The politics of civil society building: European private aid agencies and democratic transitions in Central America
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CHARITY AND SOLIDARITY

Introduction

"In order to have the continued opportunity to express their "generosity", the oppressors must perpetuate injustice as well. An unjust social order is the permanent fount of this "generosity", which is nourished by death, despair and poverty."

Paulo Freire (1972: 26)

The international aid system has apparently reached its saturation point: the golden era of development aid, which started in the 1970s, is over. For over a decade, official development assistance as a percentage of donor nations’ GNP has been declining and has also dropped in real terms. In addition, the majority of private aid agencies in the North is experiencing budget cuts and stagnating income from public fund-raising. A qualitative shift parallels these signs of growing ‘compassion fatigue’; solidarity with the poor and the oppressed (which had been one of the driving forces behind foreign aid) is becoming a remnant of an obscure past. Solidarity has been replaced by charitable donations, which are cultivated by assertive public fund-raising campaigns for emergency relief in the South. Private aid agencies seem to expect declining income unless they appeal to the ‘gut feelings’ of the well-nourished Northern public. Meanwhile, the system of global injustice driven by market-based principles is perpetuated, less challenged than it ever has been in the post-colonial period. Maybe solidarity with the poor was, after all, constrained by the logic that eradicating global poverty and inequality would seriously affect Northern living standards. Hamelink (1997: 18) identifies this as the essential moral choice in development cooperation: ‘The rich are only willing to act in accordance with such moral principles as human solidarity as long as their own interests are not threatened by these acts.’

A popular argument to justify the reduction of development aid flows to the South is to question whether development aid really contributes to reducing poverty. Cassen’s (1986) well-known question ‘Does aid work?’ received many answers, probably as many as there are opponents and supporters of development aid. But concrete claims about aid effectiveness so far have not been convincing and should be treated with caution as they are often based on dubious evidence and phrased in a polemical tone. The point is that the development aid community has been obsessed with the question about aid effectiveness for quite some time now, which is understandable if one realises that the long-term survival of aid donors depends on an affirmative answer. However, the question whether aid works probably deserves only one simple reply: nobody really knows, nor is it likely that anybody
will ever provide a satisfactory answer. This has to do with the problem that achievements of development interventions cannot be easily empirically tested, for these are shaped by a broad variety of factors fundamental to the complexity of social processes. This makes it very difficult to determine the ‘added value’ of external aid. For all donor agencies this is a serious dilemma, as they are pressured to show results of their aid interventions in order to sustain their annual levels of income from tax-based budgets or private donations. After all, in a market-oriented culture the rules are simple: you either perform, or you perish.

This pressure to show results is one of the key dilemmas faced by those aid donors most committed to addressing poverty at the grassroots level: private aid agencies. Also known as ‘international’ or ‘Northern’ NGOs, they were amongst the pioneers of development aid, acting as key innovators of donor strategies to tackle poverty and oppression. Although only handling about ten percent of total aid flows, private (non-governmental) aid agencies are believed to have several advantages over official (governmental) aid agencies because they maintain direct and more participatory relationships with organisations supporting the Southern poor. Although the bulk of private aid is still oriented toward addressing the symptoms of poverty, many private aid agencies also advocate strategies for social and political change, by defending human rights, supporting democratisation and enabling marginalised sectors to actively decide about their own development needs. While representing a minority of the total number of agencies, these change-oriented private aid agencies (such as Oxfam and NOVIB) are amongst the largest in terms of aid budgets. They often receive the lion’s share of their income from governments, who consider private aid agencies to be key complementary channels for delivering aid to the poor.

However, a number of recent studies suggest that private aid agencies have not been as successful in alleviating poverty as was often assumed. Not only did they seldom reach the very poorest, their contribution to empowering the poor in many cases was actually not demonstrated. This generated questions in the early 1990s about the effectiveness of private foreign aid; questions that Cassen and others had asked earlier about official aid performance, but again without generating satisfactory answers. Assuming that it is indeed difficult to determine aid effectiveness, it could be questioned whether the results of aid interventions say anything about the quality of aid. Instead of asking whether aid works, it might therefore be more relevant to explore how aid works in practice, or why it has often failed, as Smillie (1995a) and others have suggested.

This book examines how European private aid agencies have contributed to the recent democratic transitions in Central America. The roots of this project go back to August 1987, when I discussed with Honduran friends the potential consequences of the Esquipulas peace agreement which had just been signed. At that
time, civil wars were raging all over the region and prospects for peace were bleak. As one of the last battlegrounds of the Cold War, Central America had become a top US foreign policy priority under President Reagan. The US government perceived the revolution in Nicaragua and the growth of armed opposition movements in El Salvador and Guatemala as a serious 'communist threat' to its traditional sphere of influence. European governments used diplomatic channels to support a peaceful settlement, for which a basis was laid with the 1987 Esquipulas agreement. Meanwhile, opposition movements in El Salvador, Guatemala and Honduras were advocating an end to authoritarian rule and US intervention, with support from a broad variety of external non-governmental actors: churches, labour unions, human rights organisations, solidarity committees and private aid agencies.

