

Opinion

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Putting aid to work

Vinod Thomas

How we deliver aid to the developing world can be as important as how much we give.

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Fri 13 Apr 2007 14.00 BST

The world today faces an unprecedented opportunity to reduce global poverty. Strong [global growth](#) and better economic policies in many developing countries have recently been doing much of the work needed to accomplish this. Some of the rich nations have also been in relatively generous spirits, helping to lift the annual flows of the past two years above [\\$100bn](#) for the first time.

But there remains a risk that this opportunity could be wasted unless we heed the lessons of development assistance. As the Group of Seven finance chiefs meet at this weekend's [World Bank](#) and [International Monetary Fund](#) meetings in Washington, much of the focus is likely to be on the size of aid. Yet if experience tells us anything, it is that gains from extra money alone are not automatic. Crucial to development results are both the size of aid and its quality - especially in how funding for related programs mutually reinforces each other with an amplified impact, rather than working at cross-purposes.

In recent years, aid channels have proliferated, with the number of donors per country tripling from a dozen in the 1960s. Unfortunately, this has been

accompanied by fragmentation in delivery: there are 230 funds, programs or organizations today - with 100 operating in health alone. Many of them also earmark funds for specific purposes. For the recipients, all this has meant more transaction costs, greater strain on capacity, and reduced flexibility in resource use. Meanwhile, countries and donors have often failed to exploit the vital links among potentially complementary programs, for example, in health and education, or infrastructure and the environment.

What is needed to seize the opportunity to reduce poverty is a more coherent approach, not greater fragmentation. That is not a pitch for integrated projects with many sectors, but rather a case for ensuring crucial linkages across initiatives. This is the conclusion from evaluations documenting high variations in the effective use of financing.

To begin with, the performance of projects financed by the [World Bank](#) has generally improved in the past 15 years. The majority of projects financed by international financial institutions are rated successful relative to objectives. Yet good ratings of individual projects financed by donors do not always translate into good results for their sectors or countries concerned. For example, individual project success in increasing school enrollments may not mean better educational outcomes if they are not targeted and supported by sector-wide actions.

Results are stronger when action in an area sought by a project is complemented by action in a related area, sparking a chain reaction and a virtuous cycle. World Bank-supported health and environmental interventions in Bangladesh, for example, had a far greater effect than otherwise on reducing infant mortality because of the complementary support for girls' [secondary schooling](#) - educated mothers are 80% more likely to avoid infant mortality. Morocco's investments in rural roads augmented the favorable effects of education on learning, aside from contributing to agricultural productivity.

Synergies can also be lost when projects focus excessively on urban areas while neglecting rural areas, where poverty is usually concentrated. In the past decade, Burkina Faso and Vietnam were able to spread growth benefits among people across urban and rural settings. But many favored urban over rural areas without exploiting the urban-rural links. Being effective in rural areas is urgent in African countries, which must find technologies to improve agricultural productivity and environmental sustainability, and invest in people and their mobility.

Furthermore, individual policies do not necessarily produce more exports or growth without complementary actions. Trade liberalisation - reflected in reduced import and export restrictions - in Senegal or Zambia has been as marked as in China and more so than in India over the past 15 years. But the reforms were not nearly as effective in expanding exports because reforms to support investments and financing for infrastructure did not match the liberalization of trade.

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angelena 16 Apr 2007 21.21

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Thanks for this highly readable piece, which has expanded my view of what exactly is a "successful" project. At my organization, coherence and coordination "across dimensions" are emphasized, but not enough. It's not for lack of good intentions; there simply isn't sufficient insightful thinking that goes into the organization's response to recipients' and donors' requests. In fact, recipients, donors and practitioners should all be clamoring for mutually reinforcing activities and for better articulation of the significance of this goal. There is clearly scope for more publicity of interesting examples and case studies such as those mentioned by Mr. Thomas. I have just gone through a week's worth of newspapers but I don't see any space being devoted to debate on this theme. Talk about lost opportunities.

Mute Report



RogerINtheUSA 15 Apr 2007 23.42

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badger33 posted

Roger, I'm not sure you are right in that respect. Virtually none of them have luxury lifestyles and fly their girlfriends around etc. Most are incredibly dedicated but inept. In many countries they are having training support from people fresh out of development courses at uni which cover a lot of right on politics but none of the practical skills. Having spent two days this week watching a shambolic planning exercise, the methodology for which given by a western consultant at great expense, I realise that the vast majority of development workers from the western world are completely inadequate. Dedication will only take you so far, skill, aptitude and proper training are required.

