AID, SUSTAINABLE DEVELOPMENT AND THE ENVIRONMENTAL CRISIS

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Introduction

Environmental considerations have played an increasingly important role in the global political economy since the 1980s. The concept of sustainable development popularised by the publication of the Brundtland Commission's report, *Our Common Future,* in 1987 has become the latest paradigm in development thinking. Since the United Nations Conference on Environment and Development held in Rio in 1992 focused attention on the relationship between environmental degradation, poverty, development, social justice and trade, governmental and non-governmental organisations have promoted sustainability as a key goal.

The relationship between aid and the environment is arguably complicated. On one hand, many economists argue that aid has an essential role to play in the promotion of economic development, and can be helpful in promoting principles of sustainability. On the other hand, not only have many critics doubted the efficacy of aid but many have detailed the environmentally damaging consequences of many aid projects.

This paper is not intended as an empirical evaluation of recent trends in the allocation and distribution of foreign aid. It is, rather, an examination of the theoretical presuppositions and logical coherence of an ostensible new approach to development finance The impetus for a redefinition of the foreign aid strategy in the 1990s comes from changes in the global political economy and global political system. A new approach to development—sustainable development—has mirrored these changes. Sustainable development is presented as a new approach to development which while promoting development also responds to the growing environmental crisis. The aim of the paper is to see how foreign aid, one of the core economic practices of the post-war era, has been forced to respond to a shift in the development paradigm. In other words, this paper examines changes in the aid regime in the 1990s occasioned by a move to the framework of sustainable development. First, the paper will attempt to clarify the contours of the development discourse that originated after the Second World War. The next part of the paper will interrogate the concept of sustainable development and argue that sustainable development fails to provide a convincing alternative to the dominant theory of development It will then situate the theory and practice of aid within the dominant development discourse. The paper will then reflect on the shift in aid policy in the era of sustainable development. The central question thus concerns the extent to which adoption of the sustainable development paradigm has transformed the aid regime.

Regime Theory and Discourse Analysis

For over a decade, regime theory, in either its liberal or realist variants, has been the dominant approach to international co-operation. The promise of regime theory lies in its

recognition of the diverse channels connecting national societies and its stress on the importance of institutional factors in the determination of outcomes in world politics. Regimes matter because ideas, principles, and norms are important in a sociological account of international relations. Regimes also provide a means of examining both the outcome of self-interested behavior and the results of institutionalised behavior which cannot be linked to self-interested action in the narrow manner of realism. Nevertheless, there are a number of inherent limitations in the regime approach. First, regime theory rarely provides convincing explanations for the origins of regimes. Secondly, much of the regime literature tends to view regimes in consensual terms thus underestimating the role of power in the construction and maintenance of regimes. Instead of thinking of norms in consensual terms it is closer to reality to define them in terms of dominance—"the dominant standards of behavior that apply to a specific issue-area" (Uvin, 1994: 12). Contemporary regime theory, despite its promise, is unable to provide a satisfactory understanding of the politics of development assistance. The marginalisation of aid recipients is taken as a given and the role of power considerations in the construction of aid policy rendered unproblematic. The relationship between transformations in the global political economy and changes in institutions, norms and principles necessitates a conceptual framework which draws attention to the relationship between knowledge and power. The relationship between power and knowledge has been explored through discourse analysis. Knowledge is no longer an objective absolute but part of a socially constructed narrative linked to power relations. What "appears 'real' is always analysable as a restrictive and expressive set of social codes and conventions" (Clifford, 1986: 10). Exploration of the relationship between power, knowledge and the creation of discourses involves a politicisation and deconstruction of these concepts. Michel Foucault, through diverse investigations of, among other things, madness and sexuality in Western society, came to the conclusion that notions of objective truth and knowledge are used as methods of *exclusion*—ways of dismissing other truths and narratives. 'Objectivity' creates hegemony; 'the criteria of what constitutes knowledge, what is to be excluded and who is designated as qualified. The paper will use Foucault's ideas of how 'objective' knowledge and the criterion of normalising discourses affects the theory and practice of international development and the distribution of foreign aid. How has the development /aid discourse been created? What are its claims to legitimacy based on? Through what processes does it deconstruct and normalise its subjects? In what ways do these processes exclude other narratives??

