“Foreign Aid and South-South Cooperation: Emerging Powers as Donors”

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INTRODUCTION:

South-South Cooperation (SSC) is not a recent phenomenon in international politics. But the term has been gaining relatively greater momentum in the development assistance paradigm with the increasing role assumed by the emerging powers of the Global South in the international aid architecture.

Foreign aid was earlier considered to be a strict flow of money and resources from the North to South. But the landscape of foreign aid is changing with the coming of emerging powers, like China, India, Brazil and South Africa, into the frame of aid architecture. These countries are not only regional powers but also are global players and play a prominent and active role in international politics. Therefore, it is evident that South-South cooperation is gaining momentum and the current international aid configuration reflects shifting structural dynamics in the international development architecture.

China and India can be said as the largest Southern donors, but other developing countries including Brazil, Saudi Arabia, Turkey, and South Africa have an important and increasing role as development assistance providers. Although the total size of the development assistance from these donors is still small in comparison to the traditional donors, its role is growing rapidly despite the fact that they themselves are aid recipients. For example, even though, India and China are emerging economies as well as regional powers, they also have a specific “dual position” among developing countries as both donors and recipients (Kragelund, 2010:1).
Considering the rising prominence of South-South Cooperation in the foreign policy agendas of the emerging powers, there is a need for greater attention from scholars on a few pertinent questions regarding the emerging powers and their development assistance- Does SSC figure in the foreign policy agendas of the emerging powers? How do they link SSC with their development assistance agendas? Does SSC bring with it a greater legitimacy and acceptance for the donors’ agendas, from the recipients’ side?

This paper is divided into four sections. In the first section, the definition of SSC and the increasing scope of SSC in sphere of development assistance is detailed. This section also helps to locate SSC in the foreign policy agendas of the emerging powers of the Global South. The second section elaborates on the role of the emerging powers as development assistance providers and their foreign aid policies and agendas. In the third section, by taking India as a case study, the paper try to establish and concretise the arguments made in the previous sections. This section also analyses India’s position as an emerging donor and whether it uses development assistance as a tool of economic statecraft.

**SOUTH-SOUTH COOPERATION AND EMERGING POWERS:**

The evolution of SSC in development cooperation has evolved with time and the emerging powers are seen to be emphasising the importance of SSC in their development cooperation agendas. Even the definition of aid by SSC is much wider than that of ‘aid’ as defined by OECD-DAC. The term reflected a change in approach from one that was unequal and based on conditionalities to a more balanced engagement with recipients.

The central elements of SSC are self-reliance and self-help. It is strongly based on the notion of developing the South through equitable access to trade, investment and technology within a multilateral institutional framework (G77, 1964). The evolution of SSC is characterised by three fundamental principles: mutual respect, equality and a win-win situation. As a result of decisions at Harare Non-Aligned Summit meeting in 1986, the South Commission was established in 1987 and it identified ten major areas of SSC interest in the year 1997. These are finance, trade, industry and business, services, transport and infrastructure, food security, science and technology, environment, information and communication, and people to people contact (Chaturvedi, 2012:18).
The four major goals of SSC accepted at the 1986 Harare Summit indicating the framework are detailed below (RCCDC, 1987):

- To take advantage of existing complementarities within developing countries by developing direct cooperation (facilitating fuller use of installed capacities) and eliminating intermediaries from the North.
- To create new complementarities and interdependence (at various levels) through coordination of development planning and achieving better scale economies;
- To introduce some of the major principles of the New International Economic Order (for example, mutual benefit and solidarity) into transactions among developing countries’ cooperating partners; and
- To strengthen the bargaining position of the South vis-à-vis the North through selective delinking and greater collective self-reliance.

The theoretical impetus for SSC came from the structuralist school and from dependency theorists who elaborated their ideas in the Latin American context. The need for foreign exchange for economic development became more evident when it was postulated on the ‘two-gap’ economic model, which rests on the theory that domestic savings are inadequate for development and can be compensated only by external resources (Chenery and Strout, 1966). At that time lack of foreign exchange was a major impediment to growth and the two-gap theory implied crucial dependence on external sources of foreign exchange in order to supplement domestic resources. Hence, there emerged a theoretical rationale for development cooperation (Chaturvedi, 2012:21).

