



Should Belgian aid be more focused?

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OUTLINE

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1. The case for increased focus

- To limit the number of
 - partner countries
 - sectors
- As part of a concerted donor effort
- In order to
 - decrease partner country transaction costs by reducing number of donor agencies to be dealt with for similar activities (recipient perspective)
 - increase effectiveness through specialisation (donor perspective)
 - country expertise
 - sector expertise
 - portfolio approach
 - increase donor influence through concentration (donor perspective)

Fragmentation and proliferation

- Proliferation = number of agencies
- Fragmentation = number of interventions
- Increased geographical and sectoral focus reduce proliferation and fragmentation from perspective of individual recipient countries
- Addressing donor proliferation 'at source' is a more radical solution, but is not further discussed here
 - It is difficult to imagine that Belgium would no longer be an active donor: self-annihilation is not considered an option
 - On the other hand, it is legitimate to raise the issue of intra-donor proliferation: multiple Belgian actors each having control over a part of ODA, with a high degree of autonomy
 - Also, artificial segmentation is often created by separate budget lines and other bureaucratic devices
- Choice of aid instruments also has major incidence on fragmentation

2. A critical look at the underlying argument

- How solid is the case for more focus?
 - some of the notions are rather woolly (Killick 2004) (Munro 2005)
 - indications but no convincing scientific proof that donor proliferation and fragmentation cause harm (Acharya et al. 2006) (Knack and Rahman 2007)
 - yet strong anecdotal evidence, and common sense
- The donor discourse itself is inconsistent
 - MDG approach contributed to massive proliferation of vertical aid agencies in health sector
 - EU did not address the obvious threat to proliferation from its own enlargement policies
- The argument is often applied all too mechanically
 - e.g. 2008 list of countries eligible for Belgian scholarships

3.1 How is Belgium doing? (countries)

- Since 2003 the number of partner countries has been held in check at 18
 - in 2005-2006 Belgium is among the 10 highest ranked donors in 9/18 (see charts at end of presentation)
- Yet some bilateral aid is still allocated outside
 - in 2006 only 71% of bilateral aid to top 50 recipients went to partner countries
- And most problematically: the major share of bilateral aid is not subject to DGDC country programming

continued...

- As a consequence, DGDC country-programmes are modest
 - in coming years bilateral aid programmed by DGDC is on average €8 mio/yr in 15/18 countries
 - DRC: €65/yr, Rwanda: €35 mio/yr, Burundi: €20 mio/yr
- Furthermore the list has been subject to frequent change over time
 - since early 1990s 32 different countries/regions have been partners at one time or another
 - without an effective exit strategy when they were dropped
- And the present list is not wholly convincing
 - 7/18 are not poor (>LIC in 2006)

3.2 How is Belgium doing? (sectors)

- 1999 International Co-operation Law restricts Belgian bilateral ODA to five sectors
 - primary and reproductive health
 - education and training
 - agriculture and food security
 - small-scale infrastructure
 - conflict prevention

continued...

- And several cross-cutting thematic issues
 - gender
 - environment
 - social economy
 - child rights (2005 amendment)
- In practice social sectors are strongly favoured
- In international comparisons, Belgium does not come out consistently as either very focused or unfocused, but serious empirical and conceptual problems limit quality of such comparisons

4. Elements for the debate (countries)

- Should Belgian aid be more focused geographically ?
- If so, how to adapt the list of countries ?
 - drop the non-poor countries ?
 - drop the poorly governed countries ?
 - drop the donor darlings ?
- How to balance these contradictory selection criteria (see table next page)
- Will the strong presence of fragile states make Belgian bilateral programme prone to volatility ?
- What are appropriate exit strategies ?
- How does geographical focus affect indirect actors ?

