

Scottish Aid Budget Wasted

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The Scottish Government's aid programme² proposed establishing a Scottish-financed scholarship for Africans to attend their local university. This proposal is a disaster, and it fails on all the standard criteria.

There is one question that should be asked before any project is even considered: Why not just send the Third World government a cheque? This is easiest and cheapest way of getting money to the Third World. Possibly some proportion of this would vanish because of corruption. However, the proportion going to corruption is usually smaller than the proportion going to as administration in Scotland and abroad, and the cost of well paid westerners working abroad if the money is spent on a project. And there is corruption in projects too.

Other aid is only justified when there is a very high payoff indeed. For instant some Development Consultants expect payoffs of more than 100:1 on their costs. Other aid projects get high payoff: one voluntary organization can ship £50,000 of second hand school equipment, enough to equip a Third World school, for £1500. (Surplus Educational Supplies Foundation <http://www.grenadarelief.co.uk>)

The Scottish Government proposal is *“a Scottish Government Scholarship Scheme for Sub-Saharan Africa. There are currently many scholarship schemes operating across Africa, which are managed by many different providers and which work to different criteria and remits. The purpose of this project will be to explore the rationale for the development of a Scottish Government Scholarship Scheme for sub-Saharan Africa. The primary purpose of the Scholarship Scheme would be to enable those accessing higher education in sub-Saharan*

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Africa to study in their own countries.” This project is a waste of money for the reasons given below.

Africa suffers from very high graduate unemployment. This project aims to increase the number of graduates. This is not a benefit to receiving countries; it is a cost. A project to provide jobs for existing graduates might have some benefit.

The proposal creates a hierarchy of officials from those in Scotland, those representing Scotland abroad (whether consultants or NGOs), those assessing applications and those giving out the money. This plus the very high cost of ‘scoping’ and project preparation, means that a small proportion of the money will actually be spent on scholarships.

The proposal creates moral hazard at all levels, which makes it unlikely that much of the money will reach students.

- i. In Scotland there is a temptation to spend money on expensive administration, such as scoping studies, possibly with the intention of protecting the backs of civil servants if the project is disastrous. £100,000 in this case. By the time £100,000 has been spent on project preparation, it is difficult to say, “This is a bad project. Drop it.”
- ii. There is the temptation to design the terms of reference of scoping studies, etc. in such a way as to prevent serious criticisms, as serious criticisms may be taken as showing that the civil servants were not on top of their jobs. In other environments, civil servants are looking for hard criticism from day one, believing that ninety five percent of projects should be dropped.
- iii. A moral hazard exists where the consultant may feel that he is under financial pressure not to attack the scheme. A consultant who hopes to get contracts for phases two, three and four of the scoping exercise, or who hopes to get further contracts with the same government office is under financial pressure to lie.

- iv. In Scotland and the receiving countries there is a temptation for officials to pass jobs and consultancies to friends and to people with political connections, rather than those best suited to do the job.
- v. There is a temptation to set up unnecessary organizations and employ unnecessary people as a way of diverting funds. (And as paragraph 1 shows, the whole project falls in this category.)
- vi. There may be bribery to get jobs. This can occur at all levels down to the office messenger in the organization that dishes out the scholarship.
- vii. There is a temptation to steal the money

The cost of an effective system of auditing and financial control is enormous. If theft is discovered there will be strong pressure on Scotland from local politicians and civil servants to ignore it, to let the theft continue. It is unlikely that Scottish civil servants will be any stronger than anyone else in the aid industry in resisting this.

There is a strong moral hazard in the allocation of the scholarships. Scotland may well prefer that the money went to disadvantaged females from disadvantaged tribes in remote districts, to Bushmen (San) for instance. In practice, there will be strong pressure to ensure that the scholarships go to

- i. Men
- ii. People from the dominant tribe
- iii. People related to whoever is allocating the scholarships
- iv. People related to important people – chiefs, politicians, rich people, senior civil servants
- v. People who went to school in the capital city

- vi. People who went to expensive private schools, because their parents are rich.
- vii. People who pay bribes.

The Rhodes Scholarships are an excellent example of this.

Establishing an auditing system to prevent this happening will be very expensive. It is questionable whether any Scot would know enough about local conditions to identify what is going wrong, and it is questionable whether any local would dare blow the whistle.

If the money has been diverted to the rich elite, there is nothing that Scotland can do. Nobody will take back the scholarship given to the President's grandson, or the nephew of the Minister of Education. And nor will Scotland dare pull the plug on a scheme which is so popular with the elite.

How did such a bad project get so far? How did civil servants commit more than £60,000 just for scoping studies of a non-starter? It appears that there is the frightening combination of ignorance, inexperience and arrogance. There is no sign of the focus, intellectual honesty and fierce integrity that characterizes those who make a real impact on the Third World. There is no sign of the development professional's belief that 90% of all projects suggested are non-starters, and another 9% are abandoned once there is a professional analysis.