Development as Discourse

Development has emerged as a powerful set of theories and practices which has influenced the post-war evolution of the developing world. It is instructive to note that a focus on economic and social development has always assumed that the advanced industrial countries have attained a stage in which considerations of development are absent. To examine development as discourse means to understand why so many countries started to see themselves as underdeveloped in the post-war period, how development became a fundamental problem and how whole fields of knowledge and endless strategies were devoted to this task.

For Foucault, discourses constitute ways of specifying knowledge and truth. He asserts that,

> ....we must conceive discourse as a series of discontinuous segments whose tactical function is neither stable nor uniform. To be more precise, we must not think of a world of discourse divided between accepted discourse and excluded discourse, or between the dominated discourse and the dominated one; but as a multiplicity of discursive elements that come into play in various strategies (1990: 100).

In other words, knowledge is institutionalised through the creation of discourse, a "conceptual terrain in which knowledge is formed and produced" (Foucault, 1981: 48). The rules and practices surrounding discourse delimit and define the legitimate mode of thought and perception of the thinker; one therefore cannot think outside a limited field of knowledge. Thus external forms of knowledge are dominated by being excluded. In short, "to know involves acts of power" (Hobart, 1993: 9).

Discourse as used here does not refer solely to the production of ideologies. Positivist thinking has reduced discourse to the opposite of the real or merely its reflection and assumes, on the one hand, the existence of an objective world independent of any discursive mediation and, on the other, discourse structures which are pure expressions of thought, unrelated to materiality. However, it must be recognised that discourse partakes of fundamental materiality; it involves a series of material elements and processes which articulates it on a domain of things, through which the production of truth is organised. Discourse determines ways of doing things where the real is given shape by those who conceptualise and manage it. An approach to development as discourse recognises the reality behind poverty and underdevelopment, but its concern is with understanding how these conditions have been constructed as underdevelopment, and what have been the consequences of doing so. In other words, how areconditions in the Third World integrated into an institutional field to be solved through private capital, foreign aid, industrialisation, etc. From the other side, we need to examine how these politics of truth ignore people's conditions and oppression and search for other existing possibilities.

Escobar has argued that the development discourse created after the Second World War was aimed at a total restructuring of the underdeveloped societies (1995). From early modernisation theories onwards, the main preoccupation of theorists and politicians was the kinds of development that needed to be pursued to solve the economic and social problems of the Third World. The status achieved by 'development' ensured that critics of the dominant capitalist approaches nevertheless constructed their critique in terms of the need for alternative strategies of development (Escobar, 1995: 5). The result was that, despite criticisms of any given approach and proposed modifications, development itself was never questioned. Governments and multilateral institutions continue to design and implement development plans and programmes with the aid of development experts. "The fact that most people's conditions did not improve but deteriorated with the passing of time did not seem to bother most experts" (Escobar, 1995: 5). In sum, the development discourse had colonised reality.

A central way in which the production of 'objective' knowledge exercises power is through the process of normalisation; elevating the status of certain types of discourse and thereby excluding external discourses by categorising them as inferior. The development discourse is hierarchically

constituted; "it privileges certain kinds of information (scientific, positivist) over others (local, experiential) and certain kinds of knowers (neutral, detached) over others (committed, involved)" (Kabeer, 1994:72). Edward Said suggests that "the general liberal consensus that 'true' knowledge is fundamentally non-political . . . obscures the highly if obscurely political circumstances obtaining when knowledge is produced" (1978: 10). This is equally true of knowledge in international relations. He argues that "Orientalism can be discussed and analysed as the corporate institution for dealing with the Orient.... in short, Orientalism as a Western style for dominating, restructuring and having authority over the Orient" (1978: 3). As in the orientalist discourses examined by Said, development or developmentalism has functioned as a mechanism for the production and management of the Third World in the post-war period. This was achieved through the systematic elaboration of fields of knowledge and institutions which made possible the establishment of forms of power through which individuals, government officials, and occasionally whole communities recognised themselves as underdeveloped, or to put it another way, as unfinished manifestations of the Western ideal. These fields of knowledge covered entire domains related to southern economies, societies and cultures. They constituted a system for organising the production of truth about the Third World. The knowledge that was produced in this effort made possible the exercise of power in novel ways. The specific model of international development being promoted was essentially the entrance into the global capitalist market through industrialisation and specialisation of agriculture

A discourse such as development can be characterised by the fact that the regime of formation of statements is carefully regulated. As a result, only a relatively limited number of things can be said within a given discourse. Development was characterised from the outset by certain basic statements relating a few variables such as capital, technology and resources. Industrialisation, population control, technical change in agriculture etc. All repeat in different ways the same set of statements. However, the continuity is difficult to see as the discourse creates endless prescriptions, views, institutions and programmes. Thus an impression of development as a learning process is created. But development as a grand theory providing solutions to the problems of global poverty has failed to deliver on its promises. The failures of development theory, especially increased environmental degradation led to the search for a new approach such as sustainable development.

