

Building Relationships in Development Cooperation: Traditional Donors and the Rising Powers

Staff working in development agencies from traditional donor countries in the North need to be aware of the ways in which their actions are understood by their counterparts in the rising powers. IDS research reveals concerns amongst the rising powers over the historical baggage associated with Northern donor states. As such, the recommendations in this brief focus on the need for development cooperation to centre on building relationships to ensure the sustainability of cooperation, rather than focusing on short-term goals. Traditional donors must consciously change their behaviour, including through a commitment to mutual learning.

Observations and interviews at international meetings have demonstrated the importance for staff based in traditional donor agencies to take into account the history of aid and development cooperation when designing policies and approaches.

History

The experience of the last sixty years demonstrates that development cooperation is not just about the flow of concessionary resources from richer to poorer countries. It is also about changes in relationships as articulated through ideas, values and practices. There have been three broad phases in the history of development cooperation:

- **Phase one** (c.1960–1990)

This phase saw the emergence of a post-colonial world and the political and economic challenges confronting newly independent countries. At the same time, the Cold War created a space in which the developing world became a battleground, both literally and in terms of superpower competition to provide development aid to key allies.

- **Phase two** (1990–2005)

The end of the Cold War marked the start of a second phase in which the world split into a North–South binary. Relationships were marked

by the absence of strong ideological competition among traditional donor countries providing concessionary resources.

- **Phase three** (2005–present)

This is the current phase, heavily influenced by the global economic crisis. It is characterised by a multipolar world in which rising powers (Brazil, India, China and other middle income countries) and other former aid recipients have increasingly become global players, including in development cooperation.

The latter phase has been marked by a number of international meetings in which traditional donors have responded to the emergence of the rising powers. One important meeting, the Paris High Level Forum on Aid Effectiveness, was organised by the OECD in 2005. At this meeting traditional donor countries expressed hopes that the rising powers would fully buy into the Paris agenda. These hopes were not realised. Instead the rising powers countries challenged how the North defined the means and ends of development. They claimed a relationship with their development partners based on mutual self-interest and respect for autonomy, and contrasted this with the former colonial powers' vertical engagement with their erstwhile subjects – a relationship based on charity and dependency. ➔

Another important meeting, the High Level Forum on Aid Effectiveness in Busan, took place six years later in 2011. Here, traditional donors recognised that the world had changed. They agreed to a new, multi-stakeholder Global Partnership for Effective Development Cooperation in which different modalities and responsibilities would apply to South–South Cooperation. While the Global Partnership was widely seen in the North as a good compromise, our interviews suggest that this new initiative is not fully welcomed by some of the rising powers who appear unenthusiastic about working closely at the global level with traditional donors on development cooperation issues.

Development Cooperation: the UN context

Parallel arrangements to the OECD-led Busan process include the United Nations Development Cooperation Forum (UNCDF, established in 2008) and the G20 Working Group on Development (established in 2010). The former presents the bigger challenge to the Global Partnership due to its broad-based membership and legitimacy as a United Nations (UN) mechanism. Some traditional donors have shown indifference and even veiled hostility to the UNCDF. Our research found that this has been attributed by Southern states and rising powers to the relative lack of control the Northern states have over the agenda in a United Nations space. Even so, it is generally agreed by all that the UN's long-established negotiating blocs (including the G77, which groups rising powers together with poorer developing countries) are in a Cold War time-warp, preventing fruitful discussions. Furthermore, although not directly concerned with development cooperation, the failure to reform the outdated voting and membership arrangements for the Security Council creates an unhelpful atmosphere.

Significance of the role played by identities

'Identity' refers not only to how people see themselves, but also to how they are seen by others. Importantly, identities are emotionally charged, influencing the quality of relationships and thus the possibilities for collaboration. In the context of this research, identity is fundamental to the notion of South–South Cooperation, with its roots in the Third World and the Non-Aligned Movement from the Cold War. In contrast, traditional donors do not always recognise that they may be reaffirming their old imperialist identity when they block Southern-led initiatives. For example, strong feeling was noted among rising power representatives concerning the [failed] attempt in 2012 by traditional donor countries

to limit the mandate of the UN Conference on Trade and Development (UNCTAD). UNCTAD undertakes research and analysis, making policy recommendations on the management of the world economy and on the problems and prospects of developing countries. These recommendations have often differed from those of the World Bank and IMF, and it has long been viewed as representing a more strongly 'Southern' perspective on these issues.

