

Phantom Aid by Janet Jagan March 29, 2008

Minister of Labour Manzoor Nadir made some remarks recently that should serve as a "wake-up" call to those government officials and Cabinet Ministers who deal with development aid donors. He has called on donors to pay due respect to the wishes and policies of the government and people of Guyana, when they are "designing" programmes.

He said he detected a level of obstinacy on the part of donors in pressing what they have on the table as their way of helping us, and not wanting to address the issues that must be dealt with as a matter of policy in our sectors and in our country. The Minister expressed the belief that government, not the international agencies should have more input into what he terms the "design of programmes" and that the programmes be more tailored to the needs of the Guyanese people, not necessarily what the donor agencies feel is the best.

These views bring to mind a matter I've raised twice in this column, that of Guyana's HIV/AIDS treatment programme, which was going along smoothly with the use of anti-retroviral drugs produced locally at New Guyana Pharmaceutical Corporation. However, along came funds from the US President's Emergency Prevention Fund for AIDS Relief (PEP-FAR) which prohibits the use of drugs not approved by the US Food and Drug Administration (FDA). According to the US Ambassador it was decided that from last year no drugs would be purchased with the use of US funds unless those drugs are approved by the FDA. It is to be noted that it is extremely costly to go through the process of seeking FDA approval.

This is, in itself, one big farce, since the FDA is now notorious for approving drugs which have been proven dangerous to life, and have had to be withdrawn from sale and usage. But that's how it works in the USA! Here we have a little country like Guyana which has stood on its feet, long before US aid in HIV/AIDS was offered. The local pharmaceutical company took the initiative to produce anti-retroviral drugs and the Health Ministry took charge of using these drugs to assist HIV/AIDS patients.

In my view, it's very important for developing nations to be creative, innovative and independent. I cite one small example of an attitudinal problem the big nations sometimes suffer from. When I was President, we uncovered a massive drug operation, wherein millions of dollars of cocaine were found in a ship in port. After removing the drugs, we took great care to see that this shipment was protected before destruction. I received a call from the then US Ambassador offering to fly the drugs to Miami where they would be destroyed at an incinerator. I thanked him and told him that we would handle the matter ourselves and had capable people to do it.

We did; the drugs were taken out to sea and dumped overboard without an incident. However, there was a small backlash, from the Americans; the Ambassador ridiculed me at private functions for refusing the offer. But my position was, we must stand on our own feet unless it's impossible to do so without help.

There are many analyses of donor countries funding aid to developing countries and many reports are devastating. Only this week BBC News reported on the many difficulties Afghanistan is facing as regards foreign aid – most of it disappearing in high administrative costs, high salaries for expatriate advisers and very little reaching the needs of the country.

Another report from Johannesburg stated that no less than a quarter of annual

development aid – about \$20 billion (US) is used to fund technical assistance. This refers to research, training and services rendered by consultants. According to a study named “Real Aid”, it typically costs about \$200,000 (US) a year to keep an expatriate consultant on the staff, which includes school fees, child allowances, rent, travel, etc.

The report stated that in the Ghana education service, government officials receive about \$300 (US) per month, which a foreign consultant could expect to earn in a few hours. It also mentioned that a UK-funded consultant in Sierra Leone received in one day what the Auditor General earned in a month.

It was observed that technical assistance which is too costly amounts to “phantom aid”. One commentator declared: “It is difficult for poor countries to negotiate the type of aid they get, it is lack of resources. Either you take it or you leave it. If you take it, you take it with conditions. If you don’t, you end up with nothing.” This is more or less what Minister Nadir was speaking about.

As the author of the Johannesburg report, Romilly Greenhill said: “Aid needs to help the poorest, not line the pockets of the western consultants... Too much aid continues to be designed and managed by donors. It is tied to their countries’ own firms, is poorly coordinated and is based on a set of assumptions about expatriate expertise and recipient ignorance.”

We need to be more cautious and careful about foreign aid. Of course, the developing countries need all the assistance they can get to pull out from the doldrums of colonial rule (and in our case, three decades of stagnation), but not all aid is in the best interest of the people. We need a system based on principles and understanding of the nation’s needs, to sift out what is good and what is not so good.

After all, long ago, in the days of the ancient civilization of the Greeks, Cicero said: “***The people’s good is the highest law.***”