

International Development Aid has always been an area of concern for people involved in Social Development and/or Social Transformation. The discourse around the said subject has been North centric for a long time just as the Development Aid itself was.

During the hay days of Cold War era the debates were primarily centred around the approaches and priorities to be supported in the field of Social Development of South. The institutional arrangements and instruments of Aid were seldom debated.

The scenario of this debate has drastically changed in so called post Cold War era. Today the institutional arrangements and instruments of Aid have acquired the centre stage. There is definite thrust from definite quarters to transform the instruments of AID into instruments of "credit". There is also escalating emphasis on 'efficiency' rather than on 'effectiveness'. In the context of institutional arrangements proposal for a hegemonic model under the flagship of International financial institutions.

Most of us are engaged in debates about the merits and demerits of Aid in our own socio-political context but very few have tried to acquaint ourself about the dynamics of Development Aid within North. It will be quite interesting and important to follow the shifts that are shaping up in the arena of International Development Cooperation in terms of instrumentalities, institutions, approaches, priorities and key players.

As very less material on this subject is able to hit the shore of Indian book market (despite free import), in this issue of Infopack we are sharing with you four recent documents related to such debate.

ASSESSING AID What Works, What Doesn't and Why A World Bank Policy Research Report

Published by
OUP for World Bank

First Printed in 1998
Pages: 147

Bird's Eye View

This document is a World Bank policy research report. Divided into five chapters, the document talks about the aid that has been provided to different countries and their impact in their respective countries. The focus of the document revolves around how to bring good management and policy in order to bring better results from aid. Apart from overview and appendixes, the five chapters are as follows:

- Money Matters - In a Good Policy Environment
- Aid Can Be the Midwife of Good Policies
- Money Matters - In a Good Institutional Environment
- Aid Can Be the Midwife of Good Institutions
- Money, but More Ideas Too

The report starts with an overview of the experiences on foreign aid and their impact in countries with different background. Initially it talks about the major success that foreign aid achieved in countries like Korea (1960's), Indonesia (1970's), Bolivia and Ghana (1980's) and Uganda and Vietnam (1990's). The report claims that 'foreign aid played a significant role in each transformation, contributing ideas about the development policy training for policy maker, and finance to support reforms and an expansion of public services.'

At the same time report also suggest that the success or the failure of the foreign aid depends on how good or bad policy environment is. In different places and in different times foreign aid has been highly effective as well as totally ineffective. This means the countries where policy environment has not been conducive, foreign aid has not contributed towards development. According to the report the main objective of foreign aid is to reduce poverty. In last fifty years many things have changed but their has been very little progress in poverty reduction. Today more than a billion people are in extreme poverty. If poverty has to be reduced and foreign aid has to play a role there in, the country receiving foreign aid should have a sound economic management. It should strengthen its institution and policies so as to make service delivery meaningfull and effective. It claims that poverty reduction in the developing world requires major improvement in the economic institutions and policies. According to the report 'there have been sharp improvements in governance and policies in the past decade, but further reforms of the same magnitude would lift another 60 million people a year out of poverty.'

According to the report foreign aid is big incentive of private investment. The report says that if the countries are committed

towards reforms, it brings foreign aid and thereby, increasing the confidence of private investors. To use the specific word, foreign aid works as magnet for the private investors. Reports claim that if a country has good economic management it brings private investment by a ratio of almost \$2 to every \$1 of aid. On contrary, countries with distorted environments, aid "crowds out" private investment, which helps explain the small impact of aid in such cases. There is an inter relation between strengthening of institutions and policies with foreign aid. "The value of development project is to strengthen institution of such policies so that services can be effectively delivered." Thus on one hand the aid for development projects are aimed towards strengthening institutions and policies and on the other, if these institutions and policies are strengthened, the atmosphere will be more congenial for foreign aid.

The report moves on the destroyed policy reforms that are required to make foreign aid more effective. It mentions 5 policy reforms in this regard. The first reform required is, "Financial assistance must be targeted more effectively to low-income countries with sound economic management. In a good policy environment financial assistance is a catalyst for faster growth, more rapid gains in social indicators, and higher private investment (chapter 1). In a poor policy environment, however, aid has much less impact. Clearly, poor countries with good policies should receive more financing than equally poor countries with weak economic management.

This second policy reforms suggested by report is strong political leadership and strong political backing to nurture policy reform and economic management. The report says that "experience shows that donor financing with strong conditionality but without strong domestic leadership and political support has generally failed to produce lasting change. The paper recommends that the aid should be provided to countries, which have good track record and where there is a possibility that the leadership will show inclination towards taking firm steps in order to initiate the process of policy reforms.

The third reform suggested by policy research report is that donors must look overall allocation and the efficacy of public spending. It also suggests that while providing aid the donor should also look at the sector conditions and make the conditionality of aid country specific. It believe that country without good policies, efficient public services, or properly allocated expenditures will benefit little from financing.

