CHAPTER – 6

CONCLUSION
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In the 1950s, when the international development cooperation and assistance programmes began, majority of the people living in the developing countries lived as they had lived all through, scraping by on the edge of subsistence, with no voice in global or national affairs, and with little expectations of more than a short and sorrowful life, hard work fetching slight reward. Since then, many countries in the developing world have achieved truly dramatic improvement in several indicators of human welfare:

- Life expectancy has risen from 41 to 62 years.
- Percentage of the population with access to clean water has doubled from 35 to 70 per cent.
- Adult literacy has risen from less than half to about two-thirds of the population.
- Food production and consumption have increased at a rate about 20 per cent faster than population growth. This is no mean achievement, since population growth in the developing countries accounted for virtually all the increase in the world’s population, from 5 billion in 1990 to about 7.5 billion in 2015. This increase over twenty five years is roughly equal to the total size of the human population in 1950.¹

II

These achievements, however, must not allow the humanity and the international community to have complacency. The things that needs to be achieved make these achievements negligible. Though considerable progress has been made in promoting economic and social development throughout the world, major challenges still remain and it is estimated that around one billion people still do not have enough food to eat and lack access to safe, potable water. One and a half billion have no source of electricity. There is a long list of the have-nots, and of what they lack.

The number of absolute poor, the truly destitute, which was estimated by the World Bank at 1.3 billion in 1993, and is still growing unrestricted. The World Bank has used the standard of $370 per capita in annual income, or about $1 per day, as the threshold of extreme poverty. Based on that standard, it has estimated that 30 per cent of the population in developing countries—or some 1.3 billion people—live in extreme poverty, and that their numbers are increasing. In its policy document titled “A Decent Life for All” brought out in 2013, the European Commission brings out a gloomy picture of the present day global situation. It maintains: “Around 1.3 billion people still live in extreme income poverty and the human development needs of many more are still not met. Two-thirds of the services provided by nature—including fertile land, clean water and air—are in decline and climate change and biodiversity loss are close to the limits beyond which there are irreversible effects on human society and the natural environment”. While referring about the two of the most pressing challenges facing the world, the Commission points out that they are “eradicating poverty and ensuring that prosperity and well-being are sustainable”.

III

This sorry status of humanity and degradation of natural environment brings forth several inevitable questions, which cry for immediate and sincere answers: Whether the development achieved by the G8 countries, are development in real sense and at what cost to others and to the Mother Earth?; What is the outcome of all the development cooperation policies and development assistance programmes that the international donor community boasts of, talks about its moral responsibility and claims that it is at its philanthropic best?; and What went wrong, at the policy formulation stage and/or at the practice level?

Limited success and daunting task still ahead, naturally led to the blame game. While the donor community feels that the recipients are avaricious and ungrateful, the

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beneficiaries accuse of half-hearted intend and action on the part of the former. Scholars and critics of development studies step in to pin-point the shortsightedness and shortcomings of the development cooperation policy and practice and to exhort the donor community to lead and support others in the development path. Calls rent the air not to take MDGs and 2015 as an end, but to look forward and to move ahead.

On the other hand, cynics continue to beat the dead horse. Senator Jesse Helms atrociously dismissed aid to Africa as wasting “money down a rat hole” back in the early 1990s. Unfortunately, this skepticism is still shared by many Westerners, who talk about wastage of money on the name of development assistance. What Helms and the others of his ilk from the West have conveniently forgotten to understand and acknowledge was that in their selfish interests and ideological shortsightedness, they have chosen to drop down their money in rat holes rather than in right hands, which would have reached them to the needy and would have invested them on human welfare and development. And would have helped or at least would not have distracted, millions of Africans from enjoying a decent life standard.

IV

Jeffrey Sachs, in his monumental and much-quoted work, foresees the end of poverty within our life time and reposes his faith in the global leaders’ promises to help in achieving the Millennium Development Goals by the target date, the end of 2015. In his effort to enhance the quantum of aid available for development, Sachs and his collaborator Bono, appealed for doubling the development assistance by the donor community.

