

Limits of Foreign Aid

The Failure in Dakar

Prime Minister Begum Khaleda Zia was perhaps somewhat extra polite about the sixth summit of the Organisation of Islamic Conference (OIC). However, she had some good reasons to describe its outcome as a "success" on her return here from Dakar on Thursday. With five of its proposals incorporated in the main resolution, including one calling for support to disaster prone countries by rich Islamic nations, Bangladesh delegation should be pleased with its performance at the summit. This country would also benefit from the decision by affluent members of OIC, such as Saudi Arabia, to write off debts owed to them by the poorest Islamic nations, although much depends on how much of the assistance received by Bangladesh from the Islamic nations was outright grant and how much was soft loans. Again, the decision by Saudi Arabia to pump in \$10 million into the OIC centres should help the one, the Institute for Vocational Training and Research, in Bangladesh. However, we expect that OIC Secretariat would soon prepare a long-term comprehensive programme for revitalising all the centres, instead of relying on further ad hoc assistance from generous sources. What's more, the summit provided a unique opportunity to Begum Zia to establish direct contacts with other leaders for substantive talks with them on bilateral issues. Again, we like to think that her presence helped in the approval of a resolution "to develop a proper mechanism for ensuring active participation of women in the field of social development", a significant achievement in the context of the dismal position that the female population occupies in most Muslim countries today.

However, seen in the wider context, the Dakar summit has achieved little in providing a new political direction to the organisation, in strengthening the unity among its members or in undertaking a serious effort to develop a consensus on challenges facing the Muslim world. The decision by a majority of heads of Arab states to stay away from the summit suggested that they did not attach enough importance to the conference or, worse still, they felt unable to take clear-cut public positions, individually or collectively, on such issues as the US-brokered Middle East peace conference, a possible security arrangement for the Gulf region and the question of compensation for Iraq for its invasion of Kuwait. The differences which now separate the PLO Chief, Yasser Arafat from several other Arab leaders, mainly resulting from the support given to Iraq by the Palestinian leader, also cast their shadow over the summit, thus demonstrating the basic weakness — the dismal lack of unity — of the Muslim world. This weakness could not have been underscored at a worse moment, just when Israel would be looking for every opportunity to exploit the disunity among the Arab states at the Middle East peace talks. In this sense, the holding of the Dakar summit at this moment, without adequate political groundwork, was a mistake.

At least part of the blame for this failure should indeed lie with the OIC secretariat which probably paid more attention to the logistics for the meeting than to its political preparation. If it had any hint that the summit would be "shunned by feuding Arab leaders", as a western news agency put it, the conference should have been called off under one pretext or another or downgraded to the level of foreign ministers. Experts who have asked for a "shake-up" of the OIC secretariat should now insist that a thorough reorganisation of the Jeddah-based body should involve its political wing, if there is one, which seems to have lost touch with the thinking of its members or is no longer taken into confidence by several Arab states.

Welcome Move in Korea

We welcome the signing of the treaty of reconciliation and non-aggression between North and South Korea. This accord officially ends the state of war that existed between them following the Korean War of 1950-53. South Korean Prime Minister, speaking on the signing of the treaty said, "Today, the tide of reconciliation and cooperation flowing worldwide has reached this land." The division of Korea was one of the offshoots of the intense post Second World War rivalry between the USA and the USSR. The Korean people, prodded by the two superpowers, first waged war between themselves and then settled behind temporary borders, piling up huge military strength at great cost to themselves. With the signing of the peace accord, a major step toward their inevitable reunification has been taken.

The signing of this non-aggression treaty brings mutual recognition to the two Koreas (though ROK had recognized DPRK earlier, when the former applied for membership of the UN prior to the current session of the General Assembly).

An important aspect of the reconciliation treaty is their joint declaration to work towards a nuclear free Korea. This is a most welcome development, since it was widely speculated that Kim Il Sung was about to make his country a nuclear power. The possibility of a nuclear North Korea has caused great concern among other nuclear powers, including the long term ally, China.

Given the nearly thirty years of suspicion, rivalry and at times fanatical hatred, it is unlikely that the signing of this treaty will immediately lead to normal relations between them. However, this treaty removes significant stumbling blocks towards that end leading to their ultimate reunification.