18 partner countries	net ODA-debt ¹	populat-ion ²	net ODA-debt/cap ³	IRAI ⁴	IDA Country Performance Rating	HDI ⁵	GDP/CAP ⁶
Niger	374	14.4	25.96	3.3	2.8	0.374	781
Mali *	769	13.9	55.30	3.7	3.6	0.380	1,033
Mozambique *	1473	20.1	73.27	3.5	2.8	0.384	1,242
DR Congo	1181	59.3	19.92	2.8	1.6	0.411	714
Burundi	405	7.8	51.86	3.0	2.1	0.413	699
Benin	339	8.7	38.98	3.6	3.3	0.437	1,141
Rwanda *	513	9.2	55.78	3.6	3.5	0.452	1,206
Tanzania *	1756	39.5	44.45	3.9	4.4	0.467	744
Senegal	780	11.9	65.52	3.7	3.8	0.499	1,792
Uganda *	1496	29.9	50.05	3.9	3.6	0.505	1,454
Morocco	1046	30.5	34.28	n/a	n/a	0.646	4,555
South Africa	718	47.4	15.14	n/a	n/a	0.674	11,110
Bolivia *	508	9.3	54.61	3.7	3.2	0.695	2,819
Palestine	1449	3.7	391.56	n/a	n/a	0.731	n/a
Algeria	204	33.3	6.14	n/a	n/a	0.733	7,062
Viet Nam *	1829	84.1	21.74	3.9	3.8	0.733	3,071
Ecuador	187	13.4	13.99	n/a	n/a	0.772	4,341
Peru	467	28.4	16.43	n/a	n/a	0.773	6,039

* donor darling in terms of budget support

¹ 2006 (USD million)

² 2006

³ aid per capital 2006 (USD)

⁴ IDA Resource Allocation Index 2006

⁵ Human Development Index 2007

⁶ 2005 PPP \$

4. Elements for the debate (sectors)

- Is geographical or sector expertise the more important ?
- Should Belgium be focused on fewer sectors ?
 - and if so, overall, per country, or both ?
 - if so, which sectors ?
 - primary health care
 - agriculture
 - governance, ...
- How to avoid sector darlings?
- What are appropriate exit strategies ?
- How does such a sector focus affect indirect actors

6. Some statistics

EU-15 excl. Portugal	Bi-ODA (sector allocable) mio\$	# partner countries	# countries receiving ODA comm > 10 mio\$	Aid allocated to first/second/tenth largest recipient
Austria	131	12	4	20/20/5
Belgium	460	18	16	75/21/13
Denmark	1249	16	21	117/108/31
Finland	254	8	7	27/24/7
France	2637	54	54	330/263/74
Germany	3915	40	73	407/150/76
Greece	267	18	2	79/36/3
Ireland	291	8	7	46/41/5
Italy	525		26	76/70/26
Luxembourg	115	10	4	14/12/4
Netherlands	1931	36	28	110/97/40
Spain	1043	23	26	93/63/38
Sweden	1049	28	24	110/64/30
UK	2913	20	36	671/253/101
EC	6384		95	440/299/162

note: average ODA commitments 2003-2004 excl. debt relief and humanitarian assistance

for further notes, see source: Mürle (2007:30)

