

A Summary Document of:

Development Assistance and its discontents: A Perspective from the South

Edited by FRIDE^{*}

Why official development assistance does not achieve what it sets out to do has much to do with its own underpinnings and assumptions about development and politics. The temptation is always to say that more is needed, but this has two problems: the first is that more of the same would not probably move us closer to the same objective, and, second, even estimating the amounts in study is misleading given the absurdity which with the government arrive at their overly-generous estimates of what is being provided in the first place.

Better to skip directly to questions of politics, ideology and self-interest of the so-called donors themselves. Ideologies protect and reflect power seeking to provide some benevolent explanation of why vast unemployment and poverty exists along side the need of societies to engage in work. But since the economic system-and with it the concept of economic growth or economic health-is not geared to bring together supply with demand, social wellbeing and economic wellbeing. Instead we live under a profit-driven global system seemingly indifferent to unemployment and driven by the demands of profit and giant corporations.

If the goal of a nation is political independence, then it behoves not only economists and development specialists to work with activists to secure an economic growth that can achieve or consolidate political freedom. The freedom necessary is for people to make up their own mind about growth models and, if required, the proper external collaboration that helps sustain the exercise of the right of self-determination.

As with wealth, power is either democratised or it is concentrated. Set aside and instead substituted by debates of policy adjustments on the part of the powerful governments that do not want the same power to be questioned-or worse still, push for policy changes that while appearing to make concessions and defend values-i.e... "positive conditionality" in reality concentrate even more power in the hands of the North and reinforce the system.

If the role of power is assumed or denied, then most of the ensuing debate loses, becomes unreal and abstract. What is being denied (or simply not addressed)? One, that there are global structures of power and, second, that those structures are in the hand of a tiny elite. Development and underdevelopment, enrichment and impoverishment, are a single phenomena-a conception of development and globalisation-that explains the mounting evidence of growing inequality across and within countries.

Questions of power permeate the workings of so-called development assistance, determining and justifying the application of crude power-again in the name of development and democratisation! The simplest of analytical matrixes would take the form of asking who benefits from conventional development assistance.

^{*} This is a summary document of the original paper written by Alejandro Bendaña. Editing was done by FRIDE with the authors permission.

Sustaining Poverty

If the mission is the tackle poverty, then it behoves us all to ask what poverty and how does it come about. Alleviate or eradicate poverty-there is a world of difference between the two concepts, the first conceding defeat and the second assuming the possibility of a political will and economic capacity to accomplish eradication. In other words, poverty must be contained lest the poor rebel and capital suffers-politically manageably or sustainable levels of poverty that allows the system to alleviate but not eradicate, because that would amount to a transfer of power to the poor themselves away from the powerful. Although even the World Bank speaks of empowerment-the self-interested use of the notion makes no reference to the disempowerment which must also accompany the enfranchisement of the poor.

Worldbankification

The World Bank dominates today's development assistance discourses and sets the tones for almost all governmental development agencies in the North. The World Bank's influence is out of proportion to the actual percentage of the rich country development assistance-a phenomena that has led some analysts to speak of the "worldbankification" of major "donor" development policies¹.

Aid Conditionality or Aid Colonialism?

Most development assistance, if not all, is today conditioned on the adoption of the Washington Consensus neoliberal measures-Measures that are intended to exercise control and restructure the societies of the South to serve the interest if the international corporations and the economic and geopolitical agenda of a few powerful nations.

Development aid has failed, we are now told, not because of its assumptions and nature, but because "governments don't work"-because corrupt governments and corruption does not allow the poor to benefit from the development assistance. So the answer, says the World Bank, is a good governance recipe. And the role of the civil society is not to question whether the development aid concept and model is fundamentally flawed, but to help insure that development assistance become more effective and reaches the poor, and that the government not stand in the way-in short that citizens act as enforcers for the international bankers who neoliberally define the parameters of that "aid".

Corruption is narrowly defined by the bankers and fundamentally posited as a governmental problem-a government in the South, of course. As though every corrupt transaction did not have at least two parties, and the most corrupt transactions a national with a international party.

That political conditionalities are on the donor agenda today is in no small measure a muted recognition that the economic conditionalities – the neoliberal package – has not delivered improved living and employment necessities. Aid and conditionalities have failed even from the "creditor" perspective, as governments in the South tend to pay only lip service to the structural reform and governance conditionalities. It is true that in the past few years "donors" have raised doubts about the effectiveness of conditionality. In 2005, the UK Department for International Development (DFID) recognized that conditionality could not buy the

¹ See for example "Worldbankification of Norwegian Development Assistance: A Report by IGNIS and the Development Fund, (November, 2005). http://www.u-fondet.no/graphics/Filbibliotek/pdf/Rapporter/Verdensbankifisering_web.pdf

reforms and policy changes which countries do not want in the first place as those hastily mounted “reforms” are not sustainable.

Unfortunately, for governments and many NGOs the debate is not whether or not conditionalities are an acceptable power instrument, but which and how many conditionalities need to be applied and how.

“Participation”?

Unsurprisingly, many social movements turn down government/donor invitations to “participate” in the making of economic policy. Refusal is based on the recognition that real policy decisions will be made in Washington and that the neoliberal “fundamentals” are not open to debate. Whatever the talk of “ownership”, conditionality insured that the accountability of politicians was to Washington rather than its own constituents.

