

Reflections on priorities for Swedish aid

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Introduction and overview

Starting point (as in Molander's report): Aid can support areas where government intervention is needed, due to *market failure*

Some reflections on stated priorities:

1. Education
2. Capacity development to public administration
3. Other priorities, related to poverty in Africa

The Erasmus logo, featuring the name 'Erasmus' in a stylized, cursive script.

1. Education

Education

- Education is goal in itself and means towards many ends (Molander)
- Needs are huge:
 - Relation between expenditure per capita and impact: S-curve
 - Many poor countries still in first part of the S, so high investment needed
- Aid to education very effective, *and*:
 - Possibilities for general budget support and sector budget support

A stylized, handwritten-style logo of the word "Erasmus" in a cursive script.

IOB evaluation of General Budget Support (2012)

- Six case studies plus econometric research
- Results of case studies:
 - Increased social spending and more access to education and health
- Results of econometric analysis:
 - Positive and significant effects on government expenditure and on social expenditure
 - Positive and significant effects on primary and secondary school enrolment, on number of teachers and on HDI

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IOB evaluation of Impact of ending aid (2016)

- Withdrawal of sector support to education:

⇒ Temporary lower expenditure for school meals, solidarity packs etc.

⇒ Lower investment budget



- Withdrawal of sector support to health:

⇒ Reduction in extension of coverage, implying the poorest are no longer reached



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Nicaragua: support to Education

	2007	2008	2009	2010	2011	2012	2013	2014
PROASE in % of budget	8.4	11.1	6.2	4.8	2.0	0	0	0
EU SBS in % of budget	7.5	0	6.1	0	0	0	0	0
Total SBS in % of budget	15.9	11.1	12.3	4.8	2.0	0	0	0

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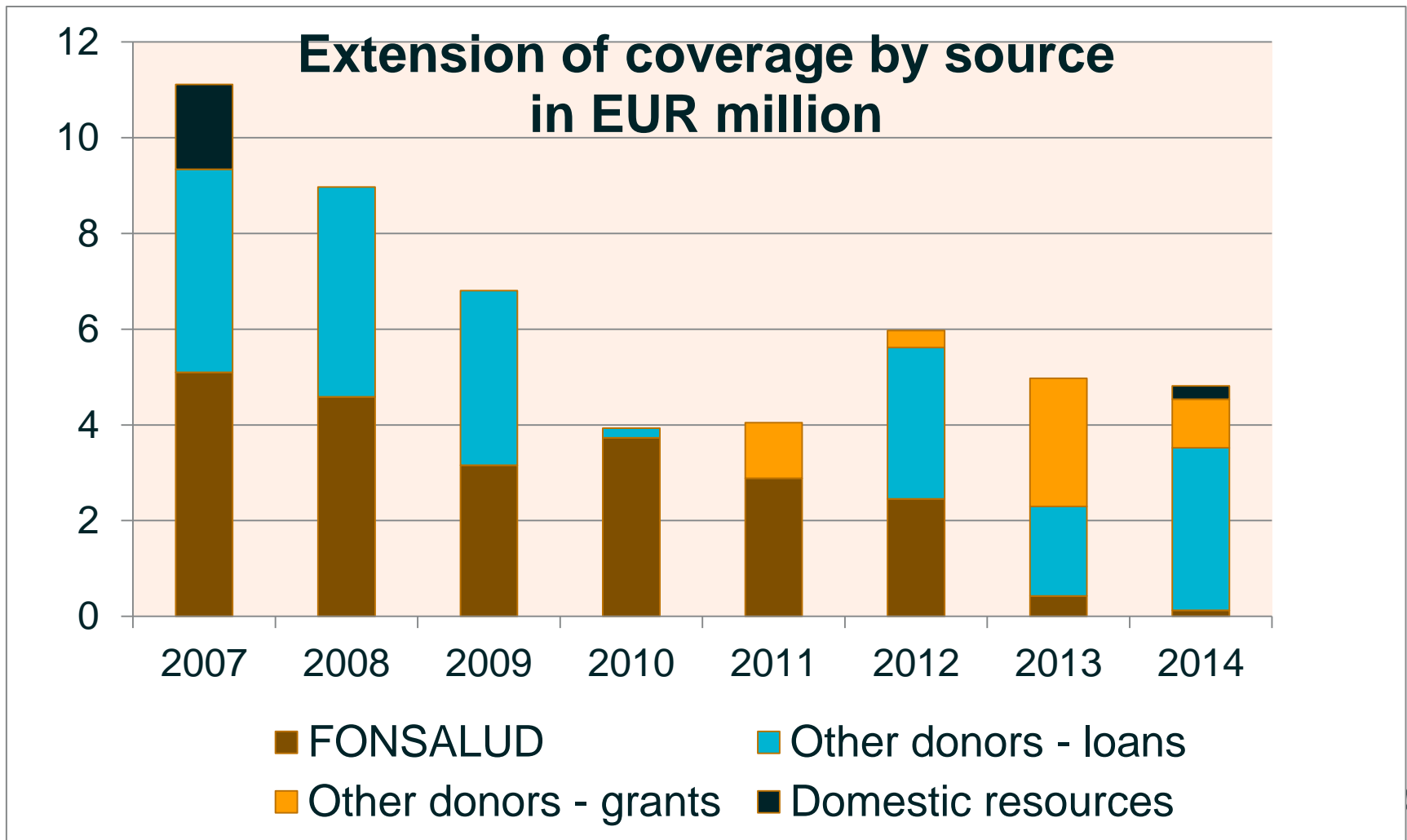
Nicaragua: Expenditure Ministry of Education, 2007-2015, in USD mln