Donor	Belgium							
Year	2000	2001	2002	2003	2004	2005	2006	00-06
Sector								percentage
I. SOCIAL INFRASTRUCTURE & SERVICES	218.01	216.16	266.95	314.5	367.89	451.33	543	67.87%
I.1. Education	64.54	65.42	89.92	100.11	139.03	121.15	153.78	20.95%
I.2. Health	60	54.79	52.99	69.39	62.53	84.57	93.69	13.64%
I.3. Population Pol./Progr. & Reproductive Health	9.71	6.95	16.91	15.91	18.14	19.5	24.13	3.18%
I.4. Water Supply & Sanitation	9.91	9.59	12.99	23.48	24.7	37.79	55.16	4.96%
I.5. Government & Civil Society	48	60.62	73.8	76.84	72.48	106.13	144.89	16.63%
I.6. Other Social Infrastructure & Services	25.85	18.79	20.34	28.77	51.02	82.18	71.36	8.52%
II. ECONOMIC INFRASTRUCTURE AND SERVICES	23.96	39.05	42.8	61.81	76.58	84.09	81.55	11.70%
III. PRODUCTION SECTORS	54.94	48.65	50.83	58.67	63.9	64.71	77.25	11.96%
III.1. Agriculture, Forestry, Fishing	45.32	42.44	43.9	52.57	49.51	52.2	62.4	9.94%
III.2. Industry, Mining, Construction	5.79	4.71	5.96	5.04	12.97	10.33	11.85	1.62%
III.3.a. Trade Policies & Regulations	3.62	1.36	0.84	0.68	1.24	1.99	2.51	0.35%
III.3.b. Tourism	0.21	0.14	0.13	0.38	0.19	0.2	0.5	0.05%
IV. MULTISECTOR / CROSS-CUTTING	30.97	37	55.05	55.5	33.81	40.56	43.73	8.47%
V. TOTAL SECTOR ALLOCABLE (I+II+III+IV)	327.88	340.86	415.63	490.49	542.18	640.7	745.53	100.00%

data extracted on 2008/04/29 12:12 from OECD.Stat

Herfindahl Indices for Country and Sector Fragmentation

<i>Donor</i>	<i>2004 Herfindahl for:</i>	
	<i>Countries</i>	<i>Sectors</i>
Portugal	0.7	0.48
Greece	0.28	0.15
IDB	0.19	0.14
Belgium	0.15	0.07
Australia	0.03	0.19
Austria	0.07	0.14
Asian Dev. Bank	0.12	0.09
France	0.04	0.16
UNICEF	0.03	0.16
United States	0.08	0.08
Switzerland	0.03	0.13
Japan	0.05	0.11
Ireland	0.08	0.08
United Kingdom	0.05	0.1
IDA	0.04	0.09
African Dev. Bank	0.05	0.08
Italy	0.03	0.1
Denmark	0.05	0.08
New Zealand	0.05	0.08
Sweden	0.03	0.09
Luxembourg	0.04	0.08
Norway	0.03	0.09
Spain	0.05	0.07
Germany	0.04	0.08
Finland	0.04	0.07
European Commission	0.02	0.09
Canada	0.02	0.07
Netherlands	0.03	0.06
UNRWA	0.43	
CariBank	0.18	
SAF & ESAF*	0.12	
EBRD	0.09	
Nordic Dev. Fund	0.08	
GEF	0.06	
UNHCR	0.05	
WFP	0.02	
IFAD	0.02	
UNDP	0.02	
UNFPA	0.02	
Average	0.09	0.11
Standard deviation	0.13	0.08
Maximum	0.7	0.48
Minimum	0.02	0.06

Easterly and Pfutze (2008)

BELGIUM

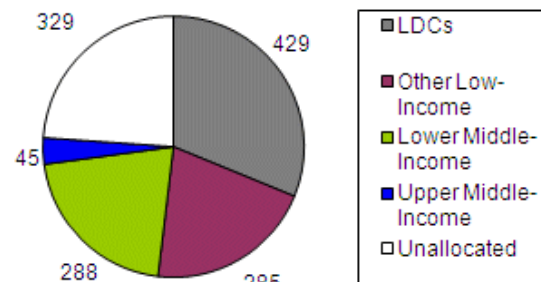
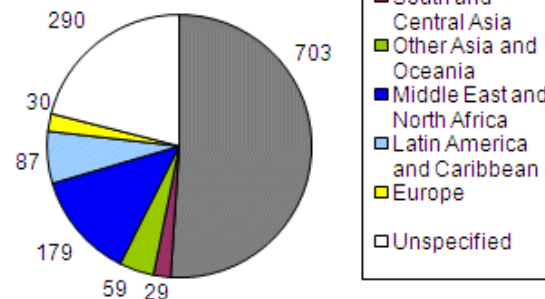
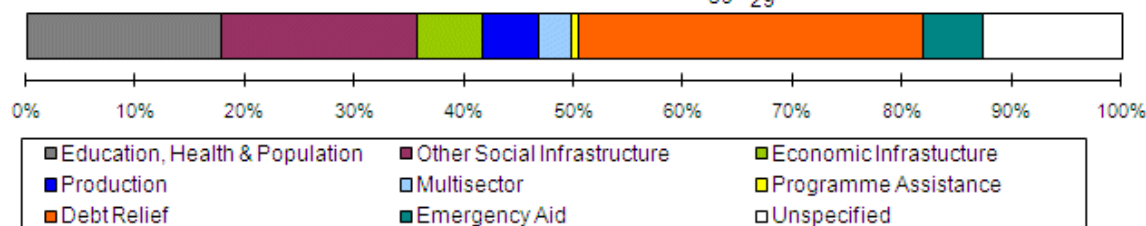
Gross Bilateral ODA, 2005-06 average, unless otherwise shown

