

Book Review

Integrated Development Systems, Foreign Aid and Development in Nepal: Proceedings of a Seminar (October 4-5, 1983). 340 pages. Integrated Development Systems. Kathmandu. Rs. 200 (US \$ 15.00).

Last decade has seen a proliferation of seminars in Nepal relating to developmental issues. But none of them was specifically organised to address, in sufficient details and depth, the role of foreign aid in Nepalese development in spite of the fact that foreign aid has had pervasive effect on all aspects of the Nepalese society and the economy. The seminar organised by Integrated Development Systems (IDS), a private non-profit institute for research in management and development, last October on "Foreign Aid and Development in Nepal" and participated by top government policy makers and planners including those responsible in the past and present for negotiation and management of foreign aid, prominent intellectuals, and representatives of donor communities has filled up this important gap. IDS has been prompt in publishing the proceedings of the seminar. It is one of the publications that provide clear insights into the ramification of foreign aid and the basic issues relating to Nepalese Development (or underdevelopment).

The publication contains six papers on the impacts of Foreign Aid on the Nepalese Social Structure, the Poor, Women, Agricultural Development, Administrative Capability, and Development in general including the comments and discussions thereof during the seminar; the main contributors are Chaitanya Misra and Pitambar Sharma, Mahesh Banskota, Bina Pradhan and Indira Shrestha, Thakur Nath Pant, Bihari K. Shrestha, and Devendra Raj Pandey, respectively. It also includes an illuminating "letter from a 'silent' participant" which points out the crux of the problem of development in Nepal in a language unusually clear and straightforward.

The papers range in quality, content of analysis and sufficient relevant information in support of the respective contentions but are unanimous in concluding that foreign aid in Nepal has not contributed to the real "development", defined in terms of benefits to the poor and disadvantaged groups, positive changes in the productivity and structure of the economy, transformation of the institutional structure, and improvement in the managerial and administrative efficiency of the bureaucracy. All writers, however, concede that foreign aid has positively contributed to the creation of economic infrastructure and in training capable manpower although the beneficiaries have been mainly the members of the elite group.

The first paper by Misra and Sharma analyses the issue from the perspective of social class structure and argues that in a country like Nepal, which is neither egalitarian nor politically and economically diversified, foreign aid essentially helps to maintain and strengthen the "traditional native power structure" under which the "upper social

classes" derive the major benefits while the political dependence of the "under class" increases, thus sharpening the basic contradiction in the social structure. To substantiate this argument the role of foreign aid in the production and distribution system, the power structure, and the ideological framework are examined in general terms. The paper is very well written and has succeeded in highlighting the basic problem of development facing not only the contemporary Nepali society but all developing countries in general.

The specifics, relevant facts and examples generally lacking in Misra and Sharma's paper are, to a certain extent, provided in the outstanding paper by Banskota which addresses the specific issue of the beneficiaries of foreign aid. Banskota shows a very strong physical infrastructure bias of foreign aided projects and argues that: "Most of the infrastructure benefits are based on the abilities to pay while access to the other services are directly related to one's overall socio-economic status. The bulk of the poor is therefore at a great disadvantage to either participate or benefit from most of the development projects..." The argument is convincingly justified from the review of the sectoral programmes of several recently implemented integrated rural development projects (IRDPs) under foreign aid -- specifically with reference to education, health, drinking water, cottage industry, employment, and extension and training system, all of which are expected to benefit mostly the poor. The author suggests, with an ingenuous model of the rise and fall of major foreign aided projects, that "group interest and group interactions" among opposing elites have dominated success and failure of development projects, "including where and how the benefits are shared."

The central argument of the next paper by Pradhan and Shrestha is that women, an underprivileged and disadvantaged group in Nepal whose economic contribution is immense, have been neglected in the national development programmes and projects undertaken through foreign aid. Targeting the poor alone will not automatically benefit the women. They illustrate their contention through a general, but often repetitive, review of the IRDPs and several women specific projects. In projects that have specific provision for women's involvement the emphasis is primarily on enhancing the traditional "housewifely" role and most of them are either ineffective or too restrictive in scale to have any significant impact.

Pant makes a general assessment of foreign aid to agriculture through a review of several facts and figures, although not all of them are very relevant to make his point, and concludes that "the achievement of the foreign aided agricultural projects has not been particularly satisfactory." He attributes it mainly to the ineffectiveness of "external assistance in transferring appropriate technology so vitally required for agricultural development." Two case studies are presented -- one of Chitwan Irrigation Project, a failure due to complex technology involved and Integrated Cereal Project, a success (which is yet premature to be assessed so) because of flexible technological element that could be adapted to suit local realities. The failure of foreign aid in increas-

ing agricultural productivity, as per Pant, is attributable both to the HMG and the donors -- HMG, because of the "absence of clear and consistent national policies on the role of external assistance" and donors, for their emphasis on physical facilities without considering the "institutional base" that use such facilities.