My initial intention was to make a comparative study between Chile and Central America, examining the role of private aid agencies in the Chilean transition to democracy and their role in Central America in the same period. However, after spending four months in Chile to monitor the activities of the Chilean opposition in their campaign to win the 1988 plebiscite against Pinochet, I was no longer convinced that this was a good idea. The Chilean research centros (which took the lead in this campaign) appeared to be controlled by the moderate centre-left opposition parties and were financed by European and Canadian private aid agencies. Not only did they play a decisive role in achieving a victory over the military regime, they also simultaneously managed to neutralise (and marginalise) popular organisations and the more radical left-wing opposition parties. Indirectly, private aid agencies thus contributed to the scenario prioritised by the US government: a smooth democratic transition without challenging the neoliberal economic model that was introduced by Pinochet's 'Chicago boys'.

With the Chilean experience in mind, I prepared my research in Central America to examine the role of private aid agencies during the complex regional crisis of the late 1980s. Apparently, the role of European and Canadian private aid agencies was very similar, as in Central America these agencies also financed local development NGOs linked to the opposition. But I gradually became aware of having overlooked a fundamental difference between the political transformations in Chile and Central America: while Chile was going through a process of 'redemocratisation', democracy had been absent in Central America and was actually still in the process of being 'constructed'. Political parties of the opposition were not temporarily restricted as in Chile, but were weak or absent in Central America. The key role of political parties, mediating and articulating demands between civil society and the state, was actually performed by local development NGOs or by coalitions of popular organisations, all with substantial support from private aid agencies. In other words, political opposition parties still had to be consolidated, as they often emerged out of underground political movements. European private aid agencies were not just reaffirming the legitimacy of a former political elite, but seemed to be really concerned with strengthening new political expressions of the poor and the oppressed. A further difference with Chile was that the majority of European
private aid agencies clearly opposed US counter-insurgency policies in Central America and generally refused to work with quasi-democratic regimes controlled by US-sponsored armed forces.

The guiding question for the current study emerged in 1990, a few months after the historical changes in Eastern Europe and amidst rapid changes in the Central American political landscape: how and to what extent were European private aid agencies contributing to democratic transitions in Central America? In Nicaragua, the Sandinistas were unexpectedly defeated during the February 1990 elections. One month later, informal negotiations started between armed opposition groups in El Salvador and Guatemala and their governments. Suddenly, democratic transitions were accelerating in a region that had been prioritised by private aid agencies for almost a decade. Would it be possible to attribute these political transformations, in one way or another, to the interventions of private aid agencies? It was clear that my focus would not be on official aid agencies, in spite of the fact that these had been very important for Nicaragua throughout the 1980s. But it was private aid agencies that were the key supporters of oppositional groups in civil society in neighbouring countries. Deliberately, I chose to examine European private aid agencies, and not their counterparts in the United States, as the latter (with some exceptions) often were part of US counter-insurgency programmes in Central America. Although my focus initially was on private aid programmes ‘supporting democratization’, the civil society discourse entering the (official) donor community in the early 1990s attracted my attention, and turned out to be a very useful tool for analysing ‘the politics of civil society building’.

Due to my research activities for the Transnational Institute, I had the opportunity to make regular field trips to Central America between the 1987 Esquipulas agreement (providing the framework for the regional peace process) and the final 1996 Guatemalan peace agreement. Given the rapid changes in the region (and the world in general) it proved to be critical to interview the key actors in Central America and Europe several times within a broad time frame. Fieldwork for this book started in 1990 with a first survey among European private aid agencies, followed by several visits to Central America to narrow the research focus. The early stage of field research in Central America was facilitated by three local research teams in El Salvador, Guatemala and Honduras who attempted to map the vast range of private aid interventions in these countries. Four case studies were eventually selected for a more detailed analysis of the dynamics between donor and recipients in the process of civil society building. This fieldwork in Europe and Central America was completed in 1996, one month before the Guatemalan peace agreement formally concluded the last civil war in the region.