Hi badger

I am sure that many of the people working for the independent ngos, especially those who work in the field, do not live luxurious lifestyles. I was thinking of organizations such as the world bank, with people making a quarter of a million tax free, and of the bank's policy of having its employees fly first class. I suspect that the ngo leaders who would be involved in coordination conferences would tend to live very comfortable lifestyles.

Roger

Mute Report



globalcitizenvinay 15 Apr 2007 18.20

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Having worked in the trenches of development field in more than 20 countries, I find the core message in this article very real i.e. quality of aid is equally if not more important than quantity and the lesson from successful development projects is that it takes linked and complementary actions across sector silos to produce successful outcomes. The fragmentation of donor programs translates into poor quality projects that then lead to poor results. This tragic and unintended consequence can be overcome by the donors operating

within a country's development strategy and ensuring that all investments necessary for successful outcomes are financed rather than partial financing of a few sector investments. The example of Bangladesh program is right on mark.

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RATIS 15 Apr 2007 4.41

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A very important point has been articulated in the observation that how we deliver aid to the developing world can be as important as how much we give. The highly-knowledgeable author indicates how the delivery and utilization of aid can be made more effective. One hopes that donors will reorient aid delivery in a manner that makes it more coherent and will increasingly channel aid toward areas that involve strong complementarities and linkages. Similarly, the author's observations should induce recipient countries to place greater emphasis on policy complementarities so as to make aid (and policies) more effective.

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RATIS 15 Apr 2007 4.39

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badger33 15 Apr 2007 4.14

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RogerINtheUSA 14 Apr 2007 20.55

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badger33 posted BGD Sadly I agree with Rogerintheusa and hate myself for it. I work in development and having come from healthcare in England with all its flaws, I realise how much better the UK public health system is at needs based planning than many NGOs and donor agencies. Money is being wasted hand over fist by large numbers of NGOs with no real skill or properly developed and targeted strategies just performing tasks for the sake of it being handed money by donors with no ability at commissioning services. This does nothing more than leave these countries donor dependent and does not do anything of real use. I have now cancelled my direct debit to Oxfam it has left me feeling that sour. Sadly the devgelopment sector is cursed by a level of amatuerism that I would wish had gone with the excesses of the 60's and 70's

Rockinred try working in it.

hi badger

Development economics is an extremely complicated subject for which I believe nobody has all, or even most of the answers.

Mr. Thomas does not make a convincing argument that a lack of coordination truly does any harm ie NGOs working at cross purposes. Quite apart from the inefficiency of many NGOs, and the luxurious lifestyle that some of them offer their executives (and the executives' girlfriends) at the expense of the recipients, my concern is that emphasis on coordination will waste huge amounts of time and effort with little improvement, if any, to show for it. In addition to the inevitable conferences and other overhead, coordination tends to lead to delay as each stakeholder has to get approval from headquarters to sign off on taking action.

Sometimes there is synergy when bureaucracies work together, but other times coordination can hobble action, and turn the effort to help countries into something resembling a kids's three-legged race.

[Mute](#) [Report](#)



openet 14 Apr 2007 17.13

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That is what I would like to see international aid organizations do more of: take a wholistic approach and get more quality for their--and donors'--money.

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RichardJOshea 14 Apr 2007 16.30

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I'd agree with the notion of synergy and eradicating duplication to prevent the loss of potential work. But I do not accept that 100bn dollars is worth as much as it sounds. I'm no economist, but I only needed to do two simple equations to make that sum of money look small beer. As another has noted, we seem to be trading in bags of sugar these days. I would have liked to have seen a more detailed breakdown of donors and donations, with a record of who meets their claims with respect to aid, included with this article.

Corruption must be tackled, it's rife within charity; whether it be bribing the road block or buddying up contract awards, millions of pounds of honest money ends up in dishonest hands. Sadly, I can even recall a charity running a TV fund raiser for a famine that simply wasn't happening -- not necessarily indicative of corruption but perhaps indicative of culture. I would suggest that some high level charity employees earn too much money to wear the label charity worker. I would also agree with others who state that international (and even national) charity has become a bloated bureaucratic politicized business.

For myself, and with a mind for the long term, I would choose education and training as having had the greatest impact to date, and the most likely candidate to continue to have beneficial impacts. I would like to see western academic institutions offer a percentage of their capacity to long term infrastructure oriented education.

In a world that so clearly revolves around money and material assets, it seems unwise to suggest that rich nations need not stretch their purses; that much can be achieved with less than they would, perhaps, give? Again, my weak economic prowess would have me think that a pounds worth of sugar costs a pound; and, although I am free to find more for my pound, much of charitable funding is heavily restricted and weighed with less than calibrated scales.

