

Conflict, Security and Development

2006

The Reality of Aid

ASIA-PACIFIC EDITION

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Asia-Pacific Edition

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The Reality of Aid Asia-Pacific Network



Conflict, Security and Development

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Preface

P R E F A C E

This Asia Pacific Edition of the Reality of Aid 2006 Report on the theme of “Conflict, Security and Development Cooperation” seeks to highlight the issues of conflict and security as serious aspects and concerns in development cooperation. While Asia has the highest number of poor people in the world, it is also home to many countries in conflict from the Middle East across to East Asia and the Pacific.

Being home to many countries that have been designated “the axis of evil” also means that for many countries in Asia, the context of the “war on terror” and heightened global security concerns adds a serious backdrop to development cooperation. In many instances raised by reports from member agencies in this edition, aid funds allocated for poverty reduction are increasingly being diverted for “anti-terror” activities.

This edition reproduces the main reports in the global edition (World Trends and Political Chapter) as well as the contributions from different countries in the Asia Pacific. We have added several reports from member agencies which did not make it to the global edition for various reasons. This Edition is meant to supplement by way of further enriching and enlarging the reach of the global edition and is not meant to supplant it.



Antonio Tujan Jr.
Editor

Part I
Political Overview and World Trends

Conflict, Security and Development

The Reality of Aid Management Committee

“If human development is about expanding choice and advancing rights, then violent conflict is the most brutal suppression of human development. The right to life and to security are among the most basic human rights. They are also among the most widely and systematically violated.” UNDP Human Development Report 2005, (p. 151).

HUMANITY AT A CROSSROADS

The year 2005 will be remembered as the year of the tsunami, of devastating earthquakes and other natural disasters in which tens of thousands died. But in 2005 as in years previous, many millions of people were devastated by “silent tsunamis” resulting from conflict, systemic human rights violations, and preventable diseases. Over the last three decades, external and internal conflicts have increasingly inter-connected with deepening social and economic injustice, undermining both global security and the capacity of countries to achieve sustainable development. The population of conflict-affected states¹ today represents a sixth of the population of developing

countries and a third of those living on less than a dollar a day.

The 2006 *Reality of Aid Report* analyzes the impact of policies and actions of the international community, and in particular of aid donors, on the rights, needs and interests of populations affected by conflict. Our messages for reform, as outlined in the final section of this chapter, are derived from these realities and the proposals of the *Report’s* contributors from Asia, Africa, the Middle East, the Americas and the Organization of Economic Cooperation and Development (OECD) countries.

In advance of the September 2005 World Summit at the United Nations, the UNDP’s *Human Development Report 2005* (HDR) warned that the world is at a crossroads, with current trends heading for a “human development disaster”. To reverse this trend, the 2005 *HDR* called for urgent and comprehensive action by world leaders on aid, trade and violent conflict to fulfill their promises in the Millennium Declaration by 2015. By all accounts, in the face of this challenge, the Heads of States at the UN failed dramatically. In a post-Summit assessment, Kumi Naidoo, Chair of the Global Call to Action Against Poverty, concluded

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that “leaders [at the Summit] have dashed hopes and squandered opportunities, and empty promises cost lives.”

Since the end of the Cold War, seemingly intractable conflicts in developing countries have deepened, specially in the poorest countries. According to the UNDP, 22 of the 32 countries in the low human development category measured by the Human Development Index have experienced violent conflict at some time since 1990.² In December 2004 there were 32 active conflicts in 26 countries, with more than one-quarter of African, and one-fifth of Asian, states affected by one or more wars, and all except one was internal.³

While casualties among soldiers in recent civil wars are not large, with combatants often avoiding direct contact, these wars have seriously affected the well-being of large numbers of civilian populations, particularly women and children. Indirect war deaths in the Democratic Republic of the Congo (1998-2001) are estimated at 2.5

million, the Sudan (1983 - 2002) at 2 million, and Mozambique (1976 - 1992) at 500,000 to 1 million, mainly due to war-related disease, and lack of access to food, clean water and health care.⁴

The end of the Cold War heralded optimism about a “peace dividend” for development. For the first time, there were possibilities of progress in resolving wars in the South that had been fuelled by the Cold War politics of the previous decades. The 1990s saw a series of comprehensive peace treaties and internationally mediated negotiations, often with the assistance of the UN, for El Salvador, Mozambique, Cambodia, Guatemala, and Namibia among others.⁵ These treaties and negotiations outlined processes for demobilization, disarmament, and rebuilding economies and livelihoods, reconciliation processes, and improved governance, which donors were committed to support. Unfortunately, peace and reconciliation in several of these countries were tied to compromises with

A human development disaster in the making

- 18 countries with a combined population of 460 million had a lower human development index (HDI) in 2005 than in 1990;
- The bottom 25 positions in the HDI are occupied by Sub-Saharan African countries;
- More than a billion people live on less than \$1 a day, and half the population of developing countries on less than \$2 a day;
- Inequality is widening, with 40% of the world’s population reaping a diminishing 5% of global wealth, while the richest 10% account for 54%;
- National averages on key MDG indicators mask deepening inequalities in the achievement of the goals, based on wealth, gender and group identity.
- At the end of 2004, the UNHCR was caring for just under 20 million refugees – one out of every 300 people on earth – up from four million 30 years ago.
- The FAO suggests that protracted crises and conflict in developing countries are now the leading cause of hunger in the world today.

Sources: UNDP Human Development Report, 2006; UNHCR, Refugee by Numbers 2005; FAO Committee on Food Security, May 25, 2005.

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conservative economic and military elites who retained their long-standing privileges, which locked in inequality and poverty. The “peace dividend”, accompanied by justice for poor, marginalized and indigenous peoples, was short-lived.

Conflict is deeply tied to injustice at every level. The root causes of conflict can be found in economic, political, historical and cultural factors. The donors have had a profound influence in shaping over the past 30 years. In the words of Noeleen Heyzer, Executive Director of UNIFEM,

“Conflicts arise when groups of people feel economically or politically deprived, others arise when people have their land or natural resources taken from them, or their control. Patterns of economic and political governance that perpetuate and reproduce inequality and exclusion often fuel political mobilization. In many cases, group mobilization often occurs along lines of ethnic, religious or ideological identity, enhanced by sharp inequalities and various forms of exclusion....”

In conflict societies, where the majority of people are robbed of their capacity to shape the conditions of their lives, political mobilization can be an act of collective self-determination, an attempt by ordinary people to reclaim ownership and direction over their own lives, sometimes even through violent means.”⁶

Because women experience some of the most entrenched inequalities and injustices,

they are intensely affected by conflict through violence, exclusion, and displacement. Women are the first to feel the breakdown of social and economic infrastructure and bear the burden of caring for their families as well as the wounded and vulnerable, often surviving on the margins of war economies.

In the face of the acute failure by the international community to respond to conflict and genocide in Rwanda, negotiated peace agreements and peacekeeping gave way, in the latter part of the 1990s, to direct military interventions, or “peace enforcement operations”. These were seen to be a necessary and urgent response to imminent threats to civilian populations (Kosovo) and for establishing the conditions for peace (Haiti). Peace operations are characterized by “an increased use of force, external leadership and unilateralism [coalitions of the willing], and a decrease in negotiated peace processes, national ownership and multilateralism in peacebuilding”.⁷

Aid remains an important tool for peace operations, as donors work to prevent conflict, to strengthen governance and to rebuild war-torn societies. While there is no doubt that humanitarian assistance still plays a key role in shaping donor responses to crises, the focus of this *Report* is on issues of international security, conflict prevention, governance and peace-building, in relation to donors’ ODA.

Humanitarian assistance, while not unrelated to these issues, has been treated in depth recently by others.⁸ Donor-supported peace initiatives have expanded dramatically over the past 10 years. In doing so, they often confronted difficult obstacles, whether self-imposed or arising from the conditions of complex post-conflict societies. Respecting the rights of the most vulnerable

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is an essential, but often elusive, part of contributing to conflict reduction on the ground. During the 1990s, working in the Development Assistance Committee (DAC) of the OECD, donors were asking themselves how the international community could best channel its aid and diplomacy to strengthen a holistic approach to building a sustainable and just peace. But the potential of donors to address conflict within a human rights framework was undermined in the aftermath of September 11th, 2001.

Aid and diplomatic and military interventions today are deeply influenced by their strategic value in the “war on terrorism”. Donor interest in many of the so-called “failed and fragile states” is seen through the prism of the potential threat of the latter to Northern security interests. With the declaration of “a war on terror” by the United States and its allies in 2001, peace operations have been sidelined by aggressive military intervention in Afghanistan and Iraq. These wars have been accompanied by a global effort to strengthen security sectors, sometimes with aid resources, whose purpose is to seek out and eliminate the threat of “terrorists” - with profound consequences for the rights of poor and marginalized people.

The terms “poverty eradication”, “conflict” and “peace” are increasingly intermingled with notions of “terrorism” and “security” in the discourse of most donors today. In the words of a controversial DAC paper in early 2002, “development cooperation does have an important role to play in helping to deprive terrorists of popular support and addressing the conditions that terrorist leaders feed on and exploit.”⁹ Quite abruptly, it seems that the Millennium Summit emphasis on “sparing no effort” for poverty eradication, guided by international human rights and humanitarian

law, has been pushed aside. The possibility of increased aid resources, urgently needed for these latter purposes, has been hijacked by the demand for almost limitless amounts of human, financial and military resources to prevent further terrorist attacks on the North. Some donors, beginning with the observation that “you can’t have development without security”, concluded that security concerns must trump and orient all other aspects of development.

As a result of this conflation of development and conflict prevention with global security and anti-terrorism, the integrity of development assistance for poverty eradication is at stake. Most disconcerting, however, is the shrinking policy space available to citizens in developing countries demanding that their governments pursue poverty-oriented development, particularly if such policies are seen to be a threat to Northern interests.

The 2006 *Reality of Aid Report* explores strategic issues in the convergence of the peace, security and development agenda: What is a rights-based approach to the nexus between human development and security? Whose security are we protecting, in whose interest and at the expense of what? Is development cooperation repeating its Cold War history, and once again becoming a crude extension of donor foreign and defense policy? To what extent is donor aid increasingly implemented as “risk management” for national security?

In drawing our conclusions and proposals for an approach to conflict, security and development centered on the rights of poor and vulnerable people, this *Report* acknowledges and builds on the human rights approach of our 2002 and 2004 *Reports*.¹⁰ Obligations of all countries to international human rights and humanitarian law obligations are clearly the starting point for

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a holistic and human rights-based analysis. The “war on terror” has been used to justify practices that undermine the achievement of development goals and run contrary to international human rights commitments. The impact on aid allocations and the nature of donor cooperation with developing countries is only beginning to become apparent. Reality of Aid partners have monitored these trends and mobilized against the shift in policy towards defining development co-operation as a tool in the ‘war on terror’.

Taking up these themes, this Political Overview looks more closely at

- *Redefining the goals and purposes of development assistance.* To what degree have donors adjusted their mandates for international cooperation and diverted aid resources to foreign policy and global security interests? What are the trends in the crucial area of military assistance and security sector reform?
- *Conflict prevention: donor policy coherence and intervention in conflict-affected countries.* What is the implication of donor-created notions of “failed and fragile States”? How have donors adjusted their policy capacities to create more comprehensive responses to their interests in these countries? What

are the implications of the September 2005 World Summit’s acknowledgement of the “Responsibility to Protect”? How are peace operations affecting the capacity to deliver aid on the ground?

- *Donor Coordination and the role of International Financial Institutions (IFIs)* Have the IFIs become a gate-keeper for donor approaches? As the World Bank asserts leadership and coordination roles for both donors and recipients in countries affected by conflict, what policies are prominent, and with what consequences?
- *Securing the rights of poor and vulnerable people: A Reality of Aid agenda for peace and development.* How can Civil Society Organizations (CSOs) re-assert a human rights approach to current issues and approaches to conflict, security and development? How can CSOs collaborate to support local capacities for peace in conflict-affected countries? Are there multilateral alternatives emerging in the creation of a Peacebuilding Commission at the UN, reform of the Security Council, or Human Rights Council?

What counts as ODA?

Since September 2001, Official Development Assistance (ODA) mandates have been amended and the allocation of development aid distorted to reflect the foreign policy priorities of some major donors to prevent and fight terrorism and to support northern global security interests.

CSOs have advocated a clear mandate for ODA with its focus on poverty eradication. ODA must never be used for military purposes. The DAC criteria for ODA must reflect this mandate and donors should agree to fund cooperation for democratic military reform, military aspects of peacekeeping and peace enforcement operations from outside their ODA budgets.

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REDEFINING THE GOALS AND PURPOSES OF DEVELOPMENT ASSISTANCE

Changing aid mandates: what counts as aid in promoting security and combating poverty?

Reality of Aid 2004 asserted that “aid should be treated as money held in trust for people in poverty”, but drew attention to the potential diversion of aid resources into the post-9/11 security interests of major donor countries. Concerns for the implications of conflict on poverty were not new. Throughout the 1990s, donors had been exploring innovative aid interventions supporting the establishment of conditions for peace in post-conflict countries. Several donors took the lead in mapping out best practices in highly complex post-conflict situations, and in support of agreements to end long-standing conflicts in Central America, Southeast Asia and Southern Africa.

A key lesson from the 1990s is that development must strengthen the capacities of the poor to claim their rights if sustainable foundations for peace are to take hold in societies that have experienced violent conflict. Development aid has been an important resource in responding to humanitarian needs of conflict affected people and meeting the terms of peace treaties during this decade. Nevertheless, the interests of poor and vulnerable people, whether in Guatemala, Somalia or Cambodia, often remained in tension with both local elites and the geo-political interests of major northern powers, despite the end of Cold War politics.

Since the first *Report* in 1992, CSOs in the *Reality of Aid* network have been clear about what ODA should be. The promotion of donor short-term foreign policy interests, so common over three decades in the allocation of aid resources, must give way to a mandate for ODA that focuses exclusively

on poverty reduction and the rights of poor and vulnerable people.

In the UN global conferences of the 1990s and in aid reforms promoted by some donors such as DFID, the international community was beginning to understand the importance of aid as a catalytic resource for poverty reduction.

Unfortunately, much of this nascent progress has been lost in the past four years. Contributions to this *Reality of Aid Report* suggest that the rights of the poor have been deeply affected by the events of September 11th, 2001 and their aftermath. The resulting “war on terror” generated tremendous pressures to make national security the key foreign policy objective in most donor countries, subordinating development policy and peace operations to these national interests. In the post 9/11 security-centric era, poverty and violent conflict in the South are viewed increasingly as “threats” to the security of the North. Development assistance is once again increasingly seen through the lens of northern foreign policy interests, as a tool for rich countries to defend themselves against these “threats”.

Since 2001, several donors have taken unprecedented steps to change the basic mandate and guiding principles of their aid programs in response to foreign policy interests (see **Box 1**). These shifts have been most stark in the changes over the past four years in the United States and Australia.

US development assistance is now viewed as a strategic resource for US security interests and the “war on terror”. In the words of Andrew Natsios, USAID Administrator in 2004:

“The war on terror has led to a broadening of USAID’s mandate

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and has thrust the Agency into situations that go beyond its traditional role of humanitarian aid and development assistance....Aid is a powerful

leveraging instrument that can keep countries allied with U.S. foreign policy. It also helps them in their own battles against terrorism."¹¹

Box 1. Changing mandates for ODA: giving priority to security

Reality of Aid network members in various countries report the following changes in mandate for their aid agencies:

Australia: In a November 2003 statement in the Parliament on the Australian aid program, poverty reduction was placed second to security in the aid rationale. The focus was on aid as an instrument to promote security and to combat terrorism.

Denmark: Development policy is seen to be an integral part of Danish foreign policy as a tool to overcome threats to national security. In 2004 the government adopted "Principles Governing Danish Development Assistance for the Fight Against Terrorism" and made this fight a new priority for Danish aid. Aid to priority countries is dependent on their active involvement in the "war on terror."

Japan: In 2003, there was an important shift in Japan's ODA Charter, which lays out basic principles governing Japanese aid, adding Japan's own security and prosperity to the purpose of Japanese ODA, and the "prevention of terrorism" included in the principles of ODA implementation.

United States: Since 2001, US development assistance has been increasingly viewed through the lens of US security interests and the "war on terror". By 2005 US CSOs note that the allocation of aid had shifted towards the vision of the USAID 2004 White Paper that linked aid to conflict, security operations and the global war on terror. The US contribution to this Report notes that USAID investment in counterterrorism in 2005 represents a nearly seven-fold increase over 2004.

Canada: Since 2002, the mandate of the Canadian International Development Agency (CIDA) has been updated to include the phrase, "to support international efforts to reduce threats to Canadian security".

The Netherlands While there is no change in the Dutch aid mandate per se, the Dutch chapter reports that Dutch ODA is covering the lions' share of the budget for the newly created Stability Fund and the use of these funds is mainly for "armed security" interventions. In 2006 the government will establish a national co-ordinators' office for the "war on terrorism".

European Union: Under the revised Cotonou Agreement between the EU and ACP countries, cooperation on counter-terrorism has now become an 'Essential Element' as a condition for EU aid, a category which was previously limited to human rights and democracy issues.

Source: Reports from Reality of Aid network members.

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The US national security agenda has a major effect on American CSOs that must certify that they have no direct or indirect relationships with “terrorist” organizations. US development assistance delivery mechanisms became fragmented, with multiple agencies within the US government responsible for foreign assistance delivery and an increasing reliance on budget allocations for discrete special projects. This escalating incoherence in foreign policy implementation is exacerbated by the US government’s continued focus on a largely unilateral approach, characterized by decreasing consultation with development partners, other donors and recipient countries. A December 2005 proposal by the Bush Administration, dealing with this incoherence, to move responsibility for USAID into the State Department was viewed by many as a further attempt to exercise short-term political control over international assistance.¹²

The Australian theme chapter in this *Report* details major shifts in Australian aid, focusing aid as an instrument to promote Australian security and to combat terrorism. Australian aid now includes several initiatives for counter-terrorism capacity-building, including bilateral counter-terrorism programs with Indonesia and the Philippines, and a “Peace and Security Fund for the Pacific Island Countries”. Australian peace operation intervention in the Solomon Islands comes directly from the aid budget, as does a massive AUS\$1 billion support for police operations in Papua New Guinea (PNG). The latter was strongly resisted by the PNG government as an unwarranted interference in the affairs of PNG, but was accepted when Australia’s full aid program to PNG was made conditional on acceptance of this police program.

Changing mandates for ODA in donor countries have been accompanied by a

vigorous debate within the OECD Development Assistance Committee (DAC) to expand the criteria for what constitutes an aid activity. Since 1969, donors have agreed within the DAC on the common and detailed criteria for donor expenditures that can be reported as ODA in relation to the ODA target of 0.7% of their GNI. The current DAC criteria for ODA are quite broad. They count resource transfers by official agencies to a list of poor countries that are “administered with the promotion of the economic development and welfare of developing countries as its main objective”, or are loans with a concessional grant element of at least 25% for this purpose.

Explicitly *excluded* from these criteria are military aid and the enforcement aspects of peacekeeping.¹³ But donors are allowed to include a number of related areas such as rehabilitation assistance to demobilize soldiers, training in customs and border control procedures, counter-narcotics activities, disposal of weapons and landmines, and the training of police forces in civil police functions (but not in counter-subversive methods or suppression of political dissent).¹⁴

The Reality of Aid network has repeatedly challenged donors not to further weaken the central purpose and quality of their ODA for poverty eradication. The impact of ODA on this purpose has already been undermined by previous expansion of the criteria. For example, since the mid-1980s, donors have had the discretion to count government allocations to refugees for their first year in the donor country. While support for refugees is clearly an obligation of governments, CSOs have long questioned the inclusion by some donors of these domestic support programs in ODA. In 2004, 17 of 22 DAC donors counted as ODA more than \$2.1 billion in domestic refugee support programs or 3.6% of their total ODA for that

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year.¹⁵ In the case of Switzerland, refugee support made up more than 12% of its ODA in that year, and exceeded 5% for Austria, Canada, France and Sweden.

Similarly, donors can include in ODA the full value of debt cancellation in the year it is granted. Again, there is no doubt about the contribution of debt cancellation to expanding fiscal space for developing countries to meet urgent development needs. However, donors are allowed to take credit in their ODA for the full face value of debt cancelled in the first year it is cancelled. This takes no account of the fact that in many cases this debt was largely unpayable or would have been paid to creditors in small amounts over decades. Total debt cancellation by donors averaged more than \$8 billion in each of 2003 and 2004, or 10% of ODA in these two years. But developing countries at best received an annual direct benefit of approximately \$600 million in the debt services forgiven from this cancellation.¹⁶ Nevertheless, donors counted the full \$8 billion as aid in these two years.

The 2005 Paris Declaration established “local ownership” as a central principle guiding the effective use of new aid resources directed to the MDGs. Yet a close examination of donor bilateral aid belies this rhetoric. The World Trends Chapter in this *Reality of Aid Report* closely examines the nature of bilateral aid allocations in terms of its relevance to local ownership, following a similar calculation in the 2002 *Report*. It estimates that only 32% of total bilateral aid in 2004 was actually available to counterparts in developing countries as a resource *they* could allocate to implement their own development strategies (see **Table 1.** in the World Trends Chapter, page 60), notably down from 39% in 2000, when donors pledged to spare no effort in a renewed partnership with developing countries. Developing countries

partners therefore had at their disposal a significantly smaller proportion of bilateral aid in 2004, compared to a few years earlier, over the allocation of which they had some degree of control.

This deteriorating quality of ODA gives some urgency to the vigorous debate on the ODA criteria that has been raging over the past several years. The review of the criteria has gained momentum since the late 1990s as donors focused more of their resources on conflict prevention and peace-building activities. Several donors believed that ODA criteria would not permit important aid allocations to address conflict prevention and the transition from conflict to sustainable peace. As we shall see in the next section, a number of donors have blurred bureaucratic distinctions in whole-of-government approaches to peace and security funds. Government priorities and budgetary pressures also encourage some donors to look to ODA budgets as the source of these funds.

The donor debates on appropriate ODA activities were accentuated in 2003 by a controversial paper, “*A Development Cooperation Lens on Terrorism Prevention*”, supported by DAC Member Ministers. This paper added its voice to those calling for a reassessment of the criteria for ODA:

“Development cooperation does have an important role to play in helping to deprive terrorists of popular support...and donors can reduce support for terrorism by working towards preventing the conditions that give rise to conflict in general and that convince disaffected groups to embrace terrorism in particular...this may have implications for priorities including budget allocations and

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*levels and definitions of ODA eligibility criteria.*¹⁷

Donor moves to expand ODA eligibility criteria along these lines have been resisted strongly by CSOs since 2003.¹⁸

At the April 2004 DAC High Level Meeting, Ministers were able to reach consensus on only a small range of activities – preventing the recruitment of child soldiers, enhancing the roles of civil society in security sector reform and civilian oversight of security expenditures – but left several controversial areas for further debate. One of the most contentious areas is donor contributions in support of Southern military training as well as the operational costs in donor contributions to UN peacekeeping initiatives.

What are the implications of these potential changes to ODA criteria? Total expenditures for UN peacekeeping operations in 2003 were \$2.3 billion.¹⁹ While these are sometimes very important contributions to peace, they also have implications for the long-standing ban on the use of ODA for military purposes. In September 2005, for example, 89% of troops in UN peacekeeping operations were from developing countries (compared to 55% ten years earlier). Many of these countries take advantage of donor funds for peacekeeping to equip and train their military forces. Moreover, some northern governments doubt the objectives and results of UN peacekeeping operations and favor “coalitions of the willing”, the funding for which diverts even more resources from poverty reduction.

African contributions to this *Report* call for “the substitution of competing Western military initiatives by centrally coordinated efforts through the emerging African Union Peace and Security Commission”.²⁰ Recent

G8 initiatives have focused on strengthening these capacities for African regional (in the African Union) and sub-regional organizations (in ECOWAS) to undertake peace operations in Africa. The UK-sponsored Commission for Africa emphasizes the need for donors to provide all necessary resources for a comprehensive engagement by these institutions.²¹ While supporting this approach for peacekeeping operations, African analysts in this *Report* suggest that support for military peace operations should not be given priority over, or be at the expense of, strengthening early-warning conflict prevention capacity and non-military tools for conflict resolution in the African Union.

Nevertheless, donors are contemplating major financial contributions to the creation of a 15,000 African Stand-by Force that would act as the armed wing of the AU’s Peace and Security Commission. Eight of the 16 UN peacekeeping missions in force are currently in Africa.²² As a result, several EU countries, as well as the African Union, continue to seek the inclusion of these donor expenditures in ODA, despite the current exclusion of military assistance. Similarly, a paper by the Dutch government in late 2004 called for the inclusion in ODA of activities related to security sector reform involving the military, the integration and modernization of militaries in developing countries emerging from conflict, as well as many other aspects of peace operations.²³

Prior to the DAC Senior Level Meeting in December 2004, CSOs working in the Global Security and Development Network (and many *Reality of Aid* network members) argued that “financing assistance in the area of military reform, peacekeeping and peace enforcement operations for already small and overstretched ODA budgets would inevitably be at the expense of the resources required for achieving the Millennium Development

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Goals (MDGs), sustainable development, social justice and human rights".²⁴

Again, there was no agreement among DAC Ministers at their High Level meeting in March 2005 on the most extreme of these measures to expand ODA criteria. But as several OECD chapters in the *Report* suggest, the debate is far from over. DAC members will return to the question of non-military training for the military and support to peace-building capacities with ODA resources at the DAC High Level Meeting in 2007. Meanwhile, some European donors continue to work in the EU, the G8 and with the African Union to build consensus for these adjustments. Others, such as New Zealand and Norway, will resist these moves.