	2007	2008	2009	2010	2011	2012	2013	2014	2015
Current	164	211	221	217	236	247	268	312	340
Capital	29	22	24	15	8	9	14	20	21
o/w: Donor resources	18	10	13	6	5	2	2	7	8
o/w: Domestic resources	11	12	11	9	3	7	12	13	14
Total	193	233	245	231	243	257	282	332	361

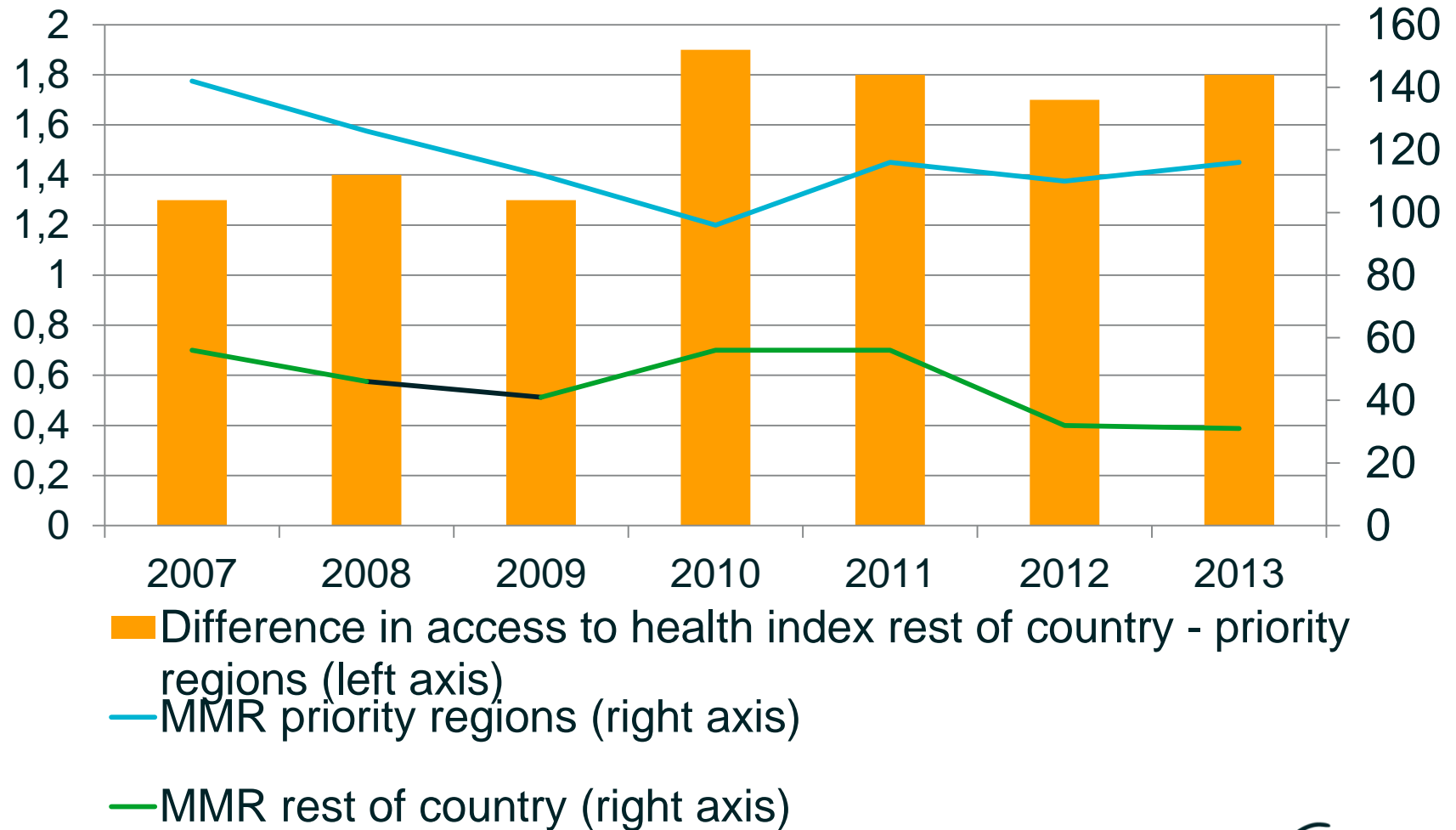