The country which will keenly observe the developments of the two Koreas is of course the United States, the country that lost 54,000 soldiers and suffered 103,000 casualties in the war with the North. The treaty is bound to undercut the justification for the stationing of 40,000 US troops in the South. With the American withdrawal from Clark Air base in the Philippines, a further pressure to disengage from Asia is not something that the US would particularly look forward to. On the other hand, with the collapse of the Soviet Union, the UN brokered peace in Cambodia, excellent relations with China, there can hardly be any justification for the continued heavy presence of the US military in the region.

We hope reconciliation and non-aggression treaty will lead to normalisation of relations between these two countries, and concrete steps will soon be taken towards their re-unification, if that be the wish of the people of Korea.

THE tax payers in the wealthy countries who in the ultimate analysis pay for the foreign aid, as well as the poor in the south upon whom development assistance must generate the favourable impact, both tend to get ignored in the development business altogether. In the first instance, the primary beneficiaries seem to be the functionaries of aid dispensing organizations both multi and bilateral; manufacturers and suppliers of goods and services (consultants and contractors included) purchased through aid money; and, the indentors or commission agents of the recipient countries. Within the corruption ridden environment of many developing countries, there exist another category of nameless beneficiaries when white money turns black under the table.

This is the severe structural limitation which I consider to be the root cause of poverty in the midst of plenty in the world today — in the last decade of the 20th century. Since 1975, Bangladesh on the average, received one thousand five hundred million dollars of foreign aid each year. In fifteen years that has amounted to colossal sum of US\$240 per capita of the population which is one-third more than our per capita income of only US\$170. Why in spite of so much foreign aid, we are still in the gutters?

The technologies to produce enough food, employment and income, even in the environment as hostile as the moon exist in the world now, almost off the shelf. Enough capital can be mobilized particularly because of the end of the cold war and the arms race, to put the technologies to productive use and banish permanently the scourges of poverty and deprivation from the riverine deltas of Bangladesh by the early part of the 21st century at the latest. Thus technology and capital — the key to growth and devel-

opment — are available or could be secured. What is immensely lacking is management — the utter incapacity to combine technology and capital, in right proportions, at correct times and the appropriate places.

Since the end of the second world war, the volume of total (global) development assistance has increased from around US\$1.8 billion in 1950 to US\$60 billion now. The organizational infrastructure for the purpose has correspondingly expanded and today it has attained such mammoth proportions that the primary purpose of the development institutions have become self-perpetuation.

Smokescreen

Bureaucracy exists for itself after it surpasses its critical limits in terms of size and functions. This is what has become of the government at home and the international aid giving agencies abroad. As a result, the ultimate givers of foreign assistance, the tax payers of developed countries on the one hand; and the third world beneficiaries of development, the poor or the other, on the other, cannot see each other in a directly visible manner: both the national as well as international bureaucracies engaged in the aid business have created the ever deepening smokescreens whose penetration becomes extremely difficult, if not impossible for any outside interest.

The manifestation of such smokescreens are not far to seek and the system as has developed is such that on papers loans and grants are negotiated, money disbursed and projects implemented but in terms of net gain to the economy, it tends to be marginal. According to Graham Hancock, a British journalist, an impres-

sive 90 per cent of the national development budget of Bangladesh is contributed by foreign aid and of this, less than one per cent of the UK assistance is actually spent in Bangladesh — the rest is used to import British goods and pay the salaries of British experts. Goods and services purchased with tied bilateral aid tend to be priced well above their actual market value. Not only in the donor countries, there are important beneficiaries as well. A tiny handful of wealthy local commission agents also secure a portion of the aid money as their service charge. In fact, rendering of

uses and abuses of foreign aid.

Role and Influence

In Bangladesh today, the role and consequently the influence of foreign aid is simply overwhelming. We expect our policies and programmes to be determined by organizations external to us. We expect foreign experts to work out the development projects at home. It is the foreign donor who must bail us out of the current predicaments as well as funnel in the cash to satisfy our future aspirations. It is a pattern which is increasingly gaining ground but can never succeed since the interface between the national and the interna-

Solution

The only solution is generate our own resources to finance development. There cannot be any free rider on the uphill road of economic growth and development: and there are no instances of any economic success story where foreign aid played the overwhelming funder's role and people merely enjoyed a free lunch. Well, foreign aid might have only partially subsidised the lunch to lessen the burden; but very soon the country and its people themselves must bear the cost of development. This important realization is conspicuously lacking in the development consciousness, if any, of Bangladesh.