The fourth suggestion comes in form of transmitting knowledge and capacity. It says that the objective of development project should be to support institutional and policy changes that improve public service delivery. The report believes that the most

important outputs of development assistance should be the recognition and dissemination of knowledge on what is effective and what is not effective in service provisions. The last recommendation the report makes is about finding alternate approaches in the countries, which have weaker policy reforms. It believes that traditional methods are ineffective and hence ways should be found out to sort out the problem. For this the donors should be patient and flexible and should look for opportunities of novel methods.

Apart from these the report provides graphical data on various experiences. It also provide definitions of various concepts related on foreign aid. It contains appendixes, tables and a selected bibliography. The report runs into 147 pages.

**THE
REALITY
OF AID
2000
An Independent
Review of Poverty
Reduction and
Development
Assistance
By
EARTHSCAN**

Pages: 295

Bird's Eye View

This document is prepared by Earthscan Publication Limited London. The editorial team consists of Judith Randel, Tony German and Deborah Ewing.

The document is divided into five parts. The division of these parts are as follows:

- Part I: The Reality of Aid verses the Reality of Poverty
- Part II: A Review of Aid Donors
- Part III: Perspective from the South on Development Cooperation
- Part IV: Donors Compared At a Glance
- Part V: Reference Section

The first part of the document opens with the world aid scenario. Here details of percentage of national income spen on aid, the percentage of development aid spent in various regions of the globe, of that how much development aid through multilateral organizations, percentage of aid spent on various services and aid to poorest countries are mentioned in detail. Apart from this volume of money given by donor agencies is also mentioned in this section. This section is followed by the context of international development cooperation. This includes range of issues like global changes being responsible for local changes, poverty and social inequality and challenges that development aid thesis of this context. The section moves ahead to talk about trends towards the new millennium. In this section it is claimed that aid it not eliminating poverty. It says that during 1999-2000 the gap

between poor countries and rich countries and the gap between rich and poor people has grown instead of going down. Document says that "aid only contribute effectively to the eradication of poverty where it is integrated into a comprehensive approach to development that addresses inequalities between and within countries. Central to this is the question of power relations. Giving political priority to reducing poverty is meaningful only where equal priority is given to overcoming the causes of poverty".

This section then discusses globalisation, wealth and the issue of poverty. It claims that globalisation has increased wealth and has opened opportunities for people both in rich and poor countries, but at the same time it has also resulted in developing sense of insecurity even in wealthy countries. The report suggests that the challenges for political leaders, especially in north is to go beyond aid to handle the question of poverty.

The next section discusses the trends in basic education. The document first mentioned the definition of basic education for the purposes of 2020. Its says that basic education is a powerful tool to eradicate poverty. It is imperative to provide basic education for the poor and marginalised in order to effectively change their socio economic life. It suggests that well targeted investment in basic education is essential if donors want to improve poor people's access to learning.

Part 2 provides a review of aid donors. The countries covered are Australia, Canada, Japan, New Zealand, Norway, Switzerland, United States of America, European Union, Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Sweden and United Kingdom. The review presents the graphics details about the aid that these countries provide and the areas wherethis is spent.

The third chapter provides details of perspectives from the South on Development Cooperation. In this chapter the geographical areas covered are Latin America, Africa (Cases of Uganda and Zambia included) and India.

The fourth chapter of this document compared various donor agencies around the world. This comparison is based on the 1998 assessment. It mentions the percentage of aid on the basis of total GNP. It further mentions about the target areas of various donors and the perspective that they have about the issue of aid and poverty eradication.

The last chapter is the reference section in which a glossary, source note and exchange rate have been mentioned. It also includes list of participating agency.

HANDBOOK ON GOOD PRACTICES FOR LAWS RELATING TO NON- GOVERNMENTAL ORGANISATIONS

(Discussion Draft)

**Prepared for the World
Bank by**

*The International Center
for Not-for-Profit Law*

May 1997

Pages: 127

Bird's Eye View

This is a handbook prepared by World Bank. The document is a discussion draft on good practices for laws relating to non-governmental organizations. Running into ten chapters the document covers many aspects of World Bank and many relationship, of NGO's with civil society and laws relating to non-governmental organisations. Following are the chapters that are dealt in this document:

- Chapter A: The Relationship of NGOs to Society
- Chapter B: Definitions and Terminology
- Chapter C: Relationship of NGO Laws to Other Laws
- Chapter D: Legal Existence of NGOs
- Chapter E: Structure and Governance
- Chapter F: Prohibition on Direct or Indirect Private Benefits
- Chapter G: Activities and Operation of NGOs
- Chapter H: Fund Raising
- Chapter I: Reporting
- Chapter J: Taxation

Apart from these chapters a supplement in form of appendices have also been included in the document. These appendices are related to economic activities and taxation, report adopted by conference on regulation of civil society held in Sinai, Romania in May 1994, a pamphlet published by Charity Commission of England and Wales, statement of purpose and standards of national philanthropy of the National Charity Information Bureau and a list of NGO acronyms.

