

How to re-model European aid



Europe's current system of development and humanitarian aid isn't up to the job, says **Clare Lockhart** after studying it on the ground of Afghanistan. She believes it should emphasise state-building but fears that it is instead undermining the rule of law

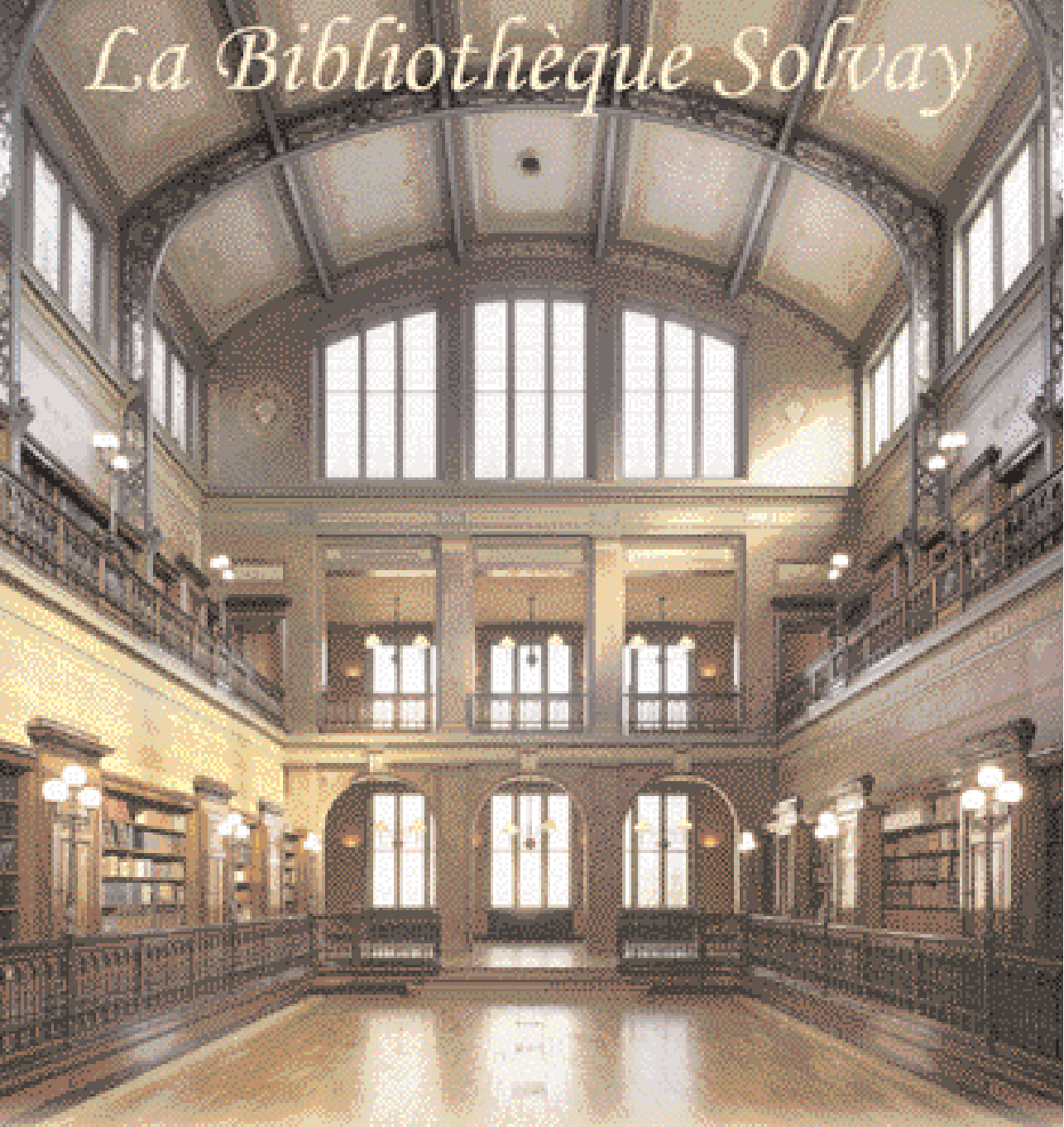
The increasingly unstable world beyond Europe's borders is giving rise to twin challenges; globalisation with its spectre of rising new economic powers, and the four billion people who are the world's "have-nots" and who through the mass media are exposed to images of wealth they cannot hope to share. Around the world a variety of states best described as the debris of the cold war are crumbling. Many of them have governments that were long propped up by either of the superpowers, and which today perform few of the basic functions of a state. These countries are becoming no-go zones for both investors and tourists.

There are two scenarios for Europe's response to the challenges of economic competition and political instability. The first is Fortress Europe, where the EU and its member states seek unsuccessfully to defend themselves against inflows of people and commodities, reinforcing the rhetoric of the war on terror. Meanwhile, Europe's development aid would continue to trickle into failing countries, but because of the deteriorating global security picture EU aid would become ever more expensive

and ineffective. The gulf between the democratic and wealthy world and the rest would continue to widen, and in turn the security costs of policing borders and patrolling lost territories would spiral.