If we analyse the factors behind the recent economic successes of south-east and east Asian countries, we find that in each and every case, phenomenal rates of growth of the economies were due to the indigenous abilities to exploit the competitive advantages of the people and the resources to the fullest possible extent and in ways which were not borrowed through foreign aid but entirely domestic in origin. Take for example the case of South Korea where a group of Korean entrepreneurs emerged who vigorously exploited the high productivity of largely literate, extremely efficient as well as diligent Korean workers willing to work for long hours in large groups, accepting remuneration less than their productivities would otherwise command. Naturally, the Korean industries quickly became highly competitive in the world markets and the manufacturing industries in particular almost doubled in size every 2 to 3 years. In the cases of Hong Kong and Singapore, the economies very effectively utilised their ideal

geographic locations to grow rapidly and prosper. The three south-east Asian countries of Thailand, Indonesia and Malaysia possess substantial agricultural and energy resources, among others, which they exploited in the most desirable manner in order to maximise growth and development.

Secondary Role

In all the countries mentioned above, foreign aid was also available no doubt but it consistently played a secondary role and very soon contributions of official development assistance became indeed marginal in the total development effort. Domestic as well as direct foreign investment and commercial borrowing have in the past played and still continue to play the dominant role in economic growth and development.

Thus, I wish to repeat once again that there are inherent limits to foreign aid. In fact the role of foreign aid must be subsidiary to national resources which regardless of its size, ought to play the dominant role. Another important issue is the priority to establish the thoroughly indigenous nature of the national development process. It is true that between how Korea grew in the past or Thailand growing at present, there are marked similarities and there are patterns which could be replicated in Bangladesh. All the same the basic strategy of development, the patterns of economic growth over time are distinctly unique to each country — fully determined within the country without any external interference. It is utterly shameful that we failed in the past to exercise our sovereign rights to determine what we must. Donor authorities wielding the stick and dangling the carrot at the same time, determined the path of development we have followed so far. For God's sake, this must stop.

From LDC to NIC by Shated Laif

such services constitute one of the most lucrative opportunities to make quick money in Bangladesh today. After all these upstream costs have been incurred, the benefits that ultimately reach the plains of Bengal are monopolised by the preferred few; whether it is electricity generated, irrigation water supplied or the roads paved. There are of course conspicuous exceptions but they are indeed too few.

Mention must be made of at least one of these glorious exceptions. It is the construction of cyclone shelters with aid money in coastal Bangladesh. Because of these shelters, the death toll as less in the April 1991 cyclone in spite of greater severity compared to the calamity of November 1970. But it is also on record that many more shelters would have been constructed, of course with aid money, but the scheme was stalled by our own government — not any willing donor. Thus we must first of all, blame ourselves for the

tional bureaucracies blur the visions of both the ultimate payers and the recipients of development. A leading Bangladeshi development thinker who had tinkered with our national development policies in the past now says: "In the autumn of my life, I feel convinced that in spite of trials and tribulations inevitably involved, the first task ought to be to renounce all aid save and except for food."

I think this is an unrealistic proposition. Foreign aid for Bangladesh is unavoidable and we ought to make the best use of it. However, we must at the same time appreciate the limits of foreign aid. It is somebody else's money and it is after all the owners of such funds who obviously determine its purpose and use. If foreign aid is utilized to promote the business of concerned donor country, we cannot do anything about it save and except refuse to accept such conditional assistance.

New-style Food Aid to Fight Famine in Ogaden

by Alexander Norris

UP to one million people will face malnutrition and the prospect of disease unless food aid reaches Ethiopia's Ogaden desert by January, says a report by the Save the Children relief organisation.

The agency has proposed an unconventional means of preventing such a tragedy from occurring: it wants to sell subsidised relief food to local traders before starvation sets in.

By abandoning the usual practice of handing out relief food free of charge, agency workers hope they can shore up the region's fragile economy until rains arrive in March.

They are also eager to avoid the mistakes of past food-aid programmes. By selling grain cheaply to established small-scale traders in the region, they hope to allow Ogaden residents to stay in their villages and maintain their lifestyles, rather than lure them into camps where disease runs rampant.

