

INTERNATIONAL DEVELOPMENT AND DEVELOPMENT COOPERATION: CHALLENGES AHEAD

Abstract

It is likely that the international aid system will continue to evolve along one major axis in the years to come, with a fragmented, foreign-policy focus at one end, and a more deliberate poverty focus at the other. This follows from the increasing securitisation of aid that, particularly after the events of 9/11, is likely to shift aid distribution away from where it may have the largest impact on poverty. While the current (post-Washington) consensus on aid stresses the importance of good governance for aid effectiveness, the restrictive approach to aid in conflict-prone and conflict-ridden countries will have to be revisited. Also, a major unresolved issue is how best to support poor countries which perform poorly, especially failing states.

Keywords: development assistance, the international aid system, aid priorities, aid to conflict-ridden countries

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While there may be a growing (post-Washington) consensus on approaches to development (Wolfensohn and Bourguignon, 2004), it is likely that the international aid system will continue to evolve along one major axis, with a fragmented, foreign-policy focus at one end, and a more deliberate poverty focus at the other.

The current leading paradigm of aid stresses the importance of strong policy environments, institutions and governance for aid effectiveness. Countries with strong performance in respect of all three attributes can absorb higher levels of aid and are likely to be more effective in converting aid into economic growth and poverty reduction. The paradigm has the following key elements:

- ▼ a compact linking sovereign responsibility (in developing countries) for good governance and development choices with better aid quality and increased aid volume;
- ▼ the Millennium Development Goals (MDGs) as guidance for country development priorities;
- ▼ partnership approaches, including the Poverty Reduction Strategy (PRS) process;

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- ▼ streamlined conditionality, in recognition of the failure of traditional conditionality; and
- ▼ performance-based aid allocations (Hewitt and Waldenburg, 2004: 19).

However, there is today a large and growing subset of low-income countries that are labelled ‘difficult partners’ or ‘low-income countries under stress’ (LICUS). Most of them, including some 35 of the poorest countries, are affected by conflict, which destroys economies, keeps millions of people in poverty, and disrupts their access to services. Donors have believed that these countries, despite substantial increases in aid flows, are unable to put aid to good use, owing to their weak institutions and poor governance as well as their chronic vulnerability to unrest, conflict and state failure. As a consequence, these countries have been relatively isolated from much of the aid system, particularly since the end of the Cold War. Humanitarian relief is an exception and may, by default, begin to take on part of the role of longer-term structural aid in some countries.

It has been the misfortune of some of the poorest countries in the world that their suffering has not been considered contagious, at least not over long distances. We may worry about the possible consequences for our own security of the wars in the Balkans and the Israeli–Palestinian conflict, but not of what happens in Sudan and certainly not in Sierra Leone and Liberia.

The dramatic events of 9/11, however, changed all this, in ways that may have both positive and negative consequences. They brought about a fundamental realisation that, on the dark side of globalisation, nothing can be safe any more; that the containment of violent unrest to a periphery of turmoil and misery can no longer be taken for granted. Also, those who advocated a diminishing role for the state were proved wrong by the events of 9/11. Rather, the challenge of 9/11 calls for an adjustment of policy instruments to meet the core responsibilities of the state in protecting its citizens.

There are several implications for international aid.

First, the concern over South–North contagion effects, arising not only over terrorism havens and civil wars but also over issues such as pollution, disease and financial instability, will continue to increase the supply of aid to ‘hotspot’ areas. This may shift aid distribution away from where it could have the largest impact on poverty, but follows from the increasing securitisation of aid (Hewitt and Waldenburg, 2004).

Second, the merging of the failed states agenda with the war on terrorism has direct relevance for international aid actors and for the conduct of humanitarian operations. Attempts to enhance the 'coherence' of military, political and humanitarian responses to countries experiencing protracted crises of governance and underdevelopment raise a number of legal and ethical dilemmas, not least for humanitarian actors. The impartiality and neutrality that need to characterise humanitarian aid have been challenged in several instances, complicating the relationship between aid and military interventions (Harmer and Macrae, 2003).