Changes started surfacing after the end of the Cold War in 1989 when the East-West divide between Northern nations almost disappeared, while the economic growth in some Southern countries had been high enough to overtake that of many Northern economies. Consistently high growth in China and India placed these countries apart from other developing nations, in so far as their growth rates were much higher than that of almost all Northern countries despite the fact that the per capita incomes of these countries remained lower than many other developing countries.
Historically, SSC evolved at the regional level, where large economies played an important role as regional anchors (as did China in South-East and northern Asia, India in Southern Asia, Brazil in Latin America and South Africa in Southern Africa). With today’s intense globalisation, however, trans-regional alliances such as India-Brazil-South Africa (IBSA) have taken shape and SSC has assumed a broader framework and larger roles.

Most of the emerging powers including China, India, Brazil, South Africa, Thailand, Indonesia, Malaysia, Venezuela and Colombia are all involved in the development processes of other developing countries. Despite most of them enjoying modest per capita incomes, it is notable that they all are equally significant in offering aid. It is also important to acknowledge that such economies may prefer to call themselves as ‘development partners’ rather than ‘donors’, since the later term is often linked with a colonial past and emerging economies prefer to avoid such terminology for a range of political and diplomatic reasons. This can be considered as one of the primary reasons that the OECD’s proposal for ‘enhanced engagement’ programmes with a view to future membership of Brazil, China, India, Indonesia and South Africa in the OECD Council meetings met with a lukewarm response from these countries in 2007 (O’Keefe, 2007). Since then, the OECD has begun an ‘enhanced engagement’ process with many of these countries (Chaturvedi, 2012:21).

The philosophy behind the North-South and South-South development cooperation emerges from the notions of philanthropy and mutual growth respectively. The concept of North-South flows derives its strength from the western social commitment of altruism. In the case of South-South cooperation, the underlying principle is to support each other for a win-win partnership on all sides.

Regional powers, especially of the Global South, are perceived to become the agents of change. There has always been a struggle for recognition between the North and the South which is not only a struggle on the part of the developing countries to be recognised as full and equal partners in the society of states, but also as states with specific developmental needs (Nel, 2010:952). Though committed to securing a redistribution of power, wealth, and privilege in the global economy; the absolute goal, according to Nel, can be best captured by the notion of recognition. Scholars like Nel (2010), interprets the goals of these emerging powers in terms of the notions of redistribution and recognition. Regional powers of the developing world are assumed to be much
more overtly integrationist in their outlook and approach to the global political economy. Furthermore, they are increasingly found committed to strengthening and deepening South-South cooperation as a means of re-building the developing world after the decades of decimation by “poorly phased, externally induced programmes of structural adjustment and trade liberalisation, fluctuating aid flows, and unfulfilled promises of technology transfer.”

This raises the question of whether SSC is replacing North-South cooperation. The fact remains that the changes in terminology do not necessarily transform power relations. Though the idea of equality and partnership has received greater acceptance of the Global South, often the principle of equality is enunciated at the policy level but struggle to materialise at the practical level. Therefore, South-South cooperation can be perceived to be “at best a complement, and not a replacement,” for North-South cooperation (Nel, 2010: 958). But what is clear is that SSC has eroded the West’s exclusive competence on matters of development (Six, 2009,1117).

EMERGING POWERS AS DEVELOPMENT ASSISTANCE PARTNERS (DONORS?):

Both the international political system and the structures of global capitalism are in a continuous state of flux and uncertainty. Hurrell (2010:1) maintains that the “power shift” of the past decade has focused on the rising and emerging powers. They have assumed a greater influence in economic as well as political matters in their regions and in world politics.

According to Acharya, in contemporary Asia which is a vital arena of the emerging regional architecture of world politics; the sudden slippage of US power, the rise of China, Japan, and India and the growing interdependence and interaction among Asian countries may redefine regional order (Acharya, 2007:645). Already China is the largest single trading partner of Asian states. Regional production networks in East Asia are increasingly China oriented as the result of foreign enterprises using China as an assembly platform for components of finished products. Similarly, Brazil sees the Southern Common Market (MERCOSUR) as its regional power base, engineered new initiatives such as the South American Community of Nations (CSN) and engaged in opposing the US proposal for a Free Trade Agreement of the Americas (FTAA). These countries were also instrumental in forming the G-20 which spoke on behalf of many developing countries.
Currently, there is no commonly accepted definition of what an emerging or rising power is. However, the concept of emerging-powers presupposes common traits and several scholars have tried to give possible definitions and interpretations of what it really means to be an emerging power.