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Nicaragua: Importance of donor support to health for extension of coverage



Consequences for access to health and health outcomes in priority regions



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2. Capacity development to public administration

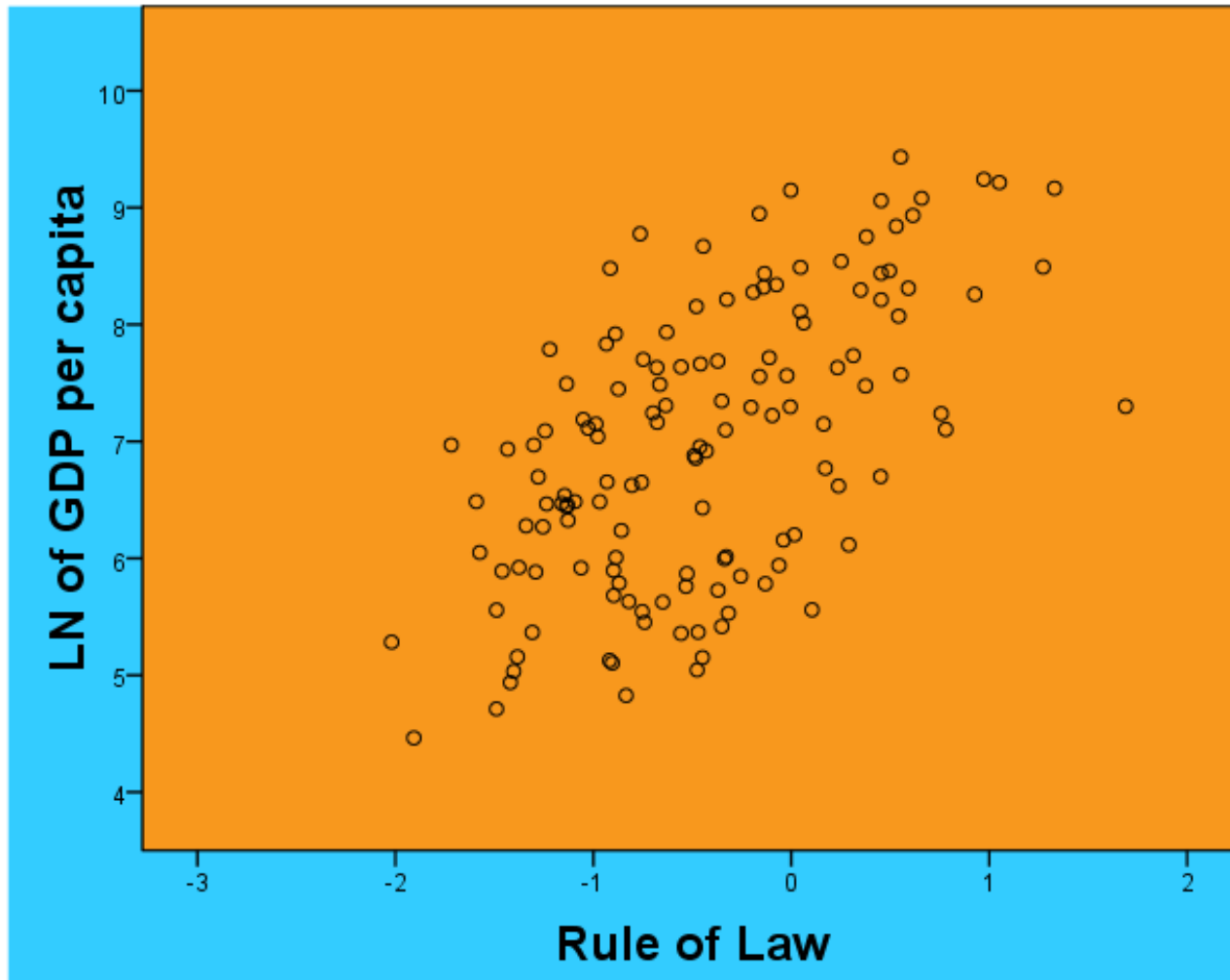
Capacity development for public administration

