

## Assessment

### Helmut Reisen: The Multilateral Donor Non-System: Towards Accountability and Efficient Role Assignment

Drawing from the OECD data base, the author gives an impressive overview on the amount, type and scope of activities of multilateral grant aid agencies and development banks. The reader can easily follow his conclusion that a reform of this non-system towards increased efficiency is urgently needed. The conclusion is supported by information on scandalously high administration cost ratios of some agencies (UNDP, IMF(PRGF), UNRWA) in table 1.

To increase the efficiency of the development institutions, it is usually proposed that these institutions concentrate their activities on a smaller number of countries as well as sectors and that some of them are closed down on grounds of inefficiency. Reisen presents a more radical proposal: Each Millennium Development Goal (MDG) in each country should be pursued by only one multilateral aid agency or development bank. In his view, this would be also a useful step towards promoting accountability.

As has been elaborated in the comment by v. Urff, a donor cannot be made fully accountable for the attainment of a specific MDG, because it is usually influenced by many factors that cannot be controlled by a foreign agency. Apart from this point, there exist several arguments against this proposal:

- The competition between the agencies/banks would be eliminated.
- Some sectors (e.g. transport, energy) would go without financial support.
- Sectors in big countries (e.g. India) may need the financial assistance of more than one agency to cover all necessary expenditure.
- Last but not least, Reisen does not distinguish between grant agencies and development banks.

A realignment of development institutions on the basis of facts and figures would be the better solution and have a better chance of realisation. I personally prefer very much the proposal of establishing an independent evaluation institution that measures the effectiveness of donor activities and institutions (see e.g. Nancy Birdsall: Seven Deadly Sins: Reflections on Donor Failings, in: Reinventing Foreign Aid, ed. by William Easterly, 2008). The existence of such an institution would exert a pressure on development agencies to improve their programs. Non-improvers would face difficulties in getting funds from the contributing countries.

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