

**ROLE OF MULTILATERAL & BILATERAL FUNDING AGENCIES AND THE PRIVATE SECTOR IN THE  
DEVELOPMENT OF POTENTIALS OF  
PEOPLE WITH DISABILITIES**

By

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There is no longer any doubt about the role of external development financial assistance in the economic performance of recipient countries where such assistance is undertaken in a conducive economic policy environment (World Bank 1998).<sup>1</sup>

The past 50 years have witnessed the evolution of development thinking and practice, and emergence of a large number of institutions, organizations and agencies at all levels in what is now popularly referred to as the international financial system. Bestriding this a recent study by the World Bank agrees that aid positively affects economic growth, and reduces poverty, only when it flows to countries with stable macroeconomic environments, open trade regimes, protected property rights as well as efficient public institutions that can deliver education, health and other public services.

**Aid** (or "international aid", "overseas aid", or "foreign aid", especially in the United States) is the help, mostly economic, which may be provided to communities or countries in the event of a humanitarian crisis or to achieve a socioeconomic objective. Humanitarian aid is therefore primarily used for emergency relief, while development aid aims to create long-term sustainable economic growth. Wealthier countries typically provide aid to economically developing countries. **Bilateral Aid** is given by the government of one country directly to another. Many dedicated governmental aid agencies dispense bilateral aid, for example USAID, and DFID.

**Multilateral aid** is given from the government of a country to an international agency, such as the World Bank, the International Monetary Fund, or the European Development Fund. These organizations are usually governed by the contributing countries.

Donations from private individuals and for-profit companies are another significant type of aid. The practice of giving such donations, especially on the part of wealthy individuals, is known as philanthropy. Many immigrants move to areas of increased economic opportunity, and send money to friends and family members who still live in the countries they left. These payments are known as *remittances* (rather than philanthropy) and constitute a significant portion of international monetary transfers.

Non-governmental organizations (NGOs) play a major role in distributing aid - examples include ActionAid, Oxfam, and the Mercy Corps. Many non-profit charitable organizations solicit donations from the public to support their work; charitable foundations often oversee an endowment which they invest and use the proceeds to support aid organizations and other causes. Aid organizations may provide both humanitarian and development aid, or specialize in one or the other.

Many NGOs conduct their own international operations - distributing food and water, building pipelines and homes, teaching, providing health care, lending money, etc. Some government aid agencies also conduct direct operations, but there are also many contracts with or grants to NGOs who actually provide the desired aid. The different kinds of Aid are:

- Scholarships to foreign students, whether from a government or a private school or university, might also be considered a type of development aid. Project aid: Aid is given for a specific purpose e.g. building materials for a new school. Programme aid: Aid is given for a specific sector e.g. funding of the education sector of a country.
- Budget support: A form of Programme Aid that is directly channelled into the financial system of the recipient country.
- Sectorwide Approaches (SWAPs): A combination of Project aid and Programme aid/Budget Support e.g. support for the education sector in a country will include both funding of education projects (like school buildings) and provide funds to maintain them (like school books).
- Food aid: Food is given to countries in urgent need of food supplies, especially if they have just experienced a natural disaster.
- Untied Aid: The country receiving the aid, can spend the money as they chose.
- Tied Aid: The aid is used by the country donating it to build infrastructure, purchase goods etc.
- Technical assistance: Educated personnel, such as doctors are moved into developing countries to assist with a program of development. Can be both programme and project aid.
- Emergency aid: This is given to countries in the event of a natural disaster or human event, like war, and includes basic food supplies, clothing and shelter Indicators of good/bad aid

### 3.3 The United Nations agencies

The United Nations system is composed of a wide range of activities from peacekeeping, human rights and disarmament (UN), through social development (UNICEF), health (WHO), labour (ILO), refugees (UNHCR), food or famine prevention (WFP), to technical assistance (UNDP) and trade (UNCTAD), and many others. Like the WB and IMF, it was a post-Second World War creation designed to ensure world peace and security and promote even development. The evolution of the UN in the last half-century has been strongly influenced by two main factors or divides. The east-west divide which was responsible for the cold war greatly limited the UN's ability to perform its political role, the maintenance of peace and security and the north-south divide which hindered the UN from the performance of its function of promoting development.