Sustainable Development

Sustainable development as an idea and practice is the latest in a long line of major approaches to economic development. Whether sustainable development is the major paradigm in contemporary debates on development or one approach among many is a moot point. It is, in its various guises, the dominant solution to the problems of environmental degradation and poverty in the South. Sustainable development represents a new justification for intervention in the developing world. The terrain for intervention has been extended to include governance, the role of civil society and the stewardship of environmental resources. If earlier versions of development theory were formed in the context of the Cold War sustainable development has been articulated, for the most part, in the post-Cold War era. The geo-political context is neither accidental nor irrelevant. The

emergence of different forms of conditionality is linked to considerations of global power. Intervention, in the guise of concern for environmental degradation, becomes yet another incursion by Western interests in the domination and subjugation of non-western peoples.

The upsurge of interest in the environment on the part of development theorists and practitioners is the result of a myriad of factors. It is a partly connected to a new awareness of ecological processes and of the necessity to reorient the development process. It is also related to a modification in certain practices, for example, assessing the environmental impact of development projects, obtaining knowledge at the local level, and small-scale development assistance by non-governmental organisations (NGOs). New social situations created by the failure of top-down development projects, the social and ecological problems associated with these failures and new forms of protest have also had an influence on the increased interest in sustainable development. Finally, new economic and technological processes on a global scale that have resulted in heightened awareness of global processes (Escobar, 1995: 194).

The problem with the use of the term sustainable development is its vagueness. It has proved very difficult to formulate a definition that is comprehensible, while retaining analytical precision. Sustainable development has been the subject of diverse definitions from a number of commentators (Pearce, Markandya, and Barbier, 1991: 173-185). As a result, it has come to mean very different things to ecologists, economists, planners and politicians. In its favour is the positive connotation implicit in the term. It is unlikely that any person or organisation would willingly endorse unsustainable development. Sustainable development is not necessarily identified with increased consumption and production but with an improved quality of life where the state of the natural environment is taken into consideration.

One of the sources of conceptual confusion surrounding the term is that no agreement exists regarding what exactly is to be sustained. The goal of sustainability sometimes refers to the resource base itself, and sometimes to the livelihoods which are derived from it. Some commentators refer to sustaining levels of production, while others emphasise sustaining levels of consumption. The difference is important since development at the global level has become unsustainable, largely due to patterns of overconsumption in the advanced industrial countries. However, policies for sustainable development that have been put forward, to date, are essentially production-oriented. Nevertheless, it is possible to discern several core assumptions in the various definitions of sustainable development. First, sustainable development appears to require an inescapable commitment to equity, specifically inter-generational equity. In other words, sustainable development policies should ensure that the welfare of future generations is no lower than our own. Secondly, sustainable development requires an entrenchment of environmental considerations in policy-making. Efficiency in resource use entails the internalisation of environmental costs in pricing decisions. That is, efficiency is defined so that the full costs of goods and services are reflected in the price of production inputs and consumer goods. Thirdly, there is concern with the inter-country and intra-country effects of changes in economic policies. In the context of the international economy, North-South relations are a prime site for discussions of equity. Finally, the narrow focus on growth (and obsession with GNP per capita) is replaced with greater attention paid to social aspects of development.

The dominant interpretation of sustainable development derives from the Brundtland

Commission and its report, *Our Common Future* (1987). In an approach to sustainability, which attempts to integrate the multiple dimensions of sustainable development within its analysis, the economic concept of discounting is given a key role but the debate about sustainability is enlarged to cover non-economic factors. The emphasis is on sustainable development for essential human needs, rather than on the trade-offs between economic and biological systems. The Brundtland Commission's definition of sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (World Commission on Environment and Development, 1987: 3). This definition has become the focal point from which other contestations flow. According to the Brundtland Commission, "sustainable development is a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development and institutional change are made consistent with future as well as present needs" (1987: 9). This entails the pursuit of a highly political agenda in its assessment of the wide-ranging effects of economic development. However, the report remained within the language of consensus sufficiently so that it was accepted in principle by many governments. This depoliticisation transforms a socio-political concept into an economic one and renders a political issue in technical terms.

