



# **Transformation of the aid agenda**

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**Capturing the window of opportunity for  
change**

# Why the interest in aid?

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- Aid has improved the lives of millions of people – proportion of people living in poverty has fallen significantly since 1950
- Aid and aid institutions continue to fuel the poverty and development agenda – financially and intellectually
- Private flows are not rationed according to where there is greatest poverty and it's unpredictable and can not take the place of aid transfers

# Why the special interest in aid: recent trends, reasons for optimism & caution?

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## Reasons for renewed optimism

- Monterrey aid compact
- MDGs
- PRS process
- Budget support
- Commission on sustainable dev
- Helsinki process
- Global gov initiative

## Reasons for serious caution

- New forms of funding and adverse selection
- A consensus among donors limiting options for the developing nations.
- Global funds vs. national budget support & PRS processes
- Aid, war on terror & diversion
- Aid, trade, and inducements

# Where do we position ourselves: understanding emerging perspectives

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- Aid good, can be made better through incremental changes - *“rational, technocratic, evolutionary” school* –
- Aid not very good, could be good through transformational change - *“ethical, politically active, transformational” school*
- Aid bad, can not be made good - *“fundamentalist, revolutionary” school*

# “Rational, technocratic, evolutionary” school

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- Poverty-based allocation
- More aid
- Structural adjustment with ‘human-face’
- Accelerated spending on direct welfare enhancing programmes
- Improved donor coordination & harmonisation
- Untied aid & procurement
- Reform of aid institutions
- Instrumentalist & linear - under-estimates political economy and motives driving aid givers and recipients
- Focus on technical & policy based solutions, with an incrementalist, evolutionary approach – politically innocent
- Cooperative strategically and mildly critical tactically

# Fundamentalist, revolutionary school

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- Abolition of current aid architecture
- New aid architecture to treat aid as an entitlement transfer with no conditionality and aid recipients fully sovereign in how aid is used
- Reparations to cover colonial and neo-colonial extraction and net transfers from south to north
- Economically deterministic – underestimates fluidity and dynamism of politics
- Zero-sum game
- Antagonistic disengagement

# Ethical, politically active, transformational school

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- Transformation of the global aid architecture, effective governance of aid, stronger accountability of aid instit'ns
- Coherence in trade, debt and aid (and security) policies
- National ownership of PRS process based on principle of sovereignty within plural national sovereignty framework
- Accelerate move towards predictable budget support
- Internationally negotiated agreem'ts on performance standards – of givers and takers & options for independent arbitration
- Focus in domain of political-economy
- Seeks transformation of the broader aid regime as a strategic intent, but works tactically on narrower policy issues that of equal concern to the rationalists
- Constructively critical strategically and both cooperative and confrontational tactically

# Where is ActionAid International?

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- Historically, operated within a rational, technocratic framework in north & within a politically active, transformational framework in south.
- Currently, AAI on margins, although it is potentially positioned to be in the mainstream in some of the constituent parts (although not as an agency) – e.g. Kenya, India, UK, Ghana, USA, Bangladesh, Nepal, Italy, Nigeria etc.
- Currently no consensus or coherent agency wide thinking, although pre-Mumbai process (southern CPs-IPD & UK), post Mumbai process (Italy-IPD, UK, CPs-IPD, IPD-Japan) expected to develop coherent thinking and positions on aid.
- Need to move from rational to political strategically.



# ActionAid International can be transformational

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- Opportunities and threats in the aid system have never been greater.
- Our overall capacity to engage in this area have equally never been more equally spread or greater.
- We can choose to be ambitious and be relevant to a fast changing world – it is a choice.