

US and Japan fight overseas aid proposals

By Alan Beattie

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The world's rich donor countries have clashed over plans to improve the quality of their overseas aid, with the US and Japan arguing against setting themselves tougher targets.

In a meeting this week in Accra, Ghana, officials have tussled over proposals to force donor countries to co-ordinate their aid programmes with each other and to use financial systems set up by the recipient developing countries wherever possible. The conference follows the so-called "Paris declaration" of 2005 in which rich governments agreed to make aid more predictable and to reduce requirements to use it to buy exports from the donor country.

Observers at the meeting said that the US and Japan had fought a rearguard action to water down commitments to meet specific targets by a given date. Ministers will meet on Thursday to finalise agreement.

Robert Fox of Oxfam International said: "Accra is a key moment to get agreement on the big changes that are needed in the way aid is delivered - tinkering with the status quo just isn't good enough. Given the dire consequences, it's unacceptable that some donors remain reluctant to commit to a more ambitious agenda."

The meeting was called by the Organisation for Economic Co-operation and Development, the Paris-based intergovernmental policy institute charged with assessing the quality of official aid. An assessment published last week by the OECD found that donor countries were well short of existing targets. A plan to deliver 80 per cent of aid via recipient countries' own public finance management systems by 2010, for example, was way behind schedule, donors having raised the proportion from 40 to 45 per cent in three years.

Simon Burall, a research fellow at the Overseas Development Institute think-tank in London, said developing country governments were tied up with the bureaucracy needed to deal with aid. There were 10,453 donor missions in 34 countries in 2005, including 791 in Vietnam alone and 568 in Cambodia.

"There is an urgent need for a stronger political

steer to ensure targets are met," Mr Burall said. Angel Gurría, OECD secretary-general, said: "Often you need a small army in the ministry just to deal with the aid missions."

The US has traditionally used its own disbursement mechanisms, including the Millennium Challenge Corporation set up by the administration of President George W. Bush. Just 3 per cent of US aid last year used the recipient country's public finance system.

Researchers added that the international non-governmental organisations criticizing governments also needed to put their own house in order. Dirk-Jan Koch, at the Radboud University in the Netherlands, wrote in a recent OECD study that Ethiopia hosted five separate affiliates of World Vision and seven of Oxfam. "In some developing countries, a myriad of NGOs overburdens the weak administrative capacities of local organisations," he said.

Mr Fox said that Oxfam was continually reviewing its own operations but had a number of long-term commitments to local partners.

Showing that aid is being spent well is essential to maintaining political support in donor countries, Angel Gurría, the OECD's secretary-general, said on Wednesday. "There may be a feeling in these difficult times that charity begins at home," Mr Gurría said. "We need to be able to show that it is working."

There has also been a shift among development campaigners towards looking at the quality rather than just the quantity of aid, not least because the lack of suitable recipient countries is often cited by reluctant donors as a reason for not increasing budgets. The OECD's analysis showed that developing countries have been improving their systems for managing public finances but that improvements among recipients have often not been matched by more efficiency among donors.

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