



The Aid Business in search of the Holy Grail

UCSIA 29 november 2008

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Outline

- Destination Denmark and the Holy Grail
 - Strike 1: sowing bottom-up change & problems
 - Strike 2: imposing structural change & failures
 - Third strike, lucky stroke? The new aid approach (NAA) and what development partners should do/have & where do we stand
- Implications of the New Aid Approach for project organisations

Destination Denmark

- Little to no discussion on the final destination: mythical Denmark
 - High levels of human development
 - High levels of democracy
 - Culture of tolerance and respect
- Holy Grail: How to get to Denmark
 - Sowing Denmark? Bottom-up bypassing the state? Eg projects
 - Imposing Denmark? Top-down changing the state? Eg SAPs
 - A sound combination of both?

Strike 1: Sowing bottom-up change

Projects, little islands of improvement and change

→ from drops to oil stain?

- Question 1: does it add up? Structural impact?
 - No
 - chaos, lack of coherence & coordination
 - limits to impact of projects: inability to change wider politico-institutional environment
- Question 2: is it sustainable? Long term?
 - No
 - islands cannot survive on their own: you need the state...
 - killing weight of donors
- End 70s-during 80s: conviction grew: projects do not deliver the expected results...

Project Problems

Strengths

- Allows addressing genuine poverty issues at local level
- Even in absence of a 'development state'
- Relatively simple to manage and supervise (log frame)
- High donor commitment
- High donor accountability

Weaknesses

- Weak national ownership (donor-driven priority setting)
- High donor and recipient transaction costs
- Institutional undermining of public sector
- Weak sustainability
- Fungibility (WYS≠WYG)

Strike 2: Imposing structural change

Aid as a leverage to 'buy' change, impose conditions → The experience of the SAPs, 80s

- End 80s: conviction grew → SAPs do not work...

SAP problems

Strengths

- Sound macroeconomic management stressed
- Some technocratic governance issues addressed
- Institutional strengthening of public finance management
- Attractive modalities: budget support and balance of payments support

Weaknesses

- Government uncommitted
- Public opinion hostile
- Disconnect with bilateral donors
- Conditionality design faults
- Reform overload
- Long-term view on development missing

