

Is 43% of Australian aid really substandard?

by Stephen Howes

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A new report released by [Action Aid UK](#) last month puts the microscope to aid dependency and aid quality, concluding rather positively that around the world, dependency is decreasing and that donor countries are getting better at delivering aid.

The [Real Aid 3 Report](#) shows aid dependency among 54 of the world's poorest countries has declined by a third since 2000 (using country programmable aid as a percentage of total government expenditure for its measure of dependency).

Only the [Executive Summary is available online so far](#). One of the key points of the report is that aid dependency is a by-product of poorly delivered aid. The report argues that: “the key to reducing aid dependence is strong leadership by the recipient country rather than by the donors”.

To analyse the performance of donors in reducing aid dependency, the report divides ODA into “real aid” and “substandard aid”. Real aid is defined as untied, effectively administered aid targeted to the poorest, where technical assistance is both desired and competitively priced and developing country leadership is supported. Only aid spent within recipient countries is counted as being “real”.

Australia does not score particularly well on the “realness” scale, with the report condemning some 43% of Australian aid as “substandard”. There has been improvement from the 2004 report, when 56% of Australian aid failed the realness test. Still, compared to other donors we do badly, ranking 14th out of 23 countries in terms of aid quality, beaten by Korea, Japan, a whole host of European donors, and New Zealand. Ireland tops the list for having the highest percentage of real aid.

According to the report, Australia’s “substandard aid” largely falls under two

categories — donor-driven technical assistance and aid that fails to support country leadership.

In the report, both technical assistance and country leadership support are claimed to have been measured using recipient country assessments from [Development Finance International](#) (DFI). However, a look at the DFI report for Australia shows that the data therein are based nearly entirely on AusAID and other Australian Government documents with a few references to Paris Declaration survey results. How anyone would go from this source to scoring whether Australia's technical assistance is donor driven and whether its aid supports country leadership could not be less obvious.

Take technical assistance for example, which is the biggest cause of Australia's low real aid score. It would indeed be very useful to know what recipients' perceptions are of the effectiveness of the technical assistance Australia and other donors are providing. That's what Action Aid says it is reporting. But the DFI report on which the Action Aid analysis is based never talks about the effectiveness of TA. It does calculate that 48% of AusAID expenditure is "stand-alone technical assistance." This means, presumably, that it is not linked to a wider program of sectoral co-operation. And it would seem that ActionAID take this as a proxy for the TA being donor-driven, which in turn is being taken as an indicator for it being ineffective. This is ridiculous. TA might or might not be effective, but whether it is stand-alone or linked to a broader program of support would hardly seem to be a key factor. Take technical assistance to central agencies for example. How could it not be standalone?

In the end, the question that has to be asked about the Real Aid report is not whether 43% of Australia's aid is substandard but whether the analysis in the report is substandard. Of course there should be a debate around the quality of Australian aid, and there has been around technical assistance in recent years. But such debates should be driven by real analysis and real evidence; not by ratings which give the impression of precision and rigor but which, in fact, do not stand up to scrutiny.

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