Dr John Seaman, head of policy development at Save the Children, says: "We are anxious to use this as something of a test for further use of grain to head off crises."

The impending food crisis in the isolated region of eastern Ethiopia was touched off by the arrival early this year of 250,000 refugees fleeing political turmoil in neighbouring Somalia and the breakaway northern republic of Somaliland.

The influx has swollen the region's rural population by at least 25 per cent and devastated a livestock economy already strained because of poor rains and disruption of trade routes by the Somali civil war.

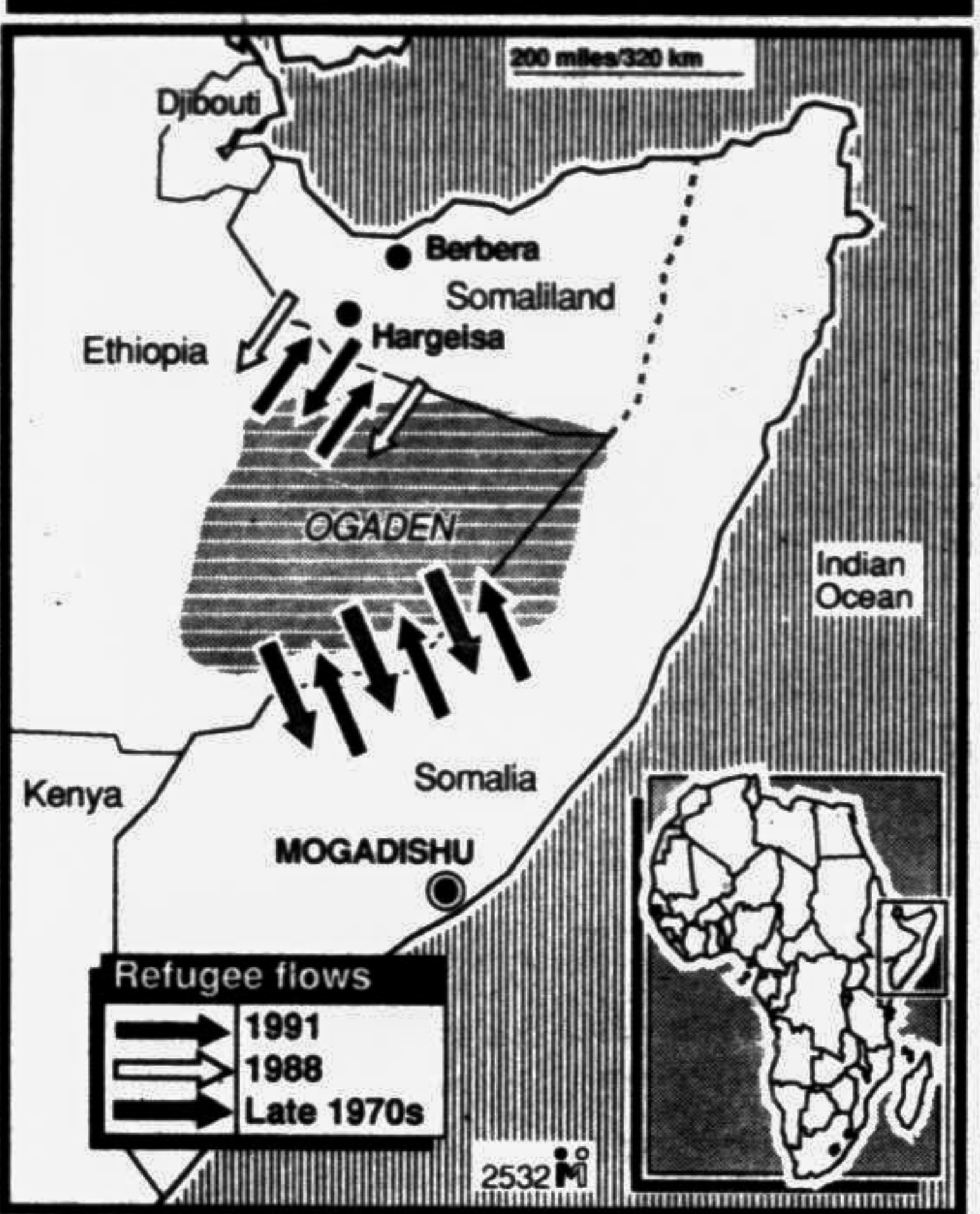
Since refugees began streaming in, the agency says, longtime residents — many of them distant relatives of the newcomers — have conducted a "hidden relief operation of unprecedented proportions."