According to Hurrell, these countries are often labelled as ‘regional powers’, ‘middle powers’ or ‘emerging powers’ and are today widely perceived as pivotal states in international relations (Hurrell, 2006). The goals of seeking greater influence and a more prominent role in the world or in the region remain one of the major goals of these countries (Hurrell, 2006: 9, 2008: 4). These countries’ increasing might in the global economy is believed to have the potential to reshape the global economic and political landscape of the twenty-first century (Hart and Jones, 2010:65).

According to Chenoy (2010), emerging powers are characterised with “high growth rates; influence on international economics through purchase of bonds, impact on trade, foreign exchange and competitiveness; stable political systems and demographic depth” (Chenoy, 2010:2). They are also found to be high military spenders with huge standing armies. They have strategic partnerships and influence geopolitics of their region and internationally. Many of them, like India and China, are increasing their military and nuclear capability which they believe will enhance their international status. The developed North realizing their prominence has encouraged their convergence into the already existing blocs that take the lead in international decision-making. It is in this context that G-8 expanded into G-20 and has replaced it (Chenoy, 2010:2).

Schirm asserts that the reasons for the assignment of increased power to these states can be attributed to their demographic and geographic size, their economic and military capacities and their political aspirations. All these countries are seen to be in a dominant position in their region in terms of ‘power over resources’, i.e., population, territory, military capacity and gross domestic product. In addition, they have been increasingly articulating their willingness to ‘lead’ regional as well as global governance in the past few years (Schirm, 2006:2). This has been quite evident from the demand of India, Brazil and South Africa’s bid for permanent seat in the UNSC and their readiness to lead neighbouring countries through enhanced regional integration and increased development assistance.
Hart and Jones (2010) claims that emerging power’s influence can be measured at three levels; in terms of material resources; the ability of the state to extract these resources from domestic society and use them for defined political purposes; and influence over outcomes (Hart and Jones, 2010:68). The relations among the emerging powers have deepened, both bilaterally and within regional and international institutions. Military exercises between the emerging powers have increased. Despite occasional friction, they have sought to downplay points of contention to avoid the emergence of major crises. Though there is a certain degree of cooperation, a broader discussion among the emerging powers themselves about their roles and responsibilities in the international system has been noticeably absent.

Today’s new emerging and regional powers are considered to be indispensable members of any viable global order and especially, for “power-political reasons”. It is now impossible to conceive of managing climate change, nuclear proliferation, or economic globalisation without institutions that included China, India, Brazil etc. (Hurrell, 2010: 12).

Emerging powers are seen to make widespread use of development assistance to further SSC. And they provide much of their assistance through loans or credits. However, they also differ in certain key respects. Kragelund (2010) takes up China, India, Brazil and South Africa for analysis and explains that both China and India make use of debt cancellation in their development assistance portfolio while many other donors do not. For instance, the debt cancellation by both India and China has largely benefitted the African continent as the maximum part of it has gone to Africa. China, India and Brazil focus on productive sectors while South Africa is more preoccupied with democracy and conflict resolution. While South Africa only provides development assistance to countries in its immediate neighbourhood, the three other countries provide aid to countries geographically very distant from themselves (Kragelund, 2010: 18). All this signifies the global ambitions of the emerging powers. They have spread their aid to almost all parts of the developing world.

There is no doubt that the global foreign aid landscape is changing rapidly. In Asia, traditional donors such as Japan are no longer overwhelmingly dominant in terms of volume, and emerging powers are becoming increasingly influential. Unlike earlier literature which tends to view emerging powers as a monolithic group distinct from their traditional counterparts, Sato et. al.
find that these countries have commonalities with traditional donors and also have diversity among themselves (Sato et. al, 2010:1).

Unlike the DAC donors, emerging donors have not yet developed institutions for self-restraint. It is quite true that the lack of institutional constraints, in contrast to the strict rules and regulations set by DAC, gives these new donors a certain level of freedom to pursue their short-term national interests through their aid activities (Sato et. al, 2010:24).

Emerging donors are offering recipients a choice, thereby activating a healthy competition (Sato et. al, 2010:34). Multilateral agencies have also developed important standards in matters such as environmental appraisal, resettlement and macroeconomic policy, which constitute a reference framework for many DAC members (Manning, 2006:7). There may not be a sudden or unprecedented fall in the DAC share of aid, but rather the consequences of the much increased range of options that many developing countries now have to finance their development (Manning, 2006).

A new revolution is evidently taking place in the development assistance regime with the increasing role assumed by the emerging powers. Woods (2008) argue that the development assistance offered by established donors has become less generous and less attractive, while emerging powers’ aid has become more generous and more attractive. This is a silent revolution because offering alternatives to aid-receiving countries, they are introducing competitive pressures into the existing system and are weakening the bargaining position of the western donors.