[Mute](#) [Report](#)



Beanoreeda 14 Apr 2007 13.07

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Give a man a fish and feed him for a day. Teach a man to fish and feed him for life.

[Mute](#) [Report](#)**badger33** 14 Apr 2007 13.02

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Sadly I agree with Rogerintheusa and hate myself for it. I work in development and having come from healthcare in England with all its flaws, I realise how much better the UK public health system is at needs based planning than many NGOs and donor agencies. Money is being wasted hand over fist by large numbers of NGOs with no real skill or properly developed and targeted strategies just performing tasks for the sake of it being handed money by donors with no ability at commissioning services. This does nothing more than leave these countries donor dependent and does not do anything of real use. I have now cancelled my direct debit to Oxfam it has left me feeling that sour. Sadly the devgelopment sector is cursed by a level of amatuerism that I would wish had gone with the excesses of the 60's and 70's

Rockinred try working in it.

[Mute](#) [Report](#)**rockinred** 14 Apr 2007 9.36

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Sorry, but you're all pissing in the wind. There are some good-hearted, well-intentioned people involvd in aid, but the whole thing has become an industry, dominated by big-business thinking and 'management', and overwhelmed by politics. And Western politics at that, nothing to do with the economic and structural issues of pooper nations. The question of corruption has become an excuse for not stumping up - if the will were there, the bent African politicians and officials could be kicked out in doublequick time. But that then might reveal the source of their corruption. US and UK oil companies for instance. Or the respectable Western businesses busy trading trinkets for teak forests in the Congo. You have also to look at the inherent corruption and inefficiencies built in to Western aid. Check out the US government's own 'oversight' report, covered in today's New York Times; US food aid has by law to be grown in the USA, expensively shipped overseas, where it is sold by aid agents - absurd or what? Is this the much-vaunted 'efficiency' of big business? The only way any of this is going to change - and the poorer nations of the world get any cahnce at all to improve their lot - is by removing brainless middleclass dickheads like Blair, unseating dictatorial tools of big business like Bush and driving a stake through the heart of unfettered monetarist capitalism.

[Mute](#) [Report](#)**mat113** 14 Apr 2007 0.22

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The idea of related projects reinforcing each other is an interesting one. It brings to mind the behavior of sound waves (destructive vs. constructive interference.)If the wave cycles are not in-synch, the wave can be completely nullified. If the two waves peak at the same time, the amplitude will double. This illustrates the power of co-ordinating development projects.

[Mute](#) [Report](#)**MAzeredo** 14 Apr 2007 0.11

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The article is very good. It addresses a difficult question that seems central to the development effectiveness debate but is strangely absent from it.

[Mute](#) [Report](#)**Agog** 14 Apr 2007 0.11

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My favourite innovations are microcredit initiatives, particularly made available to women to set up family-based enterprises and, related, the widespread adoption of cell phones to create price systems and "online low cost banking" to facilitate microenterprises and other community trade for farmers.

The point about self sufficiency and targetted philanthropy is that, without huge intervening bureaucracy, change can happen quickly at ground level. And that is where it needs to happen. Micro-markets - the cases I am aware of are in Africa.

[Mute](#) [Report](#)



aletheiainfinita 14 Apr 2007 0.05

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A friend of mine doing social work in a developing country told me their project had been funded from a string of \$3M of which \$2M the WB themselves admitted were to pay for the WB's own administrative costs.

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biba2mejico 13 Apr 2007 22.46

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It's my opinion, in general, that "aid" has appeared to have been most noticeably effective when delivered to rural women.

This article makes mention of this.

Perhaps if all aid donors/loaners and project doers were to focus on rural women, educating them, funnelling aid through them; defining rural women as the point of delivery and application we'd see greater lasting benefit trickling up through those developing societies.

Not going to happen though .. aid administrators are I imagine university educated men more interested in speaking with others like them than listening to poor rural women.

Aid and development can't be fast tracked or managed as a stand alone project it's difficult to measure "real" development .. as difficult as it is to define it.

Women seem to be much better at cooperating than men; give them the means to improve the state of their family, village and region and they will.

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conorfoley 13 Apr 2007 22.43

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A very interesting article and comments. Having just finished a land rights project for a UN agency in Uganda and started a research project for the ODI in Angola I agree that the two biggest problems are joined-up thinking by donors and the difficulties of transitioning from emergency relief to longer-term development.