To some extent the orthodox approach to sustainable development endorses environmental managerialism as a key component of sustainable strategies. As a result sustainable development and environmental managerialism have become key concepts in policy-making circles. Western scientists and politicians continue to speak for the entire earth, and the solution proposed is found through planning. The myopia of the development discourse has been reproduced in the discussion of sustainable development. Dominant political and economic interests are not challenged. The conventional approach to sustainable development is largely silent on the issues of power and knowledge. There is little consideration of the way people in the rural South participate in the management of their resource base and, through their participation, help to transform the practice of environmental management. We can therefore conclude that sustainable development can be seen as being the latest in a long line of development alternatives rather than as an alternative to development.

Radical theorists argue that sustainability cannot be managed within a capitalist world economy. In the words of one theorist, "The patterns of uneven development and their differential economic and ecological effects are the products of a global market economy that has been emerging since the sixteenth century" (Merchant, 1992: 23). The quest for sustainable development consequently has to confront the values, interests, and power behind the capitalist international division of labour. The orthodox sustainable development discourse has a number of serious flaws according to radical theorists, particularly with respect to the relationship between poverty and environmental degradation. First, orthodox approaches overestimate the contribution of the poor to the global environmental crisis whilst simultaneously underestimating the contribution of the world's richest nations. Thus, insufficient attention is given to the structural relationship between poverty and environmental degradation. This results in a bias towards managerialism rather than resource management stemming from the traditional top-down approach to development. Secondly, the orthodox approach prescribes further economic growth as the ultimate solution to the twin problems of environment and development but it is doubtful whether the objective (of sustainable

development) will be achieved since "if economic growth by itself leads to neither environmental sustainability nor removal of poverty, it is clearly a non-objective for sustainable development" (Lele, 1990: 614). And as Redclift argues, "The concentration on 'growth' has served to obscure the fact that resource depletion and unsustainable development are a direct consequence of growth itself" (1987: 56). Moreover, the integration of sustainability and development within a single concept can have the effect of co-opting the green movement into accepting a development framework for discussion. Given the complex and problematic relationship between growth, development, and sustainability such a capture of the conceptual terrain can result in the creation of divisions in the environmental movement.

Escobar highlights four features of the emergence of sustainable development as discourse (1995: 194-196). First, "the emergence of sustainable development is part of a broader process of the problematisation of global survival that has resulted in a reworking of the relationship between nature and society" (1995: 194). International attention to the environment is the response to the twin forces of a development model which enhances environmental degradation and the emergence of environmental movements. However, the new environmentalism focuses on the global ecosystem rather than the sustainability of local societies. The definition of the global is made by the power brokers rather than the poor. The proposition that we are all citizens of the earth tends to lead to the conclusion that we are equally responsible for environmental degradation. It is important to recognise that there are great inequities in resource problems and consumption habits internationally and intra-nationally. Second, the discourse is at fault for the lack of vision it fosters of the role of local people in the management of their own environments. Although ecologists have discovered the degrading activities of the poor, they have seldom made the connection to the processes of capitalist growth which has engendered this degradation. Third, the idea of environmentally-friendly growth represented in mainstream sustainable development "reproduces the central aspects of developmentalism and economism" (1995: 195). Therefore the sustainable development discourse, instead of replacing the orthodox development discourse, has built upon and replicated many of its features. Key themes are in the growth/development debate are repeated. Fourth, the new environmentalism has rendered nature a passive object while the environment has been expanded. Sustainable development thus attempts to create conditions conducive to development and the elimination of environmental degradation.

Within the discursive terrain of environmentalism, a number of critical foci, like ecofeminism and environmental ethics, interrupt the growth ethic and consumerist culture of contemporary capitalism. But as I have shown, the incorporation of environmentalism strategically replicates and elaborates a form of managerialism which neither disrupts nor displaces central themes in the conventional approach to development. Nevertheless, the articulation of sustainable development has initiated a focus on the transfer of capital by governments and international agencies. The generation of a new development paradigm requires changes in development policies. The financing of sustainable development is not located *ab initio* in the new paradigm but is negotiated within the pre-existing contours of the foreign aid regime. So, before turning to an analysis of development assistance in the context of the promotion of sustainability, I will examine key features of the aid regime.

