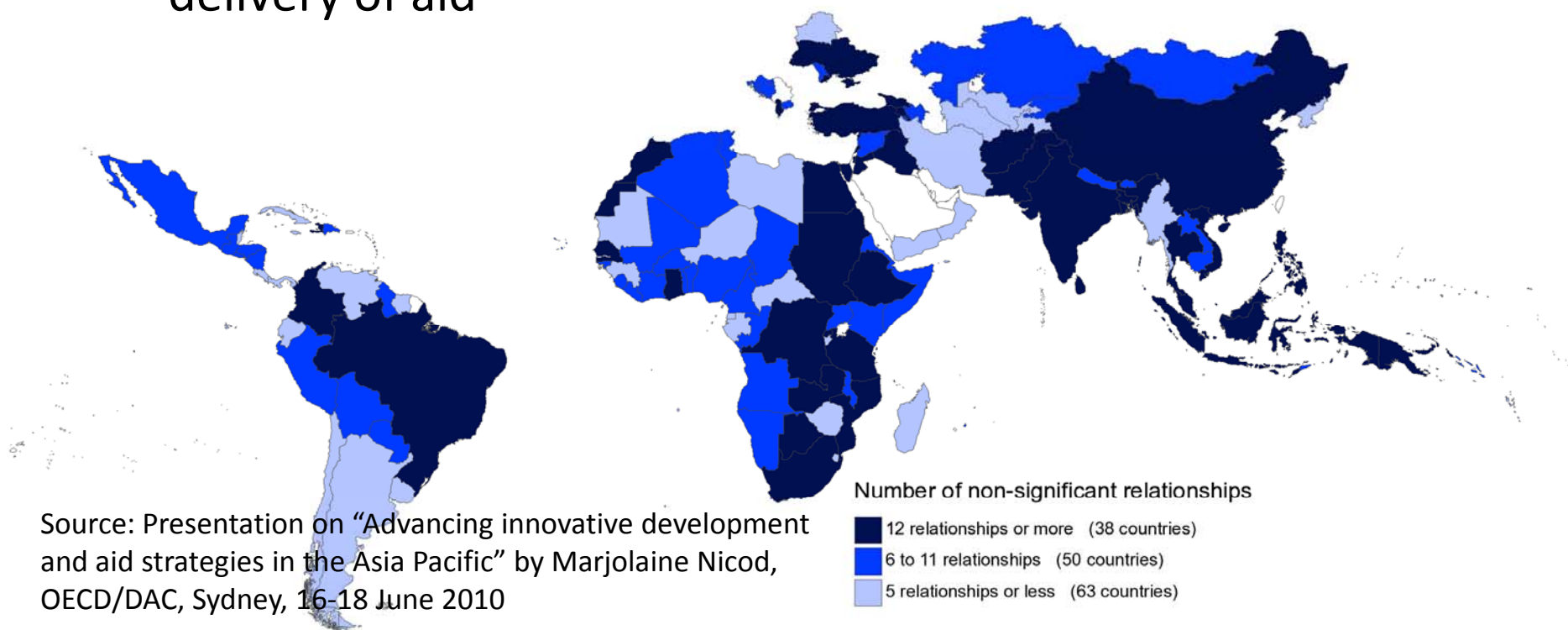
Common *inefficiencies* in aid **delivery**

- Aid comes from too many sources and is spread over too many projects and programs.
 - Aid disbursements to countries are erratic.
 - Recipients spend too much time filling in reports or bogged down in meetings with donor governments and agencies or accompanying monitoring missions.
- ➔ Both planning and implementation are incoherent, resulting in misdirected efforts and duplication.



