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Talking of Rogue Aid: Mirror, Mirror on the Wall ... Moisés Naím and the new donors

Under the heading “Rogue Aid” Moisés Naím, editor of the US magazine *Foreign Policy*, has published an article that has attracted considerable international interest (see reference). Articles of this kind, in which up-and-coming countries of the South are perceived primarily as a threat, have recently become very common in the OECD world. Naím’s views are, however, particularly typical, writes **Tatjana Chahoud**.

Naím defines “rogue aid” as any aid programme that is non-democratic in origin and non-transparent in practice and has the effect of stifling real progress. The focus here, however, is clearly on China, far less attention being paid to the other “rogue programmes”.

* **Priced out of the market**

The Chinese, according to an unnamed World Bank staffer, have completely priced us out of the market (meaning the development cooperation market, T.C.). The article goes on to say that we cannot compete with what they are able to offer. For example, the World Bank wanted to give Nigeria a US\$5m loan to refurbish its railway system, but insisted on various reforms, designed in particular to overcome the widespread corruption, but the Chinese government offered many times more – a cool US\$9bn – to modernise the whole rail network, and this subject to no such requirements as bidding, conditions or reforms. It is hardly surprising that Nigeria opted for the Chinese proposal.

As Naím rightly goes on to say, this is not an isolated case, but should be seen as part of a world-wide strategy. China’s economic co-operation is, he argues, quite obviously geared primarily to the forma-

tion of political alliances that boost China’s global influence, one of its main concerns being to ensure access to raw materials, especially energy; “rogue aid” was also being provided by the other newcomers (Venezuela, Iran and Saudi Arabia) in pursuit of their own domestic political objectives.

In a brief, though passing remark Naím admits, after all, that China is not the first country to use its foreign aid as an instrument of foreign policy. The former Soviet Union and the USA, too, allocated aid money to dictatorial regimes.

Nonetheless, the western aid system has improved significantly since the 1990s and differs from that used during the Cold War. Western development co-operation has meanwhile done its homework, learnt its lessons and adjusted its co-operation with the developing countries to the categories of aid effectiveness defined in the Paris OECD declaration of 2005, which include, in particular, good governance and respect for human rights. But at this of all times, Naím clearly, these parvenu upstarts are queering the West’s pitch.

* **Narrow ODA perspective**

When Naím’s comments are considered from the OECD’s narrow ODA angle, little

can be said to contradict fundamental aspects of his opinion. But in fact this perspective overlooks some of the core issues, obscures the view of changes in the international situation, precludes necessary processes of learning and dialogue and is, moreover, methodologically questionable.

The perspective aligned with the categories of aid effectiveness suggests, for example, that the OECD countries are gearing their international relations with Asia, Africa and Latin America primarily to such ODA objectives as poverty reduction and the Millennium Development Goals. In fact the OECD countries, too, are naturally pursuing objectives that are very much in their own domestic interests and form part of their respective foreign and security, trade and investment, energy and raw materials or environment policies. Within this orchestra it is by no means the provision of official development assistance (ODA), i.e. development policy in the narrow sense, that calls the tune. Although the Paris Declaration led to important steps being taken to improve the coherence of the various policies, there is still a yawning gap between ambition and reality.

That there is still a great deal to be done in this context is evident, for instance, from the peer review report of the Development Assistance Committee (DAC) on the USA's development co-operation (2006). According to the report: "DAC commends the US for raising development to a high priority within the 3D foreign policy approach (3D = *diplomacy*, *defence* and *development*, T.C.). Development needs to be accorded the same status as diplomacy and defence and the key importance of poverty reduction within this mandate should be more explicitly recognised."

In plain English, these remarks and many other references in the report mean that the ODA provided by the world's most important donor country has hitherto been geared less to the needs of the poor social strata of the various developing countries

than predominantly to its own foreign and geopolitical security interests. The subordination of poverty alleviation and other aid programmes to its own national political goals is extremely regrettable from the development perspective, but it is *Realpolitik* – not only in Beijing, Caracas or Riyadh, but in most of the OECD countries, too.

* **Biased view of the threat**

Naím's biased view also results in the newcomers being perceived solely as a threat, the potential opportunities for economic co-operation between the newcomers and the other developing countries being completely ignored. Indeed, China's extraordinarily dynamic development is seen by many developing countries as an exemplary model, one that is well worth imitating and needs to be thoroughly analysed. On the other hand, even down-to-earth, critical observers often see China's economic co-operation as being more appropriate to local conditions because it is less bureaucratic and quicker and also far less costly than western development co-operation. What is needed here is not a premature dressing-down but accurate analyses.

* **Huge shortage of information**

Last but by no means least, Naím's comments are also methodologically questionable. As China, Venezuela, Iran and Saudi Arabia, like most other countries of the South, do not belong to either the OECD or the DAC and so were neither involved in the establishment of the DAC standards nor adopt a comparably systematic approach to data collection, our knowledge of South-South co-operation is extremely fragmentary. In fact, there is a huge shortage of accessible information on this aspect. What is urgently needed is greater transparency on the part of the newcomers and a means of ensuring the comparability of data. Given the scant information available, a large proportion of statements on the aid programmes of the "rogues" and on the rest of South-South co-operation are

bound to be highly speculative and anecdotal.

*** Ambiguous**

What is extremely annoying, because it is also ambiguous, is the finger generally pointed at the “rogue aid donors” referred to here to indicate that the regimes providing economic assistance are corrupt and dictatorial and violate human rights. What is not mentioned is that, despite continuing high levels of corruption (according to the 2006 Transparency International Index, China, for example, ranks 78th out of a total of 160 countries), authoritarian structures and widespread human rights violations, China, one of the “rogue aid donors”, is still a recipient of western ODA and is, moreover, by far the world’s most attractive location for foreign direct investment.

Right though Moisés Naím may be to criticise various approaches of the rogue donors referred to here, the insistent application of double standards and the arrogant finger-wagging are obstacles to international co-operation with the potential to take a constructive view in the longer term.

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Reference:

* Moisés Naím, Rogue Aid, in: *Foreign Policy*, Washington DC, March/April 2007 (www.foreignpolicy.com).

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