The Foreign Aid Regime

Foreign aid has played a critical role in the elaboration of the development discourse. It stands firmly at the intersection of political and security interests and economic and social development. In developing the terrain of the aid regime, I will suggest that this regime contains a limited and limiting conception of development. The omissions or silences of liberal development theory—the discovery of the rural poor, the recognition of the salience of women in development, the importance of redistributivist strategies, and the crucial role played by open political institutions—all reappear periodically at the dawn of a new age. Tracing the connections between foreign aid and development choices in the world economy is a task central to understanding current development practices.

In the post World War Two period, billions of dollars have been transferred from developed to developing countries in the form of economic aid. Foreign aid has long occupied a central place in international development policy. Despite the absence of a consensus on the effectiveness of aid, and a failure of the donor states to attain the norm of 0.7 per cent of GNP in development assistance, an international aid regime can be identified. The aid regime produces and maintains a distinct pattern of development and is itself the product of ideas and theories on development.

Robert Wood has provided the most developed description of the aid regime. He outlines five components: the negotiating framework between donors and recipients; the identification of legitimate uses for aid; relations among donor institutions; the relationship between official development assistance and broader development policy; and relations between aid and debt (1986). Within each of these components can be found principles, rules, norms and decision-making procedures. The aid regime is predominantly structured around the interests of the donors. Given that 'he who has the gold makes the rule' the power of the purse is evident in the specific features of the regime. The negotiating framework places the recipients in the position of supplicants; decisions on the allocation of aid are reserved for the bilateral or multilateral donors. Procedures for the evaluating the success of aid remain with donor institutions. Aid is regarded as a supplement rather than a replacement for private capital. Official development assistance should not compete with private capital but should be allocated in cases where the private sector is unable or unwilling to provide funding. Moreover, aid can be withheld to force the recipient to seek out the private market. Burden sharing and co-ordination of policy is an important feature of the regime. The Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD) is the key site for dialogue and co-operation among lenders. Much attention has been given in recent years to the conditionality in structural adjustment programmes, but conditionality has long existed as an important feature of the aid regime. Conditionality provides the means through which donors can exercise some influence over the policies followed by recipient governments. The management of debt by creditor clubs places the burden of adjustment on the debtor country. Debt relief is provided as long as the recipient agrees to fulfil obligations to both private and official creditors.

The aid regime was developed after the Second World War and owes its origin to the Cold War and post imperial European politics (Wall, 1973: 9). During the colonial period technical

assistance was provided by the metropolitan countries to the colonies but the scale of these programmes did not prefigure the post-war effort. A number of factors underlay the decisions by the industrialised world to develop aid policies after 1945. Political and strategic motives have been inextricably linked with the growth of foreign aid. In the Cold War context, aid was one of the foreign policy instruments used by both sides in the East-West confrontation. The phenomenal success of the Marshall Plan, under which massive grants from the United States provided the capital equipment and other resources to stimulate the rapid economic recovery of Western Europe (which was already in possession of the infrastructure of a self-sustaining economy), provided an early ideal model of the possibilities of foreign aid, despite the differences in material conditions between Europe and the developing world. Economic aid was frequently linked to military aid. Studies of the distribution of aid show a close correlation between strategic interests and aid flows. Western countries attempted to promote economic development in the South through foreign aid on the basis of the theory that a link existed between economic development and democracy. Hence the granting of aid would "contribute to the growth and strengthening of liberal democratic political systems in the Third World" (Packenham, 1973: 5). On both sides of the East-West divide communist and capitalist regimes saw aid to Third World regimes as a means of gaining influence with compliant regimes. The ex-colonial powers used aid as a means of maintaining commercial and political influence in their ex-colonies. Moreover, political stability in the newly independent countries was deemed to rest on the provision of external assistance. Clearly, the strongest rationale for the granting of foreign aid remained enlightened self-interest. Nevertheless, it should not be forgotten that aid was a response to the demands made by the newly independent African and Asian countries and a Latin America intent on industrialisation. Whether the arguments were based on the importance of reparations for past exploitation, international solidarity or mutual interests Third World countries demanded access to aid.