Net ODA	2005	2006	Change 2005/06
Current (USD m)	1 963	1 978	0.7%
Constant (2005 USD m)	1 963	1 921	-2.2%
In Euro (million)	1 580	1 576	-0.3%
ODA/GNI	0.53%	0.50%	
Bilateral share	67%	69%	

Top Ten Recipients of Gross ODA (USD million)	
1 Congo, Dem. Rep.	192
2 Nigeria	170
3 Iraq	124
4 Cameroon	42
5 Rwanda	32
6 Burundi	28
7 South Africa	21
8 Senegal	20
9 Ecuador	20
10 Viet Nam	19

By Income Group (USD m)

Clockwise from top


By Region (USD m)

By Sector


Source: OECD - DAC.

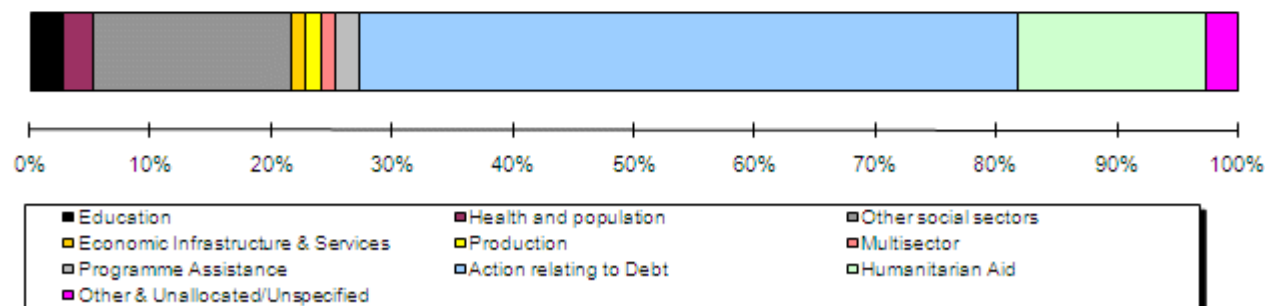
Congo, Dem. Rep.

Receipts	2004	2005	2006
Net ODA (USD million)	1 824	1 827	2 056
Bilateral share (gross ODA)	64%	56%	72%
Net ODA / GNI	29.1%	27.0%	25.2%
Net Private flows (USD million)	- 19	- 154	- 189

For reference	2004	2005	2006
Population (million)	55.9	57.5	59.3
GNI per capita (Atlas USD)	110	120	130

Top Ten Donors of gross ODA (2005-06 average)	(USD m)
1 United States	491
2 IDA	362
3 EC	218
4 Japan	204
5 Belgium	192
6 United Kingdom	109
7 France	86
8 Germany	43
9 Netherlands	38
10 Global Fund (GFATM)	33

