

Helmut Reisen's paper on "The Multilateral Donor Non-System" provides a thought-provoking discussion of a highly relevant topic. It brings together interesting information on the number and tasks of different international organizations and thereby highlights the risk of duplication and inefficiencies.

However, I feel that one basic theoretical clarification is essential for any scientific advance on the issue of donor cooperation and should be central here:

Is competition between aid agencies good or bad? Can it be efficient to have actual competition between several multilateral organizations with partially or fully overlapping tasks? Is sound competition actually conceivable in an area which is widely understood as a contribution to the creation of international public goods or, at least, goods with vast externalities? These goods are financed by public funding and, to a large extent, by the same sources, i.e. by the same national member states, even if these funds are channeled through different organizations. Can we really expect the market mechanism to work here and to actually create higher efficiency? After all, we wouldn't expect a national government to establish two ministries of finance for the sake of competition! At the same time, with aid, maybe some incentive mechanisms could be derived which would bring the (multilateral) aid system closer to a market (for some ideas, see e.g. Easterly 2002). If competition could be achieved, there would be obvious advantages in terms of reduced donor agency market power, i.e. less of a donor cartel and more developing country government ownership.

Centrally (exogeneously) planned donor coordination and a clear attribution of (separate) tasks to each donor agency appear relevant only if such competition cannot be achieved.

I think it would be extremely helpful if the major theoretical discussion could center on these arguments so that the reader would understand the viewpoint which is taken for the following analysis. So far, on the one hand, the term "donor cartel" (borrowed from Easterly 2002) is used and more competition appears to be the objective. On the other hand, competition does not really seem to be trusted, so that a high number of aid suppliers is regarded as problematic and a systematically and externally planned and coordinated system of organizations and their tasks is called for.

While this ambiguity does very well reflect the current discourse of the donor community, it appears somewhat contradictory to me. Should we have multiple suppliers, or should we rather have a cartel or a monopoly? From the text, it appears that we shouldn't have either of these, but then, what should we have?

Moreover, within this context, what does the evidence actually show us? Do we have a cartel, or do we have a high number of suppliers? Maybe both, if few suppliers simply hold the bulk of the market share? Again, what is the major problem to be concerned about – is it the increasing number of all multilateral organizations involved in the aid business or is it the cartel-like organization of a few major players? I think it would be extremely helpful if these issues could be clarified.

**Reference:**

Easterly, William (2002): The Cartel of Good Intentions. in: *Foreign Policy* 131: pp. 40-49