

Spotlight on international aid

PESSIMISTIC ATTITUDES THAT PREVAILED till recently about the impact of international aid are being replaced by a consensus that enhancing aid is vital for addressing the developing world's deprivations. We still live in a world where 50,000 people die from poverty-related and preventable diseases every day. Almost a 100 million children remain illiterate. Eight hundred million people do not have enough to eat. Almost one quarter of the people in poor countries lack access to clean water.

While the links between poverty, violence and environmental degradation are becoming increasingly evident, it is still thought that aid is not dealing effectively with these problems. It is therefore vital for both donor and recipient governments to consider how aid for development can yield better results.

Before examining the ways in which international aid can achieve stated goals, like poverty alleviation, it is worth recognising some fundamental realities. Aid flows pale in comparison to the value of flows from poor to rich countries, in the form of debt repayments and due to international trade rules. It is also no secret that aid itself is often driven by geopolitical objectives rather than a genuine effort to address poverty.

Aid thus has a mixed record in terms of its impact on poverty reduction because of the unaccountability of donors.

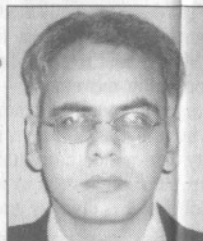
Far-reaching changes are indeed needed in order to make aid more effective and realise the basic rights of all human beings. Currently, donor agencies largely hold recipient nations accountable for ensuring results from aid. Donors are accountable to their own taxpayers, not the people of recipient countries.

Yet donors use conditionalities to compel developing nations to liberalise their economies or practice fiscal austerity, which adversely affect the lives of the people in poor countries. But neither the governments nor the poor people in recipient countries can hold donors accountable if policy prescriptions fail. Nor is the quality or quantity of aid scrutinised.

The ineffectiveness of aid in achieving development goals is not, however, only the donors' fault. Recipient governments also need to ensure accountability, transparency, and equitable use of aid. Mutual accountability between rich and poor countries is perhaps the best way to achieve aid effectiveness according to advocacy groups like ActionAid, which has recently unveiled an agenda for making aid work.

To be fully effective, aid cannot be considered voluntary, charitable transfers from rich to

VIEW



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poor countries. Instead, it should become part and parcel of a wider re-distributive agenda designed to protect basic human rights. But before this can happen, it is essential that poor people's needs and priorities be put at the forefront of development priorities instead of geopolitical or economic considerations.

Aid agencies have also been criticised for failing to focus on the poorest countries, for runaway spending on overpriced technical assistance, and for tying aid to purchases from donor countries' own firms. Lengthy and ill-coordinated planning, implementation, monitoring and reporting requirements, excessive administrative costs, late and partial disbursements are also held responsible for deflating the real value of aid.

Even debt relief is considered to be largely tied to purchasing rich countries' goods and services. For example, over 85 per cent of Japanese aid to Vietnam is said to be spent on infrastructure projects since Vietnam is a key market for Japanese exports.

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for International Development (DfID) to be squandered on 'phantom' aid. DfID officials from UK posted overseas get allowances for business class flights, which can be used to pay for holiday flights. DfID administrative costs, at 11.5 per cent, are well above the eight per cent ceiling allowed by DfID in its funding agreements with NGOs.

DfID however has rejected the ActionAid findings in a public rebuttal. The department maintains that it is absurd to argue that debt relief or advice from highly skilled technical experts isn't real aid. DfID did however accept the need for more, better-managed and more effective international aid.

ActionAid for its part has not invalidated the need for more financial assistance. International aid can deliver. Since 1970, for example, aid has helped double school enrolments and reduce infant mortality by 50 percent. In Southern Africa, a donor-financed measles immunisation campaign reduced the number of cases from 66,000 in 1996 to 117 in 2000.

In East Asia, aid to South Korea and Taiwan played an important role in rapid economic growth and extension of basic economic and social rights. Yet in far too many countries, aid has not reduced poverty or protected basic rights effectively enough. In fact, aid has often been used to prop up repressive but strategically important regimes.

International donors must provide more and better aid to achieve ambitious targets like the pledges made to achieve the Millennium Development Goals. Donor aid must also stop restricting the ability of developing countries to devise their own development strategies.

Yet fears concerning squandered aid are also legitimate. For example the Mobutu regime in the Congo stole an estimated US\$4 billion public funds. The oil-for-food scandal during the Saddam regime in Iraq is another case in point. In view of these concerns, ActionAid suggests clearly spelling out the criteria for accepting aid and the need for mutual commitments, instead of one-sided donor conditionality, so that donors and recipients can review progress as equal partners. Greater financial commitments therefore must be accompanied by increased willingness of donors to reform means, which have so far proved ineffective in addressing the disparities in the world.

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