This has invited serious and severe criticism from several scholars who don’t share Sachs’ optimism. William Easterly, arguably the most important main-stream critic of development aid in its current form, believes that aid can achieve less ambitious goals than it has previously been set. He ridicules the calls by Sachs, Bono and others to double

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foreign aid. He was categorical when he says that development aid that have cost the
developed world more than two trillion dollars over the past sixty years had not sorted
out the ills of the developing world.  

International development goals, Easterly dismisses, as more than mobilising
slogans and are always utopian, and asserts that setting such goals somehow frustrates
efforts to create accountability for doing the “many useful things”. For him, the MDGs
are imperfect and will be much harder to achieve than Sachs and the U.N. seem to
suggest. Easterly is scathing about the MDGs as a project and about the Big Push theory,
which underpins the UN Millennium Project as well as the Africa Commission. He
considers conditionality clauses imposed by the International Monetary Fund and World
Bank as ineffective tools.

While attempting to offer his own answer to the question, ‘Why the West’s efforts
to aid the Rest have done so much ill and so little good’, Easterly points out that the West
– from colonial days through to the modern era of aid – has favoured ‘planners’ rather
than ‘searchers’. ‘The tragedy of poverty is that the poorest people in the world have no
money or political power to motivate Searchers to address their desperate needs . . . To
make things even worse, aid bureaucrats . . . have the incentive to satisfy rich-country
vanity with promises of transforming the Rest rather than simply helping poor
individuals’, Easterly maintains. Vanity is on display rather than willingness to be of
use. Easterly’s final verdict on western voters and politicians is quite provocative, that
they “cannot see the needs of people who are not yet sick” and that they are not for
prevention, but for curing after the disease gets well-entrenched and had taken its toll.

DambisaMoyo, the Zambian economist and banker, is categorical in her assertion:
‘Aid has been, and continues to be, an unmitigated political, economic and humanitarian
disaster for most parts of the developing world’. She further maintains that the most aid-
dependent countries have exhibited an average annual growth rate of minus 0.2 per cent
over the past thirty years. Between 1970 and 1998, when aid flows to Africa were at their
peak, the poverty rate in Africa actually rose from 11 per cent to a staggering 66 per cent,

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6William Easterly, The White Man’s Burden: Why the West’s Efforts to Aid the Rest Have Done So Much Ill
7Ibid., pp. 146-7.
8DambisaMoyo, Dead Aid: Why Aid is Not Working and How There Is a Better Way for Africa, New York,
she points out. Moyo feels that appeals for a “Marshall Plan for Africa” are based on the wrong historical lessons and that mindless aid targets like 0.7 per cent or “cost estimates” for the MDGs are meaningless and can be counterproductive in the long-run.

Jonathan Foreman disputes the very argument that foreign aid leads to development and maintains that such a claim is not based on any empirical and verifiable evidence that “it works, or is useful, or does more good than harm”. He despises the idea that Department of International Development of the Government of United Kingdom is going to devote more of its ‘spend’ to direct budget support of poor country governments, which according to him, is “the least accountable, least transparent and arguably least effective kind of foreign aid”.9 While Easterly estimates two trillion dollars, Foreman talks about “the evident failure of six decades and more than three trillion dollars in official development aid (ODA)”, which went down the drains.10

Foreman argues that, even with the best intentions, and even when administered adopting best practices, aid frequently “fosters corruption, underwrites the cruelties of tyrannical regimes, demeanes and infantilises its beneficiaries, subsidises armed conflict, subverts government accountability, undermines enterprise, demoralises democratic reformers, distorts local economies, and makes sustainable development less rather than more likely”.11 At worst, it makes heavily-aided developing world governments rarely spend their budgets in sectors like health and education, become more predatory on their citizens and less accountable to their subjects.