Some doubts

- Is institutional development or good governance necessary for development?
- How can capacity development be effective?

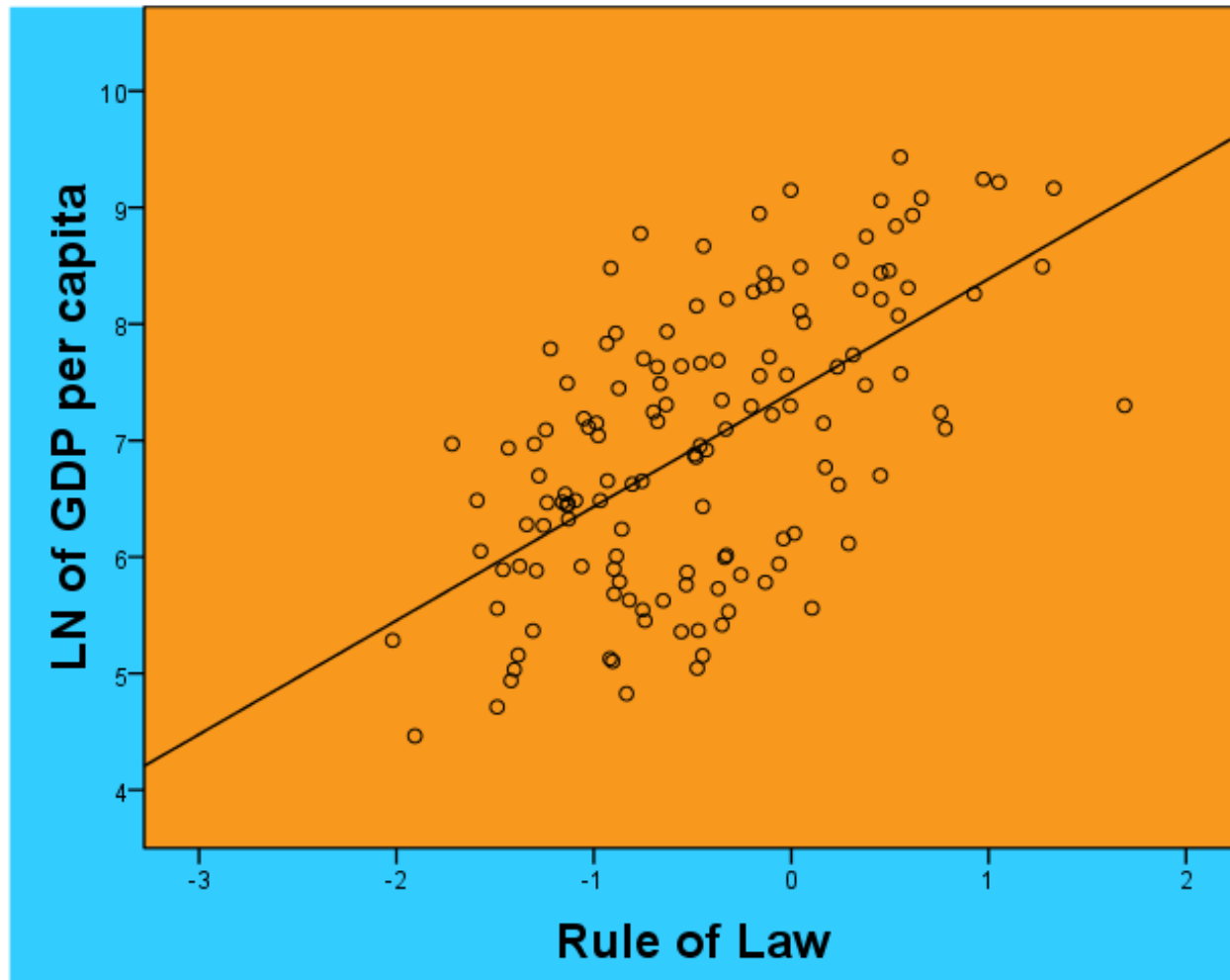
The relation between good governance and development (from Dijkstra 2013)

