



APPP event report

**Beyond Gleneagles and
Accra: Smart aid for
African development**

**Speakers (editors and
contributors):**

Richard Joseph
Alexandra Gillies
Paolo De Renzio

Chair/discussant:

David Booth

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Summary by Tam O'Neil, Research Officer, ODI

Book-launch seminar hosted by ODI/Africa Power and Politics Programme (APPP) at the Overseas Development Institute, 111 Westminster Bridge Road, London SE1 7JD, UK (www.odi.org.uk).

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The Advisory Board for Irish Aid 
An Bord Comhairleach do Chúnaimh Éireann

The logo for the Advisory Board for Irish Aid (ABIA). It consists of two overlapping circles, one light blue and one dark blue, positioned to the right of the text. The text is in a dark blue, sans-serif font, with the Irish name 'An Bord Comhairleach do Chúnaimh Éireann' in a smaller, red font below the English name.

Book-launch report: Smart aid for African development

David Booth opened the meeting by commenting on the shared premises and objectives of *Smart Aid for African Development* http://rienner.com/title/Smart_Aid_for_African_Development and ODI's Power and Politics in Africa Programme <http://www.institutions-africa.org>.

- ❑ **Premises:** The current approach to aid to Africa is misconceived. The questions that the development community need to instead ask are: Why isn't there an indigenous development dynamic in Africa? What can be done about this?
- ❑ **Objectives:** To stimulate debate within the international community about how development policy can become more intelligent.

Alexandra Gillies, co-editor of *Smart Aid for African Development*, provided a brief overview of the book's:

- ❑ origin;
- ❑ contents; and
- ❑ (one of its) principal themes.

The book originated in a 2005 conference organised by Northwestern University to stimulate grounded discussion about what works in aid – how aid could be smarter for development – in the lead up to G8 Gleneagles Summit.

Avoiding the polarised positions of both the aid optimists and aid pessimists, the book's contributors critically analyse the role of aid in strengthening public and private institutions, recognising its value but also the need to build on local resources. The book's chapters are organised in three main parts:

- ❑ Section 1 examines donors and the limitations arising from their organisational structure, including a chapter by Carol Lancaster highlighting how the impact of US aid is undermined by the centralised (vis-à-vis recipient priorities) yet incoherent nature of its aid system.
- ❑ Section 2 focuses on aid delivery mechanisms, assessing the effectiveness of second- and third-generation donor strategies (e.g. debt relief, Paris agenda, fragile states) in specific country contexts.
- ❑ Section 3 addresses the challenges of promoting good governance and democracy, including chapters exploring the socio-political foundations of corruption (Will Reno) and the failure to transform voters into citizens from the Afrobarometer team (Bratton and Logan).

The editors discovered a surprising amount of consensus in the divergent contributions. A prominent theme is the importance of incentives – the underlying factors and motivations that determine behaviour – and the failure of donors to appreciate and respond to the incentive environment faced by local actors. Donors instead rely on weak material inducements and, particularly around governance reform, are often satisfied with rhetorical commitment. This point was illustrated with examples from general budget support in Uganda (Barkan) and the contrasting cases of debt relief to Nigeria and Cameroon (Callaghy).

Paolo de Renzio, one of the book's contributors, based his presentation on his chapter and two previous articles written at ODI (in *Development Policy Review*, 24(6) 2006 <http://www3.interscience.wiley.com/journal/118583621/issue>, and *African Affairs*, 106, 2007) on the contradictions in aid relations, focusing on accountability.

De Renzio observed that the promises made at Gleneagles for more aid have largely failed to materialise and argued that – apart from financial constraints – there are two main reasons for this. Donors have doubts about:

- aid effectiveness, or the additional value of each dollar spent; and
- the willingness of African government to improve governance.

The Paris Agenda attempts to address these dual doubts but its solutions contain contradictions that prevent aid from being smarter. Two core aspects of the Paris agenda were used to illustrate this.

- General budget support (GBS):** The shift from project to programme modalities is a core component of the Paris Agenda, based on the belief that channelling aid through country systems will promote government ownership, donor harmonisation and mutual accountability. Evaluations have shown, however, that GBS has not achieved this in practice. More controversially, they provide evidence that GBS may actually increase donor penetration in recipient policy-making processes, strengthening mutual dependence between donors and recipient government rather than mutual accountability.
- Strengthening accountability institutions:** Donors are also attempting to promote healthier domestic accountability relationships by supporting accountability organisations (e.g., parliaments, CSOs, supreme audit institutions). In practice, however, such interventions are undermined by donors' limited will to understand underlying and specific political dynamics, including how accountability organisations fit within these. Instead, donors favour blueprint practices, which are designed at an abstract level in the international arena and then replicated and applied through technical assistance projects that rely mostly on external capacity.

De Renzio concluded by saying that these underlying contradictions need to be addressed if aid is to become smarter. In principle there is nothing wrong with either the Paris Agenda or the desire to strengthen accountability mechanisms, but improved implementation requires that local political context is taken into account when interventions are designed and the complexity of donors' role in recipient countries is recognised.

Richard Joseph, co-editor of *Smart Aid for African Development*, addressed three questions:

- What have we learnt from smart aid?
- How can aid be smartened?
- What are some of the analytical challenges to be addressed?

In doing so, Joseph made 7 main points:

1. The strengthening of aid should be a continuous project. Joseph hopes that the book will instigate debate and build networks dedicated to making aid smarter.