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

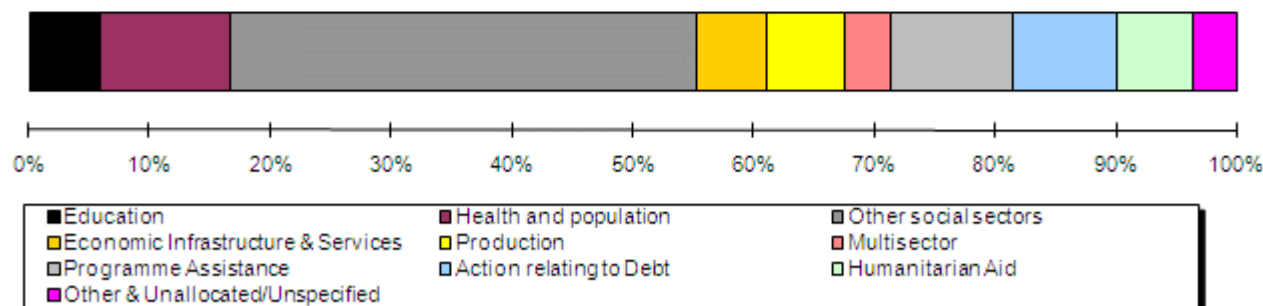
Rwanda

Receipts	2004	2005	2006
Net ODA (USD million)	486	571	585
Bilateral share (gross ODA)	43%	48%	24%
Net ODA / GNI	27.1%	26.9%	23.6%
Net Private flows (USD million)	3	-7	-62

For reference	2004	2005	2006
Population (million)	8.9	9.0	9.2
GNI per capita (Atlas USD)	210	230	250

Top Ten Donors of gross ODA (2005-06 average)	(USD m)
1 IDA	532
2 AfDF	134
3 United Kingdom	89
4 EC	80
5 United States	67
6 France	60
7 Global Fund (GFATM)	41
8 Belgium	32
9 Netherlands	27
10 Sweden	20

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

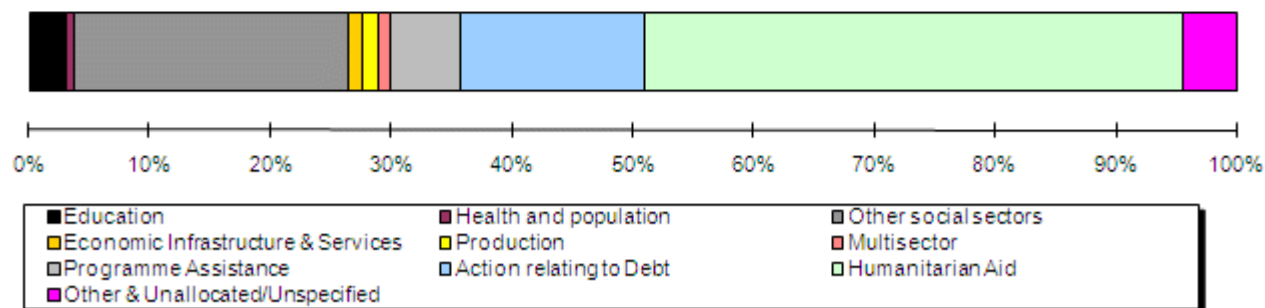
Burundi

Receipts	2004	2005	2006
Net ODA (USD million)	362	365	415
Bilateral share (gross ODA)	51%	47%	51%
Net ODA / GNI	55.9%	47.1%	52.8%
Net Private flows (USD million)	-2	7	-12

For reference	2004	2005	2006
Population (million)	7.3	7.5	7.8
GNI per capita (Atlas USD)	90	100	100

Top Ten Donors of gross ODA (2005-06 average)	(USD m)
1 IDA	77
2 EC	66
3 United States	51
4 Belgium	28
5 SAF & ESAF (IMF)	21
6 United Kingdom	21
7 Netherlands	20
8 France	19
9 AfDF	13
10 Germany	13