Our key finding across research sites confirms the significance of the role played by identities during international debates on development cooperation. At the first meeting of the Global Partnership steering group in December 2012, there may have been a failure to recognise the emotional importance attached to the generation and sharing of knowledge from a specifically 'Southern' position. For example, a response from a traditional donor representative to the Indonesian co-chair's proposal for a 'knowledge-sharing platform' was that it risked being a 'duplication' of the World Bank's platform. This did not take into account the fact that the World Bank platform will be predominantly populated with resources and research that represent a Northern perspective, nor that rejecting a Southern-led knowledge-sharing platform is reinforcing this Northern dominance.

The production of development knowledge remains a contentious issue. From the early years of development cooperation Northern dominance of the knowledge industry – including academic knowledge on development – was a source of frustration to many in the rising powers and other developing countries, since it was seen to prioritise a Northern perspective. This led to demands during the 1980s for an interdependent and more equal world knowledge order. Despite these demands, the issue of an unequal world knowledge order remains. Indeed, the recent attempt by World Bank president, Jim Yong Kim, to pursue a 'knowledge bank' strategy is seen as perpetuating this Northern dominance. At Busan, during a session on South–South Cooperation, a participant challenged the audience to overcome the internalised colonial oppression that made them believe that what comes from the North is better than that from the South.

Identity also shapes views on the legitimacy of civil society as a global actor. The domestic role of civil society is an issue on which the rising powers themselves take very different positions. However, they tend to agree upon their distaste for Northern NGOs (NNGOs) – funded by traditional donor governments – supporting Southern civil society voice and action. This means that NGOs from the BRICS (particularly India and Brazil) and other rising power civil society actors who are engaging in global development policy debates are nervous about NNGO involvement in their activities. This feeling can negatively affect the potential for global influence of rising powers' own civil society actors.

Understanding 'South–South Cooperation'

South–South Cooperation was initially about knowledge-sharing. Today it is also seen as an essential mechanism for promoting economic development and self-reliance, increasing understanding and solidarity within the South and enabling the South to negotiate its demands in world forums.

The historical background to South–South Cooperation should be borne in mind in order to understand the enduring appeal of this concept. Colonial relations and the legacy of the Cold War's Non-Aligned Movement are historical undercurrents in both traditional donor–recipient relations and South–South Cooperation. Who is from the 'North' and who is from the 'South' will continue to influence the future shape of global development cooperation.

'South–South Cooperation' contains a number of meanings associated with horizontal power relations, mutual self-interest and absence of conditionalities in which countries with recent development experience share this with the rest of the South. It is about learning from other countries' domestic, post-colonial experiences when facing specifically southern development challenges – as opposed to the northern, imperial experience. Although multilateral organisations such as UNDP, the World Bank and ILO have facilitated global discussion about South–South Cooperation, and several traditional donors have become partners in triangular cooperation arrangements involving a rising power and a recipient country, rising power commentators refer more frequently to their own evolving institutional arrangements for South–South Cooperation, such as the IBSA (India, Brazil, South Africa) Dialogue Forum and the BRICS Bank.

These are spaces where development cooperation norms can evolve outside the traditional international aid architecture. Brazil, for example, makes use of trilateral cooperation in the health sector, where it collaborated with non-traditional donors such as Cuba in African countries, as well as with traditional donors such as Japan in Latin America. Likewise, South Africa is involved in triangular cooperation in African countries funded by Japan.

The image of a neo-colonial and power-wielding North contrasted with a Southern approach of non-interference and honest mutual benefit possesses an emotional power that should not be overlooked. Nevertheless the reality is less simple, with interest-based alliances formed at the negotiating table. Moreover, the dichotomised

picture of South–South versus North–South cooperation erases the power and politics within the South, including among the rising powers themselves. These complex identities offer both opportunities and challenges for traditional donors. Those with a past history as a colonial power may find it particularly challenging to relate to these.

Development imaginations: North or South?