2. We need to take charge and shift the centre of the debate from big to smart aid; and from the well-meaning involvement of celebrities to policy scholars and practitioners. We need in the process to move away from the 'numbers game', where success is measured in aid as a ratio of GDP. This is important but has become overly determining and distorting.
3. In the foreword to the book, Larry Diamond talks about the need to reinvent aid to Africa because it has lost its way. We need to deconstruct aid, asking what is it for and distinguishing between: (i) humanitarian aid that is palliative; (ii) military insecurity assistance; and (iii) aid that is supposed to be transitional and transformative.
4. We need to integrate and redefine who the aid partners are and whose money aid is. We might think primarily in terms of bilateral, multilateral or private aid but official aid is actually a inter-societal transfer that relies on tax. Governments are the intermediaries in the process. This raises issues of accountability and transparency.
5. We need to look beyond aid. The global financial crisis is good in the sense that we will have to do things differently in all areas of life, including aid. We will have to put less money to better use. Aid was never meant to be thought of as a permanent entitlement. We need to think about ending aid as we know it.
6. We need to seize the high ground.
7. The book leaves several intellectual challenges, including the question of how to nurture institution-building cultures in Africa. One of the critical features of Africa is the loss of the capacity to establish and sustain, what Alex de Waal calls, 'complex institutions.

In conclusion, Joseph claimed that four things are necessary for donors to bring about their desired development outcomes.

- Donors' aid mechanisms, structures and frameworks must be smarter.
- The development intentions of leaders cannot be presumed; they must be challenged to demonstrate and maintain them.
- Capacities at all levels must be strengthened.
- Horizontal and vertical accountability mechanisms are critical.

David Booth recommended the book, commenting that the brief presentations could not bring out its full depth. He felt that three of the chapters in particular go to the heart of smart aid:

- In a chapter on Liberia, Will Reno questions the approach of the international community. Referring to the historical experience of state-formation, Reno asks whether, rather than the international community essentially taking charge of governance, it is necessary for central states to establish relationships with warlords.
- Michael Bratton and Carolyn Logan, in a chapter based on the Afrobarometer survey, not only deplore the fact that African voters are not yet citizens in the full sense but also suggest interesting things about concept of accountability that is valid in Africa. Do donors understand these things and what would they do differently if they did?

- ❑ Joel Barkan challenges those, including researchers at ODI, who have promoted GBS as being progressive by saying that too much attention has been given to the institutional context of the civil service and budget system at the expense of the core politics, including the way that the Big Man relates to his supporters.

Booth opened the floor for discussion by asking: does aid need to be smarter and, if so, are the things proposed by the presenters smart enough?

Points raised in the discussion included:

- ❑ There appears to be little change in institutional capacity for all the money that has flowed to Africa. What would happen in Africa without aid? Joseph remarked that there are strategic uses for aid even in countries that are not aid dependent.
- ❑ There have been occasions where it has been possible to modify the social environment, e.g. the education system developed in Kenya under colonialism. Consensus between partners and donors limits the degree to which decisions are made in smoke-filled rooms. De Renzio clarified that his main point was that this consensus is usually rhetoric not reality. Real consensus can engender a strong change dynamic but it is not helpful to pretend it exists.
- ❑ Can sector budget support give better results in terms of accountability and impact than GBS? De Renzio argued that the real debate should be about the principles underlying all aid modalities that can make them work for aid, rather than assuming a continuum from project to programme-based aid. Project-based aid can also strengthen institutions.
- ❑ It is not so much that donors have limited will to understand local political landscapes, or just that they face their own bureaucratic and technical incentives, but that political analysis is failing to challenge implicit assumptions about how development happens. De Renzio qualified his point about limited will to understand by distinguishing between: (i) likeminded donors and others; (ii) mindset in HQ and country offices; (iii) institutional and individual incentives. He also suggested that donors should be explicitly accountable for intermediate institution-building objectives, as well as poverty reduction targets. Another participant commented that we need to change the public mindset so that they challenge simplistic solutions and campaigns.
- ❑ Have private foundations learnt from previous experience? Are they smart or daft?
- ❑ The presentations provide a conventional view of aid with the more interesting ideas, such as beyond aid, only mentioned in passing. The aid debate goes through cycles; for instances the Clinton Administration passed an Africa Growth and Opportunity Act. Joseph agreed, saying that he hoped that the book would spark off debate and that Africans themselves would become involved in the debate about smart aid. Booth added that the book does not pretend to be the final word; it is an invitation to debate. The idea of promoting domestic accountability is new if you believe that this means understanding the political processes that can generate accountability in practice.
- ❑ The aid industry has undergone a dramatic restructuring during which country expertise has been lost and replaced by subject expertise. This has reinforced the blueprint approach and squeezed the space in which the mavericks in donor agencies used to work. Gillies agreed that whether aid agencies are set up to do the things they need to do to deliver smart aid is a key question. Joseph added that a smart system is one that is not so bureaucratized that it doesn't allow for entrepreneurs.
- ❑ It is the political market for aid issues in OECD countries that explains the failure to deliver on the Gleneagles' promises. The challenge is to find ways to market complexity.
- ❑ Do donors have the legitimacy to create domestic political change? De Renzio clarified that this was not what he was promoting, but was instead arguing that poverty reduction objectives are not sustainable without donors having incentives to

promote institution building. Another participant commented that it is disingenuous to suggest that donors, who try to set the economic agenda, are not also about political change. Aid cannot be smarter if it does not lead to effective governance.