Foreman presents an interesting argument against aid. He argues that there is an inverse relationship between the likelihood of economic success and the amount of development aid a country receives over time. His argument is that aid-dependent states have rarely enjoyed developmental success, in contrast to South East Asian and other countries that achieved development and prosperity having received much smaller amounts of aid. He cites the case of Ghana which enjoyed a higher per capita GDP than South Korea in 1957, had “one that was lower by a factor of ten only thirty years later, seems to be the toxic effect of official development aid (ODA) on the country’s

10 Ibid., p. ix.
11 Ibid., pp. 27-28.
politics and economics". Over time aid fosters said dependency rather than economic activity, which leads to the undermining of local economies. Food aid, in particular, tends to cause shrinking of agricultural sectors, food scarcity and even led to famine.

Robert Calderisi, a long time practitioner of foreign aid, argues that to achieve success in development goals within a given time-frame, aid should only go to countries where the metaphorical soil is suitable for planting, in other words where there is a modicum of peace and order, where the rule of law exists and the ruling élite shows some signs of public spirit and civic sense. For him, political and economic reforms should precede inflow of aid, to have desired effects. This view is shared by almost all development scholars and international institutions like the EU, which believes in democracy-human rights-development co-relation.

The EU is a key player in the world affairs, especially in the sphere of development cooperation, with its $8 trillion strong economy, 27 per cent of the world’s GDP, almost one-fifth of trade flows, and well over half of the total official development assistance flows to developing countries. The fact that the EU remains the largest investor and a generous purveyor of grants and aids, has given the Union considerable potential as a soft power with consequential political clout.

It is no wonder that the European Community’s development cooperation policy was, in fact one of the first common policies which had immense consequences for the position of the EC as an international actor. From the late 1950s until the early 1980s, it also contributed positively to and so was considered as one of the ‘cornerstones’ of the European integration. By 1990s, the EU entertained a quest for developing into an influential international actor, on the strength of its image as the second western voice, a benign power and the purveyor of development and humanitarian assistance in the international politics.

12Ibid., pp. xxiii-xxiv.
Christopher Hill termed the EU as ‘the bridge between the rich and the poor’ - between its rich member states and their erstwhile, poor colonies. It is also a privileged interlocutor, a role donned by France in its relations with the developing world in general, and Francophone African countries in particular. The EU assumed this role at the instance of France, which was initially the prime mover of the European development cooperation policy. The French factor determined the nature of the European development cooperation programme for quite some time, especially in restricting the area of operation. At a later stage, it became global in extent, but, with added emphasis on the neighbourhood.

From the beginning the Community had projected itself as a ‘soft’ and ‘civilian’ power in the international politics. As a civilian power it had to take on hand only ‘soft’ tools and its economic strength enabled it to utilise development cooperation assistance as a means to achieve its foreign and security policy goals. The Union flexed its economic muzzle by linking development assistance with the democratic credentials and human rights record of the recipient countries. In this regard, Bonaglia and others raise a couple of interesting questions: Whether the EU successful in conveying a certain image of Europe in the world through its DCP? And, if the EU aspires to become a global ‘civilian power’ should not this be first of all visible in its DCP? Generally, the EU used its development assistance as a ‘soft’ policy tool. Of late, due to its intend to achieve other economic, especially trade policy targets, it has started using development assistance as ‘hard’ tool, for achieving some such purposes.

On the other hand, the EU’s soft power potentials, especially its economic trump card, have their own imitations. Dinan rightly argues that the EU’s political clout and its foreign policy capacity are limited, in spite of the power of its purse. Though the EU aid disbursements dwarf those of the US, the hard ball game of international politics still remain “the province of the nation-states and out of reach of EU, when and where it matters”.

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inclusion of democracy, human rights clauses in their trade, cooperation treaties. Their economic dependency rather than the European political clout remained the deciding factor. The European contention that issues relating to governance, human rights and peace and security are enabling conditions for progress and development failed to impress the clientele states in the developing world and here lies the root cause of the limited success of the international development cooperation programme in general and of the EU in particular.

