

Ethiopian American Civic Advocacy (EACA)



Electronic mail to the BBC News

Re: Financial Aid to Ethiopia

Dear Editor,

We fully agree with your assertion that channeling development aid through direct budget support can in certain contexts circumvent the many ills that has rendered aid ineffective ("The Politics of Aid in Ethiopia", by David Loyn, 1. August 2006). However, as donors themselves are quick to concede, budget support can only serve the poor (and be justified to Western taxpayers) if the receiving government has shown a track record of using the public purse responsibly, and if there is a reasonable degree of good governance. The Ethiopian government, confronted with a likely defeat at the polls last year, disposed of any remaining semblance of "good governance", jailed civil society members the opposition, detained tens of thousands of civilians in military camps, and engaged in all manner of repressive actions. Donors saw all this, and looked on as US-provided Humvees--meant for the war on terrorism--were used instead to terrorize the citizens of the capital city. The donors expressed their dismay and acknowledged that there has been a breach of trust, hence they would no longer provide budget support to the regime.

While we agree with much of your article, we take issue with two assertions. Firstly, you suggest (though don't state explicitly) that donors' new modality of aid provision to Ethiopia is different in substance from "budget support". The loan through the so-called 'Protection of Basic Services' (PBS) essentially supports regional government's budgets, as opposed to the federal government's budget. It so happens that each of the receiving regions is controlled by the same ruling party as the centre, rendering the PBS only cosmetically different from budget support, as in fact several staff from donor organizations have conceded in private.

Secondly, there is a lot of reason to be skeptical about the assertion that donors and government are no longer on speaking terms. It is instead more likely that the donor community (including the UK and the World Bank) has resumed active discussions (even if relations may not have returned to their pre-election warm state). The government and donors' behavior strongly suggest this. For one, the federal government recently revealed the outlines of its new annual budget in the Ethiopian press: this budget includes a sizeable item of direct federal budget support. It is highly unlikely that any government would include a generous amount of budget support in its official budget without talking to the donors first,

and getting ideas from the donors that such may possibly be forthcoming. On the part of Western powers, and by extension the donors: they are keen to support the Ethiopian government and will likely make sure that communication lines are open, given the government's posture as the reliable ally in the war on terror in a troubled region (current events in Somalia being a case in point).

Yes, budget support can be a good thing, if given to good governments. But in Ethiopia, the donor community compromised on their mandate to poverty reduction, by handing a blank check (whether openly or in a thinly veiled way) to a government that is as undemocratic as it is fragile, and which has resorted to unhidden repression of its people including the rural poor? The West has done this out of fear of spoiling relations with a supposed friend against terror. With neither the Ethiopian government nor donors accountable to the country's poor, aid will continue to be ineffective whatever aid modality is used.

Ethiopian American Civic Advocacy (EACA)

EACA is a US-registered not-for-profit organization promoting donor accountability, good governance, and democracy in Ethiopia.

Contact information:

Dr. Kassa Ayelew (Director)

EACAdvocacy@gmail.com

P.O. Box 1292, Lorton

Virginia 22199-1292

USA.

Tel: +1 (703) 665-4042