The integrity of ODA for poverty eradication is already deeply compromised. In suggesting that the criteria remain more narrowly concerned with poverty-focused and non-military interventions, CSOs are not suggesting that the international community should not provide the resources required to address urgent conflict and security concerns. There are certainly many legitimate actions by northern governments (diplomatic, military, technical exchanges) for conflict prevention and constructing conditions for peace that follow from State obligations to international human rights and humanitarian law. Some of these actions may be directly related to poverty reduction and are already included in ODA. However, including the disbursements for a broader range of activities for military aspects of

peace operations or for the prevention of terrorism will only dilute the public understanding of the purpose of aid. It would effectively divert scarce ODA resources from poverty eradication.

Is aid being diverted to national security priorities?

Recent trends demonstrate the degree to which ODA, while falling within current eligibility criteria, is already being subsumed to policy interests. At the 2002 UN Financing for Development Conference in Monterrey, donors avoided any binding commitment to meeting the UN target of 0.7% of GNI. But they did promise new financing for ODA as their contribution to a development partnership in response to urgent development needs. Since then several European donors have made further commitments to realize the 0.7% target by 2015. The DAC calculates that \$49 billion in new aid resources will be available between 2005 and 2010, based on commitments made following the 2005 G8 meeting in the UK.²⁵ Nevertheless, as the World Trends Chapter points out, even the DAC analysis raises concerns that some donors will not meet their commitments, which in themselves fall far short of the Millennium Declaration pledge "to spare no effort" to provide the financing needed to reduce poverty.

While the extent of new resources for aid may be uncertain, the experience of the past four years suggests that new funds that do materialize may not be available for

Trends since 2001 demonstrate a significant diversion of new aid resources towards the foreign policy priorities of the donor countries, particularly in Afghanistan and Iraq. Also, the Millennium donor pledge "to spare no effort" for poverty reduction pales when set against dramatic increases in military spending for these wars. CSOs will be closely monitoring donor timetables for new aid commitments to 2015 to assure that the new resources are targeted to the expressed needs of the poorest countries and peoples.

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poverty reduction and for the MDGs. While donors did not reallocate *pre-existing* aid money to national security priorities after 2001, many donors made new supplementary budget allocations to meet commitments flowing from the broad-based ‘war on terror’.²⁶ These large supplementary increases in assistance (not all of it ODA-eligible) have been spent in security-strategic countries, rather than the poorest and most vulnerable.

Between 2000 and 2003, all donors made available \$18.5 billion net in *new* ODA resources. These new resources were potentially available for additional poverty reduction activities. But \$5.4 billion, or 30% of these new resources, was spent in countries (such as Afghanistan and Pakistan) crucial to the U.S. ‘War on Terror’. An additional \$7.2 billion of this \$18.5 billion has been accounted for by increased debt cancellation (i.e., above the level of debt cancellation in 2000).²⁷ That leaves a mere 32%, or \$5.9 billion of the \$18.5 billion, that could potentially have been allocated to new spending in support of the MDGs.

For individual donors, the trends are even starker. Ngaire Woods’ definitive study on aid diversion concludes that almost all of the increase in U.S. assistance (military, economic and ODA) between 2002 and 2004 (some \$20 billion) went to strategically important countries in the Middle East, the Fertile Valley (Israel, Egypt, Iraq, and Turkey) and to Afghanistan and its immediate neighbors. These allocations were roughly equal to the total US aid flows to the rest of the world combined. The Bush Administration created a privately-managed Millennium Challenge Account (MCA), which is beyond the administrative purview of USAID, to channel its promised \$5 billion post-Monterrey increased assistance to developing countries. To put this into perspective, the MCA’s \$2.5 billion allocation

to date is roughly equal to funds available to the US military for fast-disbursing quick impact projects on the ground in Iraq in 2004.²⁸

For Japan, with declining aid budgets due to budgetary pressures, participation in the ‘coalition of the willing’ has likewise been financed through supplementary funding requests to Parliament. For the European Union, allocations for Iraq and Afghanistan between 2003 and 2005 are expected to have taken up much of the €389 million increase in the External Relations budget. The UK government seems to have diverted aid funds, with Iraq displacing ‘at least some of DFID’s focus on low-income countries and has certainly prompted the acceleration of DFID’s intended scaling back of bilateral programs to middle income countries [some of which, such as Bolivia, have large populations living in poverty].’²⁹ As Woods points out, the new unplanned allocation of UK £200 million in 2003 for Iraq would have most certainly gone instead to low-income countries. She concludes that these substantial supplementary allocations to backstop the ‘war on terror’ will not be sustainable in the future. Subsequent allocations for these foreign policy interests are certain to come from existing ODA budgets and promised increases intended for the MDGs.

In looking at the diversion of aid resources, the question of the balance between funds allocated to development and for other foreign policy priorities must also be considered. As noted above, cumulative net increases in global aid budgets between 2000 and 2003 from all donors have amounted to \$18.5 billion, of which the US contributed \$11.1 billion. On the other hand, the US budgetary allocation for the war in Iraq alone is \$212 billion. ‘Operation Enduring Freedom’ in Afghanistan has cost well over

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\$100 billion to date. For the UK, the Chancellor of the Exchequer put the total cost of UK operations in Afghanistan and Iraq at UK £4.4 billion, in excess of the annual budget of DFID in recent years.³⁰ Figures in **Box 2** suggest that \$40.2 billion have been pledged for relief and reconstruction by bilateral donors for Afghanistan and Iraq, while approximately \$16.7 billion has been disbursed.

For the first time since the end of the Cold War, military spending globally exceeded US\$1 trillion in 2004. Besides its regular military budget (47% of the global total), the US has allocated an additional \$238 billion between 2003 and 2005 to fight the “war on terror”.³¹ According to the 2005 *Human Development Report* just the increase in military spending since 2000 would have been more than sufficient for all donors to reach the 0.7% target in their aid budgets.

The impact of military spending and US military assistance is apparent in Asia. An earlier *Reality of Aid Reality Check* on security and development noted the dramatic increase in US economic assistance to that region (104%) and in US military assistance (1,614%) between 2000 and 2003.

The focus for these aid increases are Pakistan, Indonesia and the Philippines (which is now the third largest US aid recipient).³² The Philippines alone received \$144 million in “foreign military finance” from the US and a further \$10 million for “international military education and training” during this period.³³

But the US drive to confront “transnational security threats” is not confined to Asia. Adam Isacson, in this *Report*, suggests the US is once again encouraging Latin American militaries to arm and reorient security forces for anti-terrorism counter-insurgency. “Terrorism” is put forward as a primary justification for military aid in which “radical populism” (i.e., the government of Venezuela) is increasingly viewed as a security threat.³⁴ Most explicitly, 80% of the \$4 billion Plan Colombia is devoted to strengthening Colombian security forces. In Africa, the US is reported to be spending \$500 million to bolster anti-terrorism capacities in West Africa and in particular to protect access to the region’s oil fields in Nigeria and Gabon. American and allied troops have participated in joint counter-terrorism exercises in North and West Africa under a Trans-Saharan Counter-

Box 2. Post 9/11 aid pledges and disbursements for Iraq and Afghanistan

1. US Aid Appropriated for Relief and Reconstruction in Iraq	\$20.9 billion
Of which disbursed (Nov 2005)	\$11.8 billion
2. Other donor aid pledges for Iraq	\$13.6 billion
Of which disbursed (Nov 2005)	\$ 2.0 billion
3. Expected Total Official Debt Reduction for Iraq	\$31.2 billion
4. Bilateral DAC donor pledges for Afghanistan (2001 - 2003)	\$ 5.7 billion
Of which disbursed (June 2004)	\$ 2.9 billion

Sources: Brookings Institute, “Iraq Index: Tracking Variables of Reconstruction and Security in Post-Saddam Iraq”, www.brookings.edu/iraqindex; Brookings Institute, “Afghan Index”, www.brookings.edu/afghanistanindex.

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Terrorism Initiative. The International Crisis Group notes that these maneuvers with local governments for counter-terrorism have been seen by these governments as “a way to stifle legitimate dissent and Muslim groups”.³⁵

In contrast, the conflict in the Democratic Republic of the Congo has affected the lives of millions. But donors spent less than \$900 million there in 2003 and the UN struggled to meet the \$393 million bill for peacekeeping operations in 2001/02. In 2004, all UN members owed more than \$2.5 billion in arrears for UN peacekeeping operations, with the US and Japan accounting for 75% of this total. International humanitarian law requires that proportionality according to need should shape the response of the international community to humanitarian emergencies arising from conflict. It is readily apparent that some crises, where the strategic interests of the donors are perceived to be extremely important, receive considerable attention, while others are conflicts that are not so much forgotten, but ignored.

Security sector reform? Whose security?

While military assistance, including US and allied military intervention, has played an expanding role in selected countries affected by conflict, since the mid-1990s donors have also given increased emphasis on reform of the “security sector” in these countries. Security cooperation in the Cold War period was highly controversial with its

focus on “modernizing” militaries that then played direct roles in politics and development processes. Most often, military officers took power, occupying governments in support of elite interests and those of their northern allies at the expense of the rights and legitimate concerns of citizens and communities.

In the 1990s, free from Cold War strictures, donors began to explore how they might strengthen people-centered approaches to security.³⁶ The DAC facilitated a process of learning from donor practice and concluded with lessons for security sector reform in a 2004 paper, “*Security Sector Reform and Governance*”. This paper characterizes security sector reform (SSR) in the 1990s as activities to “increase the ability of partner countries to meet the range of security needs within their societies in a manner consistent with democratic norms and sound principles of governance and the rule of law”.³⁷

This reorientation towards democratic forms of security was linked to the promotion of a “human security agenda” on the part of some donors (such as Norway and Canada). A “human security” approach focuses on the direct security priorities of poor people, which have been identified as crime and community-level violence, civilian impact of civil conflict and war, persecution by the police, and the absence of effective justice. The World Bank’s 2000 *Voices of the Poor* established that the lack of physical security was experienced by poor people as

Democratic control over the security sector is essential to protect the rights of vulnerable and poor people in creating conditions for poverty reduction and sustainable livelihoods. Donor initiatives in support of the security sector and its reform must be governed first and foremost by their obligations to human rights treaties and must be transparent and accountable, and screened for potential human rights impacts. In the post 9/11 security-centric world, CSOs must closely monitor donor support for security sector reform.

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a major impediment to their ability to claim their rights and reduce their poverty. However, in practice a “human security” starting point by donors has often ignored the underlying socio-economic and structural causes of conflict and insecurity in communities and may ignore the role of security forces in sustaining these conditions.

The DAC SSR agenda is ambitious, with its emphasis on a range of actors at all levels of society and its concentration on a holistic approach in the security sector (police, judiciary, and military). As noted, the *discourse* strongly stresses democratic governance and international human rights standards at the heart of activities for improved accountability in the security sector. There have been some notable successes in donor support for the reform of justice systems and civilian oversight (such as the Office of the Ombudsman in Bolivia). However, the overall impression is that the DAC SSR principles have had minimal impact on donor practice: “in most...DAC countries, SSR, as defined in the DAC policy statement and paper, has barely penetrated even the development assistance ministries, let alone the foreign affairs or security-related ministries”.³⁸

Even more telling, as donors promote SSR in countries affected by conflict, a global SSR assessment undertaken by the DAC concluded that:

“In Africa, Asia, Central Europe and Latin America, SSR – in the DAC sense of the word – remains peripheral to most government reform agendas, ... [with] much of it more narrowly focused on strengthening the capacity of the state security services to carry out their core functions. Even when

the stated objective of the work is to strengthening security sector governance, some of the reforms carried out in these regions actually reduced accountability and transparency within the security sector. This is often the outcome of reforms undertaken in conflict-affected or insecure countries, where the perceived urgency to bolster state security forces by increasing their operational effectiveness takes precedence over efforts to strengthen civil management bodies.”³⁹

These limited impacts of initiatives for democratic security sector reform must also take account of the realities of development change in the interest of people living in poverty. Many CSOs have long argued that development in the interests of poor and vulnerable people is a political process fraught with conflict as people claim their rights. In many countries where elites are confronted by demands for extensive reforms that affect their interests, these elites turn to the security system to defend their interests. Increasingly, international companies operating in regions of chronic conflict or in tension with local communities also rely on private security forces to defend investments that extract resources, or establish conditions of employment that ignore the rights of affected workers and communities.⁴⁰

The *2004 Reality of Aid Report*, which focused on governance and human rights, suggests that democratic control over security forces is an essential priority, but “like democracy, good governance cannot be implanted or imposed by the donor community, it has to be imbibed, nurtured

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and cherished from within". The *Report* urged donors to take account of unequal power relations within developing societies and globally, strengthening representative organizations in civil society as a space for democratic governance. Democratic security sector reform based on the promotion of human rights should be at the center of donor initiatives that promote democratic governance.

Actual progress in democratic security reform has been clearly challenged by the tough political environment in many poor countries for promoting democratic accountability and citizens' rights. The post 9/11 global security agenda has no doubt compounded these challenges. Since 2001 increased attention to security reform has been accompanied by strong pressures from national security agencies in donor countries to shape security services in poor countries to effectively counter "terrorist threats" to the North.

A key element of the "war on terror" has been to strengthen intelligence agencies and anti-terrorist military capabilities, the regulation of remittances, and stronger border controls, all potentially reinforcing a repressive state apparatus. Australian and Danish CSOs highlight in this *Report* the use of aid resources for these purposes. CSO colleagues from the US point out in their

chapter that "in 2005 USAID invested \$887.5 million or 7.2% of its budget, towards counterterrorism" which "represents a nearly seven-fold increase over 2004". Beyond the use of US ODA, "a study of 47 low-income, poorly performing states carried out in 2002/03 found that those countries that were considered major US allies in the 'war on terror' received 90% of the military and police aid provided by the US to that group of countries between 2000 and 2004."⁴¹

CONFLICT PREVENTION: DONOR POLICY COHERENCE AND INTERVENTION IN CONFLICT-AFFECTED COUNTRIES

Country selectivity: donors respond to "low-income countries under stress", "difficult partnerships" and "fragile states"

International concern for the prevention of conflict in the 1990s was accentuated by the humanitarian catastrophes in Rwanda and Bosnia. Previous humanitarian efforts to aid the victims of war and to reconstruct devastated societies were seen to be clearly insufficient. A new humanitarian discourse has emerged, which is highly contentious in its implications: The international community is obliged to organize its diplomatic, economic, and ultimately its military resources

Donors have defined for themselves a set of "fragile and failing states" in which they seek to act to prevent conflict or restore peaceful conditions for economic growth. In doing so, they almost exclusively focus on the internal dynamics of poor policies and governance, corruption and the abuse of power. But deteriorating government capacities in many poorest countries has been exacerbated by decades of donor-imposed Structural Adjustment Programmes (SAPs), unequal and unfair global trade, exploitative terms of investment, unsustainable massive debt burdens, inappropriate aid, and the promotion of trade in small and light weapons, for which donors have a major responsibility. Donor policies for preventing conflict will certainly fail if these issues do not command their urgent attention.

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and capacities to act *prior to* imminent massive human rights violations against vulnerable populations and pre-empt the devastating consequences of war. As a result of “widespread frustration over the inability of the United Nations, regional organizations and great powers to protect victims from genocide and ethnic cleansing...[some have called] for the development of new international norms and capacities for humanitarian intervention”.⁴² But the questions are: Where to act, on whose authority, and with what capacities?

At the same time, donors have been concentrating their aid to improve its effectiveness in a smaller number of “high performing” developing countries “certified” by the World Bank and the IMF to have “good policies”.⁴³ But donors soon faced the uncomfortable issue: What to do with the dozens of “poor performers” or “difficult partnerships”? In these countries 28% to 35% of people are estimated to live on less than \$1 a day, one in three persons are malnourished and up to 50% of children die before their fifth birthday.

In fact, the Bank’s own analysis demonstrates that between 1992 and 2002 these “poor performing” countries received 43% *less* aid than predicted by their population and poverty levels, policy and institutional environment.⁴⁴ These gaps for some countries have grown even wider with aid diversions after 9/11.⁴⁵ *The Reality of Aid* in its 2004 *Report* emphasized the fundamental importance in the international human rights law framework of non-discrimination in donors’ allocation of resources for the realization of the MDGs.⁴⁶ There is little evidence that these principles are determining current donor aid allocation policies.

In response to this donor “dilemma” over ignoring large numbers of poor people,

the World Bank created the category of “Low Income Countries Under Stress” (LICUS), based largely on its own Country Policy and Institutional Assessment (CPIA). The CPIA is a World Bank ranking of developing countries according to a measure of “good policies” that has been challenged by CSOs as unaccountable to citizens in the countries being measured, non-transparent in the determination of ranking, and highly subjective in its choice of “good policies”.⁴⁷ LICUS are countries in the lowest two quintiles of CPIA scores. Other donors, such as DFID and the UN system, suggest that State obligations under international human rights law should be the point of reference and thereby identify states that are systematically either unwilling or unable to meet basic obligations to their citizens. As many of the OECD chapters in this *Report* document, donors now commonly refer to such states as “fragile”, “failing” or “failed”.

The term “fragile” or “failed” is used by donors to describe a loose category of countries whose state infrastructure is weak, whose citizens are subject to systematic human rights violations, and where basic human needs are not being met *and* are deteriorating, sometimes leading to the complete collapse of national state functions (e.g., Somalia). As noted above, the choice of countries to include in this category largely derives from the World Bank’s CPIA. But what are the origins of “state failures” and what rationale do donors give to inform their engagement?

For donors, analysis of “fragile states” informs initiatives in conflict prevention because they exemplify social, economic and political indicators that signal impending or existing conflict. The focus is largely on the internal deterioration of governance factors – high levels of corruption, elites competing for control over diminishing economic spoils,

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breakdown of legitimate authorities and justice systems, ineffectual institutions for the delivery of basic social services – that have brought countries to this point of crisis. But as we saw in the previous section, the public rationale for donor engagement in situations of conflict since 9/11 is increasingly becoming their perception of “threats” from specific countries to their security and global interests. First among these are countries perceived to be on the “front line” of the “war on terrorism”. Many CSOs are deeply apprehensive that an exclusive donor discourse on “state fragility” provides public and international legitimation for a growing number of direct and intensive forms of intervention *on their own terms* by northern countries in southern countries.

Aid is a key resource for these interventions. “Fragile” states are among the poorest in the world and one would have expected that they would attract high levels of aid dollars, given donors’ self-asserted concerns for potential “threats”. But this has not always been the case. In the words of the UK-sponsored 2005 Commission for Africa, “the current aid architecture seems to favour some countries – the donor ‘darlings’ – and to neglect others, the donor ‘orphans’. Given that countries with weak capacity require external assistance for a longer period of time,...the relative under-financing of donor ‘orphans’ requires urgent correction.”⁴⁸

But even as they provide less and more volatile aid volumes to “fragile states”, donors seldom acknowledge, much less attempt to address, the systemic structural and international causes of stress to the capacities of these poor countries. A major source of “fragility” are the decades of failed donor-imposed structural adjustment programs (SAPs) in many countries that have descended into conflicts, such as Sierra

Leone or the Ivory Coast. SAPs dismantled State structures, throwing many into poverty and creating highly competitive environments among elites for diminishing economic returns from commodity exports.

For example, in the case of the Ivory Coast, the structural adjustment of macro-economic policies has been instrumental in the outbreak of social and political crises in the 1990s. Trade liberalization was an aggravating factor of instability. In particular, in the areas of agriculture and agribusiness, it led to the emergence of private and foreign-owned oligopolies to the detriment of the majority of national producers. The collapse of cocoa and coffee prices resulted in the tripling of the incidence of poverty, less tax resources for the government that provided economic rents to the elite, and the spread of poverty to other regions and cities in the country. In fact urban poverty, particularly among unemployed youth, reached a quarter of the total poor in some countries.⁴⁹ Competition over scarce resources, combined with large pools of the recently unemployed, provided the conditions for the emergence of violent conflict.

The implications of donor policies as they affect conflict go beyond aid and its terms. Attention must be given to the destabilizing effects of readily available small weapons throughout the South. In 2002, arms deliveries to Asia, the Middle East, Latin America and Africa constituted 66.7% of the value of all arms delivered worldwide, with a monetary value of \$17 billion. The five permanent members of the UN Security Council accounted for 90% of these deliveries.⁵⁰ As the special contribution by Oxfam colleagues point out in their chapter, donors need to work with communities in the South to reduce the spread and impacts of easily accessible light weapons, while working urgently towards a binding global

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Arms Trade Treaty that will control arms flows to the South.⁵¹

Whether in Burma, the Philippines or Indonesia, major corporate investments in the extraction of natural resources have affected the rights of local communities and have aggravated conflict. In Africa, resource extraction in zones of conflict have regionalized the conflict in the Congo, and provided the fuel for conflict in Sierra Leone (“conflict diamonds”) and the Sudan (oil revenues). Why then are there are so few regulations in developed countries for investments by resource corporations or for trade in valuable commodities from zones of conflict? CSOs have called for regulation in northern host countries, similar to legislation recently introduced in the Belgian parliament, which conditions the provision of public support for private direct investment overseas on a human rights impact assessment and its effect on current or imminent conflict. Such regulation should include appropriate monitoring and compliance mechanisms.

Dr. Rupiya’s chapter on conflict prevention in Africa recommends the innovative use of panels of international experts under the auspices of the UN to examine and produce explicit reports on those states, companies or private actors who are provoking and perpetuating conflict. He points to the relative success of the Experts Panel on the *Illegal Exploitation of Natural Resources and Other Forms of Wealth in the DR Congo* in shaming several major companies illegally operating in the Congo. The Extractive Industries Transparency Initiative (EITI) is also an important evolving multi-stakeholder initiative that is working with governments, companies and NGOs to assure that revenue from extractive industries contributes to sustainable development and poverty reduction.⁵²

Donor policy discussions in the DAC and their articulation of best practices seldom tackle these structural and political issues for the donors themselves. Rather, donors have developed principles and policies to guide their aid relationships that focus almost solely on the internal dynamics of “fragile states”. According to the DAC, these programs should be oriented to strengthening both state structures and civil society, still closely following the broad lessons of aid effectiveness. But while local ownership is important, in these circumstances, donors should also be prepared to accept “partial alignment” with government priorities. The latter are almost certainly poorly articulated in “fragile states”, and consequently donors should relate to a range of alternative national stakeholders, including civil society actors.⁵³ The DAC summary of ideal practices indicates that donors should be prepared:

- to engage with local organizations and networks working for inclusive change,
- to ground their interventions in strong country-specific analysis (which includes an analysis of the power to make change),
- to take account of the differing impacts of conflict and instability on women and children, and
- to be flexible and ‘stick with it’ over the long-term, and collaborate in multi-stakeholder partnerships.

Unfortunately “best practices” seldom inform the actual realities of donor engagement “on the ground” in most situations of conflict. Indeed, several studies of donor peace-building initiatives point to a fundamental contradiction in donor practices. To what degree can post-conflict transition processes be locally-

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owned through stakeholders for peace, while the donors seem to work uncritically from a universal agenda? This agenda comes with a fixed set of policy tools linked to liberal democracy and the market economy, and “holds that a combination of democracy and market economy is suitable for all societies and eventually will bring lasting peace”.⁵⁴

Mauricio Katz’s chapter on Colombia in this *Report* reveals these tensions in donor relationships with the Colombian government. The latter is pursuing a so-called democratic security policy through Plan Patriot, which is a civic strategy aimed at military superiority over the FARC, Colombia’s oldest and largest insurgency, with strong support from the US government. Plan Patriot is drawing citizens directly into the conflict as informers or as those accused by informants of being in support of “terrorists”. European donors, on the other hand, have an ambiguous relationship with this Plan as they continue to pursue their own “peace laboratories” in selected regions of the country. The intent of these “laboratories” is to build socio-economic conditions for lasting peace and the foundations for dialogue between contending forces. But in the context of growing human rights violations in the implementation of Plan Patriot, Katz notes that the EU contribution could easily become confused as “the social component” of a repressive “Democratic Security Policy” carried out by the Colombian state.

CSOs have been working for decades with developing country partners in situations of conflict and socio-economic reconstruction. Drawing from this experience, several OECD authors, as well as those from Colombia and Africa, stress the importance of long-term collaboration with representative agents for change. These agents will be found in both civil society and the State, especially among women and the poor, and their efforts, fraught with danger and difficulty, to promote change for peace and claim rights should be staunchly supported. National reformers should also be encouraged in their efforts to defuse tension, build trust and construct viable alternatives based on nationally determined priorities, and not necessarily those imposed by donor interests.

Clearly, effective States are a pre-requisite for improved conditions for those most affected by conflict. But these efforts at strengthening structures for governance in conflict-affected societies must be consistent with international human rights obligations (including economic, social and cultural rights as well as civil and political rights). Reducing day-to-day insecurity for citizens must be carefully balanced so as not to reinforce the repressive mechanisms of state security. Human rights principles of universality, indivisibility, interdependence and non-discrimination should lead donors to promote social processes of inclusion and measures to enhance equality and justice,

Donor mechanisms for a whole-of-government coordination of defense, diplomacy and development policy in zones of conflict must give priority to the humanitarian interests of people affected by conflict, not the security interests of the donor states. Conflict prevention and peace operations should explicitly protect the space for independent humanitarian and civil society actors, clearly separate from military forces on the ground.

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with particular emphasis on women's rights and the rights of those who have been systemically excluded. Understanding the unique aspects of a more just society in a given country is a prerequisite for establishing peace and preventing conflict.