The need to cooperate and co-exist within established international arrangements has been stressed in a number of literatures and it needs not to be rehashed here. Simply put, international institutions such as the UN are mechanisms for transnational cooperation and collective action.

The World Bank Group works in partnership with the development agencies of individual countries to better coordinate aid and to more effectively achieve development goals

The different kinds of Aid Agencies are:

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| • Australian Agency For International Development (Ausaid)       | • Japan Bank For International Cooperation (JBIC)             |
| • Austrian Development Agency (ADA)                              | • Japan International Cooperation Agency (JICA)               |
| • Canadian International Development Agency (CIDA)               | • Kreditanstalt Fur Wiederaufbau (KfW)                        |
| • Danish Development Agency (DANIDA)                             | • Netherlands Development Cooperation                         |
| • Dep't For Int'l Development Cooperation (Finland)              | • New Zealand Official Development Assistance (NZODA)         |
| • Agence Francaise De Developpement (Afd)                        | • Norwegian Agency For Development Cooperation                |
| • Deutsche Gesellschaft Fur Technische Zusammenarbeit (GTZ) GmbH | • Swedish International Development Cooperation Agency (SIDA) |
| • Ireland Development Cooperation                                |   |

- U.K. Department For International Development (DFID)
- U.S. Agency For International Development (USAID)
- The European Commission (EC) And The European Investment Bank (EIB)
- International Fund For Agricultural Development (IFAD)
- The Islamic Development Bank (IDB)
- The Nordic Development Fund (NDF) And The Nordic Investment Bank (NIB)
- The OPEC Fund For International Development (OPEC Fund)

After the Second World War, the primary goal of development assistance was to spur economic growth. The original reasons for giving aid was to perform three main functions, namely,

- (i) Financial resource mobilization;
- (ii) Capacity building, institutional development and knowledge brokering, and
- (iii) Providing regional and global public goods.

The position has long changed. While growth is considered important and continues to receive some emphasis, the focus of development assistance has grown to encompass such issues as poverty alleviation and capabilities (the ability to partake in the life of one's community).

The field of Disability has been no exception to this movement. International NGOs have been instrumental in helping in programme development and creation of a professional cadre of services in the developing world. Donor agencies like CBM, Sight Savers International, Sense International, Hilton Perkins, Misereor have helped to initiate services where there were none.

The role of NGOs - During the last two decades, a diversified range of NGOs emerged, which have had a profound impact on development approaches and practices. Some of them are specialized in advocacy while others are fully action-oriented. Some are small and heavily depend on resources from bilateral or multilateral government agencies, while others are big and mobilize their own funds. The relationships between NGOs and governmental agencies have for a long time been distant, if not sometimes conflictual. Today however, NGOs are recognized as full partners within the donor community as well as by the recipient countries

It is generally considered that NGOs have a comparative advantage in meeting the basic needs of the poor and in operating at lower cost, while their major problem is going on scale. Some also argue that because of their belief in promoting specific values, NGOs sometimes lack openness to work effectively with other organizations who do not share the same culture. In any case, and in order to be able to maximize the contribution of the NGO sector, the following questions may need further discussion: What are the specificities of different types of NGOs? What are their comparative advantages and disadvantages? What are the roles which they can best play in the delivery of basic education services and how?

### To talk of sustainability

Aid will remain a major source of financing development in many developing countries where low domestic resource mobilization, weak institutional structures, low incomes and abysmal poverty have increased, even as we enter the new millennium. The increase in the spate of globalization, environmental degradation, and the surge in epidemics will only compound the existing inequality between the north and the south and create further threats to world peace if necessary policy actions are not initiated.

