The Aid System and State Fragility
Notes for a CUNY Graduate Centre workshop 9-10 May 2005 on
State Failure/Fragility and the New International Security Agenda
by David Sogge

1. The spotlight routinely swings to the aid system when remedies are sought for polities and economies in trouble. Yet might the resulting structure of attention get in the way of understanding both malady and remedies?

Bombardments of media coverage of disaster aftermaths, NGO advertising blitzes, cascades of weighty reports, disputes about who should be boss at the World Bank, salty epithets by ageing rock-n-roll stars all combine to make the aid system seem quite important. For both publics and elites, that importance grows as others -- from multinationals to municipalities to the military -- join the aid carnival.

But it can be a fun-house mirror. The puny parts of the international order get exaggerated and the fat bits get thin. Aid institutions and aid "talk" tend to draw attention away from other, more decisive forces affecting the health of states and of public well-being. These include global circuits, rules and incentives that contribute to:

- capital flight, tax avoidance/evasion;
- sovereignty itself becoming a commodity (think of tax paradises, registries for decrepit ships, leases for military bases) to be sold to those with money and political clout;
- brain drain;
- crowding out or pre-empting local economic responses through skewed bi-lateral and multilateral trade regimes;
- exposure of economic sectors, social strata, ethnic groups to economic shocks (a recent example: workers in textile sectors);
- re-jigging of economic/political geographies (procuring Coltran for mobile telephones has fuelled conflict in Eastern Congo; struggles around coca from obscure backlands in the Andes are major drivers of politics in countries there).
- illicit/"obnoxious" trade in people, drugs, weapons &c.;
- migrant labour, remittances and diaspora economic & social power;
- licit and illicit payments by global corporations, sometimes rivalling aid flows (e.g. oil company payments, including philanthropy, in states along the Gulf of Guinea).

Skewed views (mainly overestimations) of aid's importance also stem from within the aid system itself:

- aid statistics and their notorious soft spots (e.g. counting debt roll-overs);
- aid budgets "polluted" with rich country spending scarcely related to poor country development or relief;
- sanctioned and unsanctioned "leakage" high along aid chains, obscuring the proportions actually reaching targeted places;
- misplaced concreteness, as the buying of policy change (using rich country consulting & accounting firms) has displaced direct delivery modes.

Aid policy-making and spending tend to hog the limelight and serve as trampolines for professional careers. But policies and plans can often be only tenuously related to actual practice and outcomes, particularly at the end of aid chains. The more powerful effects may be less at those receiving ends and more among aid system actors themselves. Aid policy provides lenses by which to see, idioms by which to discuss and attitudes & motivations by which to form coalitions of interest and identity in the aid & development enterprise. This can also include persons and institutions at the receiving end, where indoctrination, incentives and the mirroring effects of "reflected appraisal" from inside the aid system cast their spells. In other words, the anthropology of organisations and policy-making may be as germane as global political economy in explorations of aid system impacts.

2. Aid confronts recipient states with a shifting tangle of nostrums and imperatives whose underlying logics or sequencing, particularly under neoliberal globalization, make many of those policies contradictory or simply dead letters. Assuming states are capable of implementing them (by no means a sure thing), might these burdens and contradictions simply nullify aid's presumed positive impacts on states and intensify the damage it does them?

For much of the aid regime is hardly one coherent thing, a system of objectives neatly nested in an unproblematic framework. For during the past 25-30 years, aid has been closely associated with measures at macro levels to:

- promote self-determination yet deny states sovereign powers (hence the observation that "African states are neither states nor African");
- promote *polities* yet encourage states to regard their nations chiefly as *economies;*
- hold GDP growth as the foremost priority, yet impose macro-economic policies that demonstrably *slow* the growth of GDP;
- advocate inter-state *cooperation* yet insist on *competition* in the economic sphere;
- promote austerity and caps on borrowing yet continually seek out "under-borrowed" nations and new purposes and clients for new loans/import credits.

Beyond those macro levels, one could go on to cite dozens of measures at project and programme levels that cancel each other out. While some aid programmes are busy trying to boost output of exportables (beef, cotton, coffee) other programmes are at work to dump or otherwise create composite market gluts of the same commodities, forcing collapse of prices and destroying incentives.

At receiving ends are painfully aware of these and other absurdities and hypocrisies. Should it be any wonder that many regard engagement with the aid system as an empty, but obligatory ritual dance?

3. Where aid has been complicit in state failure, portrayals are of misfortune and of good intentions gone awry. But is that everywhere the case?

Evidence that the aid system can operate with intent to destroy arises in the case of the post-communist transition lands. Jeffrey Sachs -- who was in a good position to know -- has said that the main thrust of US policy toward the ex-USSR, spearheaded by key aid institutions, was anything but constructive; rather, the main point was to "finish off" the Soviet system, and thus conclude the Cold War agenda.