This has not been a common approach among donors. A detailed assessment of Canadian aid in Haiti over the past decade, for example, concluded that much of the donor programming was undertaken with a significant "disconnect with the political situation in Haiti" and with aid that was highly tied to ineffective donor conditionality.⁵⁵ Over the next several years, *Reality of Aid* partners will be assessing the results of increased donor initiatives in "fragile states" in the context of international human rights law.

Donor interventions: a whole-of-government approach

In the words of Dutch Minister for Development Cooperation Anna Maria Agnes van Ardenne:

*"The distinction between foreign policy and development cooperation is vanishing. It was never very useful to begin with. Aid, politics and diplomacy form a seamless whole and we should not try to pick them apart."*⁵⁶

In responding to this challenge for coherence, a number of donors have brought together multiple arms of government, in a so-called whole-of-government approach, to respond to conflicts and crises in the South. These ministries include Defense, Foreign Affairs and Development (loosely called the "3-D approach"), and sometimes Immigration, Justice, and civilian police forces.

We have already seen the increased convergence of peace, security and development issues in donor discourse and the corresponding donor-expressed need for greater flexibility in funding, not necessarily tied to ODA criteria (but also seeking to expand these criteria). The institutional convergence of government capacities is the logical expression of donor assessments that effective responses to protracted emergencies require the blending of humanitarian action with pro-active peace operations. The (mostly metaphorical) "three-block war" is one expression of this approach for the military on the ground: peace operations troops could be fighting insurgents in one block, providing "humanitarian" assistance in another, and supporting reconstruction in a third.⁵⁷

These are not only Northern notions, The Philippines chapter in this Report describes how the Philippine Government uses ODA in counterinsurgency with a similar strategy.

A number of authors from OECD countries in this *Report* describe the creation of funding mechanisms around which joined-up ministries plan and implement strategic interventions in situations of conflict and post-conflict reconstruction. The target countries for coordinated intervention have been mainly those that affect in varying degrees northern security interests in the Balkans, Iraq, Afghanistan, Haiti and the Horn of Africa/ Great Lakes Region.

The Dutch chapter describes a Stability Fund created in January 2004 with a budget of approximately \$200 million to support peace processes, re-integration of former combatants, re-organization of military and police forces, and the destruction of small arms. Uniquely (in comparison with other mechanisms in other countries), this Fund cannot be used to support military activity

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or civil-military cooperation. The British government created a Global Conflict Prevention Pool (approximately \$650 million) and an African Conflict Prevention Pool (approximately \$170 million). In this case, a substantial portion of each Pool is earmarked for peace operations, including military components, and the Africa Pool has been very active in supporting the peace process in West Africa. Canada and Norway have created similar Funds or Taskforces with coordinating structures.

In July 2004, the US established an Office of the Coordinator for Reconstruction and Stabilization at the State Department to coordinate civilian capacity in post-conflict situations. One of the tasks of the Office of the Coordinator is to develop a model for civilian teams that can be deployed together with, or when needed, embedded within the military. When deployed with the military, these teams will provide civilian leadership in parallel with military operations.⁵⁸ There are also separate Reconstruction Groups for Afghanistan and for Iraq formed outside the US State Department.

While the experience of most of these coordinating mechanisms is still quite recent, a number of observations can be made. The first, and most obvious, is that the mechanisms give overall priority to military responses to conflict, particularly where the strategic interests of the donors are involved, as in Afghanistan. The focus for coordination of policy is entirely with respect to the immediate circumstances of a country in conflict; there is rarely any link made to northern-based policy issues that are an important element in fueling conflict (such as investment in zones of conflict). At the operational level the results have been mixed. Some level of coordination is achieved, but there is rarely a concerted overall country or regional strategy. The degree to which country-based policies and

strategies are built through on-the-ground assessments is an open question, particularly those that give precedence to strengthening the capacities of citizens' organizations to set country-owned priorities.⁵⁹

A central concern for CSOs is the priority given to humanitarian and development issues in determining the overall objectives guiding the engagement of northern governments in their interventions. In the words of Canadian CSOs, "integration [around common objectives] risks conflating development objectives with foreign policy objectives, and blurring the lines between humanitarian and military action".⁶⁰ A key question in Canada is the degree to which government attempts to integrate all actors in the field within a "coherent" common strategy on the ground. The ways in which governments determine coherence is vitally important. Circumstances on the ground may require different policy goals, objectives and strategies to create security and respond to humanitarian needs. In the face of different policy needs, coherence should mean making sure the implementation of such policies do not conflict, adjusting policies where they do. Whole-of-government approaches must avoid imposing a predominant security agenda on other priorities for people on the ground.

In a "3-D" peace operation (which brings together defense, diplomacy and development), the military brings a distinct command structure that may be appropriate to its mission, but may prove counter-productive in resolving on-the-ground tensions and sensitivities to local needs in a truly joined-up mission. Operational control in peace operations in high conflict areas gives the military distinct advantages in field operations, which may be needed to halt military action. But in the words of Michael Pugh, a UK analyst, "it is not the military's job to empower those vulnerable to abusive

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States or warlords" in creating conditions for post-conflict peace.⁶¹

The engagement of the military in humanitarian activities or "quick-impact" reconstruction projects brings particular concerns for the safety of humanitarian workers active in the area. In the allusion to the "three block war" noted earlier, independent development workers can easily be identified by local citizens with military "hearts and minds" operations and the goals of military intervention.

The most explicit expression of joined-up approaches to managing conflict is the operations of Provincial Reconstruction Teams (PRTs) in Afghanistan. PRTs are joint civilian and military teams operating at provincial level in Afghanistan in the areas of security, reconstruction, support to the central government and limited relief operations.⁶² There are currently several operational teams controlled by the UK, the Netherlands, Germany, Canada and the US in various parts of the country, including Kandahar in the South, where the US military forces continue military operations seeking out the forces of the Taliban.

While PRTs represent an integrated approach to security and reconstruction, corresponding closely to donor thinking on managing conflict, they also present several serious challenges. In a context of ongoing military action, it is impossible to avoid a blurring of the line in the eyes of the local population between offensive military action

(by US or other northern allied forces) and stabilization efforts by PRTs. Because of their make-up and their mission, PRTs lack substantial expertise to assess the needs of the population to design and implement sustainable projects. Usually military personnel make up all but 5% to 10% of a given PRT.

From the perspective of international humanitarian law, there are significant differences between a PRT approach and the notion of humanitarian action:

"Humanitarian agencies maintain that for any assistance to be considered humanitarian, it must be delivered according to the core principles of humanitarianism: humanity, impartiality and independence....The current phraseology of, for example, 'military-humanitarian operations', 'military strikes for humanitarian purposes', and 'humanitarian safety zones', has left true humanitarian action and identity in a state of crisis."⁶³

PRT operations not only create confusion, but also endanger domestic and international workers who face daunting challenges in reaching vulnerable people in rural Afghanistan; they cannot afford to be identified with one party to the conflict, and in particular with military forces seen by local populations as an occupying force.

Donors should develop and use policy tools that respond to the full range of options suggested by the three pillars of "The Responsibility to Protect", in particular the responsibility to prevent and to reconstruct. Unfortunately, the major powers have largely ignored multilateral norms in recent military interventions, significantly undermining support among developing countries for "the responsibility to protect". Implementing the "responsibility to protect" will require fundamental reform of the UN Security Council as well as substantial investment in regional capacities such as the Peace and Stability Fund of the African Union.

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A coalition of Afghani NGOs sees a role for PRTs, but one exclusively focused on establishing security in their zones of operation – training the Afghani National Army at the provincial level as well as the police. In their view, “PRTs should not act as a conduit for humanitarian assistance except under exceptional circumstances where lives are at risk and there is no government or civilian assistance workers willing and able to respond”.⁶⁴

From the point of view of northern governments, PRTs are a possible model for future interventions, as a relatively low-risk (military, financial and political) alternative to substantial troop deployments in zones of conflict. A Save the Children assessment suggested the importance of carefully circumscribed and clear missions for PRTs, focusing on ensuring a security environment for other humanitarian actors working independently of the Team.

New international norms: the responsibility to protect?

In response to divisions among countries over the non-UN sanctioned military intervention in Kosovo in 1999, the International Commission on Intervention and State Sovereignty was established at the UN. Its report in 2001, *The Responsibility to Protect*, asserted that the obligations attached to State sovereignty assumed the responsibility to protect its citizens from massive human rights violations such as war crimes and genocide. In these circumstances and as authorized by the Security Council, the international community had a corresponding obligation to protect citizens in the face of massive crimes against humanity, when the State in which they lived is unwilling or unable to meet their responsibility to do so. The Report sets out three pillars for action, which have not received due attention in the controversy that followed – *the*

responsibility to prevent the escalation into armed violence, *the responsibility to protect*, which includes in the extreme military action, and *the responsibility to rebuild* societies affected by war.⁶⁵ Most attention has been focused on the responsibility to protect through military intervention.

The UN General Assembly Special Session in September 2005 adopted language in its Outcomes Document that acknowledges national governments’ “responsibility to protect” through the use of all diplomatic, humanitarian and other peaceful means in cases where national governments do not protect their populations “from genocide, war crimes, ethnic cleansing and crimes against humanity”. Where peaceful means have failed, the Outcomes Document goes further to acknowledge that member nations “are prepared to take collective action, in a timely and decisive manner, through the Security Council, in accordance with the UN Charter, including Chapter VII, on a case by case basis and in cooperation with relevant regional organizations as appropriate”.⁶⁶ But significantly, there was no asserted *obligation* on the part of the international community to do so. The modalities for determining the timing and nature of an intervention remain equally unclear.

To what degree is a new international norm emerging for intervention in the affairs of another State? Major efforts to bring reform to the structures and work of the UN in 2005, and particularly the reform of the Security Council, have largely failed. Without a reformed Security Council that is seen to have improved legitimacy, particularly for developing countries, there is no assurance that the major powers will not abuse a biased Security Council decision-making process to further their own strategic ends.

In the wake of US and allied attacks against Al-Qaeda and the government of

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Afghanistan in 2001, and the attack and occupation of Iraq two years later, the notion of pre-emptive intervention in the face of massive human right violations received little support from many UN members. Clearly the strategic interests of the US and other major Western powers drove the decision to intervene in these cases (including that of Haiti). Major recent interventions in the affairs of developing countries in crisis have not been driven by multilateral peacekeeping norms, but rather by the strategic interests of the major powers, and particularly by the unilateral actions of the United States.

While some donor countries such as Canada and northern CSOs continue to promote expanding multilateral norms for intervention, the reality of recent interventions deeply undermine their credibility in the *Responsibility to Protect* discourse. At the same time, donor governments have indicated little political willingness, and even less resources, for substantive programming for long-term conflict prevention and peace-building, reconstruction, the other two pillars in *The Responsibility to Protect*.⁶⁷

Africa has been the focus for those promoting a role for the UN and African regional organizations in implementing the *Responsibility to Protect*. The Africa chapters in this *Report* point to important changes in the 2001 Constitutive Act of the Africa Union which for the first time acknowledged that the AU could intervene in the internal affairs of a sovereign member state if the Assembly determines that there exists “grave circumstances, namely war

crimes, genocide and crimes against humanity” or if instability in one country may lead to instability in neighboring states. These mechanisms have yet to be fully tested, with the notable exception of the AU monitoring mission in Darfur. But clearly, as Darfur so amply demonstrates, the means at the disposal of the AU to act is severely limited and highly dependent on donor resources, equipment and training.

Lee Habasonda suggests in his overview of intra-state conflict in Africa that much more attention needs to be given to other areas that affect conflict and its aftermath—good governance of natural resources, measures to control trade of conflict goods through their accurate definition, promoting the use of development aid in reducing vulnerability to conflict such as integrating better conflict analysis into the working practices of donors, using Parliament, civil society and the media to put pressure on Governments to take positive measures for conflict prevention rather than just responding to violent or extreme events. These are measures consistent with *Responsibility to Protect* norms, but have received scant attention by donors to date.

DONOR COORDINATION AND THE ROLE OF THE INTERNATIONAL FINANCIAL INSTITUTIONS

Coordinating donor approaches and funding mechanisms

The United Nations and its constituent bodies must be reformed and strengthened to play the principal role in international engagements in situations of conflict.

Until the International Financial Institutions implement significant reforms, including the democratization of the institutions’ governance, their current coordination role in post-conflict reconstruction should be strongly resisted by bilateral donors, recipient governments and CSOs.

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As donors move towards greater coordination of their efforts in conflict-affected countries, the World Bank has positioned itself to play a key coordinating role among donors and with recipient governments in post-conflict recovery. It has done so by developing its knowledge base through studies of “low income countries under stress” and in setting out the CPIA as a measure of “fragility” in affected countries. The Bank has published a definitive donor study on civil war and development policy by Paul Collier and his team,⁶⁸ and this body of work is influencing donor discourse along the same lines as earlier work on aid effectiveness and country/policy selectivity at the Bank.

The CPIA has emerged as a key instrument for the Bank and for donors in measuring both governance and policies of developing countries in a comprehensive score. As noted earlier, both the particular measures of “good policies” (e.g. trade liberalization, privatization, support for the private sector) and “good governance” (accountability and transparency within government, but not democratic norms for participation) and the process of scoring (which lacks transparency and is directed exclusively by the Bank) are highly problematic.⁶⁹ In one study of nine bilateral donors, for example, five explicitly make use of the CPIA in their aid allocation decisions.⁷⁰ The CPIA strongly influences the categorization of countries as “fragile states” through measures over which they have little say and no control.

The Bank’s Conflict Prevention and Reconstruction Team is coordinating research in Iraq (macroeconomics, human development, water and power), Afghanistan (public administration, education, community empowerment, transport and infrastructure), the African Great Lakes (food security and restoring social services), Bosnia, Sri Lanka, Rwanda and Azerbaijan. The Bank suggests as a result that it is well-positioned to lead post-conflict planning missions and to advise on transitional macro-economic policy and organize arrangements for payment of country loan arrears to creditors.

The Bank is able to exercise its coordinating roles in part through the pooling of donor resources in Special Trust Funds placed by donors at the Bank. These Funds are managed separately from the Bank’s own resources and have discrete objectives and management structures. By the end of 2003, the Afghanistan Reconstruction Trust Fund had received contributions totaling \$453 million, the third largest World Bank Trust Fund after HIPC and the Global Environment Fund. This Trust Fund is a key resource for the government of Afghanistan in financing its core budget needs.⁷¹ Overall, by late 2003 the World Bank had over 80 projects in the area of conflict prevention and recovery totaling \$5.5 billion in 13 conflict-affected countries, an amount larger than the total humanitarian assistance budget of the DAC donors in 2001.⁷²

In recent years the International Monetary Fund has established similar Trust

Aid is not a “carrot” for imposing conditions to resolve conflict. Imposed conditions, particularly those relating to policy prescriptions, are incompatible with democratic governance and local ownership of processes to establish policies for peace. Any terms in an aid relationship must be fairly and transparently negotiated with participation and accountability to people living in poverty and in line with the principles of international human rights and humanitarian law.

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Accounts from which it allocates non-concessional loans to countries emerging from conflict (whose interest payments are subsidized by bilateral donors). In the words of one analyst, these loans not only add to the indebtedness of highly stressed economies, but this engagement creates “the Fund’s capacity to maintain a quasi-permanent state of policy-making in the member country”, at the behest of bilateral donors.⁷³

International financial institutions and the “liberal peace”

The coordinating and policy roles of International Financial Institutions (IFIs) in conflict-affected countries give these institutions a particular advantage in establishing the macro-economic and political policies for promoting recovery. The overarching approach of both the Bank and major donors is to combine two conflicting agendas. As noted in the previous section on “failed states”, donors simultaneously promote efforts to establish the political or governance conditions (elections) for peaceful resolution to civil and political conflict, while creating country-support to implement a Washington-consensus set of economic policies. The former includes early elections, strengthening representative governments at all levels, encouraging respect for human rights, and the engagement of civil society actors as well as the private sectors in recovery initiatives. The latter promotes one-size-fits-all policies for macroeconomic stability, limits on public sector budgets, decentralization, privatization of key services and public/private partnerships, in the hope that economic liberalization will stimulate development.⁷⁴ At best, these two agendas remain in tension, and both may further exacerbate conflict.

Donor priorities and strategies have been adapted from “Post-Washington Consensus” mainstream IFI-thinking about effective policy advice. For conflict-affected countries, the donor focus then is on re-establishing the institutions of governance and security, as an essential pre-condition for the effective use of aid. But as the *2004 Reality of Aid Report* detailed, donor governance programs often depoliticize the politics of recovery by concentrating largely on externally imposed technical fixes with institutions of government. And the security focus strengthens support for existing elites and structures of impoverishment that often lie behind socio-economic conflicts in which poor and vulnerable people pursue their rights.

In post-conflict environments, the rebuilding of social trust and public confidence in government is critical to establishing roots for peace. Donor responses will fail if they are not informed by deep understanding of local politics and local knowledge, including community level conflict resolution, multicultural co-existence and local initiative for improving livelihoods.⁷⁵ Donor strategies for improved governance rarely take up these issues seriously. Roland Paris, writing about the limits of liberal internationalism in peacebuilding, argues “that the hasty promotion of elections and superficial institutional changes can actually destabilize fragile peace processes, particularly when combined with economic liberalization”.⁷⁶

Civil society can be a space that encourages conditions for democratic governance - tolerance in the context of pluralism, diversity, and mediation of social and economic conflict. Governance is in fact the product of complex local political processes in which different groups in society compete and benefit differently from

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alternative governance agendas. Political tensions in the aftermath of conflict must be dealt with through flexible and sensitive political engagement across the society to re-establish the legitimacy of government. These political processes cannot and should not be short-circuited by IFI/donor imposed governance models or quickly organized elections.⁷⁷

The implementation of fair and just economic policies that alter the pre-conflict dynamics of poverty and socio-economic exclusion is equally important for successful post-conflict development. Three decades of Washington Consensus policies leave little confidence that the IFIs will be sensitive to these concerns. Indeed, the short term one-size-fits-all policies imposed through the SAPs in the Ivory Coast, as noted earlier, contributed to deepening the urban and rural political crisis, leading to conflict, by impeding the emergence of innovative social and political processes in the state and political system. These might have been able to take into account the particular nature and impact of the national crisis, and perhaps avoided violent conflict.⁷⁸

Economic policies that encourage maximum employment are critical to peace processes, but run counter to the impacts of SAPs in the past. A review of economic policies implemented in post-conflict countries drew the following conclusion:

“High levels of unemployment pose a clear threat to peace, whether through disillusionment, lack of alternative activity and status, or continued availability of the unemployed for mobilization by [peace] spoilers...”

Yet economic strategies are not aimed to overcome this problem. Neither the IMF approach to macro-economic stabilization nor

the World Bank emphasis on developing large scale infrastructure promotes employment. Development assistance and advice is still focused on laying the basis for economic growth in the long run and assumes that employment will naturally follow....”⁷⁹

In such circumstances, people have few options but to turn to the informal economy or to crime and petty corruption, undermining difficult efforts to rebuild livelihoods and the rule of law.

For countries emerging from conflict or “fragility”, there is no pretext on the part of donors that they are working with policies that are *initially* “owned” by the country concerned. The aid, coordinated by the IMF and the Bank on behalf of the donor community, is consequently highly conditioned for both policy and development impact. The failure of conditionality as an approach to implementing externally designed policies is now well-established in development literature.⁸⁰ For countries experiencing conflict and political stress, this is no less so, as the box quote on the overall effectiveness of donor conditionality in Haiti demonstrates (see **Box 3**). This donor-initiated study concluded that it was essential to avoid one-size-fits-all conditions. Rather, donors need to work with broad sectors over relatively long periods of time (usually beyond the timeframe of agencies seeking quick results) in order to develop multi-stakeholder coalitions that could begin to develop their own priorities for stabilization, to which donors could then respond.

On the other hand, it is also difficult to deny that donors will inevitably exercise considerable power, whatever their motivations, in the early stages of post-

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Box 3. Donor aid conditionality in Haiti

“Haiti exemplifies some of the negative consequences of conditionality for both recipient and donor. The years 1994 to 1997 were marked by donor-driven reform agendas and conditionality-based financing in Haiti. Results from this period are unsurprising. Donor driven agendas contributed to poor commitment and ineffectual implementation on the part of the Government of Haiti and to frustration and ‘Haiti fatigue’ for the donor community. This in turn contributed to the withdrawal of some donor agencies. Following the 2000 disputed election, strict conditionality was imposed to promote transparency of governance, solid macroeconomic policies, and fiscal responsibility. Once again, it is highly questionable how constructive this set of conditionalities was, given that the system did not reform and in February 2004 Haiti experienced another period of intense political instability.”

Source: CIDA, “Canadian Cooperation with Haiti: Reflecting on a Decade of ‘Difficult Partnership’, December 2004, p. 11.

conflict recovery or where the institutions of government have broken down considerably. Some suggest that establishing a negotiated peace agreement, where this is possible, is an ultimate reference point for conditioning donor-aid in the post-conflict period. A peace agreement, arrived at through transparent and inclusive negotiations, has significant legitimacy over and above the approach of IFIs or major donors where the latter seek to impose their policies and interests through aid conditionalities. Indeed there is considerable evidence that donors have largely ignored those aspects of peace agreements that focused on more equitable economic and social relations in favor of accommodating political and military elites. This has been the experience of El Salvador and Guatemala and is at the root of difficult donor mediation of conflict in Colombia.⁸¹

Reality of Aid authors suggest in this *Report* that donors might use the considerable influence that they command in countries affected by conflict to assure that

their aid is allocated so that it does no harm (by favoring one side over another). They suggest that public accountability could be improved through donor support for the use of prominent global citizens, parliaments or UN forums to highlight provocateurs of conflict and isolate war criminals. Donors can contribute to the repatriation of refugees, particularly war-affected youth and women, and their reintegration with improved livelihoods, as a vital condition for sustainable peace since unemployed youth are often the targets of war recruiters. Creditor countries and IFIs should also acknowledge and cancel odious debt assumed by governments in conflict with their citizens.⁸²

Unfortunately, donors face few incentives to follow these policy directions, either because security considerations in the “war on terror” trump effective support for peace processes, or because other competing donor interests such as companies interested in exploiting natural resources are given priority. As one analyst

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concludes, “the IFIs face few penalties for failure to exercise due diligence in conflict prevention....IFIs [and donors] need incentives to take risks for peace, as well as reduce risks of war”.⁸³

SECURING THE RIGHTS OF POOR AND VULNERABLE PEOPLE: A REALITY OF AID AGENDA FOR PEACE AND DEVELOPMENT

In the post-9/11 era, the national security interests of donor countries are dominating international relations, with grave consequences for people living with violence and poverty. Northern donors are addressing the interests of poor and marginalized people in so-called “failing states”, whom they increasingly view as “threats”, through the lens of “security”. As a result, long-standing social and political struggles by people to claim their rights are being sidelined by the rhetoric of “terrorism” in the discourse of major international actors. Conflicts based on social, economic and political issues are often described as terrorism, and recognition of the rights of poor people to act in their own interests to resolve conflict, reduce poverty and protect their rights minimized.

- 1. Giving primacy to human rights: Donors must carry out their development cooperation, including all actions relating to conflict prevention, intervention and reconstruction, guided by their binding obligations under international human rights instruments and agreements.**

CSOs working through the global *Reality of Aid* network insist that international human rights and humanitarian law must be the guiding framework for international

assistance. These rights are relevant as the international community and CSOs work towards the achievement of the MDGs and the principles of the Millennium Declaration. They are equally relevant to addressing the inter-related challenges of conflict, security and development, the theme of this *Report*.

The global community must collaborate to end global poverty. In doing so, the rights of the poorest citizens, with no exceptions for poor women or children, the disabled or the old, must be at the forefront of this agenda. Human rights standards – universality, indivisibility, interdependence, equality and non-discrimination – create internationally binding legal obligations that are relevant in all situations, including most particularly humanitarian emergencies and national crises.

In the words of Louise Arbour, UN High Commissioner for Human Rights:

“Human rights do not impede the protection of national security.... [A] country is as much at risk of destruction, and so are the ideals it stands for, by the collapse of its human rights norms, and of the rule of law that acts as their guardian, than it is by the explosion of bombs on its territory. To fight insecurity within the framework of human rights is to fight with our strongest weapon, our deepest values; it is the protection of human security in the most profound sense.”⁸⁴

When systematic human rights violations become a prelude or even a strategy of war, humanitarian organizations and governments are compelled by international law to respond with appropriate actions in the interests of affected populations.

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2. Giving primacy to local actors for peace:

Donors must recognize democratic national actors, including local civil society working for peace, as the owners and drivers of the resolution of conflicts.

A fundamental principle guiding donors and other external actors in conflict-affected countries is the primacy of local ownership. Primary responsibility for conflict prevention rests with local citizens and local actions to create peace, which is owned and not externally imposed. Progress must be based upon initiatives for a just resolution of the underlying conditions that gave rise to the conflict. The role of external actors is therefore to support and protect spaces for inclusive processes that enable people directly involved to build capacities and make decisions on ways to resolve violent conflict and construct a just peace.

People affected by conflict and poverty are not pawns in a global game aimed at protecting the powerful from perceived threats to their security. Donors should support and strengthen civil society capacities to deal effectively with conflict prevention, civilian crisis management, early warning systems, post-conflict reconstruction and peacebuilding. Civil society organizations play critical roles in sustaining peace, bringing unique skills of mediation and reconciliation, defense of human rights and unique local strategies for peacebuilding. Donors and local governments should support negotiation processes and implementation of peace agreements with wide stakeholder involvement, and with particular attention

to the interests of women, the disabled, youth, indigenous peoples and other marginalized and vulnerable groups. In post-conflict development, donors should experiment and seek out engagement with marginalized actors beyond those most immediately accessible in national capitals.