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

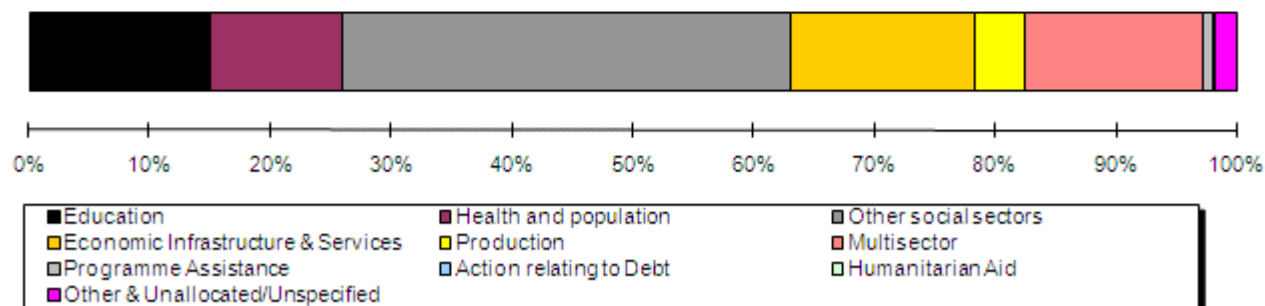
South Africa

Receipts	2004	2005	2006
Net ODA (USD million)	628	680	718
Bilateral share (gross ODA)	75%	71%	81%
Net ODA / GNI	0.3%	0.3%	0.3%
Net Private flows (USD million)	9 306	14 060	7 598

For reference	2004	2005	2006
Population (million)	46.4	46.9	47.4
GNI per capita (Atlas USD)	3 630	4 820	5 390

Top Ten Donors of gross ODA (2005-06 average)		(USD m)
1	EC	155
2	United States	129
3	France	112
4	United Kingdom	100
5	Netherlands	54
6	Germany	39
7	Denmark	23
8	Sweden	22
9	Belgium	21
10	Global Fund (GFATM)	18

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

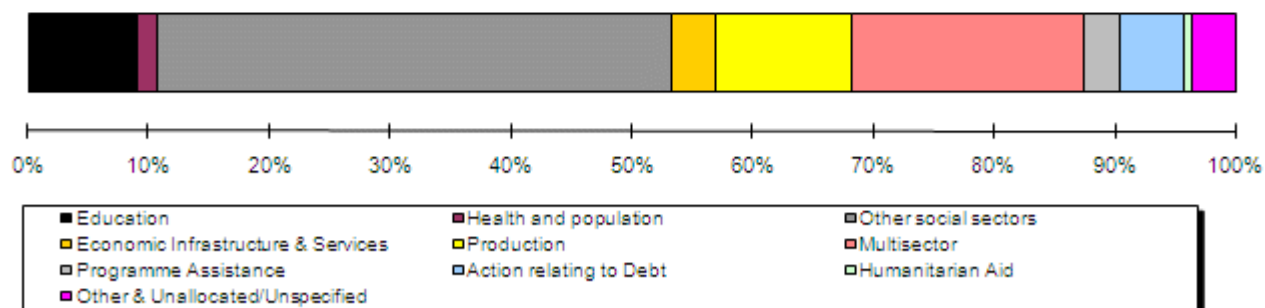
Ecuador

Receipts	2004	2005	2006
Net ODA (USD million)	158	228	189
Bilateral share (gross ODA)	88%	81%	82%
Net ODA / GNI	0.5%	0.7%	0.5%
Net Private flows (USD million)	- 876	815	223

For reference	2004	2005	2006
Population (million)	13.0	13.2	13.4
GNI per capita (Atlas USD)	2 320	2 620	2 840

Top Ten Donors of gross ODA (2005-06 average) (USD m)	
1	United States 77
2	Spain 68
3	EC 32
4	Japan 27
5	Germany 22
6	Belgium 20
7	France 11
8	Switzerland 9
9	MONTREAL PROTOCOL 9
10	Netherlands 8