If conflict prevention, peace-building, policing and security sector interventions become fully eligible for ODA – which may seem sensible in a world where local security and development must go hand in hand – there could be abuse and scarce ODA funds may be diverted towards military purposes with a debatable development impact. While security needs attention, development and humanitarian money should not be 'raided' for that purpose. At the moment, some developments cause great concern, including the post-9/11 set-back we have seen for human rights, following in the wake of the war on terrorism. Clearly, the relationship between aid and politics, and the roles and responsibilities of humanitarian and development aid actors, have become topics of great concern.

On the other hand, such concerns should not overshadow the need for systematically addressing the problems of poor performers. Focusing on a small number of 'good performers' might hinder equitable reduction of poverty, and deteriorating governance among 'poor performers' might produce adverse spillover effects for neighbouring countries and even globally. Nor does the evidence support the conclusion that aid works only when policies are 'good' (Maxwell, 2005: 5). Somehow, aid needs to be used strategically to reach poor people and bring about change in all countries. Therefore, the restrictive approach to aid in conflict-prone and conflict-ridden countries will have to be revisited. Our attitudes to development risks will have to change, to take account of the potential rewards of investing in peace and stability. There are enormous economic and other benefits of successful conflict prevention and high risks implicit in the systematic neglect of frail and failed states.

In order to deal with such challenges, the capacity of aid professionals to operate effectively in conflict-prone, conflict-affected countries must be enhanced. There is a particular need to respond to the fact that, in such situations, the reality of peace-building and development lies in power and politics (including the great

challenge to accommodate ethnic and cultural difference in many countries), and should not be regarded as technical – sometimes called ‘transitional’ – activities only. Projects may have to be supported that make little sense from an economic point of view but are important to bring about lasting peace. In general, aid will have to be conceived not only as an incentive for good policy performance but also as an instrument for capacity-building and security-risk management. Adaptable project assistance may also deserve to regain the position it has lost because well-conceived enclave projects may have great strategic value, particularly in post-war situations.

Based on the above argument, I think a major unresolved issue is how best to support poor countries with below-minimum performance thresholds, especially failing states. The growing interest in re-engaging with such states has not yet been accompanied by any significant breakthroughs in how development aid (as opposed to relief aid) will be managed to avert the risks associated with engaging with contested states. These challenges are further compounded in those countries where central governments are not in full control of their territory, and/or cannot be trusted to play their role in fighting terrorism (Harmer and Macrae, 2003). There is a risk, therefore, that aid that is not structural, especially humanitarian aid and post-war activities, will continue to grow faster than mainstream aid, as it is doing today. Extension of successful crisis-appeal modes of fundraising to, for example, the fight against HIV/AIDS could also weaken the case for accelerating ‘conventional’ aid.

The post-9/11 foreign-policy environment with its emphasis on early and major support to previously failed or failing states is likely to further encourage bilateral aid spending for purposes only vaguely linked to poverty outcomes. This could lead to a further loss of aid effectiveness in a performance-based sense although moving ‘anti-poverty’ and ‘foreign-policy’ objectives into separate budgets may help retain a more balanced country allocation system. Hewitt and Waldenburg (2004) argue that UN system agencies are most threatened by such developments, especially if they do not reverse their increasing dependence on programme-specific as opposed to core, bilateral funding, and if their mandate prevents them from full participation in some of these new ventures. Bilateral aid now exceeds multilateral aid, roughly 70 to 30, and the interest groups protecting the bilateral programmes face little pressure, partly because aid is rarely the subject of partisan domestic debate in the OECD countries (*ibid.*: 24).

The paradigm of aid targeting based primarily on the measurable policy of recipients, and their institutional readiness to use aid for growth and poverty reduction, faces other political obstacles as well, such as the distortions of aid flows resulting from historic and colonial/cultural ties. As Hewitt and Waldenburg eloquently put it, ‘the resulting messy aid landscape produces donor-favourites and donor-orphans, with only weak and transitory links to sustained development performance’ (*ibid.*: 26).

References

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