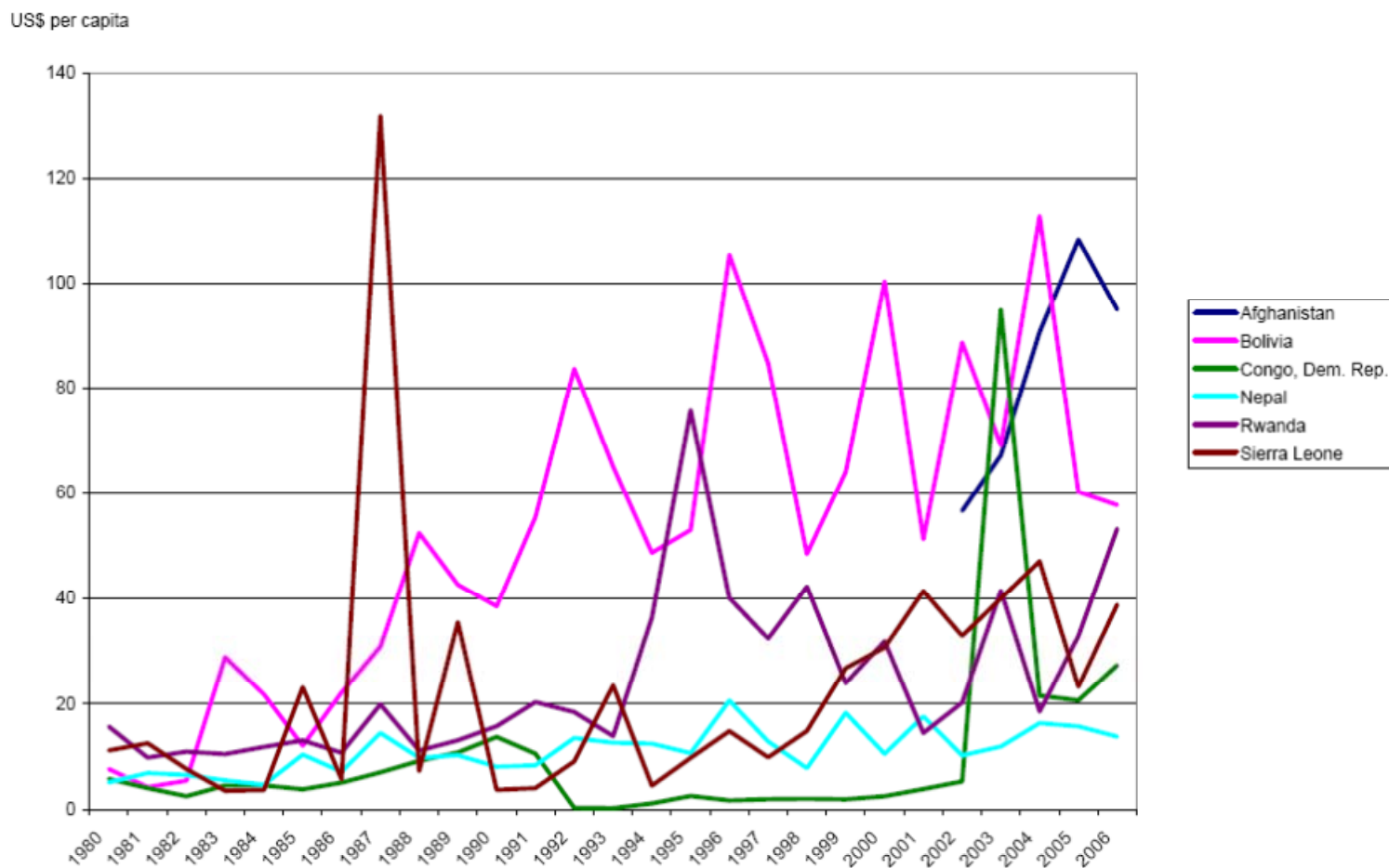
Donor fragmentation: many giving a little

- 4,000 aid relationships globally (46 donors in 151 countries)
- 50% of all relations represent only 5% of aid
- Donors set up specific systems and procedures for the delivery of aid