Land rights, for example, is often thought of purely as a development issue, but it is actually fundamental to any discussion of displacement and return during humanitarian disasters. Unfortunately, there is no single organisation to make the linkages or ensure the coherence that Vinod talks about. There was one very good example of it when I was in Aceh after tsunami when the WB, UNDP, Habitat and a group of NGOs did implement a very good project to reconstruct the land administration system.

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RogerINtheUSA 13 Apr 2007 22.30

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This issue calls for a series of conferences and symposia in Geneva, Paris and Rome, attended by the high-level officers of all the NGOs to co-ordinate free-standing projects and the

tracking of individual project linkages to maximize synergies and foster intersectoral dialogue and collaboration. The issues should be further analyzed by working groups, and reports issued in multiple languages.

Whatever aid money is left after this process, if any, should be used to treat tropical diseases.

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komala 13 Apr 2007 21.02

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Putting aid to work is an appropriate and timely topic for discussion at a time when there is a great concern about the misuse of aid commonly referred to as the charity gap. Billions of dollars in private and public donor funds are being mobilized and deployed in developing and least developed nations. Attack on global poverty, as the author asserts, would not only rest on the size and quality of aid but also on the strong synergies developed between the urban and rural regions of the poverty stricken nations. The hub and spoke analogy aptly illustrates the linkages, the hub being the urban centers and the spokes their rural counterparts. The stronger the synergy, the more effective would be the aid channels. Country specific programs, supported through donor aid, should complement with related or supportive regional programs whenever there is mutual gain to participating nations. This will enable the benefits of globalization and its spill overs to permeate throughout the region. To realize this goal, what is essential is to establish a strong network of public and social institutions, a strong judiciary system and a politically stable, transparent proactive government.

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PGPblogger 13 Apr 2007 20.01

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I agree with the author that the current focus on the amount of aid is of the point. The key to development effectiveness rests at the country level in the hands of stakeholders. To be effective, aid must foster client ownership of their home-grown reform /development programs, and bring with it, the spirit of self-help and the knowledge of what works/what does not. Depending on the development stages, south-south learning and knowledge exchange is sometimes more effective than north-south dialogues. Long term development aid together with knowledge may help as in the case of China where the WB/donors' projects bring knowledge and innovative approaches, but the determining factor is the innovative spirit among people who adopted the knowledge/approaches and scaled them up nationwide.

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Pluralist 13 Apr 2007 19.15

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If we are talking about basic infrastructure then electricity would be great but sanitation!!!

[Mute](#) [Report](#)



ShampaSinha 13 Apr 2007 18.51

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For synergies to be effectively capitalised upon, incentive structures need to be changed so that for example, the Health Minister and Education Minister of a particular country are both held accountable for reducing infant mortality and therefore are encouraged to collaborate on a coordinated strategy on how they can make this happen. In a similar vein, since childhood malnutrition affects learning outcomes, both Health and Education Ministries should be entrusted with improving educational outcomes. Donor agencies should also

ensure their incentive structures are conducive to such intersectoral dialogue and collaboration taking place.

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bettysenior 13 Apr 2007 18.09

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The article is right in that the thinking by donor nations, through the dispensing of financial aid through the WB, ADB and IMF should change to one of long-term impact and where piecemeal project that serve but for a few years has to be totally substituted by long-term objectives that actual do capacity build the African continent. This is what Africa has suffered from for decades and where the vast majority of aid has done little for the living standards of the African people. Indeed as a primary consideration and where electricity is the life-blood of the developed world, so it should be for Africa. In this respect we as an institution are trying to put into place a blueprint for the African sub-continent that brings electricity to the rural areas, as if we provide electricity you bring with that the start of the building blocks of a modern society. For without it African cannot start and even move on. Therefore this initiative that will commence in Rwanda must be given the highest priority, as it will be the catalyst for the move out of poverty that Africa so dearly needs. In this respect the overall structure of this programme is based upon the introduction of advanced photovoltaic technology that provides the means to an end for rural Africa. For overall, only applied innovation will solve Africa's problems and it is about time that the donor nations understood this prerequisite above all other understandings of this immense problem.

Dr. David Hill Chief Executive World Innovation Foundation Charity Bern, Switzerland

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DrJazz 13 Apr 2007 17.59

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Typical 'aid boss' article I'm afraid. I've been on the receiving end of World Bank 'aid.' All it did was hinder my work.

Helping more poor Bangladeshi's survive by providing education is a humanitarian gesture, not a means of eradicating poverty. It only helps perpetuate poverty.

Poverty is the 'norm' in the world and will not be easily alleviated, certainly not be encouraging billions of people to stay on the land.

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