The handbook starts with an introduction and idea behind the document. It describes the reason behind World Bank's interest in the NGO sector. The document believes that over the last one decade the role of NGOs have widened and deepened. The early involvement of NGOs was mostly oriented to more cost effective or poverty targeted service delivery activities but things have changed drastically over the years.

In the first chapter itself the document advocates reforms in laws involving NGOs. It says that 'governments have great power over NGOs through the laws that they enact or administer. They can either help or hinder them through the laws and regulation that they use to establish them, to direct their activities, to tax them, to allow them access to funds (public, private and foreign), to require them, to report them, to audit them and to involve them, or to refuse to involve them in government reports and policies'.

The document moves on to justify reasons as to why a country want to have a strong vigorous and independent NGO sector. It raises various questions on this issue and presents answer to them. It lists out six recommendations. These are:

1. Implementation of the freedom of association and speech
2. Encouraging pluralism and tolerance
3. Promoting social stability and the rule of law
4. Efficiency
5. Public sector market failure
6. Providing support to market economy

The second chapter is devoted to definition and terminology. In this chapter definitions of various terminologies and their explanations have been elaborated.

In the next chapter the paper talks about the relationship of laws governing NGOs and other laws in a legal system. This is a very small chapter which advocates parity between laws related in NGOs laws meant for civil society. According to this document NGOs should have the same rights, privileges power and immunities generally applicable to 'legal person' and they should be subject to the same civil and criminal laws prohibition, procedure and sanctions that are generally applicable to 'legal persons'.

The next chapter is an extension of the present one. The chapter presents legal aspects of NGOs. The document says that the laws related to NGOs should be such that makes the working of NGOs easier and efficient. It says that ' laws governing to NGOs should be written and administered so that it is relatively quick, easy and inexpensive to establish a NGO as a legal person. Establishment should also be allowed for foreign and domestic NGOs. The document further says that a foreign NGOs should be allowed to become a legal person and receive the same rights, powers, privileges and immunities enjoyed by domestic NGOs as long as foreign NGOs are consistence with the order of the country. After this the document moves to discuss the structure and governance related to NGOs. Section ten of the document states the laws governing NGOs should require certain minimum provisions in the governing documents of an NGO, such as the highest governing body must meet in a given frequency. The governing body should have the power to amend the basic document of the organisation and should be responsible for financial and other requirements of the organisation. The sixth chapter discusses about the financial aspect of the organisation. It says that the worker and employees should be compensated and get reimbursement of the expenses incurred by them but directors would generally not be compensated. But it clearly says that laws governing NGOs should provide legal frame work that prophets direct or indirect benefits. It also prohibits any distribution of assets the members, officers, directors, employees and funders. In the following chapter the document shifts its focus on activities of NGOs. It divides the activities of NGOs into three categories namely: economic activities, license and permit and political activities. According to the document an NGO should be permit-

ted to engage in lawful economic, business, commercial activities for the purpose conducting activities such as cultural educational health care activities. The permission should be subject to licensing or regulation adopted by a government. It believes that NGOs are not political parties. Hence they should not be allowed to engage in political parties, or get involved contesting election or support a political party candidate.

The document deals with the fund raising issue in the next chapter. It finds fund raising as one of the most burning issues for the NGO sector. It believes that strong, independent and vibrant and civic sector will not emerge if the NGOs continue to rely upon foreign funding or funding from their governments. It considers economic activities and profits as extremely important source of funding of NGOs.

The last two chapter are related to reporting and taxation. In the first section the document deals with issue such as internal reporting and supervision, reporting to supervising agency, tax authorities, licensing agencies and donors. It also deals with the issue of audit. In the last section the document discuss taxation issues such as income tax exemption of NGOs, tax deduction and taxation on economic activities.

The document runs into 127 pages.

THE ROLE OF PHILANTHROPY IN INTERNATIONAL DEVELOPMENT

**Paper Prepared for the
October 16-19, 1995**

Rockefeller Foundation
Bellagio Conference

Human-Centered
Development : The

Role of Foundations,
FLOs and NGOs

S. Bruce Schearer
Executive Director

Bird's Eye View

This is a small paper of 21 pages including the reference section. The document broadly discusses the International and National development plan and role of philanthropy therein. The document never issues words like donation and funding. Instead it preferred more broader term like philanthropy. During the course of development, the paper discusses issues like efficacy of conventional approaches, civil society in North and in South, non-profit organisation in South as well as community organisation and the role of private sector. It also mentions about Zimbabwe poverty alleviation action plan, corporate responsibility in Southern Africa and a case of Mozambique. The document also mentions official donor agencies concern regarding Southern NGO, apart from many other things.