Elsewhere, such as in Africa throughout the 1980s and early 1990s, the same aid institutions focused efforts on de-legitimizing and weakening those institutions of political life (parliaments, parties &c) standing in the way of neoliberal policy measures. Such focused efforts were in addition to the general thrust of aid-led measures begun in the early 1980s to "shrink the state" and of the longstanding workings of the "anti-politics machine" whereby development choices are cast as technical and administrative matters that have nothing to do with the sweaty business of politics.

4. Let's nevertheless accept a premise that aid can be important, coherent and pursued with constructive intent. How strong then is the case that aid has nevertheless contributed to state fragility and failure?

From both Left and Right, aid critics have long called attention to pathologies and perverse outcomes for public institutions and politics generally. But talk of "damage limitation" and of donor culpability began to be heard within the aid system only in the late 1990s, and then only *sotto voce*. After all, having been manipulated for decades by cunning politicians, 'development brokers' and warlords (who seem to sense aid system spending and humanitarian imperatives better than most) aid officials have not infrequently been made to look gullible. Today there is, particularly in British aid circles, an acknowledgement of risks posed by aid programming -- though not of key macro-economic conditionalities[1]. Recurrently detected are aid system practices that:

- supply "unearned" resources to political elites and bureaucrats, further eroding reciprocity between political classes and citizens (just as oil revenues do);
- by-pass public sector bodies by setting up special project units or employing consulting firms, nonprofits &c, thus delegitimizing and sidelining public authorities;
- promote privatisation and commodification of public services such that government bodies themselves become suppliers competing for customers in (poorly-regulated) markets;
- distort labour markets for professionals, thus draining public sectors and perhaps even political classes of their best talents;
- segment and disperse public sectors by resorting to the project format;
- squeeze public sectors through austerity;
- overburden and corrupt public sectors by imperatives to Move the Money within limited periods;
- render unstable and unpredictable the public management of resources.

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[1] The following statement appears, without elaboration, in a 2004 non-official working paper, *Fragile States: Defining Difficult Environments for Poverty Reduction*, by the DfID Policy Division's Poverty Reduction in Difficult Environments Team: "The policies and actions of donors may be an important factor in causing or perpetuating ineffective governance."

Of course a couple of big new aid modalities implicitly acknowledge these pathologies. Sector-wide and direct budget support modes are supposed to reduce segmentation, the by-pass phenomenon and lack of domestic “ownership”. State consultative meetings with “civil society” about “home grown” Poverty Reduction Strategy Papers are supposed to fill the democratic deficit. It is very much the question, however, whether such externally-guided measures will be seen as anything more than cheap expedients and management gimmicks.

5. On the horizon are some clear trends and some “wild cards” that may well affect the aid ←→ state failure dynamics. To name a few:

With few exceptions, African leaderships have played along with rules and rhetoric of the Western aid regime. But like anyone in resource dependent situations, these political classes have (without calling much attention to the fact) sought to expand their autonomy and at the same time secure their standing with the aid regime and the resources flowing from it. Struggles for autonomy (and against humiliations of trusteeship tied up with aid) have never let up, but today they may be taking more assertive forms, often matching vertical, neo-patrimonal rather than horizontal-egalitarian politics. That political trend, together with unswerving aid system adherence to neoliberal macroeconomics (mitigated but also confused by aid’s new ‘social democratic’ rhetoric in the MDGs, PRSPs &c.) may be setting the stage for further immiseration and political fragility.

China’s industrial impact (putting upward pressure on the price of oil and other raw materials; putting downward pressure on prices of consumer products that may be locally made) is lifting recorded GDPs in places like Angola and Equatorial Guinea, but probably depressing them in places like Cape Verde and Tanzania, with income distributions worsening in both kinds of places. Politically, there is little reason to suppose that scruples about arms sales, corporate social responsibility, “rights based development” &c., will figure in Chinese mercantile/aid diplomacy to the (modest) degree they do for Western agencies. Ideologically, China’s success as a “developmental state” suggests the plausibility of a “Beijing Consensus” eclipsing the “Washington Consensus” in its various versions. There is little in either scenario pointing to greater power for the Western aid system, or to more robust and emancipatory political development in fragile states.

In many fragile zones, the burden of disease stemming from HIV-AIDS and climate change is extinguishing lives and putting large new claims on public services including managerial and political leadership.

Weak states are said to have shot to the top of official agendas, certainly for the Anglo-Saxons. But are weak states really at the top to stay? Duffield’s ‘borderlands’ seems a more plausible status category for most. For non-failing states like Iraq, Iran, Syria, Venezuela, Turkey &c. appear to attract more intense and persistent attention from the current US administration and the US political class generally.