Bihari Shrestha is extremely, and perhaps unduly, critical of foreign consultants in his paper entitled "Technical Assistance and the Growth of Administrative Capability in Nepal." Although it is difficult to agree with him on all his criticisms as general characteristics of expatriate consultants, they cannot also be dismissed as irrelevant outright. Perhaps because of his "subjective" and "emotional" approach to the issue, as some participants in the seminar alleged, the paper lacks a clear-cut focus. Nonetheless, the main theme that could be discerned from careful reading of the paper is that Nepalese administration is non-functional and inefficient principally because of the "existing rules of civil service" under which promotion criteria have no bearing on quality of performance and consequently officials lack motivation for hard work. (It is difficult to understand how the author can believe "the civil service rules" to be as the root cause of administrative inefficiency which is rather one of the manifestations of the overall socio-political and economic situation of the country). So the donor's palliative is "to take control of the project and do things that Nepalese should have been doing" and as a result the stated purpose of expatriate inputs to strengthen national project or programme management capability is rarely achieved. Nonetheless, the author concedes the "unavoidable need for greater and continuous infusion of technical and managerial knowhow into development efforts of Nepal."

The concluding paper by Pandey is excellent in its analysis and exposition of the role of foreign aid in the Nepalese development. While basically agreeing with main conclusions of the foregoing papers, he contends that the crucial problem is the "void in Nepal's development strategy". Nepal's objectives of development, strategies, policies and projects are determined by foreign aid, as per the prevailing international 'fashion' at the point in time, because the government is overtly dependent on aid. "Development strategy has tended to follow aid rather than vice versa." Only for a period in the early sixties, the author contends, Nepal had its own strategy but more recently there is no sense of direction. Therefore, "it is in its role as the purveyor of changing concepts that foreign aid has been most counter-productive in Nepal." The wholesale acceptance by HMG of the "basic needs" strategy discovered for the third world by donor countries and international agencies is unsuitable in a situation of generalized poverty because to cater the basic needs of people Nepal will have to be permanently dependent on external subsidy. Thus, the author calls for reverting to the strategy of the early sixties, i.e. emphasis on production through and along with suitable institutional reforms. The donors are called upon to play a major role towards this through a "hard-nosed dialogue with the government." Otherwise foreign aid would only help support the status quo and donors cannot deny the charge of "collusion" or floundering along with the government: it would be best for Nepali people for such aid to be stopped al-

together. "The advantage would be that the contradictions can be settled internally, howsoever painful a process that might be for some of us."

If one ignores the details of analysis there could be no dissension on the basic conclusion of the papers. But after reading the generally excellent diagnosis contained in the papers, the prescriptions put forward by the writers are not even "old wine in the new bottle" and therefore likely to be unattainable. Banskota recommends promotion of equality, self-help, and cooperation; among the "bottom-line policies" recommended by Shrestha are participatory planning and implementation, inter-regional and interpersonal equity, and developing a more responsive bureaucracy; and Pandey suggests the need for a design of strategy tantamount to "growth with redistribution" or else, in the extreme, stopping aid altogether on the part of the donor which is not a tenable option at all. They are putting the "cart before the horse" knowing well that it would not work but as Banskota writes, about foreign aid dancing to the tunes of the elites in recipient countries, "probably rightly so because even they would not really know what else to do!"

Misra and Sharma provide no recommendations, perhaps because given the basic socio-political institution and the class interests there could be no solution to the contradiction, save for the extreme alternative of a painful resolution through major transformation of the whole socio-political structure. It would be premature to expect the leadership and organization in the present context of Nepal to bring about such a revolutionary change that can have a sustained base. Therefore, I tend to agree with the "silent" participant's view only to the extent that the problem is political but differ with his opinion that "a demand for change in our situation can only be done with a straight demand for political change." I am afraid, for a long time to come, there is really no option but to live with the evolutionary change in our socio-economic system.

It is, thus, very unlikely that insights brought about by the deliberation in the seminar and this publication of the proceedings will affect any substantial change in practice, either on the part of Nepalese policy makers or the donor community. Nonetheless, the awareness of the real problem generated is of immense value in itself and an important contribution to the limited literature pertaining to the role of foreign aid in Nepalese development. This publication must be in the priority reading list of development practitioners and intellectuals both within Nepal and outside. IDS would have contributed better if this publication were brought forth in a cheaper edition so that it could be accessible to the Nepalese audience, particularly the student community.

- Durga P. Ojha