The paper begins with the analysis of existing situation around the world. It states that people around the world are organising as never before to address the problem they face in their community and their daily lives. According to the paper people are faced

with the unprecedented situation of poverty. Though there are efforts from all the corner to lend a helping hand but since foreign aid resources are falling short of the social and economic needs of the people specially of Southern countries. The document believes that at the crucial juncture philanthropy has wider role to play in order to support human development. But it also believes that the old method of support are inadequate and there is a need for novel ideas. The paper says "because of the persistence of social and economic underdevelopment in many regions and countries and the increase of poverty in Northern nations, the effectiveness of conventional approaches to overcoming poverty and addressing social development is being seriously questioned.

The notion that commerce and tradeled economic growth can raise income levels sufficiently to substantially reduce poverty no longer seems an adequate strategy. Indeed, it is increasingly clear that market forces can contribute to marginalisation of some groups and to growing social tensions.

In most of the regions where poverty has become entrenched, governments have been unable to reverse this phenomenon. Especially in multicultural settings, areas in conflict, or very low income circumstances, government action alone may not be sufficient to successfully address the scale and complexity of social and economic problems".

The document tells us that major sources of development activities comes from wealthy Northern nations but the amount that is received for the activities is insufficient in the demand. In this background the civil society in the last two decade has emerged as a powerful sector alongside the public sector and the private sector. The document divide the civil society in the South into two categories. One being non-profit formal organisations (NGOs) and other one is community organisations. The document move on to mention the scale of global development activities and foreign aid involved in it. The paper calls development activities as industry. It says that like any big industry, the field of International development has evolved its own framework of procedures for doing business, the most important of which is the National Development Plan. Its suggest that in order to receive foreign aid, countries must undertake comprehensive assessment of their strengths, weaknesses and prospects of economic and social advancement and than go for National Development Plans. The next four section of the paper deals with the development and poverty alleviation programme in different countries of Africa and donor perspective on these activities. This is followed by a section on NGOs community partnership in Rio De Janeiro. In the last section named as citizen philanthropy in action, various initiative by donor agencies are underlined in which organisation like ORAP, IDEX and CRY are mentioned.

WORKING TOGETHER : The World Bank's Partnership with civil society

September 2000

Bird's Eye View

This is a World Bank document which talks about its growing interest in civil society in the past 20 years. The document opens with an introduction in which it underlines its collaboration with organisations other than development and advocacy NGO's. These include trade unions, religious organisations, civic associations etc. According to the document 'the bank found that engaging the civil society groups in the project and policy dialogue builds local ownership of the development process and improves project design, implementation and sustainability.'

The is followed by an introduction of bank's associated bodies namely, the international bank for reconstruction and development (IBRD),the international development association (IDA), the international finance corporation(IFC),the multilateral investment guarantee agency (MIGA), the international centre for settlement of investment disputes (ICSID). Apart from information on these bodies, this section also mentions about structure and functioning of the bank.

The next section deals with the bank's relationship with civil society. Here the bank defines what it means by civil society. For the bank the civil society is 'the space among family, market and state. It consist of not for profit organisation and special interest groups, either formal or informal, working to improve the lives of its constituents. In this sense the bank considers research and policy design organisations, labour unions, the media, NGO's, grassroots associations, community-based organisations, religious groups and many other typical examples of actors that comprise the dynamic web as civil society.' The document feels that sometimes these groups have much closer contact with the community than other stakeholders. Hence they can provide different understanding and insight about the poor and marginalised. This necessitates a closer relationship between the bank and the civil society organisations.

The following section of the document deals with the question of poverty reduction and the need to address the economic growth. The document informs that in 1999 the world bank introduced a proposal for a comprehensive development framework (CDF) The CDF is directed towards achieving greater effectiveness in reducing poverty and is based on principles such as a long term comprehensive vision, ownership by the country, partnership with internal and external actors and a focus on development results.. The next two section are devoted bank's association with the civil society and challenges ahead. In the first section of the document The levels of bank's association with the civil society have been mentioned. The first level being the policy dialogue and the second one being the operational collaboration. The document also gives examples of some of the policy dialogues. In the last section the document deals with most frequent queries about bank and its activities.

We will like to receive the copy of the document(s)
that are ticked at our address below:



E-mail:

- Assessing Aid, What Works, What Doesn't and Why**
- The Reality of Aid 2000**
- Handbook on Good Practices for Laws Relating to Non-Governmental Organisations**
- The Role of Philanthropy in International Development**
- Working Together : The World Bank's Partnership with civil society**

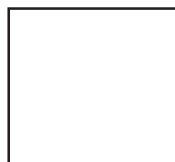
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