In its policy document titled “A Decent Life for All” brought out in 2013, the EU claims that through its development cooperation policies and programmes it intends to ensure a ‘Decent Life for All’ by 2030, by giving the world a sustainable future by reducing and subsequently eradicating poverty. The objective is noble and this not only calls for sustained effort on the part of the EU but also some introspection. The Commission has to analyse where they have faulted and where the partners failed to respond and reciprocate. In spite of its best intentions and efforts certain inevitable reforms still remain unrealized. Policy cohesion remains a day dream. Unless, other economic policies go hand in hand with the development policy goals, and serve in achieving the latter rather than detracts them, success in poverty eradication will continue to remain unachievable.

As the leading donor and trader as well as a key creditor and investor, the EU potentially has a lot to offer and achieve. The EU could influence the design of universal development goals with shared responsibility from other donors as well as recipient countries, and also secure the means of implementation beyond development aid. The EU is perhaps the only actor that could take the global partnership agenda forward during the Post-2015 agenda.

VI

In India, economic growth during the 1960s and 1970s was not fast enough to deliver trickle-down benefits to the poor on any scale and for almost four decades, achieving basic minimum living standards has been a recurrent refrain in the Indian five

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year plans, with the focus being on absolute poverty since 1964. The number of poor remained 55 per cent of the population in 1973–74. Since the 1980s, growth has been faster and number of poor got reduced to 39 per cent in 1987–88. Subsequently, there has been an enormous growth in the scale and coverage of special poverty alleviation programmes, which by the early 1990s absorbed some 2.2 per cent of GDP and resulted in further reduction in the percentage of poor to 35 per cent in 1993–94. More Indians have moved out of poverty in the last decade than in the preceding fifty years and India’s poverty rate is half what it was twenty years ago. Over 270 million Indians in 2012 still remained trapped in extreme poverty, making the post-2015 goal of eliminating extreme poverty by 2030 challenging, but feasible. As a positive step towards this goal, the number of poor has further got reduced to around one fifth by 2015.

The relationship between inequality and poverty comes out clearly in distribution of income figures, which show that while the poorest 10 per cent of India enjoy, at most, 3.7 per cent of the income and consumption, that of the poorest 20 per cent ranges from 8.5 per cent. According to the IMF 2015 report this gap still remains wide. It needs to be bridged at early as possible.

As such one of the major challenge for India in 2015 is to lift majority of its population from poverty trap. It remains both a ‘Shining’ and ‘Contrast’ country simultaneously and it aims to bridge the contrasts and to present itself as a model for the developing world as an “economic power house and a working democracy at the same time”. India is pursuing and presenting a pioneering and original development model of modernisation via democracy - a model that holds important lessons for both India and other developing countries, since, this model is very much influenced by its distinctive cultural tradition and may be more suitable to the latter than the western model. India

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20 Cox et al., n. 17, p. 3.
demonstrates that democratic politics and market economics can blend nicely for developing nations.\textsuperscript{22}

The fundamental source of India’s power in the world is naturally be the power of its noble example. If India not only maintain but also sustain high growth rates, leverage that growth to enhance and enrich the capabilities of all its citizens, and maintain robust democratic traditions and institutions, there are few limits to India’s global role and influence. The foundations of India’s success depends on its developmental model.\textsuperscript{23} India’s rise will be a reality only if it succeeds in lifting its entire population above poverty line and in developing all its regions, without leaving any individual or any region behind. To substantially reduce mass poverty within the decade, India needs to maintain its growth rate at the level of 10 per cent for a substantial period of time.

India and the EU share the commitment to common values like democracy, respect for human rights, rule of law and preference for multilateralism and multipolar world order and can thus be regarded as natural partners. Actually, India needs to achieve a lot in the sphere of poverty alleviation, public health, education, technical training and other sectors to be fit enough to play its due role in international politics, which its aspires for. First and foremost, India needs to feed its hungry population, which is its primary challenge.

