

Comment on Paul Collier: Assisting Africa to achieve decisive change

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Paul Collier's "Assisting Africa to Achieve Decisive Change" is a quite interesting article on a most important issue for large parts of the developing countries, in particular the least developed countries in sub-Saharan Africa: Can aid really be classified as a decisive means to break the past poor economic development in Africa? Paul Collier states, and I do really agree that "Africa is the development challenge of the future".

The first issue raised by Collier is whether aid is an instrument for decisive change. On this question Collier concludes that "over the long term, aid has been decisive in keeping many African economies afloat, even if it has not managed to transform them" (p. 174). "Past aid has not been decisive for growth, but it may well have been decisive in preventing collapse" (p. 175). From this Collier states: "I think that the way out of this dilemma is to leave aid systems broadly as they are for the existing volume of aid, but to find opportunities for using aid that have to date been missed, to which the additional aid can be directed" (p. 176). Collier points to some opportunities for the achievement of a positive development in Africa. In the following sections, we will critically analyse these opportunities and finally discuss some of the policy recommendations that Collier presents.

1. Opportunities for African development

1.1. Opportunity 1: Violent state breakdown

It is often argued that there is a "Lack of will" to really introduce changes that can stimulate economic development in Africa. However, this is frequently a misleading description of the actual situation.

The respective governments in Africa may be controlled by an elite with a pecuniary interest in bad governance. The governing elite in many African countries is frequently badly informed about the eco-

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conomic needs for and the effects of various measures and alternatives. Thus, they cannot make a rational choice.

Moreover, society at large (the people) may be badly informed about economic conditions and therefore, they have problems in affecting the government on the basis of this information.

1.2. Aid implications presented by Collier

Paul Collier recommends policy conditionality, i.e. that donors demand that African governments design foreign assistance so that policy reforms in the respective country become worthwhile for the elite. He also recommends increased technical assistance (instead of monetary assistance) in order to combat existing lack of competence in civil service, lack of domestic ownership, and accountability.

So far, governance conditionality as a basis for the experience of policy reform has largely been unsuccessful. Therefore, one should design foreign assistance in order to increase capacity building in Africa so that African ownership and thus accountability can increase. Furthermore, donors should stimulate democratic reforms (multiparty elections) to increase public participation and influence in the reform process.

Collier's suggestions are well-based, in particular as regards the need for capacity building and "true" public participation and respect for developing country involvement. Domestic ownership is important but less developed today, which easily alienates the reform country, its government and population from the process.

1.3. Resource-scarce vs. resource-rich countries

Collier makes an important distinction between resource-scarce, landlocked countries surrounded by poorly performing neighbours and resource-rich countries. He states that decisive change in Africa cannot be led by the first group. For these countries, neither governance nor aid is the binding constraint. Thus, for foreign aid, it is initially important to focus on aid-for-change elsewhere: in the neighbouring, more resource-rich, countries in order to stimulate growth in these countries; growth that can spill over to the resource-poor countries. However, there are no or few incentives for the more resource-rich countries to go into bilateral bargaining with poorer African countries. This is largely due to a lack of trust among African countries. Thus, there is an obvious role for foreign non-African assistance. Col-

lective action within the African Union, the Economic Commission for Africa, and other African organisations like the African Development Bank could be one way to exert peer pressure through setting standards of conduct.

Even though Paul Collier's relatively novel recommendation about aid reorientation seems well motivated and logical, it has its political difficulties: To re-orient aid from resource-scarce, poor countries to richer neighbours of these countries will probably be a difficult task from a political point of view in donor countries: Do the resource-rich African developing countries really need foreign assistance better than the resource-poor countries?

1.4. Opportunity 3: Supporting accountability systems in resource-rich countries

In order to improve the possibilities of accountability, the current lack of competence in civil service is a severe problem, also in resource-rich countries. An important role of foreign assistance is to increase the capacity through education of domestic staff. Hiring of foreign experts can be a solution, but only for a limited time: Domestic African ownership of the process together with internal and external auditing must be the goal if African ownership should be achieved in the longer run.

Furthermore, it is important that power should be broadly diffused to the people in order to make the reforms running and not be stopped by the ruling elite in these frequently quite undemocratic countries. Thus, the pressure for change can be expected to be an important role for donors through the design of their assistance.

Collier suggests that the system to ensure efficiency in aid spending should consist of the following steps:

- ex ante authorization (aid project evaluation)
- careful supervision during project implementation
- ex post evaluation to ensure integrity in the two initial steps

Donors can use governance conditionality to press for systems that give the citizens in the recipient countries a possibility to hold the government accountable for the use of resources provided through foreign assistance, the aid. Education must increase in order to achieve this. Here aid can play a quite important role that frequently cannot be expected to be supported by the ruling well-educated elite.

Historically, aid agencies have largely neglected the creation of accountability systems, in particular in resource-rich countries where such systems should be most important. Furthermore, donors have primarily been interested in and emphasised accountability systems for their own assistance to the recipient countries.

1.5. Opportunity 4: Turnarounds

Foreseeing turnarounds in the early stages of reform processes is a difficult but quite important task. Three distinct indicators that can guide donors in spotting turnarounds in poor African countries:

- Change in leadership (aid: technical assistance)
- Ending of a civil war (aid: big push on export infrastructure)
- Reforms already under way (aid: stimulate harmonization of aid, trade liberalization, and structure of public spending)

2. Important conclusions and implications for aid design

The following conclusions, that are based on the contents of Paul Collier's article, are important for the future design of foreign assistance to African countries:

- Decisive changes in economic performance should primarily come from within Africa!
 - This is important because of e.g. ownership and accountability.
- Strengthen the internal African forces for change.
 - This is important to combat the self interest among the elite in recipient countries.
- Increase African influence in aid design by emphasizing its ownership of the reforms.
 - This is important from the point of view of legitimacy of the reforms.
- Domestic capacity building and technical assistance
 - Here, donors have an important role to play and this should not be neglected or understated. Building capacity is a highly time-consuming activity.
- Turn aid agencies into development agencies.
 - This is important for meeting the urgent wide needs in many African countries.

- Develop and provide aid-financed security guarantees if there are risks for coups d'états.
 - This will be problematic but urgent in many African countries if they are able to attract domestic and foreign investors. It can be difficult to find political support for financing of such guarantees in donor countries.
- Shift from “policy conditionality” to “governance conditionality” (in particular, increase the emphasis of ownership and accountability in recipient countries)
- Avoid or reduce the risks for or tendencies to “neo-colonialism”.
 - There is, or seems to be, a lack of trust among many African countries in their relations with external sources, in particular the big international financial institutions.
- Introduce clearly defined minimum international standards common to all donors and recipients to increase the predictability and reduce the perception of neo-colonialism.