There have been several debates on the motives of emerging powers and their changing identities. Though, the exact information on the distribution of non-DAC aid across recipient countries is missing, they have been seen in both the positive and negative light.

Emerging powers as donors are criticised on various grounds. First of all, these donors are blamed to pursue their own commercial and political interests. Using aid as a means to promote exports and securing access to raw materials in recipient countries figures prominently among the former. Woods (2008: 1205) notes that “a quest for energy security, enlarged trading
opportunities and new economic partnerships” is common to most non-DAC donors. Second, by granting aid to corrupt and undemocratic regimes, new donors could undermine efforts by traditional donors to grant aid according to merit of recipient countries. The most widely circulated claim is that these donors support African dictators and thereby undermine development efforts of the traditional donors. China and India are accused of providing aid to all African states, including the ones that may be classified as rogue states like Sudan (Kragelund, 2010: 19). Emerging powers are also found to be driven by their own national interests as any other donor state.

China attaches its own demands in the form of geopolitical conditionality and project-specific conditionality. At the geopolitical level, China has succeeded in getting several nations to drop their diplomatic recognition of Taiwan in favour of relations with Beijing. And when nations cooperate, China has in turn reciprocated. China, for example, has opposed U.N. sanctions against Khartoum over its behaviour in Darfur, defended Sudan from any external criticism of its human rights, and masked its complicity in fuelling the ongoing violence there (O’Keefe, 2007: 8).

Small countries in particular are already finding that non-DAC bilateral aid can be significant. Whether the results are good or bad depends on how they use this increased choice. According to Manning (2006), three key risks are that they prejudice their debt situation by borrowing on inappropriate terms, use low-conditionality aid to postpone necessary adjustment and they waste resources on unproductive investments(Manning, 2006:1).

**CASE STUDY: INDIA**

India, which after independence has been an important aid receiver and was in a position of dependency towards the industrialised States of the West and to the former Soviet Union is now focusing on its own aid programme and forging relationships with some developing states. From being one of the world’s largest recipients of foreign aid in the mid-1980s, India’s status has been redefined to that of an emerging donor (Bijoy, 2010). Between 1951 and 1992, India received US$ 55 billion in foreign aid, becoming the world’s largest recipient, although when translated into per capita terms it appears much less reliant on aid. While India's
economic weakness and its role as an aid recipient has received a great deal of attention in literature, its growing role as an aid donor has not received the attention it deserves, nor the initiatives and changes since the sixties.

India has been giving substantial economic aid within South Asia since independence. India delivered bilateral aid through two channels. First, it has provided direct support to countries on its immediate neighbourhood, in particular to Bhutan, Nepal, Bangladesh and Sri Lanka and to its extended neighbours like Afghanistan. At any rate, India’s development assistance stretches far and wide from Central Asia to the Pacific islands to Southeast Asia. (Bijoy, 2010:69)

India is not a new donor in international aid architecture. India has been giving substantial aid within the South Asian region since independence. India first gave aid to Nepal in the 1950s. During the initial years, India’s aid to Nepal was in the form of grants, especially toward developing agriculture, transportation infrastructure, and power generation. India helped to build the airport in Kathmandu, the Kosi Dam, and various irrigation projects. It created Indian Technical and Economic Cooperation (ITEC) in 1964 and it joined the African Development Fund (ADF) in 1982. India’s foreign aid programme is neither new nor suddenly strategic (Chanana, 2009). Nevertheless, in recent years aid allocation has been marked by “a desire to seek greater representation on multilateral fora, an expansion of India’s near-abroad and a move from soft to hard power.” And what seems to be new is the hope that through aid India can gain recognition as a world power and advance certain strategic interests (Chanana, 2009:13).

India attaches great strategic value to its development assistance programme and it is an important tool of India’s economic statecraft. India’s dynamic economic development as manifested in steadily rising figures of growth and India's growing political importance at international level and its resulting greater claim to status “as a South Asian hegemonic power and global spokesperson for the group of developing countries” has largely defined its role as a development partner (Jobelius, 2007:3).

India also does not adhere to any standard definition of development assistance. What the country calls ‘overseas development assistance’ is often a mixed bag of project assistance, purchase subsidies, lines of credit, travel costs, and technical training costs incurred by the
Indian government. The absence of comprehensive definitions, measurements, and accounting methods suggests that India poorly manages its development assistance (Agrawal, 2007:5).