**If bilateral aid is shrinking, we have seen the increase of a different kind of aid---that given by large Corporates for social and developmental Projects under the new wave of CSR.**

**Corporate Social Responsibility (CSR)** is a concept whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers,

employees, shareholders, communities and the environment in all aspects of their operations. This obligation is seen to extend beyond the statutory obligation to comply with legislation and sees organizations voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. The increased awareness of CSR has also come about as a result of the United Nations Millennium Development Goals, in which a major goal is the increased contribution of assistance from large organizations, especially Multi-National Corporations, to help alleviate poverty and hunger, and for businesses to be more aware of their impact on society. There is a lot of potential for CSR to help with development in poor countries, especially community-based initiatives.

Corporates have now realized the value of returning to society the gains they have got. They are increasingly looking out for projects which are development oriented, which help to improve the lot of society and the environment. . In India, one sees that almost every large well known corporate body has developed very stringent CSR goals. These could be related to earmarking of certain percentage of profit to CSR or making it compulsory for their employees to put in a minimum of 25 hours of volunteering per year in the development sector. This volunteering is a pre requisite for promotion. Disability as a group is increasingly finding favour with the Corporates.

For this, we need to identify -

“Sensitive Companies & Training Institutes” Which---

- Have a good business model
- Have strong performance cultures - People, culture and values form the foundation of any company
- Aim for technology advantage
- Address the future of Rehabilitation in a pro-active manner
- Need for Convergence with Management Institutes, Universities & Corporates

#### **Which are the possible areas of collaboration?**

The areas could be

1. Human Resource Development
2. Technology
3. Manufacture of Rehabilitation Aids and Assistive Devices
4. Prevention and Cure of preventable and curable disabilities
5. Consumable materials for rehabilitation

At the international level, we have the example of Standard Chartered Bank (StanChart) which has funded the Vision 2020 campaign. We also have instance of Bill Gates Foundation which has helped in education of the under privileged all over the world. In India and at the BPA, we have the following example.

- Shah Investors Home Limited (SIHL), a very reputed name in the field of financial services sector in Gujarat have decided to donate 2% of their profit which is equal to 1 million Indian Rupees to the Blind People’s Association (BPA) every year.
- ITC has donated 12,50,000 for 1000 cataract surgeries which have been successfully conducted at BPA-Navalbhai and Hiraba Eye Hospital, Bareja. People have been able to get quality services due to this generosity.
- Gujarat State Fertilisers Corporation (GSFC) donated Rs. 1,01,000 lakhs to BPA for enabling 33 blind and disabled persons to get self employment.
- Suzlon which deals in wind energy donated 1 million Indian Rupees for assistive devices for the disabled.

**How can contribution from multi lateral agencies or corporates be improved in developing countries?**

## **Improve Coordination and complementarity**

Proliferation of aid and the lack of coordination have been major obstacles to aid effectiveness. The myriad funding agencies in developing countries have their own priorities and the current aid system provides all of them with outlets to pursue those priorities. The end result in most cases is a duplication of functions and activities by funding institutions. It also imposes a cost as the coordination, and monitoring of projects occupy the time of staff in almost every recipient ministry in a country. The inefficiency that arises from lack of donor coordination is an old, but still unresolved, problem. Some attribute this lack of coordination to the recipients' lack of absorptive capacity, others to the different objectives that drive donor programmes and again others to the multiplicity of aid agencies, each pursuing their own priorities.

It is necessary for donor agencies to sit across a common table and view the country as a common fund raising target. A central coordination meeting of various donor agencies will result in more effective and efficient distribution of scarce resources.

For example, Kanbur and Sander (1999) have suggested what they called the 'common pool' to which donors are to contribute and from which disbursements are to be made to recipients, without regard to donor's self-interests.

The approach rests on a basket funding system where donors do not provide funds to specific projects but for a sector within which many projects could be undertaken by implementers; and □□As they design their own sectoral strategy and devolve much of the activities to lower levels of responsibility, policymakers create an atmosphere of inclusion and this will spin off into more positive achievement.

Funds are not necessarily allocated through the sectoral pool, although donors accept a uniform arrangement for accounting, budgeting, progress reporting, etc.