The role of women, the promotion of gender equality, and the rights of women in ending violence and building peace are fundamental. Gender equality and human rights are inextricably intertwined. War and community level violence have profound and varied impacts on women. Women experience general social marginalization and a neglect of their rights, but also may suffer through conflict from displacement or threats to personal security including rape as a weapon of war. They experience greatly diminished social well-being for themselves and their family with the loss of land, of access to health, education and housing. But women often also have crucial social roles in their communities, are the heads of households (particularly those who are displaced), and the primary sources of livelihood for their families. Women's participation and leadership in creating the terms of a just peace process and in negotiations is therefore crucial. The interest of women in post-conflict reconstruction should take into account their rights to political participation, access to land and other assets essential for their livelihoods, and basic social services that meet their needs.

Donors need to pay close attention to the implementation of Security Council Resolution 1325 on Women, Peace and Security. This Resolution is a ground-breaking recognition of the rights of women during armed conflicts, not just as victims of violence, but as actors for peace and reconstruction. Donors and their local counterparts must design policies

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and programs that are conscious of their gender dimensions and offer practical steps in implementation directed specifically to improve gender equality and social justice.⁸⁵ A 2004 review by the UN Secretary-General of progress in implementing the Resolution 1325 noted “major gaps and challenges...in all areas, including, in particular, in relation to women’s participation in conflict prevention and peace processes; the integration of gender perspectives in peace agreements; attention to the contribution and needs of women in humanitarian and reconstruction processes; and representation of women in decision-making processes”.⁸⁶

3. Protecting the integrity of aid for poverty eradication:

(a) Official Development

Assistance (ODA) must have as its primary purpose a clear mandate for poverty eradication and the promotion of human rights for all, including the right to development. Aid should never be diverted and allocated on the basis of the perceived national security interests of donors or for military purposes.

(b) Timetables to achieve the UN target of 0.7% of GNI for all donor countries by 2015 at the latest are critical for achieving internationally agreed development goals, including the MDGs, and creating conditions for peace.

(c) The determination of country and sector priorities for aid should be based solely on the principle of poverty eradication. Humanitarian assistance should be delivered according to the principles of Good Humanitarian

Donorship (proportionate to the need and based on impartial needs assessments).

ODA should be a resource held in trust by donors and recipients for improving the lives of people living in poverty and who are vulnerable, no matter where they may live. At the beginning of the new millennium, development cooperation is on the threshold of a new “Cold War” where “the war on terror” is dictating the use of new aid resources that some donors are committing in their timetables to reach the long-overdue 0.7% target of GNI for ODA.

The tools and resources available to assist those living in poverty and affected by conflict, as well as various coordinated approaches to peace operations, should not be subverted to protect Northern security interests. Despite the pledges made in 2005 by the G8 and the EU to increase aid, ODA resources for poverty reduction remain insufficient and inadequate. In the words of the 2005 Human Development Report:

“International aid is one of the most powerful weapons in the war against poverty. Today, that weapon is underused and badly targeted. There is too little aid and too much of what is provided is weakly linked to human development. Fixing the international aid system is one of the most urgent priorities facing governments at the start of the 10-year countdown to 2015.”⁸⁷

CSOs oppose the call by some donors to expand the DAC criteria for ODA to include further security activities, particularly those relating to the military aspects of peace operations.

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The achievement of the MDGs for countries affected by conflict will require high quality ODA focused on improving livelihoods for poor and vulnerable people, democratic governance and political rights, as well as the advancement of economic, social and cultural rights of all citizens. Many donors have acknowledged the need to improve the quality of their aid and maximize its effectiveness and impact on poverty reduction. The March 2005 Paris High Level Forum on Aid Effectiveness made some further, albeit limited commitments to improve donor practice through increased donor harmonization and coordination, alignment with country strategies and systems, better poverty focus and reduced transaction costs. However, it failed to address key issues such as continued high levels of conditionality and did not agree on targets for untying all aid. The Paris Declaration on Aid Effectiveness seeks to channel aid to “good policy” countries. In doing so, it may divert aid away from the urgent needs of millions of people who are poor and affected by conflict

The quality of aid is particularly important for conflict-affected countries or regions of countries (such as Northern Uganda). The approaches set out in the Paris Declaration, with their primary focus on strengthening government capacities and accountability, are not necessarily appropriate in shaping donor responses to particular conflict situations. DAC donors should measure their aid in conflict-affected countries against the well-developed “DAC Guidelines on Helping Prevent Violent Conflict” and the “Principles for Good International Engagement in Fragile States”.⁸⁸ In particular, improved donor coordination should recognize the importance of advancing poverty-centric goals of donor interventions in difficult conditions, working with proponents for peace within civil

society and local communities in conflict-affected regions, and staying engaged over the long-term, as essential to the success of peacemaking.

Donors must be held to account for their statements, pledges and actions to both increase their aid and improve its quality by ensuring its focus on poverty reduction and the achievement of the MDGs. Donors must not be diverted from their already long-overdue aid pledges by a narrow and self-interested approach to the “war on terror”.

4. Strengthening people-centered approaches to security:

Security assistance by donor countries and the democratic reform of the security sector must be governed first and foremost by their obligations under domestic and international human rights instruments and provisions, and they must be transparent, accountable and screened for potential human rights impacts.

Strengthening the security sector and its reform have become major preoccupations of donors since the events of September 11th, 2001. While donors have developed substantial lessons and discourse that orients this reform towards democratic accountability for the security sector, there is little evidence of this approach on the ground. The security sector in countries such as Indonesia, the Philippines or Guatemala, for example, operate largely to protect the interests of elites and international corporations to safeguard their privileged and highly unequal access to wealth. The post-9/11 focus on security has allowed political leaders to link complex

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national conflicts in countries such as Colombia, the Philippines or Nepal, to the “war on terror” and to seek support to strengthen the repressive apparatus of their military and security sector in response. CSOs are calling for clear transparency and accountability for the resources, training and equipment provided by northern donors to the security sectors of countries affected by conflict. Transparency must apply to all channels of cooperation, not just ODA, so that affected communities can monitor its impact on conflict. Donors must clearly assess the extent to which their current priorities and approaches for security sector reform contradict the real security interests of local populations in zones of conflict.

5. Improving donor coherence, consistent with human rights obligations:

(a) Donor mechanisms for coordination of military, diplomatic and development instruments with respect to conflict prevention and peace operations should be guided by norms clearly authorized by the UN and should explicitly protect the independent space of humanitarian and civil society actors.

(b) Donors should develop and use policy tools that respond to the full range of options suggested by the three pillars of “*The Responsibility to Protect*”, in particular the responsibility to prevent conflict and to reconstruct post-conflict societies.

International intervention to resolve situations of violent conflict have often been

repressive and militaristic, focused on quick impact and short-term fixes, avoiding complex issues of root-causes and democratic governance. These military interventions have sometimes had embedded within them humanitarian goals. Not only are the basic principles of humanitarian action ignored, but independent humanitarian and development workers on the ground are also put at risk, most recently in Afghanistan and Iraq.

Norms associated with *The Responsibility to Protect* made some progress at the September 2005 World Summit at the UN. The three pillars of international responsibility offer a menu of policy options to protect vulnerable people, short of direct intervention. However, UN norms related to direct military intervention arising from *The Responsibility to Protect* take little account of the current geo-political realities outside of the UN that fuel major conflicts today – such as the unilateral exercise of power by the US and its allies in the “war against terrorism”. The sovereignty of the poorest countries is already deeply compromised by the lending policies of the IMF, the World Bank and the terms for aid from the major donors. To date a majority of member countries of the UN see *The Responsibility to Protect*'s option for aggressive military intervention as a means to further compromise sovereignty. Minimally, significant democratic reforms in governance of the UN, particularly in the key roles and composition of the Security Council, will be required if UN-endorsed intervention under these norms is to take practical form. Donors should continue to strengthen the capacities of regional forces for peace operations, such as in the African Union, by investing in the required training, equipment and logistical support to enable them to meet the mandates agreed upon by the international community.

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6. Exhausting all avenues for the promotion of peace:

- (a) Donors must invest significantly in early warning and conflict-prevention action, thereby reducing costly reconstruction of societies devastated by armed conflict.
- (b) Coherent and coordinated approaches to conflict prevention in donor countries must include as a matter of priority the establishment of an international arms trade treaty.
- (c) OECD countries should establish clear, comprehensive and legally enforceable guidelines covering the potential social, environmental and related impacts of companies operating in areas at risk of violent conflict.
- (d) Donors must ensure 100% unconditional debt cancellation for all of the world's poorest countries, including, but not limited to, post-conflict countries, while upholding self-determination and human rights in designing and implementing economic programs in affected countries.
- (e) All countries must ratify and implement the United Nations Convention against Corruption adopted in 2005.

In developing early warning capacities, particularly in Africa, donors, regional institutions and local governments alike should work with local stakeholders, including civil society organizations, to analyze and address the root-causes of conflict. Where possible, stakeholders committed to peace, including advice from

highly credible "neutral parties", should be brought into the analysis of these root-causes towards resolving conflict and building peace. These underlying causes include those for which the donors themselves bear considerable responsibility – the perpetuation of unpayable debts which reduce resources available for meeting urgent social needs in the poorest countries, the uncontrolled export from northern countries of small arms and light weapons, and the investment and commerce by northern-based corporations in natural resources in poor countries affected by conflict.

7. Reforming the UN and the International Financial Institutions (IFIs) for democratic, multilateral management of conflict:

- (a) Unless the IFIs implement significant reforms, including democratization of these institutions' governance, their current coordinating role in post-conflict reconstruction should be strongly resisted by bilateral donors, recipient governments and CSOs.
- (b) The United Nations, and its constituent bodies, must be reformed and strengthened with the resources needed to play the principal role in positive, creative and democratic international engagements in situations of conflict.
- (c) Urgently needed aid should not be a "carrot" for imposing conditions to resolve conflict by IFIs and donors. Imposed conditions, particularly those relating to policy prescriptions, are incompatible with democratic governance and

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local ownership of processes to establish policies for peace. Any terms in an aid relationship must be fairly and transparently negotiated with the participation of, and accountability to people living in poverty, and in line with the principles of international human rights and humanitarian law.

Non-accountable and anti-democratic IFIs are playing central roles in conflict and post-conflict societies, over and above UN development and economic bodies such as the United Nations Development Program and the Economic and Social Council. The IFIs are pooling donors' resources, coordinating their efforts, and brokering relationships with recipient governments. The result is often the imposition of a "liberal peace" which creates its own tensions. On the one hand, donor policies aim to strengthen democratic accountability (through elections) and improved security through the rule of law for all citizens. On the other hand, donors strongly push for the privatization of services, limiting the capacities of governments to meet urgent needs, and promoting an export-oriented growth, all of which negatively affect the livelihoods of the poor.

A UN Peace-building Commission, announced at the September 2005 UN World Summit was agreed upon by Member States of the General Assembly in December. It comes with a mandate to coordinate advice to UN bodies, including the Security Council, on integrated strategies for post-conflict peace-building and the resources required to carry them out. While clearly welcomed by CSOs, the levels of staff, financial resources and authority to enable the Commission to fully carry out this mandate have not materialized. The Commission has been designed for discussion and

coordination, but it has no means to assure the adherence of UN agencies, IFIs, bilateral agencies, national governments, and civil society organizations to an agreed-upon coherent and effective post-conflict plan.

Since 1992, Reality of Aid Reports have focused attention on the ways in which aid has too often served donors' foreign policy and strategic interests, in turn ignoring and sometimes undermining the rights and needs of people living in poverty. We also have pointed to incremental progress in increasing the poverty focus of ODA starting in the late 1990s. Historically, donors' self-interest and some recipient countries' misuse of aid have undermined the potential for aid to contribute to poverty alleviation. However, aid has been an important catalyst in reducing poverty, not least in significantly reducing the impact of diseases such as polio, cholera and tuberculosis in poor countries or in creating alternative sources of finance for poor and vulnerable people. Aid has been a key resource in rebuilding some post-conflict societies such as Mozambique, East Timor or Central America. It is also suggested that aid can play an increasingly important role in tackling conditions that give rise to conflict.

The *Reality of Aid* authors writing in this Report, however, are deeply distressed that recent trends in global aid since 2001 reveal a returning emphasis in aid priorities to the foreign policy priorities of donors in the global "war on terror". Donor policies and aid allocations have focused on an expanding security agenda in the South, accompanied by overt diversions of aid resources to regions of the world that are seen to threaten security in the North or to counter-insurgency activities in zones of conflict. Humanitarian assistance and

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reconstruction following the wars in Afghanistan and Iraq have captured more than a third of the new aid resources allocated by donors since 2001.

Is it then any wonder that the international community has largely failed to meet commitments made to the Millennium Development Goals? While recent aid resources have been diverted, new aid pledges made in 2005 still fall far short of the urgently needed financing to meet even these minimal Goals. Indeed in 2007, the DAC donors will be returning to a debate on expanding the criteria for ODA that could permit many to “increase” their ODA through accounting adjustments. The international community has an opportunity to replace rhetoric and narrow self-interest with policies and resources that could truly make a difference and ensure that the next decade is devoted to ending global poverty

and creating conditions for peace. *Reality of Aid* joins with the UNDP’s 2005 Human Development Report in its appeal: “if ever there was a moment for decisive political leadership to advance the shared interests of humanity, that moment is now.”⁸⁹

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Shifting Trends: ODA, Global Security and the MDGs

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Major scaling up of aid

Led by a significant increase in aid from the US, the net amount of Official Development Assistance (ODA) from the Development Assistance Committee (DAC) increased to an all time high of \$79.5 billion in 2004. Compared to the 2003 level, this figure represents a real increase (i.e., taking into account both inflation and exchange rate fluctuations) of 5.9%, or a modest year-on-year increase of \$4.1 billion.

The 2004 figure continued the upward trend in DAC ODA since the late 1990s, but which greatly accelerated after the 9/11 attack on the United States (US). The remarkable addition of more than \$20 billion in new resources for development assistance between 2001 and 2004 took place against the background of the US-led the “war on terrorism”.

As in recent years, relative to other donor countries the US disbursed the largest quantity

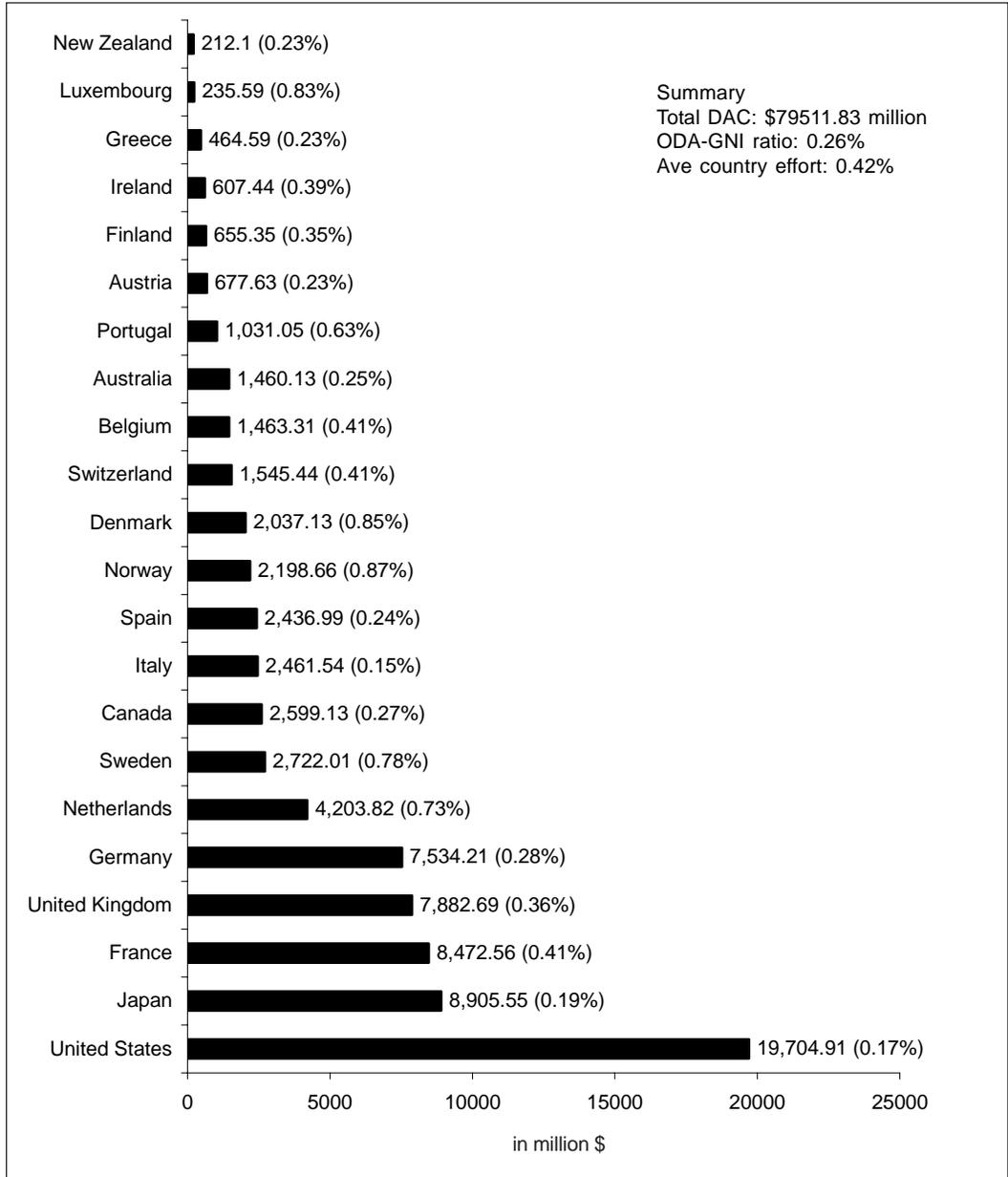
of aid in 2004 at \$19.7 billion – an 18.3% increase over 2003. However, overall performance of US ODA has changed little. As measured by its capacity to give based on the wealth of its economy, US ODA was only a mere 0.17% of its Gross National Income (GNI), vying with Italy for last place among the 22 donor countries. (See **Graph 1.**)

Of course, even before the attacks in New York and Washington, the international community led by the United Nations (UN) had already made important commitments to increasing aid to help ease poverty in the South. The Millennium Declaration issued by the UN a year before 9/11, for instance, called on all countries to “spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty.” In September 2005, the Special UN World Summit to review progress with respect to the Millennium Declaration reiterated the longstanding goal for the rich countries to devote 0.7% of their GNI to ODA.¹

This chapter is based on figures available through the OECD DAC up to 2004. Preliminary figures for 2005 became available in April 2006 and a short analysis can be found in an addendum to this chapter.

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Graph 1. ODA net disbursement & GNI ratio, by donor, 2004



Source: OECD-DAC

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DAC donors provided a mere 0.26% of their GNI to ODA in 2004, up slightly from 0.25% in 2003. The 2004 performance of the G7 donors — the world's seven richest countries — was even worse at 0.22% of their combined GNI. Meanwhile, the average country effortⁱⁱ for all DAC donors in 2004 was 0.42%, a little higher than 2003's 0.41 percent. Note that the average donor country effort has been sustained largely by five European donors that have consistently achieved or exceeded the UN target.ⁱⁱⁱ

In December 2005, the UN General Assembly agreed that pledges made at the 2002 Monterrey Consensus on Financing for Development would be reviewed in 2008. The Monterrey Consensus did not only launch new aid commitments by several donors (the European Union, the US, and Canada), but also committed UN member states to the Millennium Development Goals (MDGs).^{iv} These goals aspire to bring greater poverty focus to ODA in efforts to halve the proportion of people living in absolute poverty and hunger as well as to achieve several social development goals by 2015.

Since the Monterrey Consensus, a number of donors have made long overdue commitments to the timetable to achieve the 0.7% target. In May 2005, the European Council decided on a new EU collective target of ODA to GNI ratio of 0.56% by 2010, which would result in an additional €20 billion a year in ODA.¹ At the 8 July 2005 Gleneagles Summit of the G8, donors also agreed to increase aid to developing countries, which the OECD calculated would reach around \$50 billion per year by 2010.² In September 2005, five donors stated their intent to reach 0.7% before 2015 while five European donors are planning to achieve 0.5% by 2010. Accepting these commitments at face value, the DAC expected overall DAC ODA/GNI ratio to reach 0.36% in 2010, finally exceeding the

ratios attained during the 1980s.³ (See **Table 1** and **Graph 2**)

While recording these impressive promises, even the DAC Secretariat has registered caution about the will of donors to meet their own targets. As noted by the OECD, the projected "aid boom" in 2005-2006 is primarily due to debt relief for Iraq and Nigeria, and emergency aid to countries hit by the Indian Ocean tsunami in December 2004. By 2007, when the huge debt relief operations are already complete, donors need to increase other forms of aid by around 10% yearly, or double the rate of recent annual increases, to achieve the commitments they made in 2005.⁵ And while increased aid is welcome, a closer look indicates alarming trends in post 9/11 foreign aid flows.

Increasing aid is failing to close the gap

The international community has set some modest targets in the MDGs to be achieved by 2015 as measured against performance in 1990. The MDGs are important steps which would indicate progress in meeting the international community's commitments to economic, social and cultural rights. In the lead-up to the September 2005 UN World Summit, the UN Millennium Project estimated the additional financing gap needed to achieve the MDGs to be \$46.6 billion for 2006, rising to \$73.5 billion by 2015.⁶

Both UN agencies and international civil society organizations (CSOs) have issued ambitious calls for global finance that current commitments will certainly fall short of. Millennium Goal 8 calls on donors to commit to "more generous aid for countries committed to poverty reduction." Like the other MDGs, if measured against the benchmark of 1990, declining aid in the 1990s created a major financing gap that recent increases have so far failed to make up for.

The decline in aid during the 1990s, due to drastic cuts in the aid budgets of the G7

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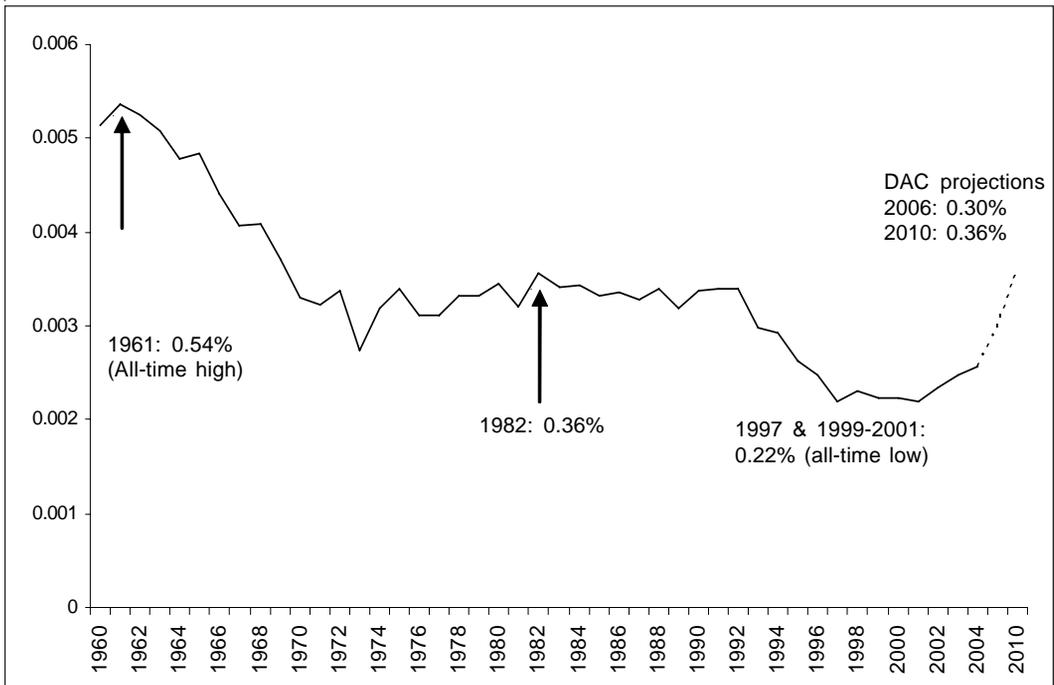
**Table 1. DAC simulation of 2010 ODA based on recent donor commitments
As 14 November 2005**

Donors	Actual 2004 GNI ratio	Commitment	Estimated 2010 net ODA (\$ million)	Estimated 2010 GNI ratio
Above 0.7%				
Norway	0.87%	1% over 2006-2009	2,876	1.00%
Denmark	0.85%	minimum 0.8%	2,185	0.80%
Luxembourg	0.83%	1% in 2009	328	1.00%
Sweden	0.78%	1% in 2006	4,025	1.00%
Netherlands	0.73%	minimum 0.8% 2004-2007 /a	5,070	0.80%
0.7% target				
Belgium	0.41%	0.7% in 2010	2,807	0.70%
France	0.41%	0.7% in 2012	14,110	0.61%
Ireland	0.39%	0.7% in 2012	1,121	0.60%
United Kingdom	0.36%	0.7% in 2013	14,600	0.59%
Finland	0.35%	0.7% in 2010	1,475	0.70%
Spain	0.24%	0.7% in 2012	6,925	0.59%
0.51% target				
Portugal	0.63%	0.51% in 2010 /b	933	0.51%
Germany	0.28%	0.51% in 2010	15,509	0.51%
Austria	0.23%	0.51% in 2010	1,673	0.51%
Greece	0.23%	0.51% in 2010	1,196	0.51%
Italy	0.15%	0.51% in 2010	9,262	0.51%
Other targets				
Australia	0.25%	0.36% in 2010	2,460	0.36%
New Zealand	0.23%	0.28% in 2007-2008	289	0.28%
No specific targets				
Canada	0.27%	/c	3,648	0.33%
Japan	0.19%	/d	11,906	0.22%
US	0.17%	/e	24,000	0.18%
Switzerland	0.41%	/f	1,728	0.41%
Total DAC	0.26%		128,128	0.36%
Notes				
/a Netherlands's ODA in 2004 was below its 0.8% target due to India's repayment of all its outstanding Dutch aid loans.				
/b Portugal's ODA in 2004 was above trend due to exceptional debt relief for Angola.				
/c Canada intends to double its 2001 International Assistance Envelope (IAE) level by 2010 in nominal terms.				
/d Japan intends to increase its ODA volume by \$10 billion in aggregate over the period 2005-2009.				
/e DAC estimates \$5 billion annual increase in ODA from 2005 based on Gleneagles G8 Commitments.				
/f Switzerland's ODA will increase by 8% in nominal terms from 2005 to 2008.				