Rule of law and income per capita



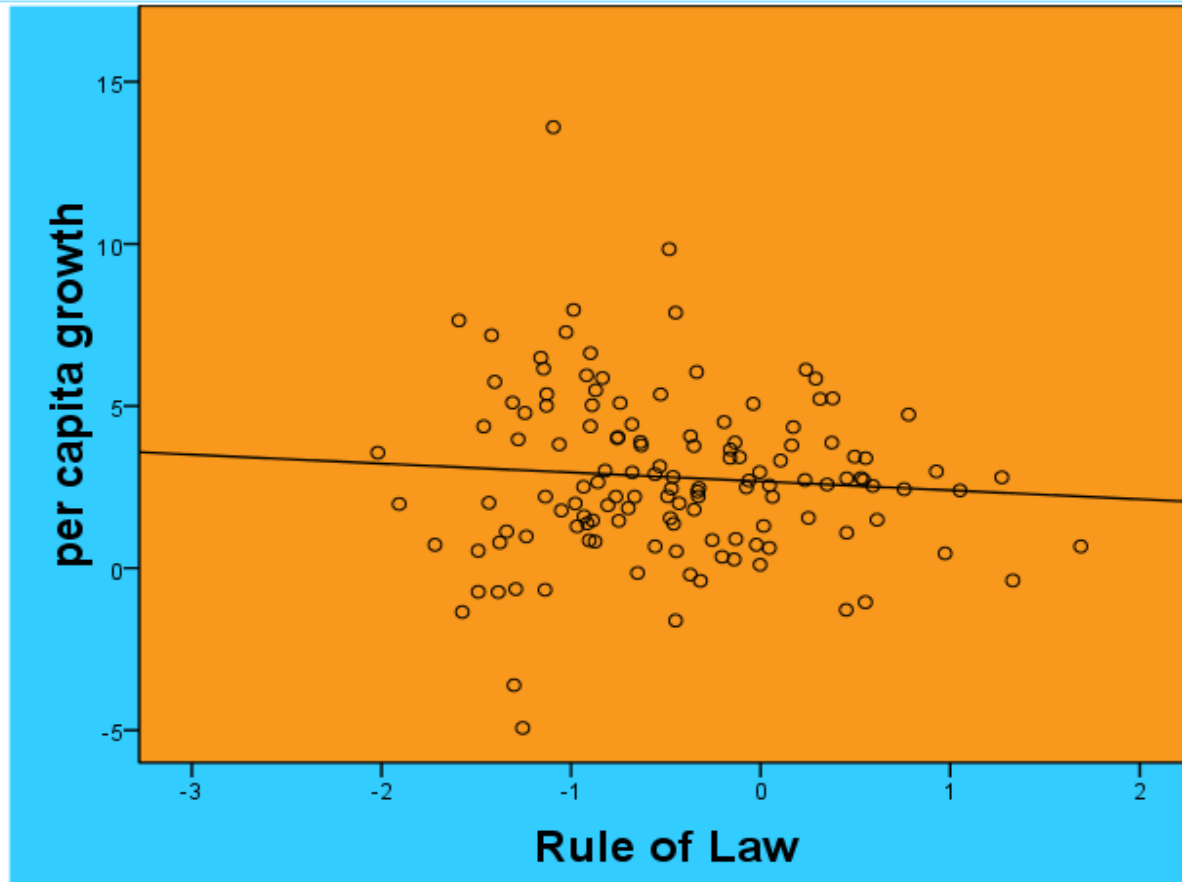
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Rule of law and income per capita