The aid regime is not static and its key components have evolved since the 1950s, but at its core are the changing theories of development. The economic rationale for aid is based on the claim that the macroeconomic contribution of aid to recipient countries is positive through the promotion of improved economic policies and resource allocation. It increases the efficiency of capital through strengthening technical, managerial, institutional and administrative capacity. In an unequal international economic system and imperfectly functioning capital markets, aid reallocates capital from rich countries to poor countries. And a crucial role for aid is the relief of poverty through the protection of the incomes of the poor (Lele and Nabi, 1991: 7). Aid theory has tended to follow, rather than anticipate, the major changes in development thinking. Development thinking and practice, both orthodox and heterodox, within the construction of the development discourse produced a number of refinements and re-evaluations (Oman and Wignaraja, 1991).

The two gap model of Chenery and Strout provided the foundation for aid policies in the 1960s. In this model, the foreign exchange gap is perceived as a key constraint on growth. The supply of external assistance was needed to pay for much needed imported materials and machinery. A realisation that although growth was occurring the poorest often remained trapped in poverty led to a re-evaluation of the development paradigm at the beginning of the 1970s. The initial impetus for what came to be known as the basic needs strategy came from the ILO's World Employment Programme launched in 1969. The basic needs approach to development dominated the

development discourse in the 1970s and shifted the focus from industrialisation and trickle-down to the rural sector and redistribution. The deteriorating external balance of developing countries at the beginning of the 1980s led to the debt crisis of 1982, the demise of the Keynesian consensus on economic policy and the rise of a neo-liberal approach to economics. The acknowledgment of the failure of many projects occasioned a review of both development economics and aid policy. The move to structural adjustment loans or policy-based lending ushered in a revolution in aid policy (Mosley, Harrigan and Toye, 1991).

Attention has focused over the years on improving the quantity, quality and effectiveness of development assistance. Various studies have been conducted to determine the role of external capital in development. Proponents of foreign aid maintain that although aid has on a number of occasions failed to achieve its goals, the overall record is positive. A major study of the effectiveness of aid published in the 1980s concluded that aid "succeeds in meeting its developmental objectives (where those are primary), contributing positively to the recipient countries' economic performance, and not substituting for activities which would have occurred anyway" (Cassen et.al., 1986: 11). The official view links the economic growth of developing countries with the provision of aid; "...many developing countries have achieved remarkable development progress. Official development assistance, together with the growing markets provided by OECD countries, significantly contributed to these gains" (OECD, 1985: 283). These arguments have not gone unchallenged and a vast literature critical of the claims of the supporters of aid have been produced by its opponents. Critics of aid from both the right (Bauer, 1984) and the left (Hayter and Watson, 1985) question the positive linkages made by orthodox aid theory between aid and development. Debate has ensued over the relationship between aid, savings and growth (Griffin and Enos, 1970; Papanek, 1972); the impact of aid on the poor (Madeley, 1991; Cassen et.al., 1986), and the political motives of the donor countries (Hayter,1971; Bauer, 1981).

The foreign aid regime can be termed multilateral bilateralism. The dominant source of funds has been bilateral, but although aid programmes are nationally financed and administered, they are guided and harmonised through multilateral agencies and structures like the World Bank, the DAC of the OECD, and the various regional development banks. The declared intention of aid to generate a technocentric solution to the self-evident problem of poverty clearly reflects an intellectual debt to American social science (Packenham, 1973).

Many commentators on aid have frequently examined what may appear to be paradoxes in the distribution and efficiency of aid but which disappear once aid is situated in a broader context. The aid regime is based on a number of separations which make sense from an economic perspective, but fail to present a coherent picture of the reality of development assistance. A crucial separation resides in the divorce of politics from economics. Aid is inherently political, but studies of the efficacy of aid are conducted either in the absence of considerations of the political context or with political events held constant. Second, the different types of aid—food aid, technical assistance, military aid—are discussed separately from each other rather than as part of a complex whole.

To what extent has there been a shift in aid policy in the era of sustainable development? And to what extent are current practices conditioned by the structure of the post-war aid regime? The following section of the paper provides preliminary reflections on the construction of

development assistance in the context of sustainable development.