Source: Taken from OECD-DAC Secretariat simulation of DAC members' net ODA Volumes in 2006 & 2010⁴

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Graph 2. Long-term trend in DAC ODA-GNI ratio (1960-2004 with 2006 & 2010 projections)



Source of basic data: OECD-DAC

countries, resulted in cumulative real-term losses in aid to recipient countries of over \$40 billion by 1999 (in constant 2003 dollars). Between 2000 and 2004, aid increases generated \$42 billion cumulatively in new resources (over and above 1999), effectively canceling out the losses of the 1990s.^v In effect, over the past fifteen years, there has been no new aid resources above the level reached in 1990, the year chosen as the benchmark for achieving the MDGs.

For individual donors, eight registered net losses for recipients during the 1990s compared to their aid level in 1990 (i.e., assuming it had stayed at this level for the decade). The US registered significant reductions in the 1990s with \$35 billion lost to recipients during that period, while increases since 2000 have

brought \$22 billion in new aid resources. Japan, on the other hand, contributed \$9 billion less up to 2004 than it would have if its 1990 level had continued to 2004.

Has the financing gap been reduced by the renewed focus on aid targets and timetables, and the commitments made in 2005 to achieve the 0.7 percent target? For several countries, the CSOs met these "commitments" with a high degree of skepticism. Even the DAC said that the commitment to raise ODA implies that "aid will be the most rapidly increasing element of public spending and given the pressures on public budgets in many OECD countries, delivering such increases will be a 'challenge'."⁷ The pressure is expected to intensify starting 2007, which as noted earlier

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is the year when large debt relief operations propping up increased ODA figures will end.

Ireland has already reneged on its 0.7% by 2007 commitment and pushed its target date to 2012. Japan, meanwhile, has effectively reneged on its \$10 billion commitment made at the G8 Gleneagles meeting for new aid money for Africa to 2010.^{vi}

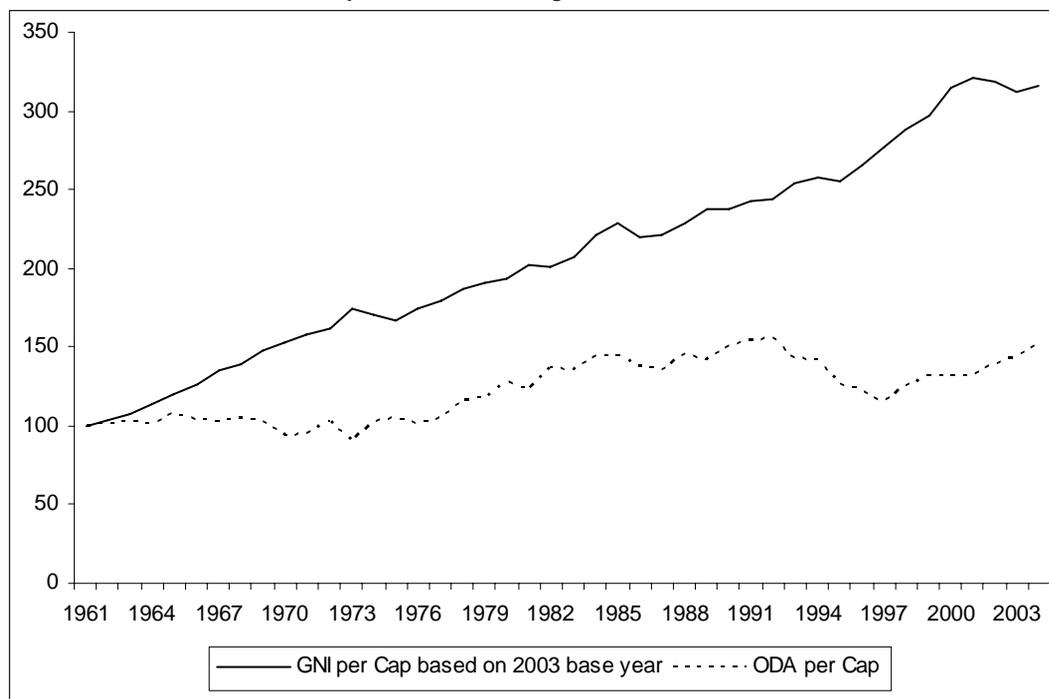
On a more positive note, France, along with Spain, Brazil and Chile, has been leading the way in developing innovative mechanisms for funding development. France is due to implement this year (2006) a new small surcharge on commercial airfares, while the government of Norway is also considering support for a similar surcharge. In 2005 a number of donors led by the UK launched an International Financing Facility in support of the Global Alliance for Vaccines and Immunization

(GAVI).^{vii} While these innovative financing mechanisms are certainly welcome, the challenge is still to ensure the actual delivery of commitments to increase aid and reach the 0.7% target, and for additional resources from the new financing mechanisms to be maximized for poverty reduction in the poorest countries.

Donors have also failed to significantly close their “generosity gap”, which according to Reality of Aid Reports has been growing since the mid-1990s. ODA per capita in donor countries had increased by 50% from \$55 in 1961 to \$83 in 2004. On the other hand, wealth per capita (GNI) in these same countries grew by about 230% from \$9,887 to \$32,462 during the same period. (See **Graph 3**.)

Most donor countries that have so far failed to move towards the 0.7% target, can well afford to do so. The successful

Graph 3. GNI per capita versus ODA per capita in donor countries (In 2003 prices & exchange rates) 1961-2004



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mobilizations in the 2005 Global Call to Action Against Poverty campaigns in many donor countries, as well as generous responses to the December 2004 tsunami, demonstrated that citizens are far more prepared to respond with generosity than their own governments.

New aid resources not maximized for poverty reduction

According to the Human Development Report (HDR) 2005, while international aid is one of the most powerful weapons against poverty, it has been underused and badly targeted.

"There is too little and too much of what is provided is weakly linked to human development," the report said.⁸

Since the Millennium Summit in 2000, donors have made available \$27 billion in new aid resources. But despite the commitment to "spare no effort" to reducing poverty, not all of this increase in aid has been available for poverty reduction goals. In part, this is due to massive aid resources targeting two countries – Afghanistan and Iraq, which cornered 37% of new aid resources from 2000 to 2004.⁹

Furthermore, donors have taken advantage of DAC criteria for what can be included in ODA to inflate their aid performance, while no actual benefits accrue to developing country partners. As the HDR 2005 noted, not all of the money counted as aid translates into transfer of resources. This has dire implications on the problem of financing gaps to achieve the MDGs, since bridging the gap means real money must be disbursed and used. It pointed out the case of debt relief, technical cooperation, and emergency assistance, which together comprised 90% of the \$11.3-billion increase in bilateral aid between 2000 and 2004.

OECD reporting arrangements allow donors to report the entire stock of debt reduction as aid in the year it is written off, thus raising the real value of debt relief

since the real financial savings to the recipient country come in the form of reduced debt servicing. Furthermore, in cases where the debts were not being fully serviced, debt relief becomes in part an accounting operation. Technical cooperation, meanwhile, primarily employs experts from donor countries which may distort resource flows into priority areas for MDG financing. Emergency assistance is a response to financing requirements over and above those estimated for the MDGs.¹⁰

In addition, donors are also permitted to count as ODA support for refugees for their first year in a donor country, and to impute a value on education provided to students from developing countries studying in donor countries.

Based on *Reality of Aid* calculations, deducting new aid resources due to aid to Afghanistan and Iraq, debt cancellation^{viii}, and support for refugees in donor countries, only 25% (or \$6.9 billion) of the \$27 billion in new aid resources from 2000 to 2004 were available for poverty reduction or MDG programs. (See **Table 2.**)

Aid to Afghanistan and Iraq

The wars in Afghanistan and Iraq have had a profound impact on the distribution of aid increases since 2001. Aid increases in the UK and the US alone have produced almost \$22 billion in new aid resources since 2001. But these two countries disbursed more than \$7 billion, or one third of their aid increases, just to Afghanistan and Iraq during this period.¹¹

Since 2001, disbursements to Afghanistan and Iraq from all donors have accounted for \$10 billion of the \$27 billion in new aid resources available from all aid increases by all donors. During this period, donors committed \$9.3 billion to these two countries, but at the time of writing these funds had not been disbursed.¹²

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Table 2. Allocation of new donor aid resources, 2000-2004

Indicator	\$ billion
Net new aid resources	27.0
Minus:	
New aid to Afghanistan & Iraq	10.0
Additional debt cancellation (net of average service)	9.6
Additional support for refugees in donor countries	0.5
New resources for potential use in poverty reduction/MDG programs over four years	6.9

Source: Reality of Aid calculations based on DAC Development Cooperation Report 2005 & DAC online aid data (constant 2003 dollars). Aid, adjusted for inflation and exchange rates, in each year is compared to aid in the year 2000. Similarly deductions are compared to amounts provided in the year 2000. Debt cancellation is net of an estimated average 7.3% annual benefit from the debt cancelled.

Destroy and Rebuild

A major portion of US aid to Afghanistan in 2004 went to the reconstruction of its roads, schools, water and power supply, health facilities, and government buildings, most of which, ironically, were destroyed by American bombs when the Bush administration declared war against the Taliban government in October 2001. In 2004, the US spent \$720 million on non-security related aid for Afghanistan, of which 75% (\$538 million) went to reconstruction activities while the rest went to humanitarian and quick-impact projects.¹³ Meanwhile, the reconstruction of Iraq is considered the largest aid campaign of the US since the Marshall Plan of post-World War II. Between April 2003 and March 2004, the US has released \$3.3 billion worth of aid for Iraq, of which a big part went to rebuild the schools, water and power supply, health facilities, and ports damaged during the US invasion.¹⁴

Debt cancellation

Reality of Aid calculations show that debt cancellation, the full value of which is counted by donors as ODA, accounted for \$9.6 billion of the \$27 billion in new aid resources between 2000 and 2004.¹⁵ In fact, some of the donors with significant aid increases in 2004, such as Japan, Portugal, Austria and the UK, also reported debt cancellation that accounted for a high proportion of these increases.¹⁶

In November 2004, the Paris Club^{ix} announced that it would reduce by up to 80% the nearly \$40 billion owed to them by Iraq. The Bush administration alone cancelled 100% of Iraq's \$4.1 billion debt to the United States. The first tranche of this cancellation will artificially and significantly increase DAC ODA figures in 2005 and 2006 by up to \$16 billion, inflating overall DAC aid by more than 20 percent. For individual countries, the impact will be significant – the US (21%),

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Japan (45%), Germany (29%), the UK (13%), Italy (66%) and France (11%), according to French NGO Coordination Sud. Already, in 2005 debt cancellation represented more than 40% of French ODA.¹⁷

Following the July 2005 Gleneagles G8 Summit, some limited but welcome progress has been made on debt cancellation for the poorest countries. The most important gain perhaps was the recognition that the poorest countries required 100% debt cancellation. Unfortunately, this recognition comes with many strings attached. In September 2005, the governing bodies of the World Bank and the IMF approved a debt cancellation package for a select 18 developing countries that have completed their intensive HIPC (heavily indebted poor countries)^x conditionalities with these institutions. This package covers approximately \$40 billion in debt for the initial 18 countries (and with a further 20 countries possibly eligible in the future, this amount could increase), at a cost of more than \$10 billion to donors over the next 10 years, all of which will be eligible as ODA.

In October 2005, Nigeria's creditors agreed to cancel \$18 billion or 60% of Nigeria's outstanding debt. However, to receive this cancellation package, Nigeria had to agree to pay its creditors, the richest nations in the world, \$12.4 billion^{xi} in debt servicing arrears within the next few months, a sum far greater than the benefits from the September debt deal for Africa in the next decade. As EUROADAD pointed out, "all this in a country where more than 80 million people live on less than US\$1 a day. Nigeria's money must instead be used to improve education, healthcare and water for its citizens, not to subsidise wealthy countries".¹⁸

Donors will be counting significant additional amounts of debt cancellation as ODA in the next several years. CSOs have long called for comprehensive unconditional debt cancellation for more than 50 of the

poorest indebted countries as a foundation for sustainable poverty reduction. Resources are available within the International Monetary Fund and the World Bank to cover a substantial portion of this cancellation.

Where donors contribute bilateral funds to pay off the full value of debt cancelled, only a small part of this cancelled debt each year relates to the annual savings by the indebted countries for the service payments that they were actually making at the time of cancellation. This latter amount is the real contribution to new resources for developing countries from debt cancellation. As it stands now, donors will be able to meet a major part of their commitments to future aid "increases" with little of these paper increases actually available to meet the needs of the poor. CSOs have long called for debt cancellation to be additional to ODA.

Support for refugees in donor countries

Donor government support to refugees from developing countries in their first year of in the donor country is also eligible for counting as ODA. Not all donors count this expenditure in their ODA, but overall this amount has been increasing for all DAC donors. Donors together charged \$1.3 billion in 2003 for refugee support. Since 2001, donor allocations for this purpose in their total ODA have *increased* by \$0.5 billion.

The future for aid increases

The Gleneagles G8 Summit in Scotland in July 2005 signalled an aid increase of \$50 billion per year by 2010, with increased attention to urgent development needs in Africa. The September UN Summit acknowledged these aid increases, and world leaders renewed their commitment to meet the MDGs, with particular attention to women's human rights. It is important to note, however, that in spite of clear evidence that the MDG

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target on eliminating gender disparity in primary and secondary education by 2005 has not been met, donors did not make new additional commitments to reach the MDGs. The 2006 DAC Development Co-operation Report notes the collective failure shared by all countries to meet the 2005 target on gender equality.

We have already seen that at least some of these commitments for timetables to increase aid are very dubious. With a continued focus on the “war on terrorism” as well as large debt cancellations forthcoming for Iraq and Nigeria as noted above, there is a real danger that a significant part of the \$50 billion in additional aid will not reach Africa and the poorest countries.

Aid increases in 2005 are likely to show the impact of natural disasters on aid allocations. The tsunami that hit parts of South and Southeast Asia on 26 December 2004 generated around \$6.9 billion in bilateral and multilateral aid commitments.¹⁹ The October 2005 earthquake that damaged the northern part of Pakistan also produced \$5.8 billion in aid commitments from 75 bilateral and multilateral donors.²⁰ But the degree to which these pledges will be realized remains to be seen, given the notoriety of donors in falling short of their commitments.^{xii}

Is the quality of aid improving?

CSOs joined together globally in 2005 in a Global Call to Action Against Poverty, mobilizing tens of millions of citizens in both the North and South to call on their leaders to take action against poverty.^{xiii} In responding to this mobilization, leaders at both the 2005 G8 meeting and UN World Summit put rhetorical attention on both Africa and making progress for the MDGs with commitments that did not address the actual need for new resources. Through the DAC, starting in 2001 in Rome and leading to the Paris Declaration in 2005,

donors have also set out a plan to reform aid practices, with self assessments as the basis for accountability to this plan. To what extent have donors made progress on these priorities and on improving the quality of their aid for poverty reduction?

Allocation by region and income group increasingly favoring poor countries^{xiv}

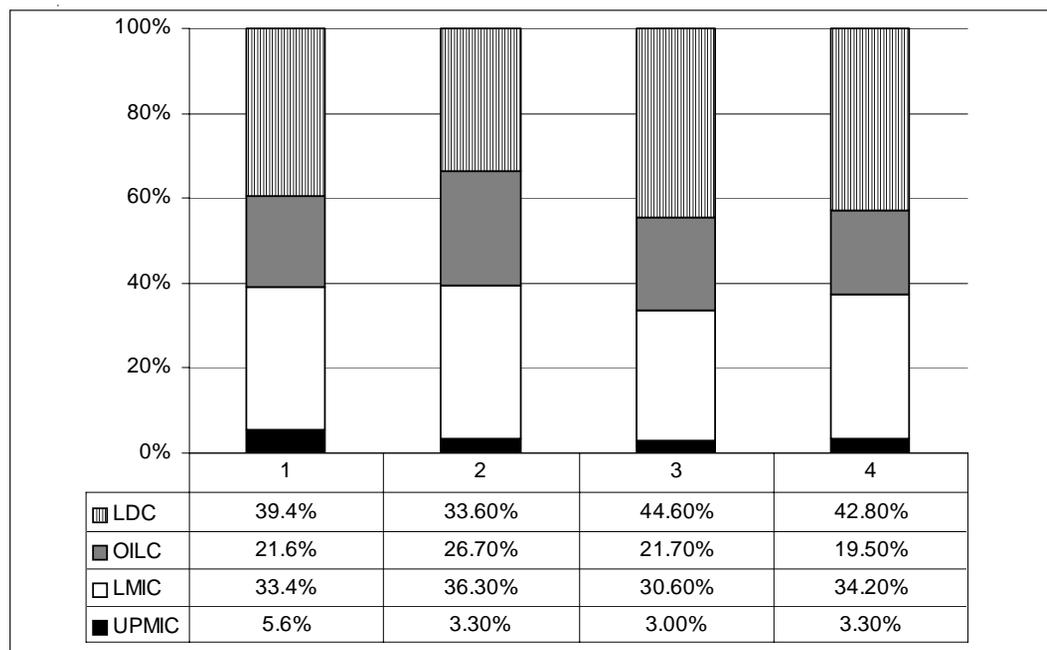
Since 2000, there has been an increasing focus in allocation of total DAC aid to least developed countries (LDCs). However, this has been mainly the result of a shift from other low-income countries (OILCs) to LDCs and overall, there was little change in the allocation of donor aid by income group since 1990. (See **Graph 4.**)

In terms of the regional distribution of aid, the trend has been increasing allocation for Sub-Saharan Africa since 2000, rising from a low of 25.2% in that year to 32.6% in 2004, although it was still a little lower than the 34.2% the region had in 2003. But note that Sub-Saharan Africa’s 2004 share to the total DAC aid was only marginally greater than it was in 1990, the year against which progress in achieving the MDGs is to be measured. (See **Table 3.**)

Meanwhile, Africa North of the Sahara has seen a significant decline in its share of the DAC ODA pie — from 12.2% in 1990 to only 3.8% in 2004. Similarly, Far East Asia has seen its share of total aid decline from a high of 15.3% in 2000 to 7.5% in 2004. This was primarily due to declining aid to China and marginal increases or declines in ODA flows to other countries in the region relative to other regions (as aid has increased). Aid to south and central Asia, on the other hand, has remained constant despite large increases in aid to Afghanistan and Pakistan due to the “war on terror.” Such increases were offset mainly by declining aid to India and zero growth in aid for other countries in the region.

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Graph 4. Distribution of total multilateral and DAC country aid by income group (Selected years)



Source: OECD-DAC

Table 3. Distribution by region (DAC country and multilateral ODA)

Region	1990	2000	2003	2004
Africa - South of the Sahara	31.0%	25.2%	34.2%	32.6%
Africa - North of Sahara	12.2%	4.4%	3.1%	3.8%
North & Central America	4.9%	4.4%	3.6%	4.3%
South America	3.6%	4.7%	4.6%	3.9%
Far East Asia	12.0%	15.3%	8.8%	7.5%
South and Central Asia	10.7%	11.4%	11.7%	11.6%
Middle East	8.2%	4.6%	7.8%	9.7%
Europe	2.5%	7.4%	5.0%	4.6%
Oceania	2.4%	1.6%	1.2%	1.2%
Developing Countries Unspecified	12.5%	21.0%	20.0%	20.8%
Total	100.0%	100.0%	100.0%	100.0%

Source: OECD-DAC

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A closer look at aid to Africa

Sub-Saharan Africa is a continent where absolute poverty continues to grow, where conflicts have killed millions of people over the past decade, and where the capacities of often undemocratic forms of governments have been weakened even further by decades of structural adjustment policies imposed by the World Bank, the IMF and major donors.

As shown in **Table 3**, total DAC aid to the region fell substantially during the 1990s, as the G7 donors drastically reduced their aid budgets, and only began to recover in 2000. **Graph 5** looks more closely at DAC country-directed aid^{xv} (excluding multilateral assistance) to Sub-Saharan Africa. It demonstrates similar trends but when debt cancellation is excluded, a more dramatic picture is revealed. Only 21% of DAC country aid in 2004 was directed to Sub-Saharan Africa, well below the 24% reached in 1990, and only somewhat above the 18% low in 1999.

If one takes 1999 as the recent low point for aid to Africa, since then (up to 2004), DAC donors have made available \$20.4 billion in new DAC country-directed aid to Africa. But again, debt cancellation accounted for a very significant portion of this amount. Around \$9.7 billion, or almost half of these new ODA resources, was the recorded full face value of cancelled debt during this period, with an estimated net value to recipient countries of less than \$1 billion.

Much of donor aid to Africa remains highly conditional on African governments' acquiescing to donor policy prescriptions and terms that undermine these governments' accountability to their citizens. The UK-sponsored Commission for Africa noted that aid to Africa "is accompanied by many onerous conditions that are often of dubious value," which have increased under IMF-World Bank approved PRSPs.²¹ There is ample evidence showing how conditionalities

weaken the effectiveness of foreign aid. As noted in the *Reality of Aid 2002 Report*, "conditionality defeats the objectives of development cooperation because it enhances the inequality in the aid relationship. In many cases, it is contrary to the objectives of development for the recipient country and it abets the lack of accountability, undemocratic governance, and even corruption."²²

Many campaigners viewed as a positive signal the strong language used in the communiqué of the G8 Gleneagles Summit on developing countries' being allowed "to decide, plan, and sequence their economic policies."²³ While this is indeed a welcome development, CSOs campaigning on making foreign aid more effective must remain vigilant as donors have in fact ignored the issues of conditionality in the Paris Declaration agreed to only a few months earlier.

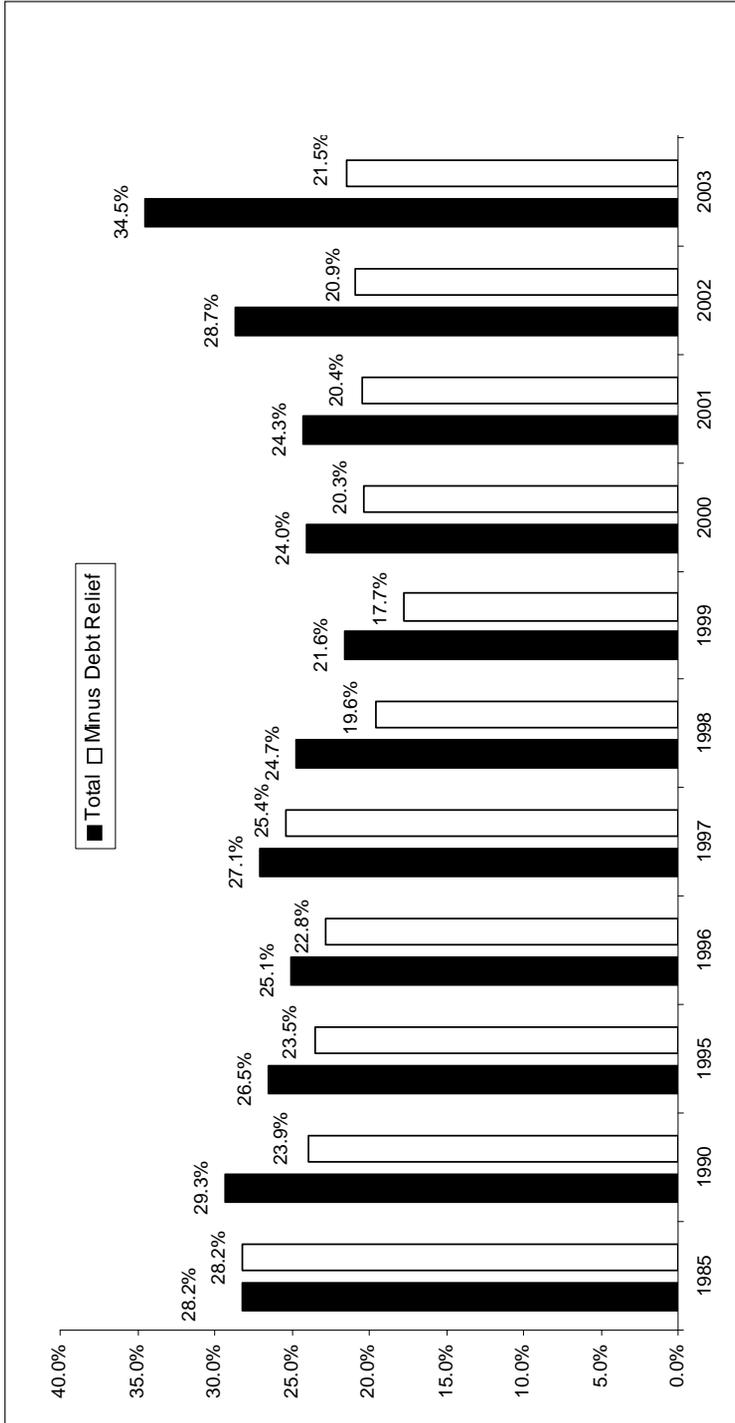
How much aid for the MDGs?