Still, the listing of new conditions attached to “aid” and loans now read like a Bill of Rights. They include fine sounding obligations by creditor government to engage in “pro-poor spending” benchmarks and the modalities of the exploitation of natural resources, political and civil rights. Good governance becomes a catch all employed by the World Bank or add new conditions and insure even greater adherence to economic governance conditions. That some countries are exempt from scrutiny on account of big power or bog corporation interests for geopolitical reasons does not seem to merit concern. In addition to the anti-corruption measures, human rights and freedom of the press conditions are applauded, with little or no concern over the implications for a country’s sovereignty and right to develop its own economic policies. This plays precisely into the hands of the World Bank and its onerous “mission creep” or expansion of power, becoming the political gate-keeper for assistance, joined by the IMF which inspects the macro-economic front requisites and issues the green light for the entry of donor funds.

Cracks in the system

A shift in the development paradigm implies a shift in power, and with it the revamping of the model of development assistance. It will be events outside of policy frameworks that will force shifts in thinking and action.

Crisis have a way of disempowering institutions. The World Bank and the International Monetary Fund, the two pivotal institutions dominating the economies of the South, are in the midst of their most serious crisis in years—a crisis that provides the opportunity for weakening their domination in the South. Because the IMF, like the Bank, depends chiefly on loan repayments for its own budget, this virtual boycott by the big borrowers spells big trouble for the IMF. The IMF’s best customers are leaving it with the result, as reported by *The Economist*² “the fund’s budget is shrinking and the moral of its staff is sinking”.

With the deepening crisis of the two institutions, the critics sense an opportunity for putting in place a radical strategy for the outright disempowerment of the Bank and the Fund³. Disempowering the IFIs opens up greater spaces for democratic development, and it also weakens their capacity to respond with typical aggression against the new wave of economic nationalism.

² “The International Monetary Fund contemplates its future”, *The Economist*, April 22nd, 2006

³ Walden Bello, “Critics Plan Offensive as IMF-World Bank Crisis Deepens”, 50 years is enough network, April 25, 2006.

Another Development Assistance is Possible?

There are preconditions to the articulation of a new development aid theory and policy. There are campaigns and reforms that can be promoted for the here and now. Education must raise awareness of the existence of paradigms and paradigms shift. A new paradigm would rest on a more humanistic definition of development. Development defined as a socio-economic transformative process whose political manifestation is democracy. The subject is the people and their nation who are not developed from above or from the outside. The development challenge is a two fold struggle-the struggle for democratic globalisation coupled with the national struggle to exercise the right to self-determination.

Revisiting Development Ethics

According to David Ellerman if the goal of development assistance is to foster autonomous development, then most aid and "help" is actually unhelpful in the sense of either overriding or undercutting the autonomy of the those being "helped". There are two principal forms of unhelpful "help": social engineering and charitable relief. Social engineering has failed, and the Bank in frustration is now pushing development practice, particularly in Africa, towards what he considers the other form of unhelpful help, long term charitable relief.

The ethical table must be turned on the "donors" and the governments they represent. Ellerman argues for an alternative to the present day assistance, when he argues for the shifting of the locus of the development initiative from what he terms the "would-be helpers to the doers (recipients) of development". The principle of doers in the drivers-which is to say majorities and the governments they may chose for themselves-is one that cuts against the grain of colonial thinking and historical big power behaviour. As witnessed in South America, the growing number of governments propelled by the notion of self direction and autonomy has met with the unabashed hostility of the Western powers, with the US in the lead. Doers must be "in the driver's seat"-which is the basic idea of autonomous self-direction⁴.

Conclusion

Recent developments in Latin America underscore the importance of reorienting national policy. The resurgence of economic nationalism in South America can not be denied as part and parcel of electoral victories articulated by social movements and broad democratic coalitions. The US of course does not have a clue of how this came about-and it would be the last to admit that the truisms of 1947 Bretton Woods agreements, and their current embodiment in the Washington Consensus, failed to delivery what it promised. Development is being rethought, as is development assistance. No one knows how sustainable the new inter-South American cooperation modalities will be-and no one should underestimate the residual power and will of the United States to reverse the course. But the deceptions and the failed promises of the powerful governments stand exposed as they collectively and individually squander public resources in the name of the "war on terror" and turn a blind eye to human rights violations and mass poverty. Hands should shudder upon receiving assistance from development agencies of governments guilty of committing wars of aggression. The policies cannot be separated from the politics and the power. Development assistance can not be reconciled with ruthlessness and trampling of people's rights. Nor can it being to

⁴ David Ellerman, *Helping People Help Themselves: From the World Bank to an Alternative Philosophy of Development Assistance*, (University of Michigan Press: 2006)

compensate the price bring paid by the poor and disadvantaged for the war on terror.

But what the powerful governments think may in the long term be less important than the new radical democratic discourse that has taken root in so many parts of Latin America and elsewhere. We witness a new wave of economic nationalism and rebellion against the US-dominated order. In Latin America the neoliberal democratic order is being contested precisely with its very electoral “ropes” – a demand for full participation in the ownership and management of a nation’s resources. Pursuits of freedom, national democracy and international solidarity become interdependent and inseparable political phenomena.

Foroaod – Spanish Development Aid

FRIDE organised the project “Spanish Development Aid - Mid-term Review and a Proposal for a Participative Consultation” between June 2006 and April 2007. This project aims to develop a consultation process about the current Spanish government’s development cooperation policy. We have created a forum for participation and debate, in order to assess the Spanish development cooperation reform agenda and to identify the main achievements and shortcomings in operationalising the initiatives based on the principle of “More Aid, Better Aid”. A set of recommendation guidelines were developed, through participative methods, with the objective of putting into practice the aspirations of the Spanish development cooperation policy.

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