### **Partnership approach to development aid:**

Schematically, the partnership proposal outlines three stages in aid delivery:

- i) The recipient country evaluates its needs and on the basis of this prepares a national development strategy after interacting with the private sector, civil society and other stakeholders. The practice enables recipient countries to build a consensus on development focus through debate and dialogue. A national development strategy is then designed based on the needs articulated;
- ii) A financing mechanism is then planned for the strategy. This is done by convening a meeting of the 'development partners' coalition' consisting of donors and recipients in the recipient country's capital. Two objectives are served by this meeting. First, in line with the recipient country's strategy, donors design their individual action plans and make their pledges. Second, donors utilize the opportunity to coordinate their assistance strategies through the formation of 'partnership frameworks'. In forming such frameworks, individual donors exploit their comparative advantages in the recipient country's programme and also discover areas of possible collaboration with other donors; and iii) Finally, based on an understanding of their relative efficiencies, donors institute a common arrangement for the implementation, monitoring and assessment of the projects.

As useful as the two suggestions given above are, they also have their own problems. The question remains as to who draws up the matrix—the donors or recipient country? If it is the donors, will the country be in charge of the process? Which donors will help the most? The fear here is that the process might still be donor- driven arrangements.

The suggestions fall short of providing a means through which the burden of individual donor projects can be alleviated. Donors still decide what specific projects they will fund, though, as part of the comprehensive country framework. The other problem is the issue of capacity. Capacity-building is an important ingredient for country ownership. This will remain a challenge for many recipient countries for many years to come. The next approach attempts to tackle the first of these problems.

### **The common pool approach to development assistance:**

A major constraint on the effectiveness of aid identified earlier is the lack of ownership of development projects financing. To reiterate, donors have their own perspectives which determine the programmes they are willing to finance. Recipient countries have to contend with their unique histories, political economies and ideas on development strategies, which influence their behaviour. In the words of the proponents of this approach, there is an 'agency problem'. Principals in this case donors use 'sticks and carrots' to induce agents to undertake a specific course of action.

### **The common pool approach is supposed to work as follows:**

- Recipient country develops its own strategy, programmes and projects in consultation with its constituency and dialogue with donors; □□ Presents plan to donors. Donors will be expected to put unrestricted financing into a common pool;
- Recipient governments would also contribute to this common pool;
- The level of financing by each donor would depend on its own assessment both of the strategy and the programme and also the recipient country's ability to implement the strategy and effectively coordinate project and outlays;
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### **How to improve the quantum of aid/donation in the disability sector?**

- Aid cannot be a top down effort done by outsiders without feedback and interaction of locals. It is necessary to understand the local conditions. Without that aid can throw the local system out of balance and thus do more harm.
- Aid agencies operating through bad governments might not reach the needy people. (e.g. sales of materials on black markets, aid filling pockets of government workers)
- Aid agencies often are accountable to donors (or not even) and not aid receivers. Therefore the aid agency might focus its efforts on items that guarantee a good press visibility instead of focus on the best solution. (e.g. treatment for AIDS victims is very expensive in comparison to prevention of the disease, where effort would be better spent). Also it might focus on quantity and leave quality aside (e.g. school enrollment counts, the number of pupils per class might not
- Aid agencies and recipient agencies need to be accountable and transparent. The officials of the institutions should be accountable for their actions, and reports should be made available and written in an understandable manner. When programmes fail, staff in charge should be held responsible.
- □□ The need for recipient countries to take ownership of such programmes/projects cannot be over-emphasized.

### **Conclusion:**

This paper reviews the role of the multilateral aid agencies and corporates in the delivery of aid. The role of these institutions is as old as the debate on the role of aid in economic development. Aid is effective in a good policy environment. However, effective aid delivery is equally crucial. This is why the need to reform the institutions involved in the process of delivering aid is crucial. Among others, the paper concluded that there is a need for redefining the roles and the establishment of a well articulated network among the various institutions involved in the aid process. More importantly, given the different actors and motives at play in the transfer of resources to recipient countries, the role of a supranational institution to coordinate and give direction is indispensable.

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