Financing Sustainable Development

At its simplest level, the problem addressed by the financing of environmentally sustainable development through bilateral and multilateral channels arises from the observation that economic growth had previously ignored environmental impacts and sustainable development as the most appropriate tool for reaching the poor. Major creditor countries and donor agencies have responded to the call for sustainable development by developing new norms and approaches to lending and debt management. It is the aim of this section to critically assess the extent to which this restructuring represents a radical departure from the old patterns of aid provision. A comparative analysis of the aid policies of the major donors is beyond the scope of the paper. I will therefore use two institutions—the Development Assistance Committee (DAC) and the World Bank—as the focus of analysis. The Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD) provides a forum in which the principles, norms, and rules of the major donor states are harmonised. The World Bank is the leading multilateral agency for provision of development finance, and the leading lender for environmental projects in the developing world.

In December 1989, a meeting convened by the DAC resulted in a Policy Statement on Development Co-operation in the 1990s, outlining the promotion of participatory development and environmental sustainability as two new concepts to guide official development assistance. Future aid programmes would "integrate the objectives and requirements of: promoting sustainable economic growth; enabling broader participation of all the people in the productive process and a more equitable sharing of their benefits; and ensuring environmental sustainability and slowing population growth in those many countries where it is too high to permit sustainable development" (OECD, 1993: 7).

In a number of subsequent publications the DAC's motivation, principles and approach to the provision of development assistance in the 1990s has been elaborated (OECD, 1995; OECD, 1996). According to the DAC, the aims of a sustainable development strategy are: to reduce poverty while achieving broadly based economic growth; strengthen the domestic human and institutional capacities to meet the challenges of development and to prevent social disintegration; to improve the developing countries' capacity to contribute to the management and solution of global problems; to reinforce the transformation of institutions enabling developing countries to play a bigger role in the world economy; and to shift the focus of development from central government to organs of civil society (OECD, 1996). Sustainable development is to be "based on an integrated strategies that incorporate key economic, social, environmental and political elements" (OECD, 1996). Central to this strategy is a shift from financing central government to the inclusion of non-governmental organisations (NGOs), and community based organisations (CBOs). This focus on the institutions of civil society is mirrored by equal attention to the role of the private sector. The sustainable development paradigm fosters a participatory approach to development which attempts to reduce poverty and promote economic growth. It maintains the focus on growth central to the post-war development discourse, but places greater emphasis on human capital than previous approaches to

development. The promotion of socially responsible development in this view depends on increased local involvement with projects, greater governmental accountability, an increased role for the private sector and sustainable environmental practices.

The rhetoric of the World Bank is similar in tone to the DAC and supports the contention that the financing of sustainable development signifies a new phase in the aid regime (Serageldin and Sfeir-Younis, 1996). For the World Bank, the sustainable development paradigm goes beyond the mere provision of financing for environmental projects, and incorporates a number of different strategies. We can distinguish between three different strategies followed by the World Bank in its efforts to 'mainstream the environment' (World Bank: 1995a). First, financial and technical resources are targeted specifically towards the environment. Targeted programmes for the environment include pollution management (the brown agenda), natural resources (the green agenda) and national institution building. The World Bank's rhetoric places great emphasis on balancing financial objectives with the demands created by environmental degradation.

Second, all the Bank's lending is subject to environmental assessments. This 'greening' of the entire portfolio is conducted through Environmental Impact Assessment (EIAs) and National Environmental Action Plans (NEAPs). EIAs are reports conducted by borrowing countries to evaluate and monitor the environmental consequences of proposed projects. NEAPs are national strategies created by aid recipients to provide a framework for integrating environmental considerations into economic and social planning. EIAs and NEAPs provide a way of incorporating environmental considerations into project design, and the identification of projects that have environmental improvement as their major goal.

A third key element of the new paradigm is participation, or participatory development. Previous top down approaches to development are eschewed in favour of a participatory approach which engages the local population. Successful grassroots participation is part of a new focus on the social components of sustainability. This focus on participation partly arose from the conclusion that the state had failed in many developing societies. New agents capable of transforming societies were sought by the aid agencies. The discourse of participatory development is not restricted to the empowerment of CBOs and NGOs, but also attempts to engage actors from the private sector. In his speech to Board of Governors in 1995, the president of the World Bank noted, "...we will accelerate and deepen the effort to work with existing and new partners—with specific measures for reaching out to the private sector, NGOs and civil society" (Wolfensohn, 1995: 22). The focus on participatory methods is linked to new approaches to poverty assessment and relief. Thus, GNP figures as a means of assessing poverty are supplemented by interview data. Similarly, the search for innovative financing of sustainable development has led to an increased focus on micro-credit. This faith in the potential of the non-state sector of developing countries constitutes the basic credo of all redistributive strategies committed to reconciling the goals of equity and efficiency, and was evident, for example, in the basic needs approach.