Despite widespread calls for the need to provide sufficient resources for the MDGs, there is no official aggregate measure of the degree to which donors are giving priority in their aid allocations towards the MDGs.

Reality of Aid has calculated a proxy from DAC statistics, which is based on (incomplete) donor reports on the purposes of their aid. This proxy, the targeting of selected purposes related to MDGs in low income countries,^{xvi} indicates that there has been significant improvement over the past 10 years and modest increases in "MDG-related" ODA since 2000. In 1995, a mere 4.1% of DAC aid to low income countries targeted the selected indicators for the MDGs. By 2000, this percentage had increased to 9.4%, and by 2004 the percentage targeting these sectors reached 11.3 percent. This more recent modest growth in targeting is not unexpected given the earlier indications that very little of the aid increases since 2000

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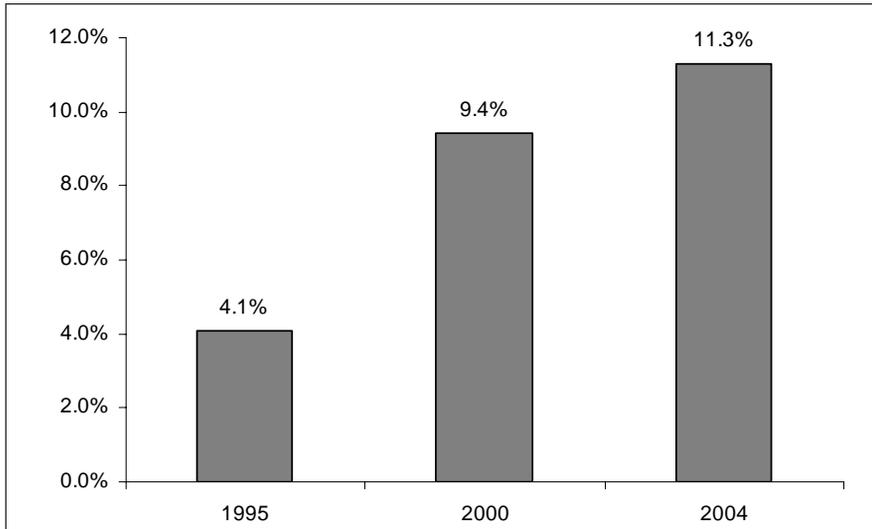
Graph 5. Total DAC ODA to Sub-Saharan Africa



Source: OECD-DAC

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Graph 6. Targeting MDG purposes by DAC donors in low income countries (% of aid allocated to all purposes)



ROA computation based on OECD-DAC data

have been available to increase donor programming for MDGs. (See **Graph 6.**)

Technical assistance

Reality of Aid looked at levels of donor-directed technical assistance as an indicator of the degree to which aid is owned and directed by developing country partners (our study did not include multilateral aid, which also has a technical assistance component). While the share of technical assistance in country-directed aid was declining in the 1990s, since 2000 it has come back to its 1990 high of more than 40% of total DAC country-directed ODA. (See **Graph 7.**)

A study by the United Nations Development Program (UNDP) highlights the fact that at the end of the 1990s, four large bilateral donors accounted for two-thirds of technical cooperation, with Japan and the United States devoting between 40% and 50% of their ODA to technical assistance.²⁴

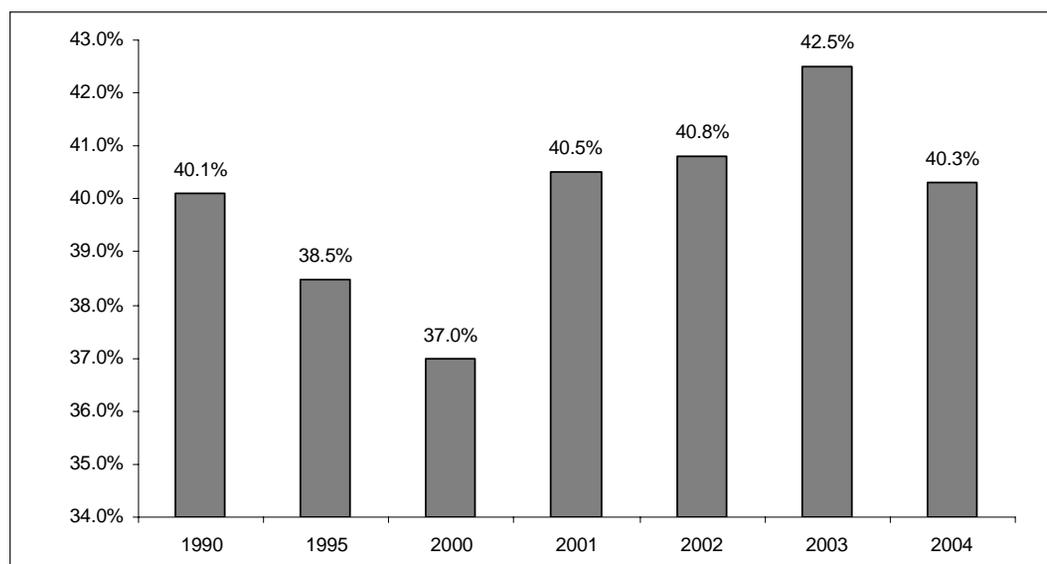
The Chair of the DAC, Richard Manning, in a recent report on technical assistance and capacity development, notes that:

“Technical assistance and capacity development are by no means synonymous.... Too often efforts have focussed on upgrading the skills of individuals without paying attention to improving the performance of the organisations in which they work, let alone the broader institutional context in which organisations themselves exist. This can lead to frustration of the trained individuals and minimal impact on the organisations.”^{xvii}

To date, technical assistance is not taken into account when donors report on their levels of tied aid. A large part of technical assistance goes to support highly paid consultants from donor countries, over

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Graph 7. Percentage of Technical Assistance to Country-Directed ODA (excluding debt cancellation) 1990, 1995, 2000-2004



Source of basic data: OECD-DAC

whose mandates or terms of reference, developing country partners have little or no say. These consultants assure that donor policies and approaches are fully integrated into developing country strategies, including many of the PRSPs that are intended to guide donors with developing country-determined priorities.

Declining tied aid?

According to the latest DAC figures, donors have significantly improved the tying status of their bilateral aid. Overall tying has declined from 41% in 1990, to 19% in 2000, to a low of 9% in 2004. This advance in untying of bilateral aid is due in part to increased use of budget support mechanisms by donors in recent years (which comes tied to a range of policy conditionalities, but not purchases of goods and services in the donor country). But more important has been the DAC agreement to fully untie aid for the least

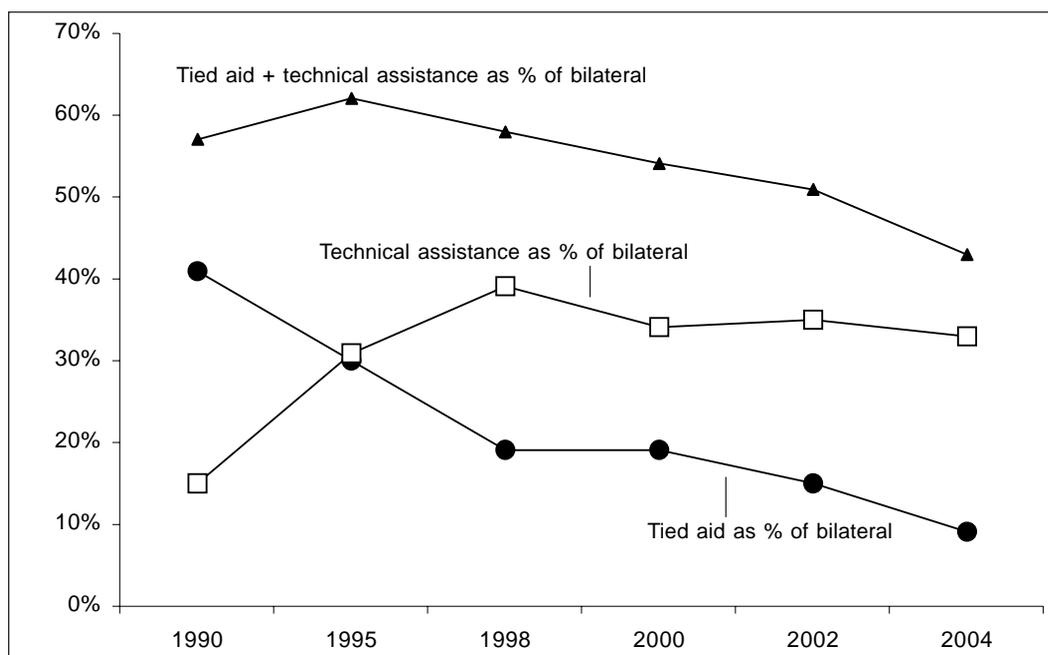
developed countries and the commitment by the UK and several other donors to 100% untie their bilateral aid.

Nevertheless, there are several important qualifications that have to be made to this progress. First, four countries continue to not report the tying status of their aid – Finland, Italy, Luxembourg and the United States. Bilateral aid from these countries made up almost one-third of bilateral aid in 2004. The Centre for Global Development's 2005 Commitment to Development Index puts US tied aid at 72%, a figure that would considerably increase the overall DAC average for tied aid. Austria, Canada, Spain, Australia, New Zealand and Greece continue to report high levels of aid tying.²⁵

In addition, not all bilateral aid is counted in the DAC members' reporting of tied aid. Under DAC rules both technical assistance and food aid are not included in the calculation. In recent years, technical

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Graph 8. Trends in bilateral tied aid (Selected years)



Source of basic data: OECD-DAC

assistance has made up at least one third of bilateral assistance for those countries reporting their aid tying performance. (See **Graph 8.**)

Based on studies that conclude that technical assistance is “highly tied” to donor country providers, Reality of Aid assumes that at least 80% of technical assistance is tied. If technical assistance and food aid are then included in the measurement of the tying of bilateral aid, the fall in aid tying is nowhere near as dramatic as the DAC figures initially lead one to believe. Aid tying under these assumptions has fallen, but by only 35% from a high of 56.2% in 1995 to 36.5% in 2004. In addition, the DAC estimates that tying raises the cost of project goods and services by 15 to 30 percent on average.²⁶

A separate estimate cited in the HDR 2005 shows that “tied aid reduces the value

of assistance by 11%-30% and tied food aid is on average 40% more costly than open market transactions.” Furthermore, the report pegged the current overall losses of developing countries due to tied aid at \$5 - \$7 billion. Low-income countries collectively lose \$2.6 - \$4 billion; Sub-Saharan Africa, \$1.6 - \$2.3 billion; and the least developed countries, \$1.5 - \$2.3 billion.²⁷

Aid under the management of developing country partners

The March 2005 Paris Declaration on Aid Effectiveness states that developing country “ownership” over development strategies supported by donor aid is a defining principle guiding donor practice. Donors committed to “respect partner country leadership and help strengthen their

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capacity to exercise it." In 2004, donors provided \$54.4 billion in bilateral aid, which should make a substantial contribution to the capacities of developing countries to implement their development priorities. Unfortunately much of this bilateral aid never goes beyond the donor country or its development agency, and is largely unavailable for long term development programming *under the control of developing country partners*.

Table 4 assesses bilateral aid for 2004 and 2000 for trends in those components that have little or nothing to do with the capacities of developing countries to implement their own strategies. A large component of this aid takes the form of technical assistance, which as noted above, remains predominantly tied to donor country consultants. These consultants are contracted by the donor agency and are accountable to this agency for their work, irrespective of the terms of reference for a particular

consultancy. The bottom line is that in 2004 slightly less than a third of bilateral aid, only 32%, was available to developing country counterparts as a resource that *they* could potentially allocate to meet their development needs. What's more, this share of bilateral has dropped from 39% in 2000. Irrespective of long-standing donor rhetoric on the central importance of "local ownership", developing country partners in 2004 have at their disposal almost 20% less in the proportion of bilateral "under their control".

War on terror remains chief priority

While donors grudgingly commit new resources to ODA to fund the MDGs, money is readily available to fund military and strengthened security for counter-terrorism. The United States is the most unwilling among the donors to make concrete future pledges for the global fight against poverty even as it continues to spend tens of billions of dollars to finance its military

Table 4. Net bilateral ODA available to developing country partners under "local control" (In \$ million)

Indicator	2004	2000
Total Bilateral Aid	54.4	36.1
Less		
Technical Cooperation	16.9	12.1
Refugees in Donor Countries	2.1	1.4
Imputed Student Costs	1.9	0.7
Debt Forgiveness (1)	6.6	1.9
Cost of Tied Aid (@15%)	0.5	0.7
Emergency Relief	5.1	2.2
Administration Costs	4	3.1
Net bilateral ODA available to developing countries under their local control	17.3	14
Percentage of Total Bilateral Aid	32%	39%
Net of debt service benefit from cancellation at 7.3%		

Source of basic data: DAC Development Statistics Online (accessed January 2006)

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operations in Iraq, Afghanistan, and other regions.

The United States representative at the 2005 UN Summit, for instance, reportedly lobbied to delete in the action agenda “every one of the 35 specific references to the MDGs”, including the UN target of 0.7% ODA-GNI ratio and other “concrete obligations for the implementation of commitments.”²⁸

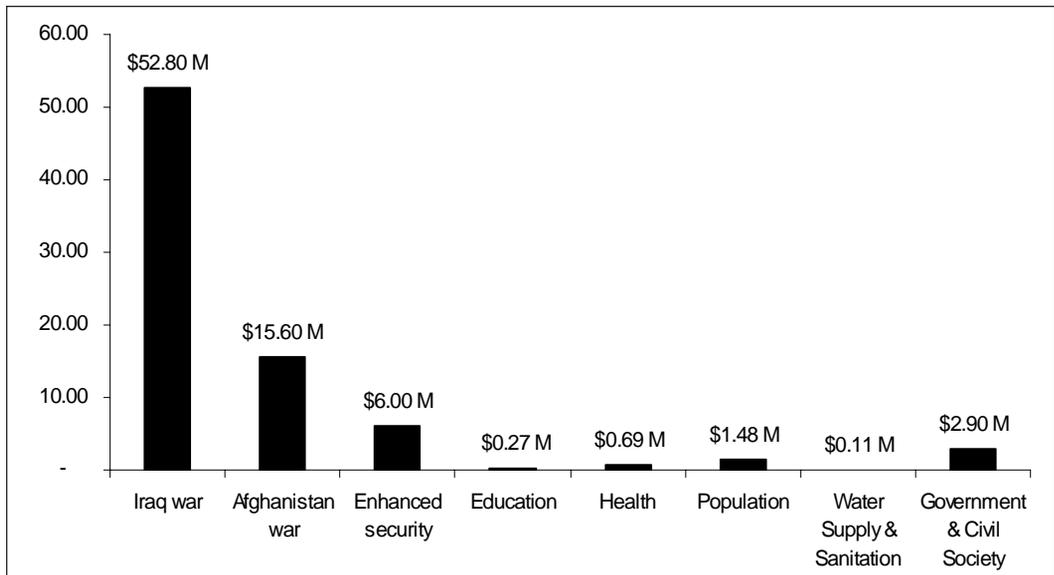
Simulations made by the DAC Secretariat show that the performance of US ODA will not improve between 2006 and 2010, remaining at 0.18% of its GNI by 2010. To meet the G8 Summit commitment to Africa and other donors, much of the load will have to be carried by European Union donors, which promised to increase ODA from the 2004 level of 0.35% of GNI in 2004 to a projected collective average of 0.56% in 2010.

Meanwhile U.S. military and security/anti-terrorism budgets have been expanding considerably. Based on the latest available comparative data in 2003, the U.S. spends 76 times more for its war in Iraq compared to its total ODA for health; 196 times more compared to education, and 480 times more compared to water supply and sanitation, all critical sectors for achieving the MDGs.^{xviii} (See **Graph 9**.)

While the U.S. military budget greatly exceeds that of all other industrial countries, these latter countries still devote considerable resources to their military. Global military spending in 2004 for the first time exceeded \$1 trillion. The combined military budgets of the DAC donors far surpass, by factors of 100s, investments in MDG priorities to reduce global poverty.

War and military spending continues to dwarf what donors spend for development

Graph 9. Comparative average US monthly spending for military operations and ODA for social services (As of 2003)



Sources of basic data: US Congressional Research Services; OECD-DAC

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aid. US ODA in 2004, for instance, is merely 4% of what it spent for its military during the same year, while the UK's ODA is only 17% of its military spending. The US budgetary allocation for the war in Iraq alone is \$212 billion. "Operation Enduring Freedom" in Afghanistan has cost well over \$100 billion to date. For the UK, the Chancellor of the Exchequer put the total cost of UK operations in Afghanistan and Iraq at UK £4.4 billion, in excess of the annual budget of DFID in recent years.²⁹

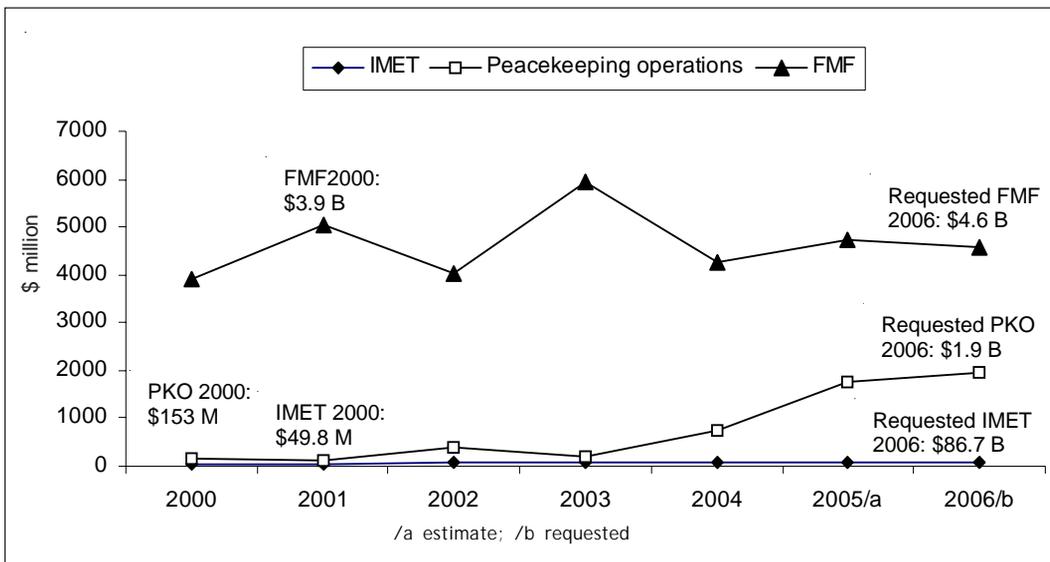
The US aid budget, along with several other donors such as Australia and Denmark, is devoting increasing resources to counter-terrorism. CSO colleagues from the United States point out in their chapter that "in 2005 USAID invested \$887.5 million or 7.2% of its budget, towards counter-terrorism" which "represents a nearly seven-fold increase over 2004." Beyond the use of US ODA, "a study of 47 low-income, poorly performing states carried out in 2002/03 found that those

countries that were considered major US allies in the 'war on terror' received 90% of the military and police aid provided by the US to that group of countries between 2000 and 2004."

Foreign Military Assistance is also on the rise. In 2005, for instance, the US State Department agreed to resume its International Military Education and Training (IMET) and its Foreign Military Financing (FMF) for Indonesia.³⁰

Overall, major US military assistance programs have seen significant increases since 2000. Based on the requested budget of the US State Department for 2006, FMF growth between 2000 and 2006 is pegged at 17%; IMET, 74%; and Peacekeeping Operations (PKO), a whopping 1,180 percent. US PKO provides voluntary support for international peacekeeping activities (as opposed to the US share of UN-assessed peacekeeping operations, which is financed elsewhere)^{xix} (See **Graph 10.**)

Graph 10. Trends in US military aid, By program 2000-2006



Compiled by ROA from figures cited in US State Department, Federation of American Scientists, & US aid Greenbook sites

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Another alarming development is the move of the US Congress allowing the Pentagon to spend as much as \$200 million of its own budget to aid foreign military forces. Foreign policy specialists warn that this could lead to growth of a separate military assistance effort not subject to the same constraints applied to foreign aid programs that are administered by the State Department. Such constraints are meant to ensure that aid recipients meet certain standards, including respect for human rights and protection of legitimate civilian authorities. Reports indicate that this is just the start of more "reforms" in US aid policy as the Pentagon and the State Department are now setting their sights on a "more ambitious" overhaul of foreign assistance rules to give the US "more flexibility."³¹

As the world aid trends illustrate, a lot of work still needs to be done to make development aid truly for poverty reduction in the poorest countries. The long-standing

issues of quantity and quality of aid, as well as new challenges such as the danger of resources being diverted from poverty reduction activities by post-9/11 security concerns, have combined to put the global campaign against poverty, as represented by the MDGs, at serious risk.

While the role of ODA is only one component of the global campaign to fight poverty and achieve the MDGs, given the importance of structural issues, such as the need for fair trade, for regulated investment and more democratic international financial institutions, a commitment of pro-poor aid resources by the rich countries can play a crucial role. With current pledges to meet specific targets up to 2015, donors have begun to recognize their obligations for new resources. However, without equal attention to the quality of their aid to ensuring that aid serves the needs of the poorest people, and not the needs and priorities of donors, its effectiveness on easing poverty in the South will be severely limited.

ADDENDUM

Artificial increases:

Debt relief pushes ODA to exceed the US\$100 billion mark in 2005

As this report of the Reality of Aid goes to press, the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) released the preliminary figures on Official Development Assistance (ODA) for 2005 on April 4, 2006. This section was included to update the discussion in the World Aid Trends chapter on ODA volume and ODA as a percentage of donors' gross national income (GNI). It also updates the discussion on the contentious debt relief grants, considering that these substantially contributed to the overall increase in net ODA in 2005.

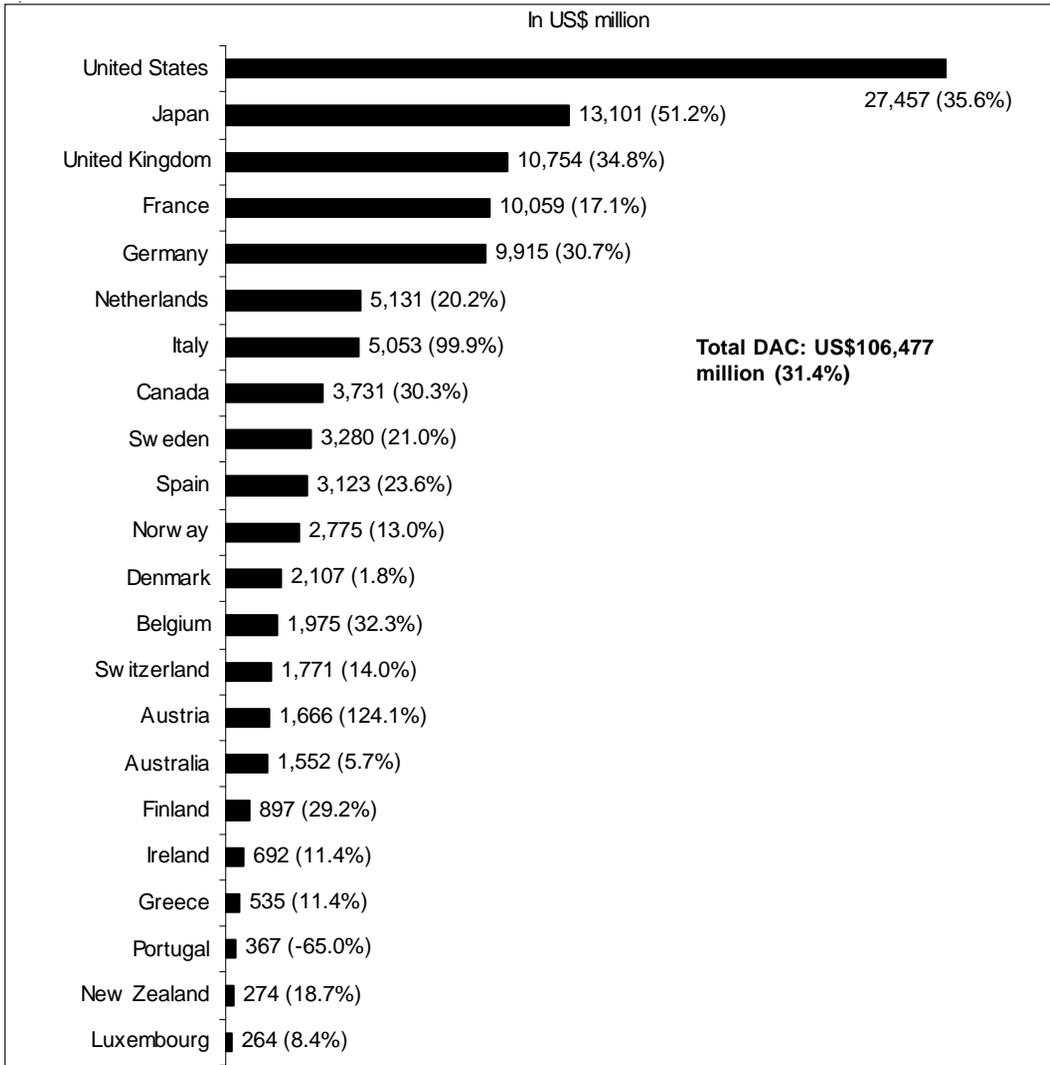
Following an unusual 400%-increase in debt relief grants, ODA from DAC donors reached an unprecedented US\$106.5 billion in 2005. In real terms, this amount is 31.4% higher than its level in 2004. Eighteen of the 22 DAC donors registered a double-digit growth rate in ODA led by Austria (124.1%); Italy (99.9%); Japan

(51.2%); the United States (35.6%); and the United Kingdom (34.8%); while only Portugal posted a decline (-65%). (See **Graph 11**)

In spite of these substantial increases, only Denmark (0.81%); Luxembourg (0.87%); Norway (0.93%); the Netherlands (0.82%); and Sweden (0.92%), as in previous years, met the

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Graph 11. 2005 net ODA from DAC donors and change in real terms from 2004 (Preliminary data)



Source: OECD-DAC

UN target for ODA of 0.7% of GNI. Collectively, DAC donors' ODA represented 0.33% of their combined GNI in 2005. (See **Graph 12.**)

Furthermore, the gap between the wealth of DAC donors and what they allocate for ODA continues to widen as major donors led by the US continue to spend tens of

billions of dollars for the war on terror campaign. Such priorities indicate that available resources are not being fully maximized for the global campaign against poverty and for reaching the MDGs.