India’s assistance was largely focused on promoting goodwill, long-term economic development and promoting influence rather than exporting skilled manpower and repatriating profits. It focused mostly on promoting local capacity. However, there are indications that India is moving from exerting soft to hard power. The trend is moving towards catalyzing trade, access to extractive resources and political influence rather than facilitating economic and social development of the recipient countries. Bijoy (2010:74) argues that India’s aid is conceived as an important foreign-policy instrument largely for self-interest and he claims that India’s development assistance lacks a strict well-defined set of clear objectives, and approach with clear definitions, accounting and monitoring. There is an increased emphasis on providing budget support to recipient governments, especially in the form of debt relief. India attaches far less conditionality to its grants and also gives beneficiaries a greater voice in the process. The recipient countries consider this as positive as it offers considerable freedom for economic and commercial partnership.

In 2003, the new policy called the India Development Initiative (IDI) was laid down according to which bilateral aid would be accepted only from five countries, i.e. the UK, the US, Russia, Germany and Japan in addition to the European Union (EU), three of them are members of the UN Security Council with the other three potential future permanent members. Besides dispensing with assistance from many bilateral donors, the government decided to establish its own overseas development aid ties under the IDI. Established under the Ministry of Finance, the IDI can be of leverage to promote strategic economic interests abroad. India’s overseas development assistance is a mix of project assistance, purchase subsidies, lines of credit, travel costs, and technical training costs incurred by the Indian government (Price, 2004 and Bijoy, 2010).

Several explanations have been put forward for initiating IDI. First, that India was concerned that donors used their aid packages as instruments of foreign policy.\(^1\) Second, that the policy change was an exertion of India’s own foreign policy. The third explanation for the move is that India

\(^1\) Several countries suspended or cut back their assistance following India’s nuclear tests in 1998. These included several of the banned donors like Denmark, Sweden, Canada, Australia as well as Germany, the US and Japan.
felt its global ambitions, and particularly its desire to secure a permanent seat on the UN Security Council, were being hindered by its use of foreign aid from countries with less strategic ambitions (Price, 2004:7). According to Price (2004:7), the key problem with this development package was the blurring of the distinction between the various new economic, political and developmental objectives. Jobelius (2007:2) argues that the Indian development assistance is used as a foreign and economic policy tool by the Indian government.

According to Dutt (1980: 672), India’s aid programmes can be viewed in two ways, i.e. one which sees the Indian effort as part of India’s legitimate desire to carry out the various resolutions of the UNCTAD Conferences, calling for increased economic co-operation among the developing states and a responsibility towards less-industrialized States by a newly-industrialized India. The other view sees Indian aid as yet another manifestation of India as an emergent power, playing an increasing role in world affairs, a role which will deepen in the future.

India’s decision to repay some of its bilateral debt to all but four countries\(^2\) was similarly driven by the desire to demonstrate India’s growing economic strength. The India Development Initiative has lent and promised funds largely to African countries like Mozambique, Sudan and Angola and in turn sought to promote India's economic interests in these countries (Price 2004:7). For instance, India has negotiated for concessions in Sudanese oil in return for the aid being extended. In Angola it has procured mining rights at a concession the aid extended might, at first glance, appear to be generating negligible returns. Price argues that the government is expecting to derive mileage by boosting Indian business interests in the countries that are being supported in the initiative (Price, 2004:7). The IDI also contained several discrete aims. IDI was supposed to be used to attract foreign investment from the west, to support Indian interests overseas and to provide assistance to other developing countries.

India aims to provide assistance according to the requirements and needs as defined by the affected government, an approach that Indian decision makers have labelled “demand-driven” aid. Western donors define “demand-driven” aid differently in that they focus on the needs of the affected population. India criticizes aid from Western donors and organisations as “supply

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\(^2\) Japan, Germany, US and France are these four countries.
driven” and accuses them of carelessly providing aid. This stance may stem from India’s experience as a recipient of international aid. As a consequence, India eschews the “donor” category and instead views itself as a “partner” who wants to stand in solidarity with its sister developing countries in distress. Whereas the priorities described above are clearly more central to India’s humanitarian conception, the country also subscribes to the internationally agreed-upon humanitarian principles of universality, neutrality and impartiality (Meier and Murthy, 2011:9).

However, it can become counter-productive if the assistance is wrong. A large part of India’s development assistance to Africa is more an export subsidy scheme for its surplus goods. The trend is towards catalyzing trade, access to extractive resources and political influence rather than facilitating economic and social development of the region.