One of the policy prescriptions offered by Sunil Khilnani and others in their study titled *Nonalignment 2.0. A Foreign and Strategic Policy for India in the Twenty First Century* was that India must take appropriate steps to assume its rightful place in the world and the first step in this direction and the principal challenge that needs to be met with squarely remains lifting millions of its impoverished citizens out of poverty. This remains an important obligation that India should be determined to redeem.\textsuperscript{24} To achieve this noble task India needs the EU, as a partner in development.

Over the past decades, an increasing number of initiatives for mutual benefit have been launched and will continue to be at the heart of EU-India cooperation in the future.


\textsuperscript{24}Ibid., pp. 69-70.
These initiatives cover a wide range of domains such as primary to higher education, public health, rural development, skills development, culture, energy, environment and trade. In recent years, the relationship between the EU and India has changed substantially, from that of donor-recipient to one of partnership, with scope and opportunity for mutual benefit. The EU’s development cooperation has always been aligned to the development objectives of the Government of India, but has taken multiple shapes, from small-scale projects changing the lives of local communities to large government-initiated programmes which impact the whole country.  

Sustainable economic growth and development depends on developing human capital, with scientific and technological knowledge, skills and expertise. This calls for the revitalization and expansion of India’s research and educational infrastructure.  

Mention has already been made to the demographic dividend that India is enjoying and the availability of human capital for the Indian industrial and manufacturing sector. However, if the youth population is not well-educated and trained and imparted with skills needed in the contemporary scenario, there is every chance that they might be unemployable and become a source of concern rather than of strength. In this regard, the EU can help the Indian Government in training and imparting skills in them. Then, the human resource of India will not only be a ‘positive’ force for India but also for the EU, which faces ‘demographic drab’ and ‘skill gap’.  

By sharing its knowledge power with India, the EU can enable the latter to close the gap on wealthy countries, and to latch on to higher value-added global product chains. Only then, the development cooperation between India and the EU might become mutually beneficial and sustainable. India needs economic cooperation with the EU to achieve the goals of sustainable development that it set for its own people. India – EU development cooperation includes the social, economic, political and technological cooperation between the countries.

VII

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26 Khilnani et al., n. 23, p. 9.
27 Most of the member states of the EU, including the new members, witness the problem of demographic aging – defined as a rise in median age of populations and a growing share of people aged 65 and above and find it very difficult to replenish their shrinking working population.
Suggestions and Recommendations

- Europeanisation of aid programmes is the need of the hour and the EU member-states should increase the proportion of development aid they give through the Commission.

- Such as Common Foreign and Security Policy and Common Security and Defence Policy and other such common policies, Common Development Cooperation Policy too should be there and managed through the Commission, which must eventually serve ‘common’ interest, not only of the EU member states but also of the recipient countries.

- Aid effectiveness and utilization must be ensured. Not only the aid given, but also to whom it is given and for whom it is spent, needs to be streamlined to ensure effective development.

- Most of the Commission development aid should be spent on programmes which best meet human needs, irrespective of the EU’s strategic or foreign policy priorities. Quality aid distributed according to the need will automatically achieve European security and foreign policy goals.

- The Commission should give priority to the provision of clean energy to rural areas in developing countries. Such a step alone will ensure development without its evil side effects, like climate change and global warming. This would meet peoples’ basic needs, save many lives and help protect the global climate, all at once.

- Policy coherence and consistency must be achieved at all cost. Whatever hindrances - structural and political - prevent achieving coherence need to be cleared, rather than used to justify incoherence and inconsistency. The EU needs to make other economic policies, notably those for agriculture, fisheries and energy, consistent with its development policies. Unless, this is achieved development of the developing world will continue to remain a mirage.

- Initiation of development-friendly policies and following established best practices by the EU as well as all the member states.

- Need to enshrine ‘Do No Harm’ as core principle of development and emergency aid. Although the complexities of global aid politics make it impossible to
achieve perfection and free from all-kinds of anomalies and distortions, all EU-funded projects need to be assessed for the likelihood that they will distort local economies, undermine state institutions, underwrite or prolong conflicts or back tyrannical, undemocratic regimes.