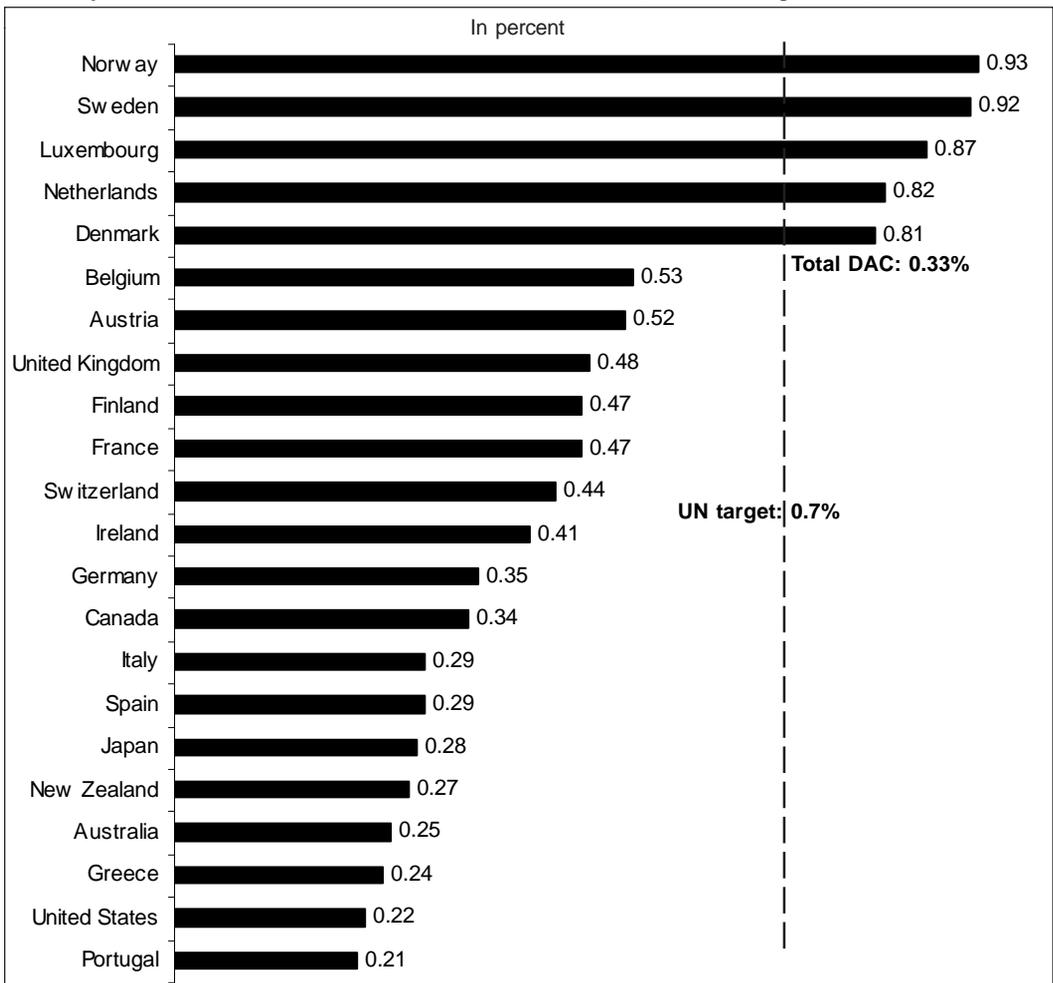
Worse, a substantial portion of the increases in ODA in 2005 may be considered

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paper increases, as suggested in the world aid trends chapter." Total debt relief grants in 2005 (primarily for Iraq and Nigeria) reached US\$22.9 billion, which accounted for 21.6% of DAC donors' ODA. The UK, which posted an impressive 34.6% increase in ODA, would have registered a 1.7% decline if its debt relief grants were not added. The same scenario applies to Germany, which would have seen its ODA fall by 9.8% instead of rising by 30.7

percent. Overall, net ODA from DAC donors would have only increased by a much lower 8.7% instead of 31.4% if aid had not been inflated by the total face value of debt cancellation in this year. (See **Table 5**.) It is expected that large debt cancellations will continue to affect the aid figures for 2006 and possibly 2007. As these are one-off increases, they bring into serious question the commitments of major donors to meet their aid targets in 2010.

Graph 12. ODA/GNI ratio of DAC donors, 2005 (Preliminary data)



Source: OECD-DAC

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Table 5. Share of debt relief grants to net ODA from DAC donors, 2005 (Preliminary data), Amount in \$ million

Donors	Net ODA	Debt relief	Debt relief as % of net ODA	% change (2004-2005) without debt relief grants
Australia	1,552	9	0.6%	6.1%
Austria	1,666	901	54.1%	9.0%
Belgium	1,975	471	23.8%	17.2%
Canada	3,731	455	12.2%	17.8%
Denmark	2,107	20	0.9%	0.8%
Finland	897	150	16.7%	11.6%
France	10,059	3,199	31.8%	0.0%
Germany	9,915	3,573	36.0%	-9.8%
Greece	535	-	-	11.4%
Ireland	692	0	0.0%	11.4%
Italy	5,053	1,680	33.2%	40.0%
Japan	13,101	3,553	27.1%	12.1%
Luxembourg	264	-	-	8.4%
Netherlands	5,131	410	8.0%	16.6%
New Zealand	274	-	-	18.7%
Norway	2,775	25	0.9%	12.6%
Portugal	367	3	0.8%	-65.1%
Spain	3,123	498	15.9%	13.7%
Sweden	3,280	53	1.6%	20.3%
Switzerland	1,771	224	12.6%	0.1%
United Kingdom	10,754	3,699	34.4%	-1.7%
United States	27,457	4,073	14.8%	16.2%
Total DAC	106,477	22,995	21.6%	8.7%

Source: OECD-DAC

Annex 1. Summary of DAC ODA net disbursement (1990-2004)

Year	Amount (In \$ million)		Year-on-year change			
			In \$ million		In percent	
	Current	2003 prices	Current	2003 prices	Current	2003 prices
1990	54,263.85	64,919.97				
1991	58,301.30	67,334.98	4,037.45	2,415.01	7.44%	3.72%
1992	62,358.31	68,069.60	4,057.01	734.62	6.96%	1.09%
1993	56,147.85	62,708.35	-6,210.46	-5,361.25	-9.96%	-7.88%
1994	58,820.01	62,802.86	2,672.16	94.51	4.76%	0.15%
1995	58,779.71	56,599.08	-40.3	-6,203.78	-0.07%	-9.88%
1996	55,591.43	56,055.47	-3,188.28	-543.61	-5.42%	-0.96%
1997	48,464.56	52,451.00	-7,126.87	-3,604.47	-12.82%	-6.43%
1998	52,086.85	57,537.35	3,622.29	5,086.35	7.47%	9.70%
1999	53,233.23	57,836.80	1,146.38	299.45	2.20%	0.52%
2000	53,749.49	60,916.70	516.26	3079.9	0.97%	5.33%
2001	52,435.37	62,053.32	-1,314.12	1,136.62	-2.44%	1.87%
2002	58,291.98	66,218.66	5,856.61	4,165.34	11.17%	6.71%
2003	69,085.25	69,085.25	10,793.27	2,866.59	18.52%	4.33%
2004	79,511.83	73,152.03	10,426.58	4,066.78	15.09%	5.89%

Source: OECD-DAC

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Notes

- ⁱ This target was set by the UN General Assembly Resolution on International Development Strategy for the Second UN Development Decade approved on 24 October 1970. For the text of the resolution, please visit <http://daccessdds.un.org/doc/RESOLUTION/GEN/NR0/348/91/IMG/NR034891.pdf?OpenElement>.
- ⁱⁱ The average country effort refers to the average ODA to GNI ratio of the 22 OECD-DAC donors. This is different from the ratio of the combined ODA to the combined GNI of the OECD-DAC donors. Thus, the average country effort in 2004 of the OECD-DAC donors was 0.42% while their combined ODA to GNI ratio was 0.26 percent.
- ⁱⁱⁱ The five donors include: Denmark (0.85%), Luxemburg (0.83%), Netherlands (0.73%), Norway (0.87%), and Sweden (0.78%).
- ^{iv} The MDGs include: (1) Eradicate extreme poverty and hunger, (2) Achieve universal primary education, (3) Promote gender equality and empower women, (4) Reduce child mortality, (5) Improve maternal health, (6) Combat HIV/AIDS, malaria, and other diseases, (7) Ensure environmental sustainability, and (8) Develop a global partnership for development. For more details about the MDGs, please visit <http://www.un.org/millenniumgoals/index.html>.
- ^v "New aid resources" is the cumulative net difference in aid each year compared to a reference year. For example new resources since 2000 is calculated by comparing aid (in 2003 dollars) for each year (i.e. 2001, 2002, 2003, and 2004) to the amount provided by that donor in 2000. For some donors there have been net additions of aid, while for others there have been negative amounts. The latter is subtracted from the former to give the net new aid resources for these four years.
- ^{vi} According to the Japanese *Economic and Financial Affairs*, August 2, 2005, "the final outcome [of a dispute between the Ministries of Foreign Affairs and Finance] has been that the extra US\$ 10 billion would not be an additional ODA, but would cover cancellation of the Iraqi debt and rescheduling of debt service by the Tsunami affected countries such as Indonesia and Sri Lanka instead. As to the ODA to Africa, Japan will increase 1.6 billion for the coming three years. However, this would be taken from the grant aid to other areas." See http://www.choike.org/nuevo_eng/informes/3208.html.
- ^{vii} GAVI is a public-private partnership that brings together governments from rich and poor countries, vaccine manufacturers, NGOs, research institutes, UNICEF, WHO, Bill and Melinda Gates Foundation, and the World Bank. Through the Vaccine Fund, GAVI provides financial resources to countries to purchase vaccines and other supplies, and to support operational costs of immunization. For more details, please see the GAVI website at http://www.vaccinealliance.org/General_Information/About_alliance/index.php.
- ^{viii} From 2001 to 2003, debt servicing by the low income countries averaged 7.3% of their total outstanding debt stock in these years (World Bank, Global Development Finance 2005, Volume 2, electronic edition). This proportion is assumed by Reality of Aid to be an approximation of the benefit of debt cancellation provided by donors in any given year.
- ^{ix} The Paris Club is an informal group of financial officials from 19 of the world's richest countries, which provides financial services such as debt restructuring, debt relief, and debt cancellation to indebted countries and their creditors. Its members include Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, Norway, Russia, Spain, Sweden, Switzerland, the United Kingdom, and the United States.
- ^x HIPC are a group of the world's poorest countries which are the subject of an initiative seeking to bring their external debt to "sustainable levels" subject to their government meeting a range of economic and performance targets. The HIPC initiative was initiated by the IMF-World Bank in 1996 and is widely criticized for having strict criteria for inclusion and conditionalities that include far-reaching economic reforms along neoliberal lines.
- ^{xi} According to the Paris Club, the amount (\$12.4 billion) represents regularization of arrears of \$6.3 billion and a balance of \$6.1 billion. For more details on Nigeria's debt cancellation, please visit the Paris Club website (http://www.clubdeparis.org/en/news/page_detail_news.php?FICHER=com11297988840). But international civil society argues that the Paris Club has no legitimate claim to this money since

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Nigeria already paid off more than what it originally borrowed due to huge build-up of interest under oppressive regimes. *To see the full statement, please visit the EURODAD website* (<http://www.eurodad.org/articles/default.aspx?id=671>).

- xii Donors seem to use even emergency aid to serve certain economic and political interests, and thus weaken the effectiveness of the relief effort, as noted by the Reality of Aid in its report on the relief operation in the tsunami-hit countries. For a more detailed account, please see *Post-Tsunami Issues and Challenges*, Reality Check, June 2005 accessible at http://www.realityofaid.org/rchecknews.php?table=rc_jun05&id=1.
- xiii For more details of this initiative, please visit <http://www.whiteband.org>.
- xiv LDCs and other low-income countries (OLICs) refer to countries with a per capita GNI of less than \$745 in 2001. Lower middle-income countries (LMICs), meanwhile, include countries with a per capita GNI of between \$745 and \$2,975. Upper middle-income countries (UMICs) refer to countries with a per capita GNI of between \$2,796 and \$9,205 while high-income countries (HICs) are countries with a per capita GNI of more than \$9,206.
- xv "Country directed aid" is derived from the DAC's online statistical database. It is less than bilateral aid as some bilateral aid is directed to regional programs and not assigned by country.
- xvi For this calculation Reality of Aid used the DAC purpose codes for basic and primary education, primary health care, basic nutrition, STDs and HIV/AIDS and basic drinking water and sanitation, for the years 1995, 1998, 2000, 2002, and 2004. Total aid for these purposes in low-income countries (where the need to target MDGs is presumable greatest) is then compared with the total aid for that year, for all DAC countries, *which has been reported by the donor for any purpose*. Please note that because of incomplete reporting, these percentages are not percentages of total DAC aid in a given year. It is the overall trend in the annual percentages for poverty related purposes that is relevant, not the absolute percentage.
- xvii Get DAC reference from home page (http://www.oecd.org/departement/0,2688,en_2649_33721_1_1_1_1_1,00.html) Feb 6 document.
- xviii US military spending data based on the report *The Cost of Iraq, Afghanistan, and Enhanced Base Security since 9/11* by the US Congressional Research Service published on 7 October 2005.
- xix IMET, FMF, and PKO are three of the major military assistance programs of the US. The Federation of American Scientists (FAS, www.fas.org) defined these programs as follows: IMET is a grant program established by the US Congress as part of the Arms Export Control Act of 1976. IMET grants enable foreign military personnel to take courses from approximately 150 US military schools. FMF refers to funds appropriated by Congress to foreign governments to purchase American-made weapons, services, and training.

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- Table 8 and 10, pp. 55-65, accessible at <http://unmp.forumone.com/>.
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 - 9 Reality of Aid calculation based on information from DAC, International Development Statistics Online.
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Part II

Thematic Chapters on Conflict, Security
and Development Cooperation

Australian Aid: A Mixed Bag

Poverty Reduction Needs a Bigger Role in Australian Aid

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Main developments in Australian aid

- There have been a number of recent improvements in Australia's aid program. These include increased harmonization and cooperation with other donors, reductions in aid tying and improvements in the scale and planning of responses to humanitarian emergencies. Further improvements in aid harmonization and untying are likely.
- There has also been a gradual increase in Australian aid over the last three years after a significant drop when the current government came to power in 1996. In 2005-06 ODA is estimated to be 0.28% of GNI, up from a low of 0.25% during the period 2000 to 2003.¹
- The government has increased the geographic focus on the Pacific. In 2005-06 40% of the Australian aid program will be spent in the Pacific, up from 30% ten years ago. The main focus has been on supporting "fragile states" such as the Solomon Islands and Papua New Guinea. The government also significantly increased aid to Indonesia² after the December 2004 tsunami. However, even after this increase, per capita aid to Australia's neighbors in South-East Asia is still much lower than for Pacific countries.
- During the last few years the sectoral focus of the aid program has also changed significantly, with a much greater emphasis on supporting governance programs. Since 2000-01 governance (including law and justice programs) has risen from 17% to 36% of total aid. Almost all of this increase is due to much greater expenditures on law and justice programs including police interventions in the Solomon Islands and PNG, and border security funding in these and other countries such as Indonesia. Sectors such as rural development, education and infrastructure now make up a much smaller proportion of the aid program.
- Increased support for PNG and the Solomon Islands has involved what the Australian government has termed a "whole of government approach" in which military, police, and, to a lesser extent, staff of other departments such as justice, customs and finance have been involved in supporting these "weak" states. For the first time in Australia, a range of ministers and their officials are now actively involved in aid policy development processes, including an active engagement by the

Australia

Prime Minister's Department. Security considerations have been a key factor in shaping this "whole of government" approach to policy formulation.

- In September 2005, just before the UN Millennium Summit, the Prime Minister announced that Australian aid would increase to around A\$4,000m by 2010. This would be conditional on appropriate projects being identified. This volume would lift Australian aid to about 0.36% of GNI – about the same level as the projected weighted average for all OECD donors for 2010. While the government says it is still committed to the international target of 0.7% "when economic conditions permit", it has set no timetable to reach this goal. The achievement of further significant increases in aid will probably require some change in the Prime Minister's strong conviction that trade is much more important than aid in reducing poverty. In a press conference at the November 2005 APEC meeting, he was quoted as saying "I don't want to be heard to suggest that there isn't a significant role for [aid]. But trade is infinitely more important and the contribution it can make to the relief of poverty is very, very much greater."³
- The government expects to present a White Paper on Australian aid to Parliament in March 2006. This will shape the direction of the aid program over the coming decade. It is likely that there will be a strong emphasis on stimulating economic growth and building stronger governance within the region as the basis for reducing poverty. There may also be further reductions in aid tying, increased support for some South-East Asian countries and for health, especially HIV programs. At the end of 2005, the Government

remained opposed to using the Millennium Development Goals (MDGs) as a planning framework, claiming that this "can lead to distortion in sectoral allocations of budgets and aid programs, to the detriment of investments in growth, stability and governance"⁴.

However as partner countries increase their engagement with the MDG framework and aid harmonization increases, Australia is expected to become more engaged with the MDG framework and may even decide to support the MDGs in 2006 as part of a communications strategy with the Australian public.

- In summary, Australia has a generally good aid program which also has some significant flaws. Its poverty reduction focus remains blurred by foreign policy and security priorities related to fragile states and fears of political instability. This primary security filter for the program is likely to remain in place for many years. Notwithstanding Australia's exceptional economic performance over the last decade, the projected level of ODA/GNI by 2010 remains below the expectation of many Australians and below that of many OECD counterparts. The high concentration on improving governance via a narrow band of public sector reforms is expected to remain, though the White Paper may reflect recognition that a broader suite of actions, including through civil society actors, will be needed. In terms of geographic distribution, Australia will remain primarily committed to neighbouring countries. While programs in East and South East Asia may expand, this is likely to be on a limited scale and no significant commitment is expected for development programs in Africa.

Australia

Conflict, security and development

Australia's aid program has increasingly focused on neighboring countries in South-East Asia and the Pacific. For this reason, recent conflicts such as in East Timor, Fiji, Bougainville and the Solomon Islands, as well as terrorist threats and threats to law and order in Papua New Guinea, have driven many of the changes in the aid program in recent years. In 2002 the government released its policy paper *Peace, Conflict and Development Policy* which focuses on conflict prevention, conflict reduction and humanitarian relief, and post-conflict recovery and peace building. Because of the close geographic proximity to many conflict areas, Australia has and will continue to have long-term engagement with these issues.

Australian military and police have been active in East Timor, Bougainville and the Solomon Islands and Australia has recently attempted to second around 200 police to Papua New Guinea in order to enhance law and order.⁵ The high cost of such placements has meant that these actions have formed a significant part of the Australian aid budget. A number of Australian development NGOs have expressed concern that this increased focus on law and order should not be at the cost of other sectors such as basic health and education.

Australian aid policy strongly emphasizes sustainable economic growth as the solution to poverty and the government believes that such growth rests on four pillars:

- providing secure and stable environments
- improving governance and the investment climate, including property rights
- opening up to trade, and
- helping the poor participate in such growth through health, education and market access.⁶

In the last few years the Government has been confronted by increased instability

in a number of neighboring countries, as well as increased threats and incidents of terrorism (such as the Bali bombings and the bombing of the Australian Embassy in Jakarta). The focus on pre-empting conflict and addressing the negative consequences of conflict, combined with an urgent need to respond to terrorist incidents involving Australian citizens, has shaped Australian foreign policy thinking in recent years. Melanesia and East Timor are now widely perceived in official and academic circles as an 'arc of instability' within which economic development has also largely stalled.

One result of this has been a growth in "whole of government" involvement in the aid program and in more extensive aid interventions in neighboring countries. For example, the Regional Assistance Mission to the Solomon Islands (RAMSI) was created in response to a request from the Solomon Islands government for intervention. RAMSI involved the deployment of military and police personnel to help re-establish civil order, and of advisers from a range of Australian departments who have worked closely with officials from many Solomon Islands agencies. A broadly similar approach was applied through the bilateral Enhanced Cooperation Program with Papua New Guinea.

The substantial cost of the Solomon Islands and PNG interventions largely explains the growth in Australia's aid program in recent years and has resulted in an even greater focus on its closest neighbors. As noted above, Australian aid has grown from 0.25% of GNI to 0.28% in the last few years. The tables in the next page summarize the sectoral and geographic characteristics of this growth.

Table 6 shows the three sectoral areas that have grown most in recent years — law and justice, other governance and HIV/AIDS. The very large increase in law and justice

Australia

Table 20. Sectoral distribution of Australian aid 2001-02 vs 2005-06 budgets

sectoral distribution of aid	% of total aid program 2001-02	% of total aid program 2005-06	change in funding over the period (in A\$05-06 m)
law and justice	2.0%	16.9%	+381
other governance	15.0%	19.1%	+175
HIV/AIDS	2.3%	3.8%	+50
other health	9.7%	8.2%	+8
basic education	4.1%	3.9%	+15
other education	13.9%	10.1%	-27
rural development	13.0%	9.0%	-37
infrastructure	13.0%	7.0%	-86
emergencies and multisector	27.0%	21.0%	+6
TOTAL			+485

programs is particularly noteworthy. It is also worth noting that the growth in HIV funding appears to be at the expense of other health programs as the total proportion of aid allocated to health has remained at 12.0%.

Table 7 highlights the increased concentration of aid to Australia's nearest neighbors – PNG, the Pacific and Indonesia. Total aid to these areas has risen from 36.0%

of the aid program in 2001-02 to 50.5% in 2005-06. The largest increase of A\$257 m to the Pacific is mainly due to the increased funding to the Solomon Islands under RAMSI. During 2005-06, the Australian Federal Police presence in the Solomon Islands will cost A\$145 m out of a total RAMSI cost of A\$207 m⁷.

In addition to these major interventions, Australia has supported increased counter-

Table 7. Regional distribution of Australian aid 2001-02 vs 2005-06 budgets

regional distribution of aid	% of total aid program 2001-02	% of total aid program 2005-06	change in funding over the period (in A\$05-06 m)
PNG	18.7%	19.8%	+116
Pacific	10.3%	18.6%	+257
Indonesia	7.0%	12.1%	+161
rest of East Asia	20.0%	13.8%	-58
South Asia	6.1%	5.0%	+2
Africa	3.7%	3.1%	+3
Middle East - mainly Iraq	0.6%	1.6%	+28
core contributions to multilaterals	28.2%	19.5%	-80
other - not country allocated	7.3%	7.0%	+27
reconciliation of expenses to cash			27
TOTAL			+485

Australia

terrorism and border security programs in a number of neighboring countries; has provided aid to Afghanistan and Iraq and has actively supported moderate Islamic schools and inter-faith dialogues in an attempt to reduce the growth of terrorism.

The new environment was encapsulated by the Director-General of AusAID when he said that: "Aid was often regarded as a somewhat ill-defined process of 'doing-good', a process which had little tangible impact on the strategic environment faced by Australia and its policy makers. These times are now over."⁸ In keeping with the Australian government's pre-emptive security approach

and the pattern of collaboration with regional countries, in late 2005 it committed A\$100 million over four years to help neighboring countries prepare for the avian flu threat.

In 2006 the Australian government plans to implement a new *Fragile States Initiative*. This is intended to bring together domestic and international expertise and research findings on the complex issues facing Pacific Island countries and other "fragile states". The Government aims to draw on this expertise in the coming years to influence international thinking on appropriate policy for "fragile states".⁹

Notes

- 1 Unless otherwise noted all statistics quoted in this section come from AusAID budget papers.
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Australian Aid: Promoting Insecurity?

*Tim O'Connor, Sharni Chan and Dr. James Goodman
Aid/Watch*

Summary

Central to the post 9/11 development agenda is the concept of security. As Australia dons the mantle of “regional sheriff”, it has invoked the fear of failed or “fragile” states as justification for a newly interventionist aid policy – one that strays far from notions of human security.