Unknown to the outside world, even to Ethiopian authorities, the local residents have foregone food for themselves and their livestock so as to prevent starvation among the refugees.

But their efforts cannot continue much longer.

Handed out once famine has struck, food aid often induces hungry peasants to flee the countryside and congregate in camps, where disease runs rampant. Deaths multiply and the rural economic is left in tatters as local food production and distribution systems collapse, unable to compete with donated food from abroad. One prominent relief agency plans to avoid those pitfalls by selling subsidised food, rather than giving it away, in an innovative programme to prevent famine in the Ethiopian Ogaden — before it starts.

The Horn of Africa



Already, the region's livestock trade — its economic lifeblood — has collapsed. Save the Children warns that a further depletion of herds and food supplies could prompt rural dwellers to stream into towns and cities, where disease and starvation will spread quickly.

A tragedy can be prevented, the organisation says, only if food aid is sent to the region soon. "The Ogaden is not a 'basket case,'" says a statement accompanying the report. "Its rangelands are potentially prosperous. But urgent preven-

tive action is required now to enable its people to survive the dry season and rebuild their livelihoods."

Agency officials defend their proposal to sell relief food, arguing that if it were simply given away, hungry rural dwellers should be lured en masse to centralised distribution points in cities and towns, where communicable diseases would proliferate.

Seaman says the sale of subsidised food to small-scale traders, who have well-established routes through remote rural areas, will allow hungry

Ogaden pastoralists to stay in their villages and tide them over until rains return and trade routes reopen.

Subsidised grain sales will also allow existing food production and distribution systems to remain intact, unshaken by a massive influx of free grain with which local entrepreneurs cannot compete.

In any case, Seaman notes, experience has shown that even relief food which is initially handed out free of charge generally ends up being traded on a black market: "Nobody yet has managed to give out grain successfully. You give it out to some people, they end up selling it to others and it goes to market that way. The choice is really not whether you sell the grain, but who's going to sell it to whom."

Agency workers also dismiss suggestions that traders could reap excess profits from food sold to them at subsidised prices. The officials point out that both the refugees and their hosts belong to the Ogaden clan of Somali-speaking peoples who have a well-established tradition of mutual self-help in times of food shortages.

That tradition is partly based on an understanding by traders that it is in their long-term interest to keep their customers, and their livestock, healthy. If customers and livestock perish, the traders will be left with no trading partners and nothing to trade.

"These traders are not just maximising profits," says Seaman. "They are part of a larger social system."

The exodus of Ogaden refugees from Somalia to Ethiopia has its origins in the complex clan politics of Somali-speaking peoples on the Horn of Africa.

Most refugees who arrived

in Ethiopia this year actually originate there. They first fled into Somalia in the late 1980s after a failed insurgency they waged against the Ethiopian government in Addis Ababa.

The uprising had been actively encouraged by Mohammed Siyad Barre, the former Somali dictator whose small Marehan clan is closely related to the Ogaden clan. When the revolt failed, Siyad Barre was only too happy to welcome the Ethiopian Ogadensis into Somalia.

Exiled Ogadensis felt safe there until this year, when Siyad Barre was overthrown by a rebel movement dominated by the Hawiye clan, historic rivals of the Ogadensis. In the absence of protection from Siyad Barre's regime, the Ogadensis were chased back across the border into Ethiopia, where a new government had also taken power.

Andy Jowett, a Save the Children official who lived in a Somali refugee camp in the Ogaden for a year, says Ogaden refugees have reported that thousands of their compatriots died at the hands of the Hawiye clan while fleeing into Ethiopia.

Complicating the situation, some exiled Ogadensis and Oromo refugees, also originally from Ethiopia, have returned to the Ogaden from the northern breakaway republic of Somaliland, where a government dominated by yet another clan, the Isaacs, declared independence within the borders of the former British Somaliland in the aftermath of Siyad Barre's overthrow. Jowett says, however, that no abuses have been reported by the new Somaliland regime.