The other scenario is that of Collaborative Europe at the centre of a world networked by flows of goods, services, people and ideas. This is a Europe that builds on its values of tolerance, on its acceptance of diversity and its own history of forming networks of ideas. In this picture, Europe leads rather than is led by the process of globalisation, absorbing a growing number of people into a global system of market economies and democracies. Immigration into Europe would ease in response to better conditions for would-be economic migrants in their home countries. Nations that are at present too unstable to police themselves and to raise adequate revenues from their citizens become increasingly self-sufficient, creating enough wealth to fund inclusive social policies and support an expanding middle class. As these developing countries begin to take greater responsibility for the security and prosperity of their own citizens, Europe's assistance and security

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costs decrease significantly, in turn allowing Europe to invest more, both at home and abroad.

The irony is that we Europeans may today be well on track towards the first scenario, even though the majority of the world's citizens naturally want the latter. Nevertheless, the "Make Poverty History" campaign has mobilised massive support, and leaders of G8 countries are beginning to articulate the need for taking state-building seriously. Europe's latest policies – including the declaration signed in Paris over a year ago by OECD countries' Development Ministers – showed that there is an emerging consensus on the need to give high priority to state-building in the world's 60 poorest countries.

The young people who live on the other side of the prosperity gap badly want to be included in our system of values and ideas. Working for the government of Afghanistan in recent years has shown me that the vast majority of Afghans want the accountability of their government, the restoration of order, partnership with the West and a path to upward social mobility through hard work. During Afghanistan's Loya Jirga national convention, representatives repeatedly called for the right to have their daughters in school and their policemen well trained. The loudest cheers came from announcements that the public purse would be openly reported, and customs centralised instead of being collected by militias. Growing consensus is that the new frontline of the war on terror is the effectiveness of government. In this the Afghans are not alone, as the same

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By Cees Wittebrood

It's good advice, and we Eurocrats are already doing so

Claire Lockhart gives clear advice in her article: Europe should radically overhaul its development and humanitarian policies. "In the name of delivering a peace dividend, reducing poverty and protecting humanitarian space, Europe's aid system pours hundreds of millions of euros into setting-up parallel systems to the governments". She argues that the EU should instead privilege the establishment of effective administrative and political systems in what are almost always fragile states.

Lockhart is right, capacity building is the name of the game. But that is nothing new because it is exactly what the European Union has been doing for the last couple of years. Capacity building, good governance and ownership have become essential elements of the European aid effort. Her advice comes at the very moment that the EU Development Council has adopted conclusions on aid effectiveness, based on three Commission policy papers – "EU Aid: Delivering more, better, faster"; "The Challenges of scaling up EU aid 2006-2010" and "Increasing the Impact of EU Aid". These Communications and Conclusions aim at translating into operational terms the commitment made by the Council when adopting the "European Consensus" on EU development policy in November of last year, which was "to increase the use of budget support as a means to strengthen ownership, support national accountability and

demands reverberate through many of the world's so-called "fragile states".

So what constraints are there on nurturing these states back to health? The key building block in constructing a workable global system is to ensure that its constituent parts – the nation states – all function properly. To achieve my second scenario demands a European approach that can turn dysfunctional and repressive governments into functioning ones. Our current system of development and humanitarian assistance is not up to the job, and in some cases may even do damage to efforts to strengthen state institutions in recipient countries.

In the name of delivering a peace dividend, reducing poverty and protecting

"humanitarian space", Europe's aid system pours hundreds of millions of euros into setting-up parallel systems to the governments of these fragile states. Donors fund UN bodies and other international agencies, which in turn contract chains of NGOs or private companies to deliver services. By the time aid has been through three or four contractual layers, each supporting a headquarters and local offices, overheads of up to 30-40% mean that little money reaches the ground.

By setting-up these parallel structures, the aid system undermines the coherence of the rule of law. Within a year or two of the arrival of a development or humanitarian assistance programme, hundreds and sometimes thousands of small projects will

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have been established under different sets of rules, often deliberately designed by donors to trump the laws of the host government. Suddenly there are dozens of different rules in operation for procurement, financial management, reporting and staffing. Even the best functioning of governments would have difficulty in managing all these, so an already weak government risks being brought to its knees. A recipient government is obliged to produce hundreds of thousands of reports and its budget, which should be the tool for policy-making and accountability, becomes meaningless as donors allocate aid to their own favoured projects and according to their own timetables. Ministers and senior civil servants of a country in crisis can spend as much as 60% of their time interacting with donors rather than managing internal reforms.

In one Afghan district I know well, the government administrator who is responsible for policing, justice and land records sat in a cast-off UNHCR tent, surrounded by a dozen gleaming NGO and agency offices, each with land cruisers, satellite dishes and a pyramid of well-paid staff. It was donor policy not to support government buildings.