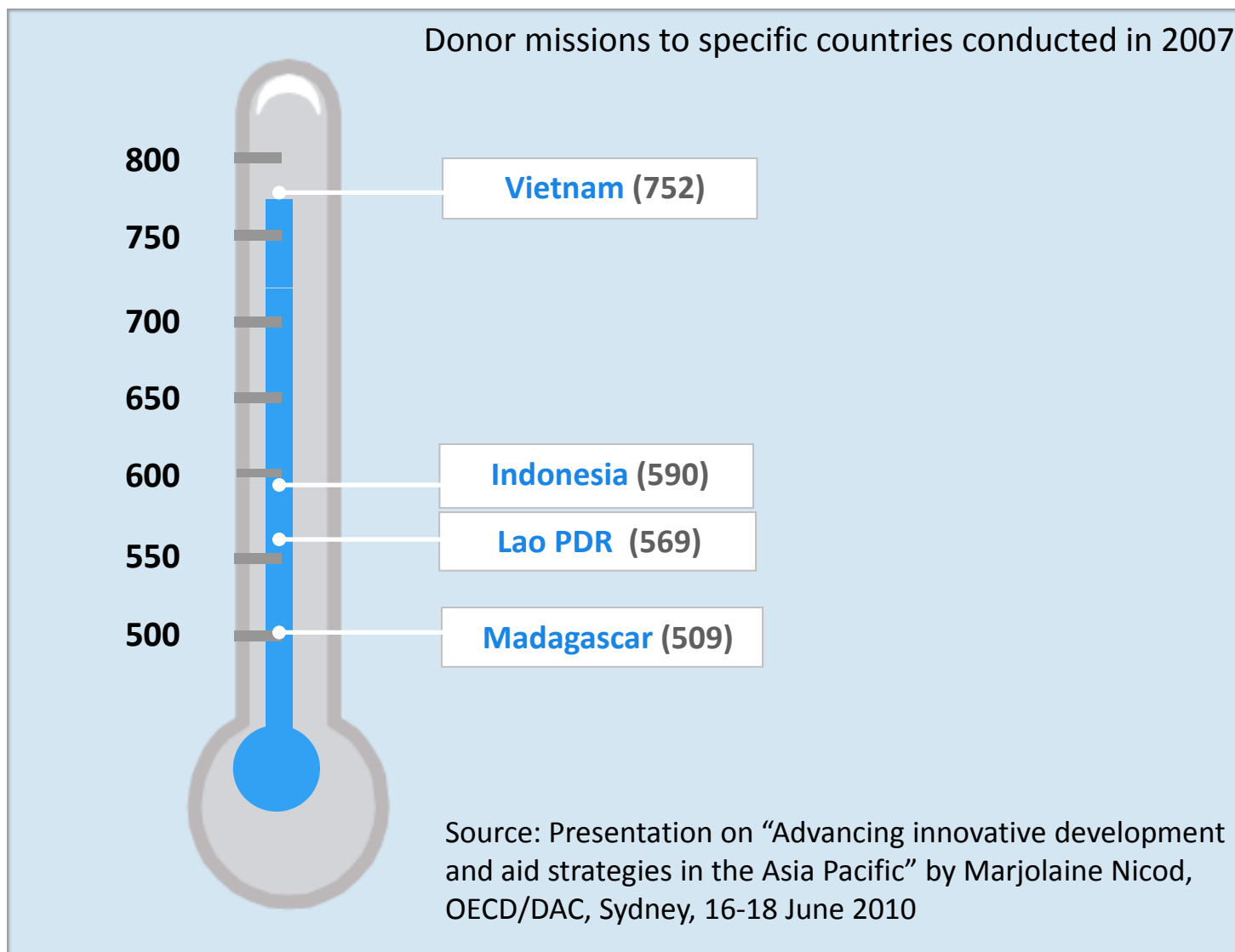
Erratic disbursements: planning impossible?



Source: OECD: "Do No Harm: International Support for Statebuilding." Paris (2010).