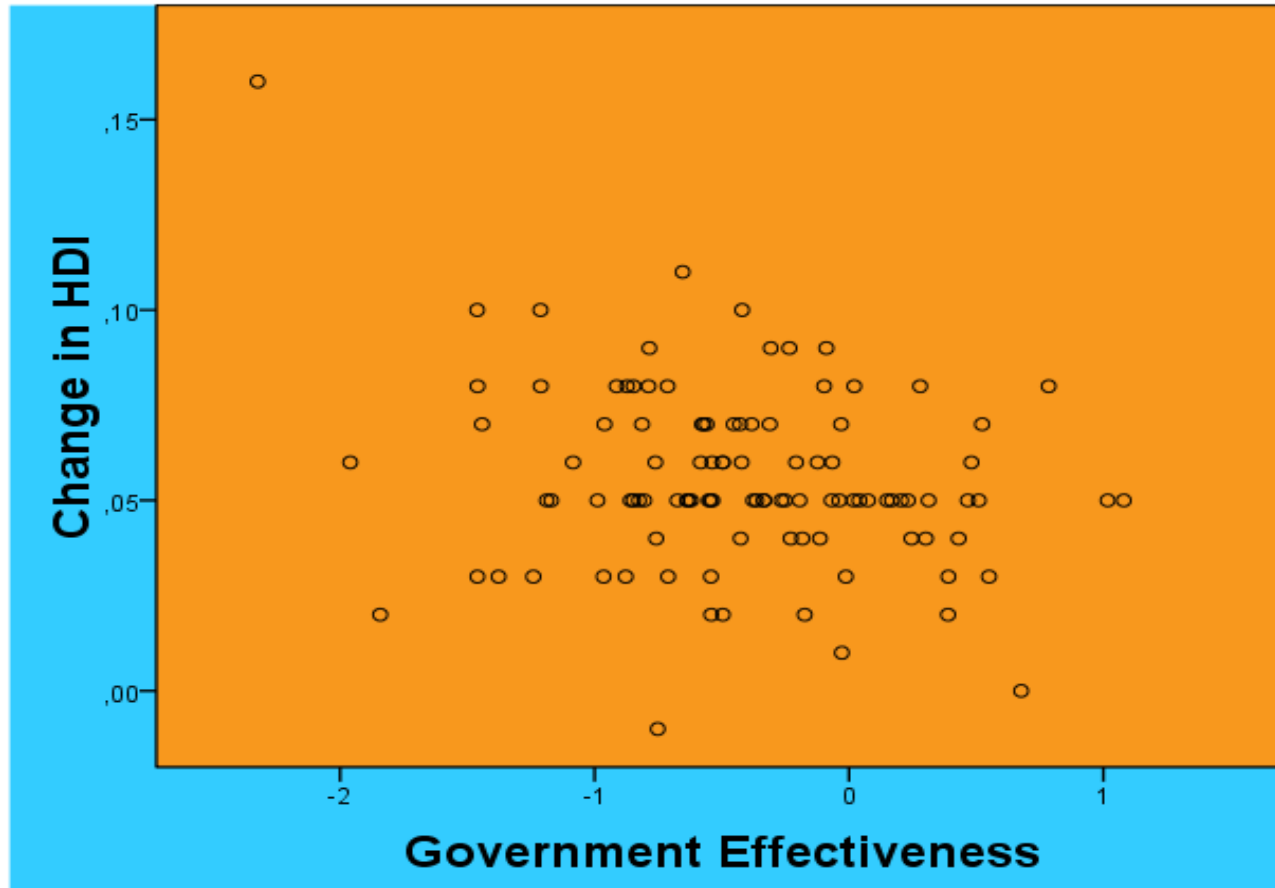
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Rule of law 2000 and *growth* in income per capita, 2001-2010



