

Carol Lancaster. Aid to Africa: So Much to Do, So Little Done.

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Africa has received an enormous amount of aid over the last forty years. In 1998 alone, almost \$18 billion of official development assistance flowed to Africa. Yet despite these flows, economic and social development in Africa has lagged other regions in the developing world - in the late 1990s, the region's per capita income was no higher than it had been in the 1960s. With so much aid, why haven't the results been better? In an interesting study that fills a gap in the existing literature on foreign aid, Carol Lancaster tries to answer this question.

While the literature on the efficacy of foreign aid has grown dramatically in the last two decades, there has been relatively little analysis dedicated to the key institutions that actually deliver the aid. Most studies have tried to determine the relationship between the level of aid and GDP growth or poverty alleviation using cross sectional econometric models.' The results of these studies have not been encouraging. Most cross sectional studies have concluded that on average aid has little or no effect on growth or poverty alleviation. The explanation for the poor performance varies somewhat within this literature, but most authors agree that the policy environment in which the aid is distributed, viz., the quality of fiscal, monetary, and trade policy, are the key explanatory factors.

Those familiar with the actual distribution of aid will of course recognize that this explanation is incomplete. Policy makers and practitioners who have worked in the field are quick to point out that institutional factors within the recipient governments, including the quality of governance, administrative capacity, and level of corruption, are also critical to determining the success of their aid. Lancaster's study shifts the focus of the analysis to the aid agencies themselves. While there have been lustier and more entertaining works that have taken this approach, Lancaster's more analytical and informed study is a much more important contribution to the literature.

Lancaster's answer to why foreign aid has led to so little development in Africa is based primarily on case studies of the primary donor agencies in Africa. These case studies are the book's real contribution to the literature. The introductory material on the general problems associated with aid offer a succinct and even handed overview of the issues, but will be quite familiar to anyone with an interest in development. In assessing the performance of primary donors in Africa, however, Lancaster offers some important insights into why so few aid programs are successful. Lancaster concludes that the success of aid programs in Africa has been limited by the non-developmental objectives of the donors, poor coordination among donors, and aid programs of a scale and complexity that neither the donors, nor their African counterparts have the capacity to implement.

1 For a recent review of this literature, see Tsikata, **Tsidi**, *Aid Effectiveness: A Survey of the Recent Empirical Literature*, Working Paper 98/1, Policy Development and Review Dept., RMF, March, 1998.

See for example John Hancock's [The Lords of Pove!iy](#).

While Lancaster's general conclusions are broadly convincing, her case studies are somewhat unevenly researched and argued. The case studies are based on policy documents, internal reviews, and interviews with aid officials. The detail and sophistication of the analysis that the author could build from these sources varies significantly for the different donor agencies. Lancaster was a former administrator at USAID, and her evaluation of her former employer is by the far the most detailed and nuanced. This case study gives an excellent feel for the internal and external constraints on AID's effectiveness. To a greater or lesser extent, the other case studies lack the insider feel of the AID chapter. This is surely due in part to the restricted nature of information available to outsiders, but the author's reliance on agency self-assessments was quite limiting for those donors, like Italy and Japan, who do not share the World Bank's obsession with self-knowledge. It is perhaps for this reason the African Development Bank is not included in the section on multilateral donors. In some ways this is a strange omission, given the interesting contrasts between the weaknesses of the first world donors, e.g. lack of knowledge of the region, and the Aft) B's obvious strengths.

Lancaster also demands a bit too much from her data at times. Her attempt to explain why aid "has been *relatively* ineffective in Africa" (p.2, emphasis added) compared to other regions is clearly out of place in a study that lacks any comparable data on these other regions. In the end, one is left wondering if the donor agencies perform any differently in other regions. There is evidence that aid programs have been less successful in Africa - that much is true. But is this true because donors act differently in Africa, deviating from their more successful practices in other regions, or is it because they fail to act differently, not recognizing that Africa may present unique challenges. The lack of any comparative analysis leaves the reader to grapple with these awkward questions alone.

Lancaster's study is most insightful in its discussions of the type of projects most likely to fail and the differences between the donor agencies. Changing people's behavior is an altogether different and more challenging exercise than building a road, and Lancaster does an excellent job of showing why projects designed to change behavior are among the most likely to fail. She also provides a very useful outline of the fundamental distinctions between the donors, demonstrating why political interests tend to dominate French aid and how the importance of commercial interests affects Japanese aid. In the end, however, it is clear that when aid programs are designed to change behavior, are complex, and rely on strong institutional support from the recipient, they are unlikely to succeed regardless of the donor or their motives.

Surprisingly, Lancaster finishes with some recommendations for the reform of aid that seem almost optimistic. She certainly deserves credit for not sliding into the hackneyed cynicism of most academic authors, but given the evidence she presents, it seems that perhaps a bit more pessimism is warranted. Lancaster's recipe for reform is based on a need for greater coordination among donors. A very sensible idea, but unfortunately for the optimists, one that has been around for some time and has yet to see much progress. For the cynics, perhaps the author's most telling passage relates to the attempts to reform the French aid establishment in order to improve coordination:

"The government has long been aware of the fragmentation of its aid organization. The problem was pointed out in the Jenneneay Report of 1963 and the Gorse Report of 1971, both recommending that aid be centralized in a single institution. A later effort to reform the organization and functioning of French aid by Jean-Pierre Cot, the first minister of cooperation under the Mitterand government in 1982, was partially implemented and then reversed (in part due to the active opposition to the reforms on the part of key African leaders). Another report commissioned by the French government on its aid (the Hessel Report), completed in 1990, made the same recommendations for reform as have several after that. In 1993, the minister of cooperation supported the centralization of French aid in a single agency in a speech in the National Assembly. Reforms under consideration in 1995 but later set aside by French leaders included a reorganization ... to ensure greater coherence. French political leaders have consistently ignored or rejected such recommendations ... In 1998 ... the new Socialist government announced a set of organizational changes in its aid program. A number of these changes were intended to address problems in French aid, but it is too soon to say whether they will, in fact, do so or whether the new policies are really a case, as in the past, *or plus Va change.*" (pp. 126-27).

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