

GEG Memo

International Aid Architecture at the Crossroads

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On December 1st, 2011, the World Bank organized a side event in Busan entitled “The New Aid Architecture: Trends and Opportunities” where delegates from Netherlands, China, Russia, Brazil, Gates Foundation and Liberia shared their views on the changing nature of international aid system from three camps—traditional donors, emerging donors, and NGOs.

The conventional wisdom in this debate has portrayed a landscape with two polarized claims: (a) emerging donors with “new” ideas and aid instruments have “undermined” norms and standards of the existing aid architecture; (b) emerging donors have brought viable “alternatives” to the DAC-led donor club. Yet such simplistic judgment has masked blurring boundaries between so-called traditional and emerging donors and neglected a more fundamentally transformative potential in aid architecture.

To illustrate my argument, I would like to start with a quiz: which of the following quotes is by a Chinese official from the Ministry of Commerce and which by a British Prime Minister?

1. ‘We can spend aid in a catalytic way to unleash the dynamism of African economies, kick-starting growth and development and ultimately helping Africa move off aid altogether.’
2. ‘We will increase the share of grants to Least Developed Countries (LDCs) and transfer agricultural technology. We will strengthen our efforts to reduce poverty to achieve the MDGs.’

An intuitive answer would be that the first is by Chinese and the second by DFID. However, the answer is the other way around. The first is UK Prime Minister David Cameron, speaking in Lagos in July 2011, and the second is Zhu Hong, Deputy Director General of International Department, Ministry of Commerce from China, speaking in Busan Conference, December 2011.

Thus, if we define the new features of aid architecture as new actors with new aid

instruments, we would fail to do justice to changing mindsets and policies of both camps—traditional and emerging donors. Then what is (or will be potentially) new about the nature of aid architecture?

To shed light onto this question, I would like to quote a remark from an African scholar who said: “it would be a shame that the Busan conference ends up with a set of quantitatively defined indicators to coordinate among donors themselves. Such coordination on the international level is often mired in shadow indicators that run the risk of diverting our attention from real engines of economic transformation.” This has been echoed by the delegate from Liberia, Amara Konneh, Minister of Planning and Economic Affairs, “Liberia is not interested in charity...We want donors to coordinate on the country level to combine their comparative advantages.” The Liberia Minister recommended China work with Brazil and criticised their infrastructure building - which falls short of sustainability despite its efficiency and high quality. The Chinese official responded to this criticism honestly stating that the maintenance of infrastructure has been a “headache” for China’s foreign aid programme and China is eager to learn from the World Bank and other donors on how to make its aid projects more sustainable with lasting effects.

The above case suggests that what is new in aid architecture is not merely new financing channels and instruments but also more importantly an increasing momentum of aid coordination on the country level. Aid architecture comes to a new stage where no single organization can define what is best aid practice and marginalize others that differ from mainstream development discourses. It has unleashed both opportunities and challenges that encourage us to take a step forward to move from donor-led aid coordination on the international level to recipient-led aid collaboration on the country-level.