At a time of austerity which often includes cuts to the aid budget, some traditional donor governments conflate 'development' with aid effectiveness. Such an increased focus on value for money in aid expenditure may respond to domestic constituencies in the North, but the rising powers see this as unhelpful since, they argue, its effect is to ignore the broader global policy issues of development that are not directly linked to aid expenditure. Rising powers commentators argue for a broader view of development effectiveness as more than the management of concessional flows. Development cooperation should be integrated into and aligned with other policy arenas such as climate change, international trade, tax cooperation, and so on. Traditional donors should recognise that development cooperation cannot be realistically separated from these areas.

Over the course of this research, we observed concern amongst the rising powers about the growing tendency of some traditional donors to concentrate their aid in Least Developed Countries and fragile states, limiting the possibilities of responding to development challenges in the rest of the South. Ironically, those traditional donors that have dragged their feet over the aid effectiveness agenda may actually be better positioned to engage with rising powers in trilateral cooperation arrangements.

Rising powers are generally said to prioritise economic growth and infrastructure, compared with traditional donors' aid in support of the direct poverty reducing Millennium Development Goals (MDGs) and democratic governance. Some development analysts have supposed that 'the South' is far more accommodating to private-sector investment than 'the North' has been. However, traditional donors are rapidly changing their position, and at Busan there was shared agreement on both the importance of growth and of facilitating private sector investment as a key development driver. Yet while they are undoubtedly very active in infrastructure development, the rising powers also have extensive technical cooperation activities in other sectors where the G20 has laid out key policy priorities, including health and global food security. These sectoral priority areas offer opportunities for fruitful collaboration.

“South–South Cooperation is associated with horizontal power relations and mutual self-interest.”

Recommendations

In working towards a genuine and productive understanding of the concerns of rising power states on development cooperation, Northern government and non-governmental institutions should manage relationships as a mutually beneficial learning process for achieving better development outcomes. This can be achieved by adding four kinds of value:

- **Immediate value: activities and interactions.** This gives a value to interactions in themselves, irrespective of any outcome. Non-instrumental relationship-building, in which people do things together, would require a significant behaviour change from traditional donors who are used to setting the agenda. For example, in global spaces like the High Level Forums on Aid Effectiveness, senior staff could envisage a more supportive, 'team player' role when relating to their counterparts from rising powers. In such spaces, informal and sometimes personal engagement (such as sharing photos of the family) can be just as valuable in building constructive relationships. These 'softer' interactions can be overlooked when the emphasis is on efficiency.
- **Potential value: knowledge capital.** Here value is placed on knowledge that may come into use. While traditional donors are valued for their knowledge, by lacking awareness of historical sensitivities they can come across as arrogant when it comes to their knowledge-sharing. On the other hand, a willingness to learn more about the development experiences of rising power countries and, where relevant, applying these to their own domestic settings, would demonstrate a genuine commitment to knowledge that works, whatever its origin.
- **Applied value: changes in development policy and practice.** Rising power countries are more ready to engage with traditional donors at the technical than at the political level. This is an opportunity to deepen engagement and mutual learning, and traditional donors would do well to concentrate their expertise and knowledge-sharing in areas such as in health or food security, which the rising powers perceive as adding value. Knowledge-sharing activities could include exchange arrangements and secondments between technical experts, tracking and publicising not only how these activities have influenced rising powers' practices but also how traditional donor countries have changed their own practices in international development or in their own domestic areas.
- **Re-framing value: changing the understanding of what matters.** The historical baggage that influences how others perceive traditional donors hampers their engagement with the rising powers. For this reason, traditional donors need to build a firewall between their development cooperation activities and the 'old world' global architecture of international relations that is proving so difficult to dismantle. In the words of an interviewee at the Los Cabos G20 meeting, 'this requires them adopting a collective, collaborative, global multilateralism in the delivery of global public goods'.



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Further reading

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Credits

This IDS Policy brief was written by **Rosalind Eyben**, a Professorial Research Fellow at the Institute of Development Studies. It is based on notes from non-attributable interviews and observations made by Jeremy Allouche, Rosalind Eyben, Hernán Gomez Bruera, Laura Savage and Noshua Watson including at the Busan High Level Forum on Aid Effectiveness in 2011 and in 2012 at a Wilton House conference on the future of UN, the G20 meeting in June, the UNDCF meeting in July, a visit to OECD, Paris in July and visits to the World Bank and the UN in October.

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