The book is structured in two parts, each containing three chapters. The first part examines conceptual and methodological issues that are then empirically applied
to the Central American context in part two. The two separate parts are ‘horizon-
tally’ linked, in the sense that elements discussed in Chapter 1 are elaborated for
Central America in Chapter 4, just as the analytical issues of Chapters 2 and 3 are
matched by the empirical evidence of Chapters 5 and 6. In addition, two main
themes are interwoven throughout the book. One is a discussion about the dynam-
ics of democratic transition and changing relations between the state and civil
society. Although this is a debate largely generated by the democratic transitions
in Southern Europe in the 1970s and the Latin American ‘Southern Cone’ in the
1980s, it gained new momentum in the 1990s after the political transformations in
Eastern Europe, Central Asia and Africa. Surprisingly, Central America never
figured as a source of empirical evidence for these ‘transitologist’ analyses by
scholars such as O’Donnell, Schmitter, Stepan and Linz. Therefore, a theoretical
framework was required to understand the process of incipient démocratisation in
societies without democratic traditions, in which civil society was highly exclusive
and external forces extremely influential. To analyse the forces shifting the balance
between the state and civil society, Chapter 1 examines and defines key concepts
in understanding the dynamics furthering or obstructing the strength of civil
society. The purpose is to pin down what is actually meant by ‘democracy’, ‘civil
society’ and ‘democratic transition’. This chapter also explores the popular concept
‘NGO’ and explains why this term is better avoided in relation to democratic transi-
tion.

The second theme addressed throughout the book is the assumption that private
aid agencies increasingly have become key actors in ‘global civil society’. The
analysis focuses on their (changing) position in the international donor community
and their potential to contribute to democratic transition. Until recently, the
international dimensions of democratic transition have only received marginal
attention and were generally considered part of the official rhetoric promoting
democracy and human rights. But support to démocratisation by ‘third govern-
ments’ appears to be rather different than private aid agencies’ policies to
strengthen civil societies. In Chapters 2 and 3 a framework is developed to examine
these strategic choices and to map the range of private aid intervention policies.

A wide variety of international actors have intervened in Central America over
the past two decades, with foreign aid one of their most powerful instruments. The
main external actor without any question has been the United States, which chan-
nelled over US$ 7.5 billion dollars in military and humanitarian aid to the region
during the 1980s (Sanahuja 1992). Although their contribution in monetary terms
was much smaller, European and Canadian private aid agencies also became key
external actors as they were the principal source of support for opposition groups
in Guatemala, El Salvador and Honduras. Private aid agencies are generally singled
out as a group of international actors that combine aid donations with inter-
national advocacy. However, little is known about the character and scope of their
interventions or about their policy intentions, topics that are analysed in detail in
Chapter 2. It is not sufficient to demonstrate that private aid agencies have been
relevant external actors during democratic transitions; the challenge is to demonstrate why, how and to what extent they have been relevant. This raises one of the most critical questions in current aid debates to which I referred earlier: how to assess the impact of (private) aid interventions? This generates a number of other questions which barely have received satisfactory answers. For example, what is exactly meant by the 'impact' of foreign aid? And how to assess private aid impact on local processes of democratic transition? How to attribute local achievements to the interventions of external agencies? These questions are addressed in Chapter 3, which also discusses methodological dilemmas related to impact assessments.

The second part of the book is entirely dedicated to the complex arena of Central American politics of the past decade, which has been profoundly influenced by external actors. Concepts and frameworks developed in the first part are used to examine the role of private foreign aid in the region, with particular emphasis on Honduras, El Salvador and Guatemala. Chapter 4 provides a historical context to understand the shifting balances between the state and civil society in these countries and to identify key stages in the processes of democratic transition. Chapter 5 examines the policies and priorities of European private aid agencies during the Central American crisis, and how these changed in the post-Cold War period. This provides a framework for Chapter 6, in which four private aid-supported organisations that played a key role in strengthening civil society are examined in more detail. Findings of these Central American case studies will be used in the Conclusions to discuss some general lessons about the politics of civil society building and to explore the future prospects of private foreign aid.

It was a deliberate choice to focus my analysis on private aid agencies striving for social change, as they have shown in the past to take sides with the oppressed and the marginalised, acting in the spirit of international solidarity. It is therefore regrettable that these 'progressive' private aid agencies often lack the capacity to critically examine their own strategic choices and that they tend to dismiss any criticism from outsiders. It will repeatedly be argued in this book that this defensive attitude is counter-productive to what they actually want to achieve, that is, to carry out their legitimate role as key allies of those groups in the South struggling for social justice. While the tone of my analysis often may be critical concerning the choices that these private aid agencies make, the book is not meant to support criticism that aid is not working. It was argued earlier that this easy critique generally lacks any substantiation. The purpose of this book is different. It tries to identify the main lessons that can be learned from private aid agency strategies aimed at changing unequal power relations in Southern civil societies. But it also examines how (and why) many private aid agencies committed to social change in the 1990s have shifted away from solidarity aid and appear to have surrendered to a market-driven culture in which solidarity has been replaced by the safer route of simple charity provision.