- Future EU aid must be reality-based rather than faith-based, i.e. it should rest on realistic assumptions about the likely fate of donations to poor country governments, UN agencies, international bureaucracies, major global charities and local NGOs.
- Need to subject the projects or institutions to close empirical scrutiny and to weed out ‘Potemkin’ projects or ‘ghost’ institutions.
- Free and Fair Trade for All. If free and fair trade conditions are initiated and implemented there will not be any need for aid.
- The EU always claims that in its decision making process public and civil society consultation takes place. There should not be any gap between their rhetoric and reality. Eurostep, Oxfom, Christian Aid and other such civil society organisations as well as associations like Aprodev oppose its trade and Common Agriculture Policies. They advocate that the EU should minimize the subsidies and the EU policy makers often ignore their advice. They should follow the enlightened public opinion.

VIII

It is said that the left hand should not know what the right hand gives, while referring about the greatness of the act of giving. The EU takes away the benefits of its development cooperation assistance, through its trade, fisheries and dairy development policies. While analyzing the factors, which cause this distortion, some European authors suggest that it may be because majority of the Europeans may be unaware of this discrepancy and hence it is being perpetuated. It is surprising that the Europeans do not realize what their right hand deprives others of their benefits from what their left hand gives, through the mechanism of trade distorting subsidies and other such measures.
The EU is indeed a ‘development power’, which, on its own and in the company of the member states is the largest donor with more than half of the development assistance given to the needy, developing regions and countries of the world and has the capacity to affect others’ fortunes through their economic policies. However, the Union remains a ‘conflicted’ development power - conflicted within, as different member state governments, influenced by a host of domestic interests, hold very different views on how to wield such power through trade. Also conflicted between its own guiding principles, which often appear to contradict one another – such as championing developmentalism while blanketing the planet with economic partnerships and bilateral trade agreements prejudicial to their interests with economically unequal partners.

Development aid has originally been conceived by the international donor community such as the EU, as incidental, and it was believed that a day would come, sooner or later, when the recipient countries would reach the level of development which would make aid less desirable and the donors would be able to windup their aid programme. However, development cooperation still survives and end is out of sight. The EU feels that India has reached the level of development at which its need for assistance has been reduced and intends to restrict its aid. Mention has already been made about the Union’s intend to stop its aid programme for India by 2014 and for the ACP countries by 2020, at the far end of Cotonou agreement.

Unfortunately that is not going to be the case since the dependency of the developing countries has not come down and though poverty has been reduced, it is yet to be eradicated. Through its policies aimed at trade enhancement EU actually aggravates rather than alleviates poverty. Absolute poverty has increased, especially due to trade distorting policies and practices followed by the EU. Failure to establish free and fair trade on the part of the Union proves to be counterproductive. Recipient countries feel that they still need aid. The evil effects of global warming and climate change have further complicated the matter bringing forth the issues related to the darker side of the nexus between development and environment. Unless an environment in which there was no need for aid is created, putting an end to offering aid will be impracticable. Formulation and sincere implementation of development-friendly aid, trade and other
economic policies and adoption of best practices followed by the Scandinavian countries are the need of the hour.

In her Foreword to the OECD Development Cooperation Report 2013, Angel Gurría, OECD Secretary-General, maintains: “Ending poverty is an international priority that cannot be put on the back burner. Although we have halved the proportion of people living in poverty, achieving the first Millennium Development Goal (MDG), our job is far from complete. Today, 1.2 billion people are still living in poverty. It is therefore critical that the global community take further steps by 2015 and beyond to achieve the overarching goal of eradicating poverty completely and enduringly: we must get to zero and stay there”.28 As the ‘development super power’ and the purveyor of more than half of the global development assistance and humanitarian aid, the EU’s role in this noble task of ‘Making the World More Livable” is quite substantial and indispensable.