



## Specialising in effective aid

By Jane Silloway Smith  
14 July 2011

*This is a guest post by Jane Silloway Smith of the [Maxim Institute](#) in New Zealand.*

Imagine you are sitting in an office in Viet Nam. Your desk has a huge pile of papers on it, the outgrowth of the 8,000 aid projects going on in your country, each run by one of 25 official bilateral aid donors, 19 multilateral aid donors, or more than 350 international NGOs. [1] Many of these projects are doing great things for your country, and you are more than happy to answer all their questions, fill in all their forms, and file all the necessary reports with their originators. So many others, however, are a waste of your time, keeping you away from doing the development work that you trained to do.

Aid fragmentation, like that experienced by our worker in Viet Nam, is an unfortunate reality for many developing countries. According to data from 2007, the average aid recipient country has 601 projects going on simultaneously within its borders, a significant number of them small-scale and run by donors who are not heavily invested in the country and its people. [2]

Such fragmentation has escalated dramatically over the past two decades as aid donors have increased the number of projects they run, expanding their aid programmes out over more countries and sectors than ever before. In addition, new aid donors arrive upon the scene every year with their own projects. All of this expansion in programming, however, has not been met by a similar expansion in overall aid budgets, meaning that more and more donors are dividing up their aid pies into smaller and smaller pieces.

What's the problem, you may ask; isn't it great that so many people care about international development and want to get involved? And isn't it great that sectors like education, government, energy, water supply and sanitation, population and civil society are getting recognition and resources alongside such traditional bulwarks as infrastructure, agriculture and health?

Yes, in theory, it is great, but in practice it is not working out so well.

The international community's aid fragmentation is detrimental to aid effectiveness. The proliferation of small projects increases bureaucracy and overhead costs for both recipients and donors, diverts limited funds that could be used elsewhere, and offers more avenues for corruption to seep into the disbursement of those funds. And with individual donors spreading their programmes out over more countries and more sectors, fragmentation is decreasing the likelihood that donors and recipients will form mutually beneficial feedback loops, connections that are essential for building and sharing the knowledge and expertise necessary for effective development. Researchers and experts have documented the dangers of fragmentation, [3] and the OECD has singled it out as a real barrier to aid effectiveness. [4]

So how can we do better? Through two things: specialisation and collaboration.

Aid donors—governments, NGOs, and others—need to specialise. They need to dedicate their resources to fewer countries and fewer sectors. To do this, donors need first to focus in on the particular countries and sectors where they feel they have the most to offer, where they have a comparative advantage. In consultation with people in these countries and those affected by these sectors, donors should then devise their projects and allocate their resources in ways that address the particular needs and desires of those they consult. Such a focus will allow donors to invest in building expertise and relationships in particular regions and around particular issues. Expertise and relationships will in turn enable donors to more effectively offer their assistance.

But what about all those sectors and countries that donors will pull out of as they specialise? That is where collaboration comes in. No one donor is good at everything. Some are very good at working with civil societies, but they struggle to make inroads with governments. Others are doing great work with their development partners in education, but their agricultural initiatives aren't seeing sustainable results. Where one donor struggles, though, another may succeed. And if they work collaboratively together they can ensure that their projects complement each other in a way that is beneficial for their recipients. International development is a highly complex matter, involving diverse societies, governments and cultures and a vast range of issues, but there is no reason for any one donor to try to cover the whole of the complexity. By collaborating with fellow donors and recipients, donors who specialise will not be neglecting vital developmental sectors and countries desirous of assistance—they'll be allowing for others with more experience, better resources, and greater expertise to step in.

Working in collaboration, specialised aid donors and their recipients can better ensure that needed developmental areas and issues are being addressed by those most capable of addressing them, making their aid more effective and allowing our worker in Viet Nam to get back to the work she trained to do.

*Jane Silloway Smith is a Researcher with the [Maxim Institute](#).*

[1] E. Frot and J. Santiso, "[Crushed Aid: Fragmentation in sectoral aid](#)," SITE Working Paper No. 6, 2009, p. 4.

[2] Ibid, p. 18.

[3] A. Acharya, A. T. Fuzzo de Lima and M. Moore, "Proliferation and fragmentation: transaction costs and the value of aid," *Journal of Development Studies*, 42(1) (2006), pp. 1-21; S. Djankov, J. G. Montalvo and M. Reynal-Querol, "Aid with multiple personalities," *Journal of Comparative Economics*, 37(2) (2009), pp. 217-219; W. Easterly and T. Pfutze, "Where does the money go? Best and worst practices in foreign aid," *Journal of Economic Perspectives*, 22(2) (2008), pp. 29-52; E. Frot and J. Santiso, "Crushed Aid: Fragmentation in sectoral aid," SITE Working Paper No. 6, 2009; S. Knack and A. Rahman, "Donor fragmentation and bureaucratic quality in aid recipients," *Journal of Development Economics*, 83(1) (2007), pp. 176-197.

[4] Organisation for Economic Co-operation and Development, *Paris Declaration on Aid Effectiveness* (Paris: Organisation for Economic Co-operation and Development, 2005); Organisation for Economic Co-operation and Development, *Development Co-operation Report 2009* (Paris: Organisation for Economic Co-operation and Development, 2009), pp. 35-52.

## About the author/s

### Jane Silloway Smith

Jane Silloway Smith is a Researcher with the Maxim Institute.

Link: <https://devpolicy.org/specialising-in-effective-aid20110714/>

Date downloaded: 19 April 2024



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