Aid tourism: donor mission madness





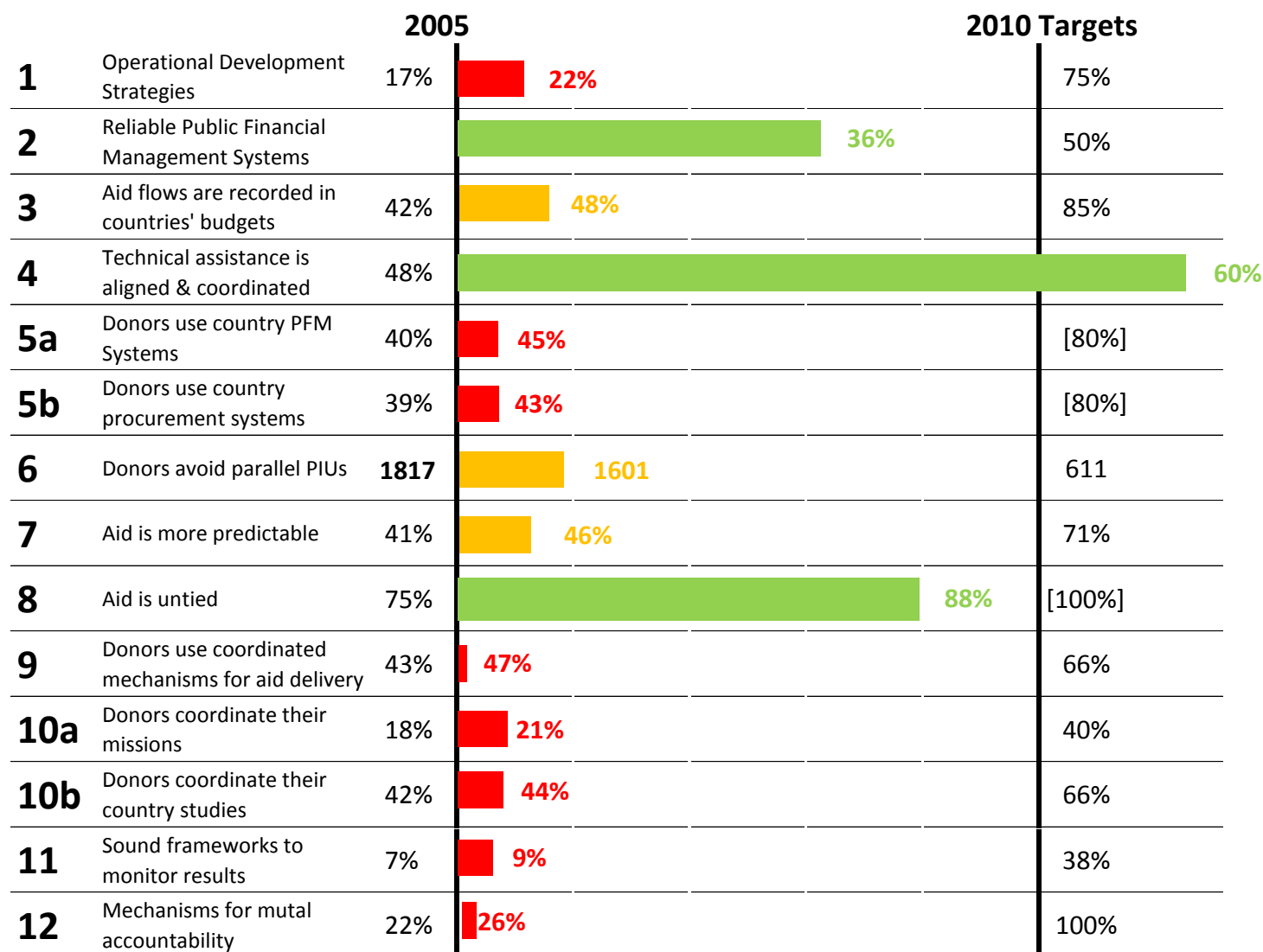
Aid can “work” when it understands local context and works with incentive structures

- Outcome orientation: rewarding institutional reforms (Millennium Challenge Account; IDA CPIA); strong reliance on incentives; risk of punishing the neediest
- Variant: “Cash on Delivery Aid” (CGD) gives recipients full responsibility and authority over funds paid in proportion to verified progress; monitoring and evaluation challenge
- Experimental designs investigate “proofs of concept” (PAL/MIT; World Bank) prior to scaling up; e.g., conditional cash transfers (CCTs); scalability and sustainability unclear
- Unicef’s DevInfo platform: a new MDG-focused monitoring clearinghouse; user-friendly, but causation questionable



As of 2010, most *Paris* targets missed

Source: Presentation on “Advancing innovative development and aid strategies in the Asia Pacific” by Marjolaine Nicod, OECD/DAC, Sydney, 16-18 June 2010





The 2011 *Paris* Evaluation: a mixed bag

“Overall the Evaluation finds that of the five principles, country ownership has advanced farthest, with alignment and harmonisation progressing more unevenly, and managing for development results and mutual accountability advancing least. [...]

The Evaluation concludes that the changes made by the Declaration have not yet reduced the overall burdens of aid management as hoped. However, they have contributed to a better quality of aid, to more transparent and effective partnerships, and to supporting rising volumes of aid.”



Busan Partnership: progress?

Paris (2005)

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Managing for Results: Managing resources and improving decision-making with a focus on results.

