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COMMENT

THE AID CHARADE

ESTIMATES suggest that something of the order of US\$40 billion passed in aid from a variety of donors to an equally diverse grouping of recipients. This figure excludes grants, soft loans or credits for military purposes. This translates into some 0.38- of the GNP of the donor countries.

Proponents of aid, like the Brandt Commission, claim that if only between 0.75-1.00- of GNP is transferred, a self-sustaining cycle of growth and development can be initiated. While they have many reservations on the way aid is administered, their major plea is for an increase in its magnitude.

However, many awkward questions are beginning to emerge which suggest that that prescription is unlikely to alter things significantly. Realisation is growing about the political motivation behind aid. Thus, a look at the record of USAID, for example reveals that over 25- of its disbursements go to Israel and Egypt, another 25- to an assortment of pro-US Latin American governments and of the balance a large amount is disbursed for population control programmes! The idea of aid going to the most needy is entirely absent from this profile.

In general, the 10- of the upper middle-income developing countries consistently receive some 30- of all aid. This distortion is almost entirely due to political reasons. Linked to this is the fact that aid flows are not free from a standard pitfall of all international lending. Favoured leaders and elites get access to finance for capital projects through these flows. A significant proportion is siphoned off into offshore banks. This makes it almost impossible to service the debts, and leads to the now familiar cycles of rescheduling, IMF World Bank conditionality, and humiliating surrender of sovereignty to the lenders. More serious is the fact that, the rich having stashed away their loot in the safe confines of offshore banks, the poor - for whom the 'aid' was intended in the first place - are even forced to make further sacrifices to ensure catastrophic defaults.

In study after study one can discern that the objectives of the aid givers coincide with those of the well-off elites in the recipient countries. Indeed these elites are seen as the vanguard for growth and development. The impasse is thus complete. Aid intended for the very poor is destined to be channelled through mediums which almost guarantee its squandering! Indeed, there is a need to evaluate dubious aidloan funded projects and categorise them as pure 'white elephants', or as 'dirty' projects. Those which incorporate bribes or commissions and/or dangerous industrial processes or are purely ceremonial should be singled out for repudiation. The benefits to the intended poor of these are questionable if not negligible.

This should, however, form the first step towards an acceptable aid policy designed to take account of the needs of the recipients, rather than the whims and desires of the donors. It is imperative to introduce a moral dimension into the aid flows, if the most needy are to benefit.

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