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

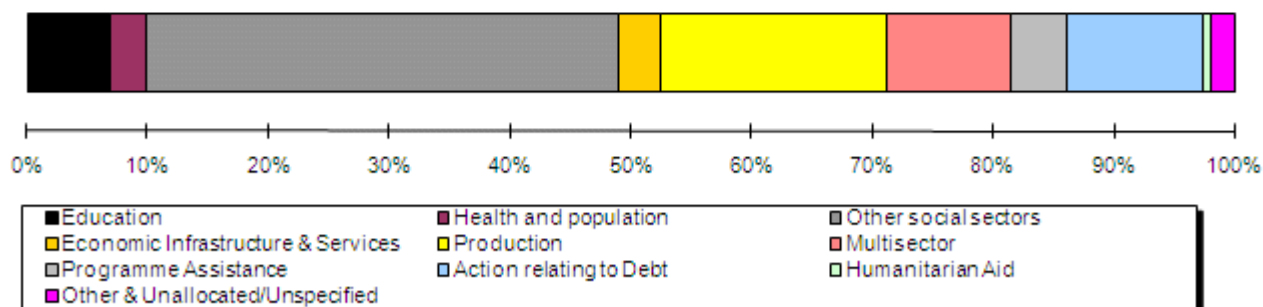
Peru

Receipts	2004	2005	2006
Net ODA (USD million)	473	477	468
Bilateral share (gross ODA)	93%	87%	85%
Net ODA / GNI	0.7%	0.6%	0.5%
Net Private flows (USD million)	148	2 280	510

For reference	2004	2005	2006
Population (million)	27.6	28.0	28.4
GNI per capita (Atlas USD)	2 390	2 640	2 920

Top Ten Donors of gross ODA (2005-06 average)	(USD m)
1 United States	196
2 Japan	123
3 Germany	100
4 Spain	83
5 EC	48
6 Belgium	17
7 UNFPA	17
8 France	17
9 Global Fund (GFATM)	15
10 Canada	15

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

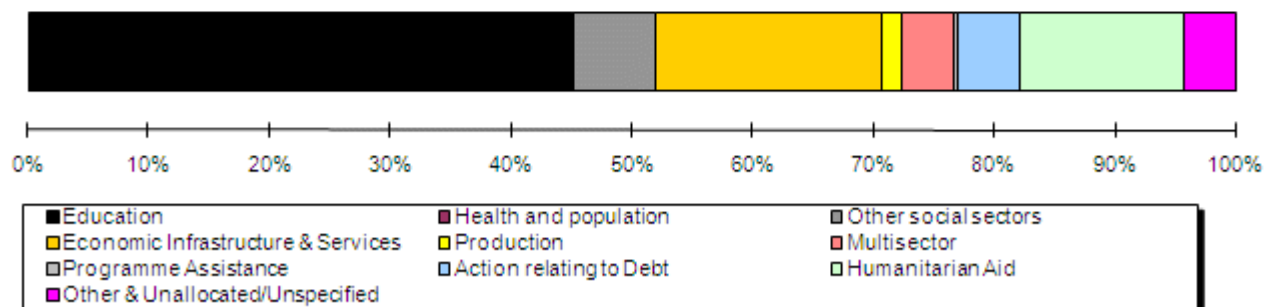
Algeria

Receipts	2004	2005	2006
Net ODA (USD million)	314	371	209
Bilateral share (gross ODA)	77%	81%	87%
Net ODA / GNI	0.4%	0.4%	0.2%
Net Private flows (USD million)	- 101	- 231	297

For reference	2004	2005	2006
Population (million)	32.4	32.9	33.3
GNI per capita (Atlas USD)	2 290	2 720	3 030

Top Ten Donors of gross ODA (2005-06 average)	(USD m)
1 France	251
2 Spain	60
3 EC	59
4 Belgium	15
5 Arab Countries	14
6 Italy	10
7 Germany	10
8 Japan	5
9 Canada	3
10 WFP	3