Third strike, lucky stroke? The NAA and what development partners should have/do

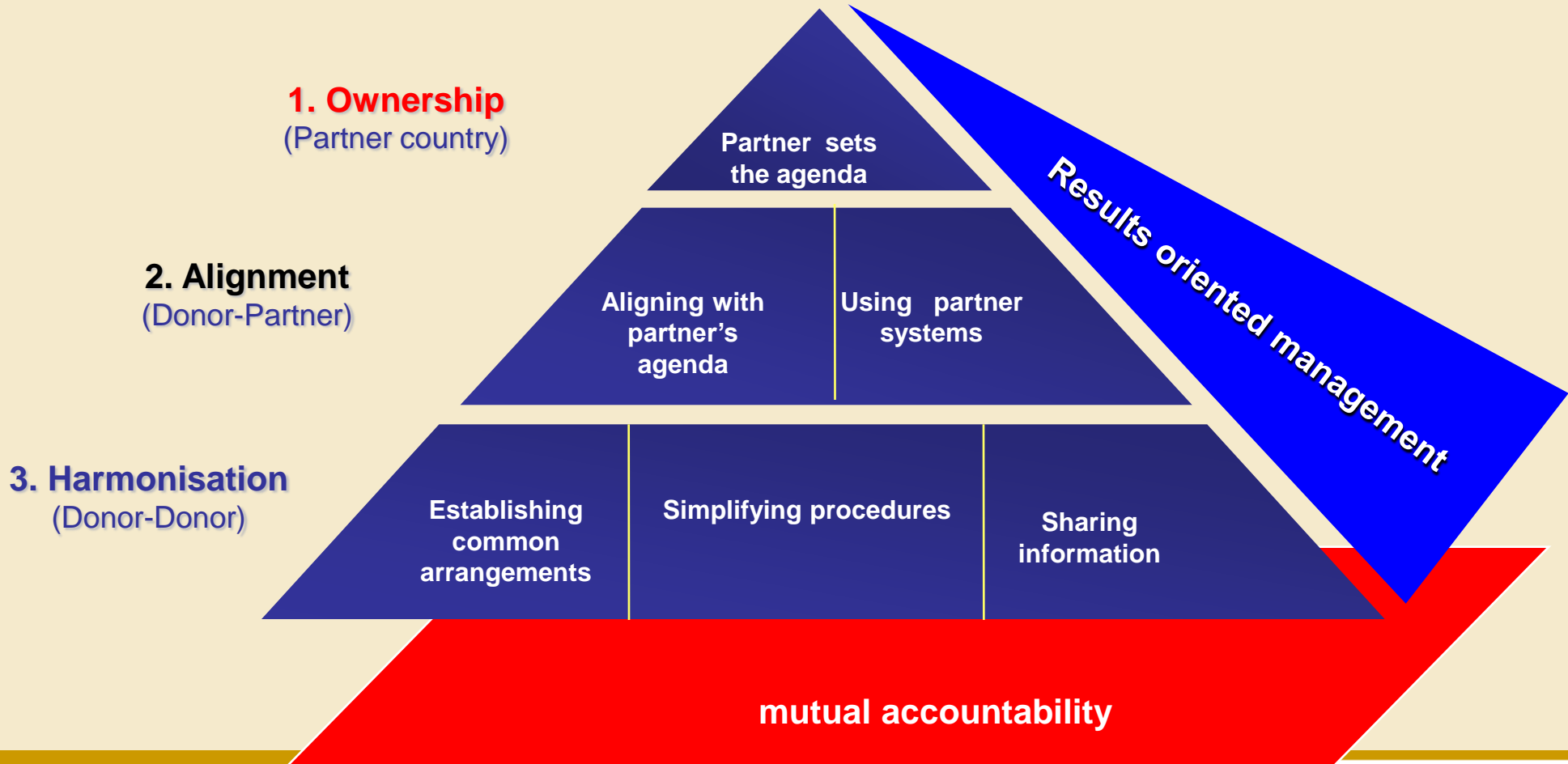
GOVERNMENT

- Ownership
 - GOOD GOVERNANCE REFORMS
 - PRO POOR DEVELOPMENT
- Long term holistic comprehensive poverty reduction strategy
- Resultsorientedness
- Participation civil society

DONORS

- Alignment
 - RESPECT OWNERSHIP
 - ACCEPT RECIPIENT PRIORITIES AND SYSTEMS
- Harmonization
 - SHARE INFORMATION AND ANALYSIS
 - COORDINATE ACTION
- Resultsorientedness

Paris Declaration (2005)



After 10 years of NAA

- Aid architecture has changed
 - Principles and action have taken root
- But the dogmas are tuned down
 - Full alignment is not necessarily a good thing
 - Participation of civil society has lost momentum
- However, little impact on poverty reduction as such
 - Politico-institutional engineering takes time – more so without manuals...
 - Partial, limited implementation of NAA (volumes aid and modalities)
 - Flawed implementation of NAA (lacking selectivity, carrots and sticks are not used appropriately)
 - New players on the block (China, India, Brasil ...)

NAA: Implications for project organisations

NAA – Paris Declaration

- Principles on what good development cooperation should be
 - Useful framework for thinking and acting
- No more room for projects?
 - The re-evaluation of projects
 - The emergence of new style projects

New Style Projects

- Avoid belly-staring: combine micro action with macro thinking
- Added value of projects: link micro - macro
 - Innovation, learning linked to informing/influencing higher levels (policy influencing or policy making)
 - Integrate projects in wider policy processes
 - Use evidence based expertise smartly
- Harmonize !!
 - Mapping exercises
 - Sharing information
 - Coordination
 - Avoid overlap
- Align with partner where possible



Thank you

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