The new approaches to development financing under the umbrella of sustainable development, however, share certain key features with the old aid regime. First, aid is perceived as a supplement to private finance. Indeed, it is private capital which is given the greatest role in the promotion of sustainable development. Moreover, in the era of the financing of sustainable development, foreign aid has continued to fall in real terms. In 1990, official development assistance

from the AICs represented 0.34 per cent of the donor's GNP but by 1993 it had fallen to 0.30 percent (World Bank, 1995: 200). This fall is also noticeable with respect to aid flows to the poorest countries. In 1990, the low income countries received 0.12 per cent of donor GNP in aid, but by 1993 this had declined to 0.09 per cent (World Bank, 1995: 201). The role of external public agencies is to assist local and foreign capital. Second, the provision of aid is related to the existence of a sound policy framework. This framework, and attendant conditionality, is determined by the donors. A key feature of the new regime is political conditionality. Although political conditionality, good governance and democratisation were articulated initially separately from sustainability (Baylies, 1995; Burnell, 1993; Robinson, 1993; and Hopkinson, 1992) they have become inextricably linked with sustainable development. Political conditionality as a principle of the aid regime emerged in the geo-political space created by the end of the Cold War. Where once democracy was defined as anti-communism, now it is couched in terms of the rhetoric of good governance Third, the regime dictates where investment will go. The current stress is on social development, especially education, primary health care and population. Despite the emphasis on local participation, aid remains predominantly supply driven. That is, it is the interests and objectives of the donors which take precedence over the demands of the recipients. In other words, the explicitly political aspect of the regime is determined by donors.

Conclusion

Students of sustainable development have to decide whether it represents a critical approach or merely reproduces the dominant paradigm. It could be claimed that although situating the intellectual origin of sustainable development at a precise historical conjuncture is absolutely necessary for our comprehension of it, it is at the same time absolutely insufficient grounds on which to dismiss this strategy. In other words, one may perfectly well be suspicious of reforms proposed by dominant interests but this hardly constitutes a reasoned critique for two reasons. First, it over-simplifies the complexity of the issues at stake by making reformism synonymous with reaction; the real question is whether reforms are only of value in relation to structural and fundamental change, or whether they also possess value per se. Second, it wholly neglects the quite serious claim that the attempt to reconcile growth and environment objectives leads to an overall strategy which differs markedly from traditional approaches to development. In short, if it could be sustained that sustainable development does indeed avoid the pitfalls of older development models, then the ideological character of the programme is not sufficient grounds on which to dismiss the strategy.

I hope that the approach taken here provides a reasoned answer to these objections. This paper argued that sustainable development strategies adopted by international donors extend and reproduce forms of dominance. Sustainable development strategies do not depart radically from conventional aid policies. Situating sustainable development within the discourse on development reveals a continuity in the construction and maintenance of knowledge about the developing world. The focus on the poor and their relationship to the environment is informed by a commitment to growth. Sustainable development reproduces certain key themes of conventional developmentalism, e.g. population, and excludes from view critical issues such as militarisation.

To what extent has the adoption of sustainable development engineered a shift in the aid regime? Elements of continuity and transformation are evident. The negotiating framework between donors and recipients maintains the dominance of the donor community but new actors (NGOs and CBOs) have been added to the recipient community. Governments are increasingly being forced to compete with civil society organisations, and in the distribution of aid, Western NGOs have been allocated a greater role. Donors maintain control over the identification of legitimate uses for aid. On one hand, the scope of projects founded has altered to take greater account of the environmental impact of lending. On the other hand, increased emphasis is placed on private sector financing of development. The financing of environmentally sustainable development through official development assistance appears to be based on the paradox that as proportionately less funds are made available, aid becomes more interventionist. The policy dialogue begun under structural adjustment has continued and surveillance of the economic policies of recipient governments has extended to political conditionality. Burden sharing and co-ordination of policy remains key components of the regime. This co-ordination function is maintained in the context of debt negotiations where individual debtors are faced with grouping of creditors.

The discourse on sustainable development contains the possibilities of transformation, but the realities of power dictate the financing and allocation of aid. Moreover, conventional approaches to sustainable development, in so far as they are based on the pursuit of economic growth, are unlikely to produce either sustainability or development.

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