



Independent Evaluation of the Vanuatu Country Programme

Aid Proliferation in Vanuatu

Key findings from Sapere Research Group

Key questions to consider

- What is aid proliferation?
- Why is it of concern from a development effectiveness perspective?
- How proliferated is donor support in Vanuatu, including from New Zealand?
- What can donors do to reduce aid proliferation in Vanuatu?

Aid Proliferation in Vanuatu

Since the late 1990s Official Development Assistance (ODA, or aid) to Vanuatu has gradually increased. In 2015, it spiked at \$US219 million, owing to donor response to Tropical Cyclone Pam (TC Pam).

Proliferation refers to increases in the number of donors supporting a recipient county (donor proliferation) and in the number of activities funded by donors (activity proliferation)¹.

Proliferation places stress on recipients

Proliferation can place stress on recipient governments testing their capacity to work effectively with donors to achieve development results. Co-ordination of donor efforts and the disbursement of aid becomes increasingly difficult as the number of donors and donor funded Activities² increases.

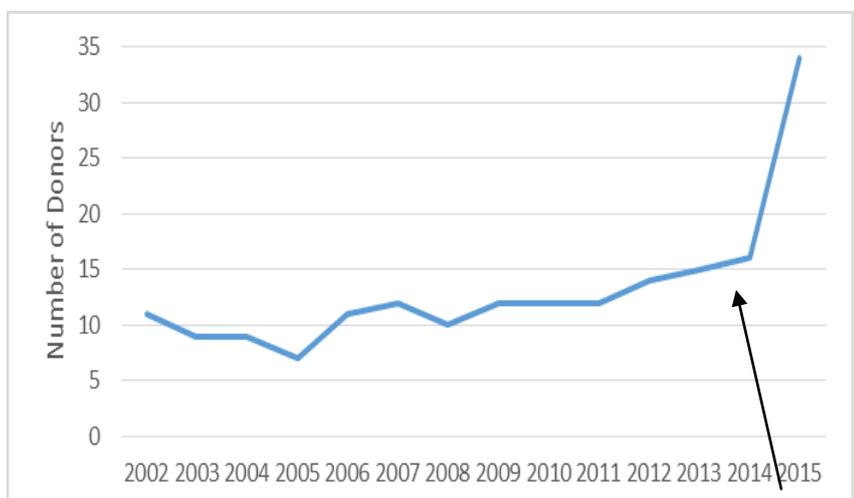
Proliferation is also associated with significant opportunity costs, distracting recipient governments from budgetary preparation and implementation.

Proliferation can also place significant management pressure on donors, especially monitoring of activities and can be indicative of a lack of strategic priority in donor programming. In short, proliferation can limit aid effectiveness.

Vanuatu's capacity to deal with increased proliferation

Vanuatu experienced moderate donor proliferation from 2008 to 2014 as shown in **Figure 1**. During this period donors supporting Vanuatu increased from 10 to 16. In 2015, the number jumped to 35 owing to the donor response to Vanuatu's plight following the cyclone is welcomed. A potential issue is the question of Vanuatu's capacity to deal with this number of donors into the future, the higher likely levels of aid notwithstanding.

Figure 1: Donor numbers increased sharply from 2015 in response to Tropical Cyclone Pam



Note: Aid from China and originating from international NGOs not included in this data

Activity Proliferation

There has been a large increase in donor Activities funded in Vanuatu. 132 Activities were funded in 1980, compared to 372 in 2013. A total of 405 Activities were funded in 2015. Furthermore, China is thought to have funded an additional 14 Activities in the years around 2014.

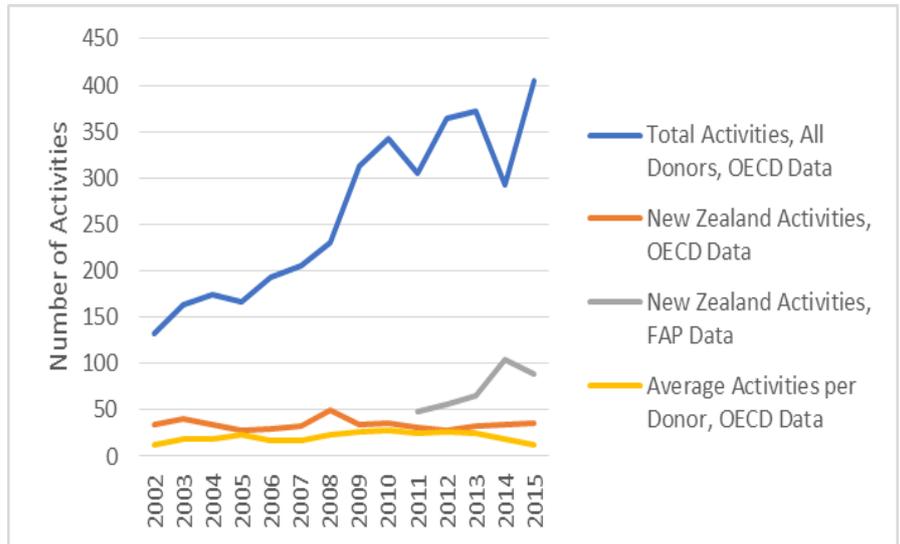
While the number of Activities supported in 2015 in part reflects the donor response to TC Pam, it will probably decline in subsequent years. Experience from elsewhere does not provide a robust indication about the extent of the decline. The question remains about whether capacity within the Government of Vanuatu has increased to match the increase in donor Activities.

New Zealand Activities

Levels of New Zealand funded Activities have remained relatively stable from 2002³. In 2002, MFAT funded 32 Activities, compared to a yearly average of 32.4 between 2011 and 2015. In comparison, the average for all donors between 2011 to 2015 was 21 Activities.

Closer inspection of OECD data shows that it only reports New Zealand's bilateral Activities in Vanuatu. By including non-bilateral (including regional) funding⁴, a more proliferated programme of New Zealand support for Vanuatu emerges. OECD data shows an annual average of 66 Activities funded from 2011 to 2015.

Figure 2: Activities have been on gradual increase since 2004, peaking in 2015



Note: Aid from China and originating from international NGOs not included in this data

This is roughly 5 times the average of all donors supporting Vanuatu during these years. Analysis indicates that New Zealand's proliferation is primarily driven by growth in regional Activities

Endnotes:

1. The OECD-DAC defines an aid activity as a discrete entity or exercise that can take many forms, such as a project or a programme, a cash transfer or delivery of goods, a training course, a research project, a debt relief operation or a contribution to a non-governmental organisation.
2. The OECD defines Activities as "projects and programmes, cash transfers, deliveries of goods, training courses, research projects, debt relief operations and contributions to non-governmental organisations".
3. OECD-DAC International Development Statistics Database 2017
4. New Zealand MFAT Forward Aid Plan (FAP) various year