India has been accepted as an emerging power by the industrialised West and appreciated by its fellow developing countries for the economic growth it has achieved. India has increased its economic presence in the developing countries of Asia, Africa and Latin America and has showed its readiness to be a partner in their development efforts and a reliable friend at hard times. This has helped India emerge as one of the leaders of the developing South.

Indian development assistance generally comes with direct investment, trade agreements and new market access rules, technology transfers largely within the context of intensified South-South cooperation. It is only when its function is considered as a component of the wider package of economic and political cooperation India offers to its southern partners, that Indian development assistance appears both controversial and significant to the western donors and its competitors (Jobelius, 2007:5). Thus it becomes imperative to look into the nature and volume of the Indian aid for a better understanding of the Indian aid programme.

It is also worth examining whether Indian aid programmes have played any role in India’s foreign policy and to what extent development cooperation is leveraged for ensuring foreign policy goals. India’s focus has largely been on South Asia but in recent past has diversified to cover other countries and other regions. It has also diversified in terms of financing and nature of activities covered through development assistance. It has entered in a new phase where cooperation in frontier technologies has advanced at considerable pace with many developing
countries. India has also expanded development cooperation linkages in various parts of Africa, and Latin America (Chaturvedi, 2008: 28).

South-South cooperation has figured in as an important foreign policy agenda for India since independence. The trends and patterns of Indian development assistance flows show the Indian effort to extend maximum support to SSC.

In the past few years, there have been marked shifts in the size, focus and strategic thinking behind India’s foreign aid programme. India very well realizes the responsibility that accompanies its emerging power status. India has been accepted as an emerging power by the industrialized West and appreciated by its fellow developing countries for the economic growth it has achieved. India has increased its economic presence in the developing countries of Asia Africa and Latin America and has showed its readiness to be a partner in their development efforts and a reliable friend at hard times. This has helped India emerge as one of the leaders of the developing South.

The journey from a net recipient to a donor has not been an easy one for India, especially while looking at its situations at home. India has not yet reached a comfortable economic position at home to be generous abroad. India is still strangled by issues like poverty, illiteracy, unemployment, population explosion, economic inequalities, and lack of infrastructure to support its growing population. In spite of all these facts if India is giving aid. As any other donor country, India is also driven by certain motives of which national-interest is an important one.

The trends show that India is giving more aid to its neighbours. There have been various reasons for this. A peaceful neighbourhood is always in the interest of India. Alongside, India has to keep a check on its rivals, i.e. Pakistan and China. India has never been an aggressor and India realizes that using military might to solve these issues will cost India much. Thus it tends to adopt a middle path. India has also increased its aid flows to Africa and Latin America. These countries have been India’s partners for a long time and India has historical ties with most of the countries in these continents. But India’s motives have not been just resource-extraction or finding markets in these continents. India considers these countries as “development partners” and they jointly work for a common end in various multilateral forums on behalf of the developing South. India
also needs their support to realize its dream to become a permanent member of an expanded UN Security Council. So the relation has been moreover mutual and India speaks on behalf of the developing South in most of the multilateral forums.

CONCLUSION:

The emerging donors are thought to bring drastic changes into the international aid regime which was established by the major powers. In addition, the emerging donors impose less conditionalities and still their aid-effectiveness is comparatively satisfactory. Furthermore, they are receiving more support than criticisms from the recipients, unlike the established donors. This is mainly because of the fact that; firstly, emerging donors give aid based on “criteria defined by the recipient countries” (ODI, 2010:1); secondly, emerging donors are simultaneously playing the role of both recipients and donors which give them a greater edge on understanding the needs and constraints of developing countries as aid-recipients (ODI, 2010: 2 and Brautigam, 2009: 311).

There are more countries receiving aid now than ever before. They include countries in the North as well as the South, in the East and the West. Today, the sun does not set on foreign aid (Burnell, 1997). In light of the United States’ relative decline and the global political and economic restructuring underway, the growing economic and political relevance of the South in global affairs will be a hallmark of the coming era (Sotero, 2009).

The transfer of power from the West to the East is gathering pace and soon will dramatically change the context for dealing with international challenges as well as the challenges themselves. Many in the West are already aware of Asia’s growing strength. (Hoge Jr., 2004:2) Major shifts of power between states, not to mention regions, occur infrequently and are rarely peaceful. But, international aid has helped in the “peaceful rise” of certain countries.
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