Mutual Accountability: Donors and partners are accountable for development results.

Accra (2008)

Ownership: Countries have more say over their development processes through wider participation in development policy formulation, stronger leadership on aid co-ordination and more use of country systems for aid delivery.

Inclusive Partnerships: All partners – including donors in the OECD Development Assistance Committee and developing countries, as well as other donors, foundations and civil society – participate fully.

Delivering Results: Aid is focused on real and measurable impact on development.

Busan (2011)

Ownership of development priorities by developing countries: Partnerships [...] led by developing countries, implementing approaches tailored to country-specific situations and needs.

Focus on results: [...] have a lasting impact on eradicating poverty and reducing inequality, on sustainable development, and on enhancing developing countries' capacities, aligned with countries' priorities.

Inclusive development partnerships: Openness, trust, and mutual respect and learning [...]

Transparency and accountability to each other: Mutual accountability and accountability to the intended beneficiaries of our co-operation [...] is critical to delivering results.



Busan Partnership: some progress...

- “... we encourage increased efforts to support effective co-operation *based on our specific country situations*. [T]he outcome document in Busan shall be the reference for South-South partners *on a voluntary basis*.”
- Call to “[d]eepen, extend and operationalise the *democratic ownership of development policies and processes*; [...] *better managing for results*, monitoring, evaluating and communicating progress; [b]roaden support for *South-South and triangular co-operation*,” “strengthen impact of diverse forms of dev. finance,” and “*use country systems as default approach*.”
- “Nowhere are our development goals more urgent than in *fragile and conflict-affected states*.”
- African demand to untie all aid by 2013 did not find consensus
- Private sector gains leverage as aid recipient and “partner”
- Hardly any targets, timelines, indicators, action plans
- Follow-up, implementation schedule could not be agreed upon



What can be your role in aid **effectiveness**?

How many hours per week, on average, do you spend:

- working outside the USAID office (not from home)?
- talking to (consulting/ coordinating/ negotiating with) other aid agencies in the country?
- listening to local 'implementing partners'?
- with local journalists? Professors? Union leaders?



Aid effectiveness: the basics

- Acknowledge the attribution gap: efficiently managed aid does not necessarily **translate** into effective aid.
- Question the truisms that govern the aid industry: reality is more **complex** than what fits into a manual.
- Don't blame "absorptive capacity" in recipient countries when a former USAID Administrator argues that USAID's "**counter-bureaucracy** disfigures development practice."
- Embrace the **political** nature of aid: politics take time to understand; 'technical' fixes may exacerbate conflicts.
- Design **better projects**: start with realistic assumptions based on deep understanding of local conditions.
- Avoid knee-jerk reflexes of quantification, 'best practices', 'success stories' and seemingly easy measurement; instead research, showcase, and learn from **failures**.



Good in-flight reading

for only \$105.75

Deborah Brautigam. **The Dragon's Gift: The Real Story of China in Africa.** Oxford University Press. \$21.95 on Amazon.

Ha-Joon Chang. **Kicking Away the Ladder: Development Strategy in Historical Perspective.** Anthem Press. \$24.64 on Amazon.

James Ferguson. **Anti-Politics Machine: Development, Depoliticization, and Bureaucratic Power in Lesotho.** University of Minnesota Press. \$15.34 on Amazon.

Timothy Mitchell. **Rule of Experts: Egypt, Techno-Politics, Modernity.** University of California Press. \$23.98 on Amazon.

James Scott. **Seeing Like a State: How Certain Schemes to Improve the Human Condition Have Failed.** Yale University Press. \$19.84 on Amazon.



Some resources for follow-up

- Paris Declaration and Accra Agenda for Action: Overview
http://www.oecd.org/document/18/0,3746,en_2649_3236398_35401554_1_1_1_1,00.html
- Paris Declaration Evaluation 2011
<http://www.oecd.org/dataoecd/4/56/48113888.pdf>
- Aid modalities and donor incentives
<http://www.odi.org.uk/resources/download/1524.pdf>
- Incentives for harmonization and alignment
<http://www.odi.org.uk/resources/download/1445.pdf>
- Busan Partnership for Effective Development Co-operation
[http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME DOCUMENT - FINAL EN.pdf](http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_FINAL_EN.pdf)