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

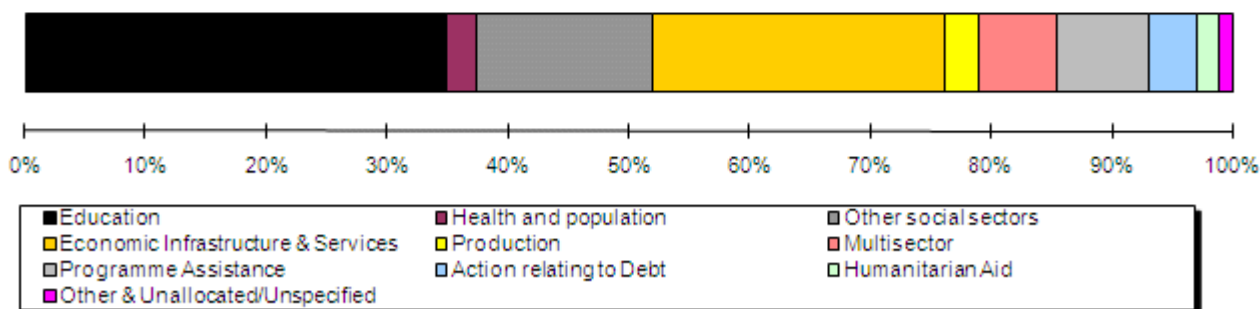
Morocco

Receipts	2004	2005	2006
Net ODA (USD million)	707	694	1 046
Bilateral share (gross ODA)	75%	71%	71%
Net ODA / GNI	1.4%	1.4%	1.8%
Net Private flows (USD million)	516	1 152	323

For reference	2004	2005	2006
Population (million)	29.8	30.1	30.5
GNI per capita (Atlas USD)	1 570	1 750	1 900

Top Ten Donors of gross ODA (2005-06 average)	(USD m)
1 France	355
2 EC	319
3 Arab Countries	141
4 Germany	127
5 Japan	85
6 Spain	71
7 Italy	29
8 United States	21
9 Arab Agencies	16
10 Belgium	14

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

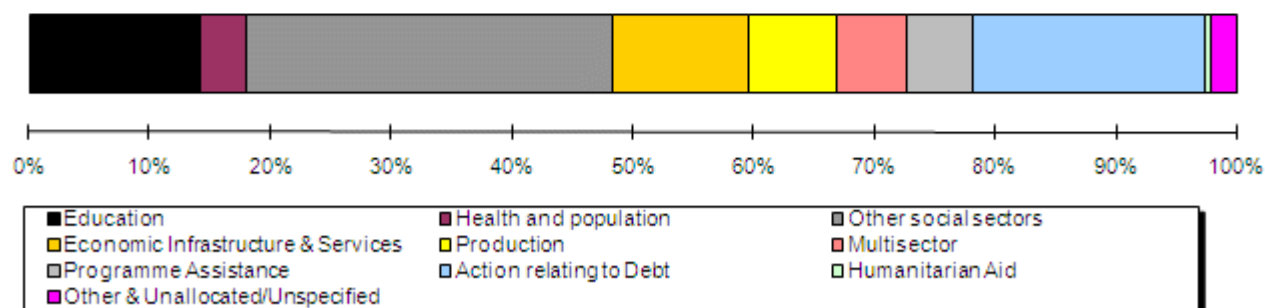
Benin

Receipts	2004	2005	2006
Net ODA (USD million)	386	346	375
Bilateral share (gross ODA)	55%	55%	18%
Net ODA / GNI	9.6%	8.1%	8.0%
Net Private flows (USD million)	4	31	-4

For reference	2004	2005	2006
Population (million)	8.2	8.4	8.7
GNI per capita (Atlas USD)	450	510	540

Top Ten Donors of gross ODA (2005-06 average)	(USD m)
1 IDA	392
2 AfDF	153
3 France	69
4 EC	43
5 Denmark	34
6 Germany	27
7 Netherlands	24
8 United States	22
9 Japan	14
10 Belgium	14

Bilateral ODA by Sector (2005-06)



Sources: OECD, World Bank.

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Bedankt

Merci

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