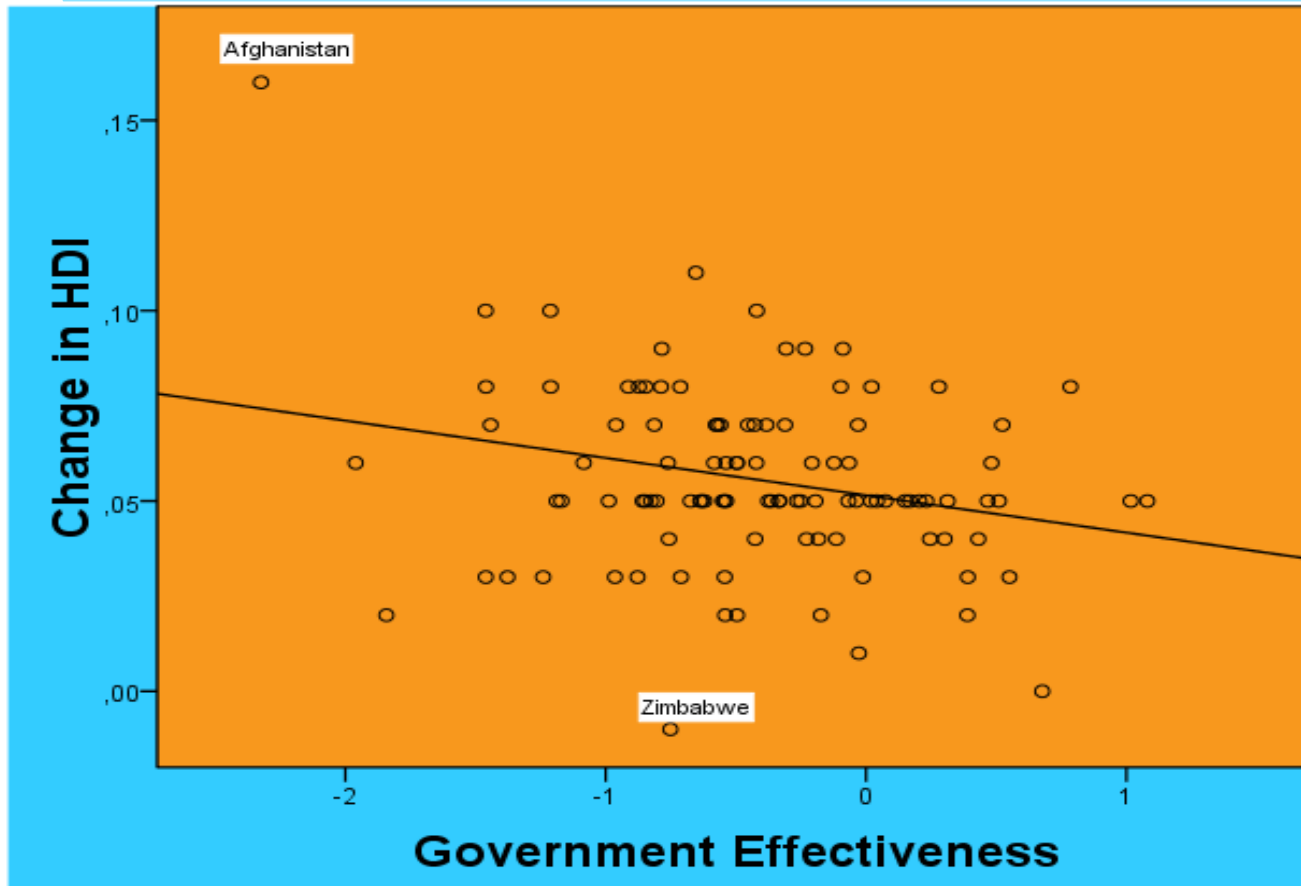
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Government effectiveness 2000 and HDI improvement, 2000-10



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Government effectiveness 2000 and HDI improvement, 2000-10



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Institutional development and capacity development projects often fail

- Often supply driven
- Often “best practices” imposed from outside
- Practice remains driven by organization interests and personal interests of donors and recipients

⇒ ‘isomorphic mimicry’ leading to ‘capability trap’
(Andrews, Pritchett and Woolcock 2012)

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Conditions for success

- Local stakeholders are involved in problem diagnosis
- No grand designs but incremental changes are proposed
- External actor is facilitator and coach
- External actor acts preferably at arm's length of funding donor
- Adaptive learning is central feature of change processes
- Local stakeholders are involved in monitoring and evaluation

3. Other priorities, related to poverty in Africa

Poverty is increasingly an African problem

	1990	2010	2030
Share in the world's poorest	15	50	85

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What can be done (1)?

- Donor support for rural infrastructure , R&D, etc.
- Donor support for industrialization (UNECA 2016 report)
- Policy coherence for development important: WTO and EPAs should allow for (e.g.):
 - infant industry protection
 - local content rules
 - shorter patent protection
 - no liberalization of government procurement

What can be done (2)

- Donor support for education, health
- Donor support for cash transfer programs
- Systematic review (ODI):
 - Positive effects on education and health outcomes, nutrition, poverty reduction, investment;
 - No negative effects on labour participation or fertility

Summary of main points

- Agreement with stated priorities Global Public Goods & Education
 - Expansion to health and cash transfers
- Attention for Budget Support
- Conditional agreement with capacity development for public sector
- Plea for support to industrialization in Africa

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