The Ogaden exodus to Ethiopia makes sense in light of the stormy history of clan

politics among ethnic Somalis and the longtime enmity between Ethiopia and Somalia. Yet had it not been for a helicopter survey conducted by Save the Children in August and September, the international community — and the Ethiopian government itself — might still be unaware of this massive refugee influx.

A survey team of three foreign experts, 18 Somali-speaking employees and a small helicopter crew flew out in relays to track down remote Ogaden communities. They measured the nutritional status of children and conducted long talks with village elders.

In mid-November the team began conducting a similar survey in Somaliland, which has also played host to a massive return migration of former exiles. The returning people are from the Isaac clan, who had fled northern Somalia after their villages were bombed by Barre's government in 1988. Now that an Isaac-dominated faction has taken power and declared an independent Somaliland, they have poured back across the border en masse.

Distribution of subsidised food in the Ogaden — a task the World Food Programme has agreed to undertake — will doubtless be complicated by the region's isolation, and by the fact that neither Somalia nor Somaliland has internationally recognised governments.

Moreover, the agency is still uncertain about the prices it plans to set for its subsidised grain in the Ogaden, how precisely it will distribute the food — or what it will do with profits from the sales. Finance for veterinary services has been one suggestion.

Whatever the decisions the agency's experience in the Ogaden will certainly serve as a guide for its operation now under way in Somaliland.

"We don't know exactly how we're going to do this," says Jowett. "That's our challenge now." — GEMINI NEWS

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To the Editor...

Letters for publication in these columns should be addressed to the Editor and legibly written or typed with double space. For reasons of space, short letters are preferred, and all are subject to editing and cuts. Pseudonyms are accepted. However, all communications must bear the writer's real name, signature and address.

We are afraid of the ATPs

Str. Mr Sabir Mustafa's writings are always lucid and enjoyable. Surprisingly, on December 6, he wrote an otherwise interesting piece on the ATP. I being a frequent traveller on the ATPs totally disagree with him.

Without going into the "kickback" aspect I can reassure you that the ATP is in-

deed an unreliable aircraft not fit for use by an infant airline like Bangladesh Biman.

The question of grounding the ATPs in response to Biman's grounding by other airlines does not arise at all as no other major national airline has ATPs in its fleet. It being a new type of aircraft Biman, with a small fleet, had no business experimenting with it (for large commissions) brushing aside aircraft with proven

track record. Unfortunately for us there are no insurance counters in our domestic airports so the question of "taking out an extra life insurance policy before boarding the plane" does not arise. (If there were insurance counters they would certainly make brisk business from an overwhelming majority of ATP flyers.)

Parachutes normally do not save passengers in an air disaster so there is not much point in asking for one but many passengers like me are prepared for the worst. Some passengers do ask for seats as far back as possible in several air disasters the passengers in the rear seats were the survivors. There is no complaint about

Biman's inflight service or as Mr Mustafa puts it "service mentality" but certainly the otherwise efficient pilots could avoid speaking Bengali with an English accent.

For us ATP still means "trouble". In fact the very next day one of the two ATPs broke down again at Jessore and once again another F-28 was sent in to rescue the passengers and carry technicians for repairing the ever faltering ATP.

If I were with the British Aerospace like the Biman pilots/cadets "receiving gratis training and conversion courses in the UK", I would have now invited Mr Sabir Mustafa for a "gratis sales promotion" visit to the British

Aerospace factory for writing this favourable piece.

Tariqul Ghani (Chatham)
Purana Paltan, Dhaka

In memory of Mariata

Sir, Now we hardly remember MARIATA, a British citizen who committed suicide for her beloved country Bangladesh. We even don't know when she committed suicide. Really it's a matter of sorrow that her immense contribution for free and independent Bangladesh is not remembered in befitting manner. As a Cambridge University student, she organized public opinion in Britain in favour of Bangladesh Liberation War, against Pakistani brutality. Her

dreams were finally achieved but not fully. Because after Liberation when she came to her beloved country, she became so worried observing the inhuman condition, that she was compelled to leave Bangladesh and later she committed suicide.

At the first floor of Dhaka Stadium, there is a book shop named after her. But is it enough for us to pay homage to Mariata? I urge the concerned authority to name an important road in Dhaka as Mariata Sarani. Besides this, we should include essay on Mariata in our junior class textbook. We have to think how can we recognise the great contribution of Mariata in best possible way.

Rafiq M. Chowdhury
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