To staff the myriad projects that flourish under different national flags, the aid system tends to leach the best staff away from the host government. In a post-conflict country where there has been little investment in human capital for decades, there may only be a small pool of educated professionals. The best and brightest of

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procedures and promote sound and transparent management".

Development policy is designed to make a positive contribution to capacity building and good governance, which humanitarian aid cannot do. If it is to respect the principles of neutrality, independence and impartiality, humanitarian assistance cannot operate through official state structures. It can only try to avoid having a negative impact on the structures and administrative capacity of recipient states. Humanitarians have adopted principles and practices of "Good Humanitarian Donorship" precisely to deal more effectively with issues like needs assessment, funding strategies, capacity building and the role and participation of public authorities.

But it is not enough to do good. One should do things well, and that is what humanitarian actors themselves want. They rightly stress that humanitarian work should be undertaken by professionals in accordance with professional standards – not by young volunteers, as was proposed, in the draft EU constitutional treaty.

To reinforce the global humanitarian response, the UN has recently taken initiatives like the so-called cluster approach, the upgraded Central Emergency Response Fund and the stronger role of humanitarian coordinators which all aim at strengthening the effectiveness of aid and enhancing its impact. This is not the creation of parallel structures that undermine the autonomy and legitimacy of recipient state structures, but rather co-operation, co-ordination and complementarity.



these are understandably attracted by the salaries of an aid system where drivers can earn 20 times as much as a top official or Deputy Minister.

In Afghanistan in late 2001, there was a functioning administrative system in place in nearly all parts of the country. Travelling across its provinces, I found dedicated civil servants keeping records in delicate calligraphy. The schools may have been out of textbooks and the hospitals out of medicines, but there remained the skeleton of a system whose cadres remembered the rules. Four years later, those offices were empty. The managers had gone, I was told, and were now working as translators, drivers and assistants to the aid industry. Early in 2002, donors had pledged \$50m to

support a 200,000-strong domestic civil service, and \$1.6bn to set up a parallel system of UN agencies and NGOs. But a study would probably show that the majority of engineers, doctors, managers and teachers who had held government positions in 2001 are now working in aid support jobs. In southern Sudan I was asked by a Sudanese doctor where he could obtain a driving license.

Europe's aid system needs to be re-modelled so that it privileges the establishment of legitimate administrative and political systems that serve the citizens, with regulatory changes that would be implemented over a decade. This was the approach eventually adopted in Afghanistan and articulated in the


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country's National Development Framework "Securing Afghanistan's Future", and in the recent Afghanistan Compact. National programmes managed by the government and co-financed by donors through a trust fund will implement policies in partnership with the international community.

For European aid policy experts to take state-building much more seriously would mean a radical overhaul of the policies and skill-sets of our donor agencies, both inside the European Commission and at member state level. But the promised increases in EU aid spending will in any case involve a re-examination of our aid-giving modalities. Rather than channelling this aid through parallel mechanisms, a system could be introduced under which countries would receive tranches of support depending on the implemented institutional change in the medium and long-term. These new relationships could be formalised under 10-15 year "double compacts", where the path to effective institution-building would be agreed between a recipient government and the international community on the one hand, and that government and its own citizens on the other. □

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ADDITIONAL READING

"Confronting the Sovereignty Gap", Clare Lockhart and Ashraf Ghani, forthcoming publication, Routledge, 2007

"The White Man's burden: why the west's efforts to aid the rest have done so much ill and so little good", William Easterly, Penguin Press, 2006, ISBN 1-59420-037-8

"Fair trade for all: how trade can promote development", Joseph E Stiglitz and Andrew Charlton, Oxford: OUP, 2005

"An Agenda for State-Building in the Twenty-First Century", Ashraf Ghani, Clare Lockhart and Michael Carnahan, Fletcher Forum of World Affairs, Winter 2006 (<http://fletcher.tufts.edu/forum/>)

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Lockhart links her remarks on Europe's aid to two scenarios about the role of Europe in the world: "Fortress Europe" and "Collaborative Europe". These scenarios look rather like what sociologists call "ideal types" or theoretical constructs. The reality, however, is much more complicated. Her remarks might have been different if she had taken another scenario, such as "Soft Power Europe". Soft power is the EU's ability to get others to follow by virtue of attraction and conviction rather than force or coercion.

This has been true not only for EU candidate member states undertaking radical transformation of their structures and institutions in response to the lure of membership, but also for developing countries negotiating partnership agreements and development co-operation strategies. This concept is at the very heart of the EU's Africa Strategy built on strategic partnerships and based on international law and human rights, equality and mutual accountability. Its underlying philosophy is African ownership and responsibility, including working through African institutions. No parallel structures, but sustainable development, good and effective governance and social cohesion.

Clare Lockhart makes a valid point, and the EU is already heeding her advice by overhauling its aid policy and moving slowly but surely in the right direction. □

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