Since 1997 Australian aid has been explicitly in the service of the “national interest.” The Government’s definition of the national interest is increasingly centered on countering regional “security threats” with the additional focus on supporting Australian commercial interests. Thus the aid program has become more explicitly a tool of domestic defense, and foreign and economic policy. Aid is now centered on “good governance,” law and order and military assistance, and geared to Australian strategic interests rather than to regional development priorities.

This paper examines recent aid projects; the “Regional Assistance Mission to the Solomon Islands” (RAMSI), the Australia-Papua New Guinea “Enhanced Cooperation Program” (ECP) and the Australia-Indonesia “Partnership for Reconstruction and Development” (AIPRD). These three cases

expose Australia’s new approach to “aid”, and highlight the threat it poses for the everyday human security of the people of the Solomon Islands, Papua New Guinea (PNG) and Aceh.

Introduction

Almost 10 years ago the newly elected Foreign Minister, Alexander Downer, released a review of the Australian aid program entitled “One clear objective: Poverty alleviation through sustainable development”.¹ This landmark 1997 Report recommended a more focused aid program aimed at poverty reduction. Unfortunately, like the Jackson review of the Australian aid program in 1984, many of the most positive aspects of the Report were never implemented.² In 2005 the OECD conducted a review of Australia’s aid program and in its report, hidden beneath the diplomatic veneer, was a clear indication that Australia’s aid program was failing the global south.³ Instead, the aid program was being used explicitly as a tool of an increasingly interventionist foreign policy.

Since 2001 the post 9/11 security focus in the North has produced a new rhetoric of pre-emptive intervention against so-called

Australia

“failing” states in the South. This new interventionism is legitimizing a dramatic shift in the practice of development assistance. Instead of addressing the causes of the human development crisis, aid is increasingly used to address its symptoms and to promote the agenda of the donor.

The Australian government’s aid agency – AusAID – has, under the current government, effectively been downgraded to the status of an adjunct to the foreign affairs portfolio and remains firmly ensconced in the Department of Foreign Affairs and Trade. This sends two messages: i) aid is not an important role of government and ii) aid is more about the advancement of foreign policy objectives than the alleviation of poverty. To what extent are these interpretations reasonable? A brief glance at developments in aid policy over the life of the current Australian government provides some answers.

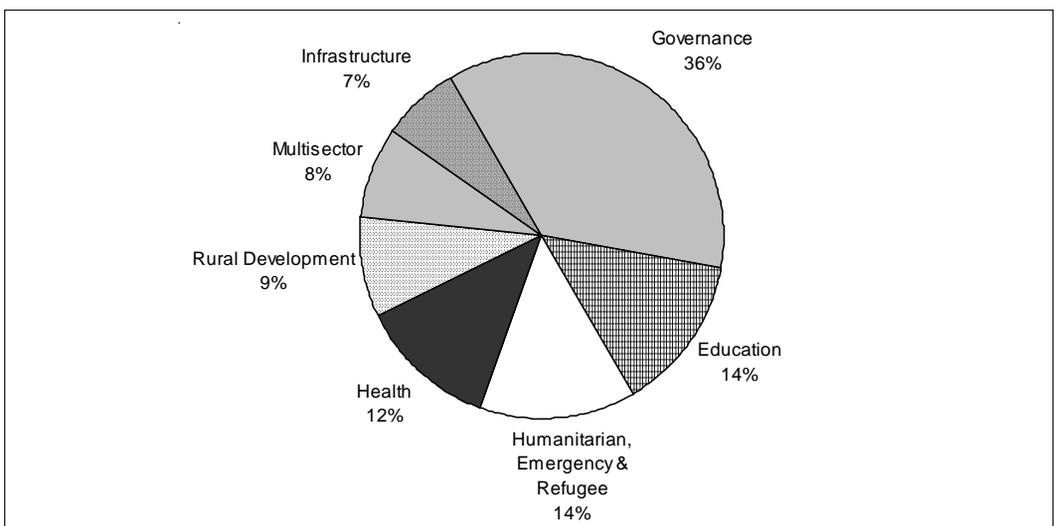
Development orthodoxy is now centered on the need to put in place “good governance” programs that facilitate “free

trade” and work as a “boomerang” to generate income for Australian companies. Across the globe Southern elites have been encouraged to think of governance rather than government. Market-friendly interventions, and various forms of corporate welfare, have become the order of the day with scant regard for their impact on the poor.

We can see this trend clearly reflected in the Australian aid budget. For the coming fiscal year, funding to the governance sector will top \$1 billion and will absorb 36% of the entire aid program (See **Graph 13.**) Governance now eclipses the combined funding allocated to health, education, and infrastructure – the traditional bread and butter of aid programs.

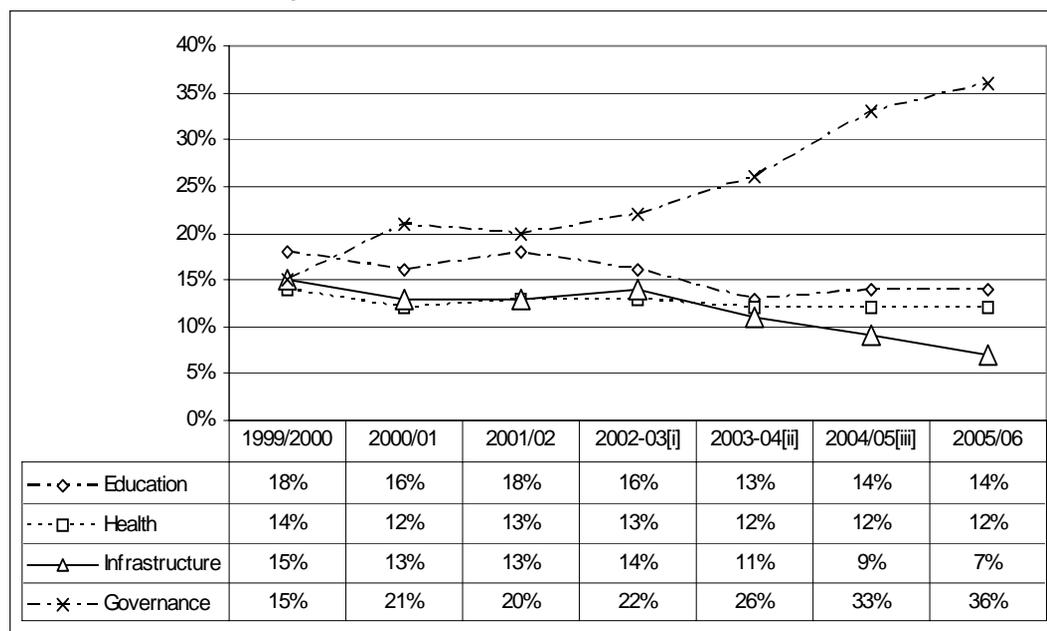
It is no accident that we have seen this rapid rise in funding for governance projects over the past five years. Security and governance are now closely linked – since 9/11 and Australia’s involvement in the War on Terror we have seen governance expenditure more than double (See **Graph 14.**)

Graph 13. *Estimated sectoral breakdown of Australian ODA 2005-06⁴*



Australia

Graph 14. Comparison of Australian aid funding priorities pre- and post 9/11⁵



If we dig a little deeper into the aid budget we can clearly see the particular types of governance the aid program is promoting. In line with the post 9/11 security agenda, the main priority of governance is funding for the law and justice sector 47%. This should be compared with the paltry 2% that is allocated for “improved democratic processes” (See **Graph 15**.)

The Department of Foreign Affairs and Trade (DFAT) admits that there is a clear development and security nexus in the funding of Official Development Assistance (ODA): “In recent years, development issues have become increasingly interlinked with broader Australian regional and international policy priorities, including regional security, trade, economic integration, and the trans-boundary threats posed by communicable diseases”.⁷ The emphasis is on development

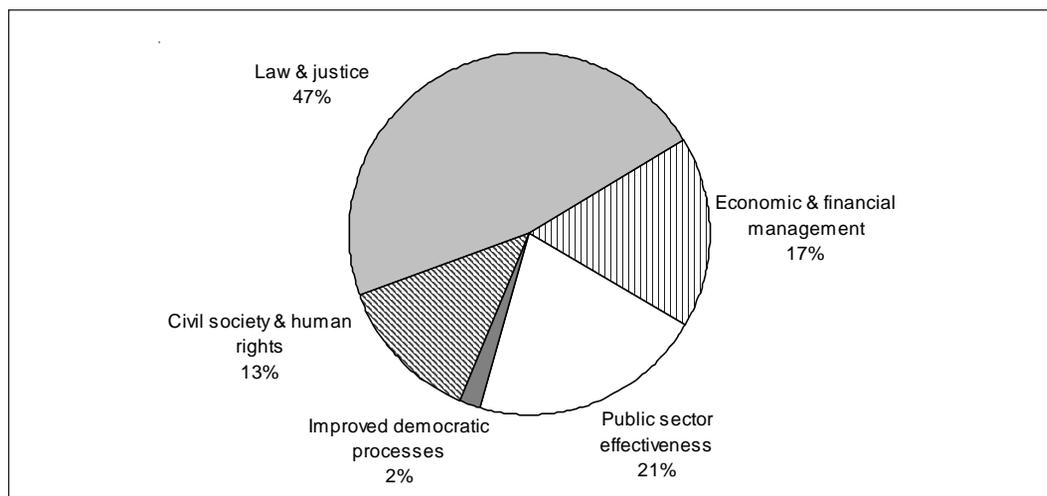
through market liberalization, with the program focused on “improving market access” and “improving the investment environment”, with little regard for the provision of basic needs or human security.⁸

The Director General of AusAID, Bruce Davis, has most recently reinforced the link between the government’s regional security agenda post 9/11 and the development program. In a speech at an Australian Strategic Policy Institute (ASPI) “Defence and Security” luncheon, Davis specifically linked the aid program with the War on Terror, endorsing the argument by Hughes⁹ and others that “fragile states” are incubators of “crime; people, gun and drug smuggling; and, potentially, terrorism”.¹⁰

Security is now presented as the cause and solution of all development dilemmas. Viewed through the lens of the War on

Australia

Graph 15. Good governance funding under the Australian aid program⁶



Terror, it has become all too convenient to categorize security issues as the “primary cause of poverty”. For Davis, not only is “security” a prerequisite for development but “underdevelopment is itself a security threat”.

The very fact that it was deemed appropriate for the Director General of AusAID to address ASPI’s defense and security luncheon reflects the progressive merging of the development and security agendas of the Australian Government.

It should also be noted that the “threat”, to which “aid” is the response, – is conceived entirely in terms of Australia’s regional interests. As Davis says, the times of just “doing good” with the aid program are now over. Instead the aid program today must focus on “building a strategic environment that favors Australia’s interests”.¹¹

Not only does the government rhetoric of aid and security reflect the changing agenda. It also indicates a marked politicization of the aid program. This

process has resulted in the hijacking of Australia’s pro-poor aid policy by the Department of Prime Minister and Cabinet under the guise of the “whole of government” approach. Australian Government Departments now contribute over \$563 million in the form of services to aid recipients. This includes departments such as Treasury, Finance, Customs, Immigration and Multicultural Affairs, and of course Defense and the Australian Federal Police – agencies that have no mandate for development, yet increasingly have become “aid providers”.

The following discussion illustrates how these broad agendas are played out in practice. The focus is on three recent examples of Australian ODA politics, centered first on the Solomons, second on Papua New Guinea and third on Indonesia.

RAMSI: Aiding the war on terror

The Regional Assistance Mission to the Solomon Islands (RAMSI) was announced in June 2003. It saw one of the largest

Australia

deployments of Australian troops since World War II, and was funded directly through the Australian aid program. While Australia had also sent troops to Iraq and Afghanistan in response to the US led “war on terror”, the intervention in our own region was unprecedented. RAMSI thus marked a clear shift in Australian aid and foreign policy.

RAMSI was initiated following a request from Solomon Islands Prime Minister Alan Kamakeza. Significantly, in early 2000, the Australian government had rejected a request for 50 Australian police officers to be sent to assist the then Prime Minister of Solomon Islands, Bart Ulufa’alu (who was overthrown in a coup in June 2000).

Explaining why Australia could not then intervene in the Solomon’s, Foreign Minister Downer remarked that: “Australia has a strong commitment and devotes substantial resources to the South Pacific region. It is not however, the region’s policeman”.¹²

In December of 2002 Foreign Minister Downer, on a trip to the Solomons, again refused to provide policing assistance for the Solomon Islands Government. Yet, with the launch of the RAMSI initiative just a few months later, Australia very much took on the role of regional policeman — a turnaround in policy that should be seen in the context of both the September 11 World Trade Center bombings and the 12 October 2002 bombing in Bali.

RAMSI was heralded as a multilateral effort that involved Papua New Guinea, New Zealand, Fiji, Tonga, Samoa, Vanuatu, Fiji, Cook Islands, Nauru, Tuvalu and Kiribati, as well as Australia. Yet the vast majority of the police and military were sent by the regional power, Australia. Interestingly, at the time, Australia was under pressure from the United States to send more troops to Iraq, a move that would have been politically unpopular. Instead, under RAMSI the Australian Government bolstered its regional presence

with a 2,225-strong intervention force, composed of approximately 1500 Australian Defence Force personnel, 155 Australian Federal Police and 90 personnel from the Australian Protective Services.¹³

The official aim of RAMSI was outlined in the Framework for Strengthened Assistance to the Solomon Islands. It stated that: “Strengthened assistance will address the most serious specific threats to security and economic recovery in Solomon Islands”.¹⁴ RAMSI was designed as a police-led operation with Australian and other regional military participation to enforce the restoration of peace and ensure a clear path for the work of the police.

While the first stage of RAMSI was effective in restoring peace largely through the presence of a large and well-equipped military, the long-term situation is less certain. There have been suggestions, including from Solomon Islands civil society organizations and in the Solomon Parliament, that little has been done to attempt to reconcile the ethnic tensions that are at the root of the conflict, nor to deliver justice to those affected by the bloody conflict that plagued the country from December of 1998.

Around 12 months after RAMSI began, the Australian Government released a Report through the Department of Foreign Affairs and Trade, titled “Solomon Islands: Rebuilding an Island Economy”.¹⁵ The Report, which was funded by the Australia-based mining giant BHP-Billiton, signaled a shift in the mandate of RAMSI from peace-keeping to business-promotion. In his speech at the launch of the Report, John Ridgeway, President of the Australia-Pacific Island Business Council, stated that RAMSI has had a “positive effect on business confidence”: the “business outlook” in the Solomon Islands was improving, adding, “Australian businesses are the most likely to succeed in creating the

Australia

type of private sector-led economic growth that is fundamental to the rebuilding of the Solomon Islands economy".¹⁶

The Report revealed that Australia was overtly using the RAMSI aid program to promote its business interests rather than to address the causes of the conflict or to assist in poverty alleviation and sustainable development. With aid used to bolster Australian business interests and "private-sector" growth, human security falls off the agenda.

One of the main recommendations of the Report was that land holdings in the Solomons should be registered. Communal ownership was identified as a key barrier to wealth creation. The Solomons, like PNG and several other Pacific nations, remains largely the domain of traditional landowners. According to the report approximately 88% of land in the Solomon Islands is customarily owned and only 12% is registered. The Australian Government sees land registration as a key precondition for growth, since land that can be sold can be turned into capital, which in turn can facilitate growth. But "land registration" has long been a controversial topic in Pacific nations. The World Bank's attempts to register land in PNG in 2000 resulted in huge protests, and the Bank withdrew its proposals after four protesters were killed.

It is not simply a coincidence that the DFAT Report, funded by one of the world's largest mining companies, advocated land registration. Like PNG, the Solomons is a mineral-rich country, and commercialization of land holdings would certainly open the way to extended exploitation of its mineral wealth. BHP Billiton has close ties with the main company involved in Australia-funded land registration projects throughout Asia, a company known as Land Equity International (LEI).¹⁷ The first land-titling project that Australia funded was in Thailand and it was

conducted by BHP. BHP employees on the project then went on to form LEI, which has since been an AusAID contractor for further land registration projects throughout South East Asia.

In partnership with companies like BHP Billiton and LEI, the Australian Government has expanded the mandate of RAMSI, to include the dismantling of local barriers to land acquisition. While this may serve Australian corporate interests, it does not serve the interests of the local populace, suggesting a direct conflict at the heart of the Australian "aid" program. The clear implication is that Australia is using military intervention and "good governance" programs to advance the interests of Australia-based corporations in the Pacific. It is telling also that Nic Warner, the person in charge of the first stages of RAMSI, is now the senior adviser on international issues in the Department of Prime Minister and Cabinet.

The Enhanced Cooperation Program (ECP): security for whom?

The policy package on display with the RAMSI intervention was also in evidence with the Australian Government's ECP scheme for PNG. The ECP reflects the same policy of aiding the war on terror, along with a willingness to intervene in the domestic affairs of foreign nations, a clear focus on private investment, and the promotion of boomerang aid as a basis for development. The ECP is best understood as a form of transnational "forward defense", where the neighboring country becomes a "frontline" in protecting Australia from global terrorism, drug-trafficking and "people-smuggling". Here, "securitization" and market-friendly policies displace any commitment to poverty reduction and human security.¹⁸

Since PNG independence in 1975, over \$15 billion of Australian aid money has flowed

Australia

into PNG. Yet living standards for the majority of people there have barely improved.

The ECP inter-governmental agreement was signed under duress by the PNG Government on 27 July 2004. The ECP offered \$1000 million in new funding to PNG over five years¹⁹, principally for placing Australian police and departmental personnel in PNG, with a mandate to promote “good governance”. The ECP proposal was vociferously opposed by PNG politicians, including Prime Minister Somare and Foreign Minister Namailiu, who viewed the package as an unwarranted intervention in PNG affairs.

The PNG Government was forced to sign when Australia made the ECP a condition of future aid receipts.²⁰ The Australian Government effectively threatened to cut off PNG’s lifeline – aid receipts of \$330 million annually. But Australia’s cheque-book diplomacy unraveled when the PNG Supreme Court ruled that parts of the ECP were in violation of the PNG Constitution. Specifically, the Court found that “the authority of the country’s Police Commissioner and Public Prosecutor, and the rights of citizens to seek redress, have been undermined by the immunity given to Australian personnel”.²¹

Questioned in the Australian Parliament, Departmental officials revealed that the Australian Government spent at least \$165,000 on legal advice in relation to this project.²² The Government and its advisers were either cynically unconcerned with questions of legal jurisdiction, or unaware of how the project could backfire, or simply were assuming the PNG courts would not assert the country’s sovereign rights.

Australia’s willingness to force PNG to accept the ECP, in violation of PNG sovereignty, highlights the hypocritical nature of donor-driven governance projects

and raises questions about Australia’s claims to support “good governance”. It also suggests incompetent, on-the-run policy-making.

The ECP was clearly a product of Canberra policy innovation, exported to PNG with minimal consultation. Australia’s disregard for PNG sovereignty, though, extends beyond the legal issues. The ECP must be seen as an intervention that acts to restrict the future ability of ordinary people in PNG to democratically determine their path to development. Far from assisting governments to realize their own development objectives, the ECP was essentially a political intervention designed to promote Australian interests. We may be forgiven for asking what place such approaches should have in Australian diplomacy, let alone in any “aid” program.

According to AusAID, the original objective of the ECP was to “promote sound economic management and growth in PNG, to help improve the law and order situation and ensure the integrity of national security systems”. AusAID makes it clear that the ECP was “designed to re-establish investor confidence and provide an enabling environment for broad based development.”²³ To this end, the ECP involved the expenditure of \$800 million for policing and \$200 million for departmental placements, amounting to \$1 billion over the five years. To put this in perspective we can calculate the opportunity cost of the ECP. According to Sugden, the \$1 billion funding for the ECP could provide:

1. Education for around 700,000 children annually; or
2. For the law and justice sector at twice its size; or
3. For the entire health sector; or
4. The maintenance and progressive

Australia

upgrade of all national, provincial and district roads.²⁴

When considering whether the ECP would have resulted in long-term security or development for the people of PNG, there are several things to consider. One is the disproportionate amount of funding that was allocated for the salaries and accommodation of the Australians in comparison to money invested in PNG for the project. From **Table 8**, we can see the kind of boomerang aid that sparked controversy over the project. Australian Police salaries and accommodation would have absorbed the bulk of the funding, leaving anywhere between 11 and 1.4 per cent per annum for the provision of technical assistance to the Royal Papua New Guinea Constabulary (RPNGC) over the duration of the project. The ECP offered little, if any, provision for improving the material situation of the local police service,

for instance to address problems associated with poor morale and under-resourcing. It should be noted that the Australian Parliament itself has recognized that problems in the RPNGC are exacerbated by a lack of resources, yet the ECP has clearly ignored its recommendations.²⁵

Law and order problems have persisted in PNG despite a long history of AusAID funding for law and justice sector projects. Since 1975 Australia has provided more than A\$240 million in assistance to strengthen law and justice in PNG, 68 per cent of which has supported the police force.²⁶ The lack of evaluative data about these projects is likely to have an impact on AusAID's ability to learn from its mistakes and improve on its previous performance. The lack of any policy framework for evaluating the ECP itself is also of major concern.

The ECP planned to send around 300 Australian police and officials to take up positions directly within the PNG public

Table 8. Budget allocations for the policing component of the ECP

	2003-04	2004-05	2005-06	2006-07	2007-08	Totals (x Aust. \$ 1 Million)
Australian Federal Police (AFP) Salaries & Accommodation	3,087,933	75,534,374	83,673,028	87,019,950	90,500,748	339.82
AFP Logistics, Operational Costs	27,207,212	102,066,930	92,993,055	85,374,007	86,955,429	394.59
Sub total Australian Federal Police (x Aust. \$1 mill.)	30.29	177.61	176.66	172.39	177.46	734.41
Royal PNG Constabulary (RPNGC) Technical Assistance	16,052,755	10,038,845	20,913,100	6,082,850	2,615,975	55.7
Total (Including Capital)	46,347,900	187,640,149	197,579,183	178,476,807	180,072,152	\$790.11

Source: Senate Foreign Affairs, Defence and Trade Legislation Committee (2004).

Australia

service.²⁷ While there has been much controversy over the deployment of Australian police to PNG, much closer attention must be paid to the activities of the Australian bureaucrats that have also been inserted into strategic positions within the PNG public administration as part of the ECP project.

While the police play a role in securing areas of commercial interest to Australia such as Port Moresby, Lae and major transport corridors such as the Highlands Highway, what can we expect from Australian officials? A look at the job descriptions of the officials working under the ECP indicates that their main concern is to serve Australia's economic and strategic interests by marketizing the PNG economy and strengthening customs and border controls. In doing so, they are in no way charged with directly addressing the day-to-day difficulties of people in PNG.

In this context, special attention must be given to the work of a team of Australian treasury officials — one of whom is now the Senior Policy Advisor with the PNG Department of Treasury. This team of Treasury officials has taken control of strategic roles such as “expenditure control activities”, “evaluation of proposed investments”, “asset sales”, “taxations policy”, “structural adjustment”, and reviewing of wages.²⁸ The officials are thus literally drawing-up an emerging matrix of neo-liberal reforms designed to create a more market-friendly environment in PNG.

Chief among the restructuring is what the Australian Government is calling the “rightsizing” of the PNG bureaucracy. Rightsizing is modern managerial-speak for downsizing, or cutting jobs. One of the first areas targeted for rightsizing was the PNG Defence Force, which was reduced to 3000 personnel at the request of Australia in 2003.

For a country of over 5.2 million people, this is equivalent to 0.06% of the entire population. This compares with Australia, which has 0.26% of the total population under arms.²⁹ Such layoffs in defense are at odds with the Australian governments’ stated concerns about security, and suggest other agendas may be in play especially given the military’s active role in PNG politics.

Military down-sizing should raise alarm bells for the people of PNG, forewarning them of cuts in social services (“expenditure control activities”), privatization (“asset sales”), reductions in company taxes to promote foreign investment (“taxation policy”), and industrial reform. These reforms have little to do with poverty reduction: they are a recipe for sharpened social stratification and deepened dislocation, and are likely to have a far reaching social and political fall-out. How, for instance, will a reduction in funding for social services increase access to health and education for the people of PNG who are already struggling to afford these services? How will privatization benefit people in PNG who do not have the capital resources to compete with foreign investors?

In addition to Australian Treasury assistance in PNG, there were also proposals to post officials from the Australian Customs Service, the Department of Immigration and Multicultural Affairs, and Aviation.³⁰ AusAID failed to explain how these officials would assist in reducing poverty, suggesting their primary function would be to protect Australia’s strategic interests through, for instance, strengthening border controls to prevent transnational terrorism, drug trafficking and the flow of asylum-seekers. The proposed role of these ECP officials placed them outside the official mandate of Australian ODA, reflecting Australia’s increased preparedness to use ODA for

Australia

foreign policy objectives. Australia already has a track record in diverting aid funds to projects such as the “Pacific Solution”, which involved the internment of asylum-seekers in detention centers on Pacific Islands such as Nauru and Manus Island in PNG.³¹ We must ask whether using aid money to position PNG as a form of “forward defense” for Australia is the best way to alleviate poverty or even achieve regional security.

Australia’s ECP in PNG failed to address the day-to-day insecurities of people in the country. Instead it threatened to undermine national democracy and sovereignty while strengthening border controls and “enabling a market friendly environment for foreign investment”. In portraying PNG as a potential “incubator of terrorism” and as a “failing state”, the Australian Government moved to strategically frame its actions as a pre-emptive strike on terror. Yet, in seeking to police the economy of PNG, to bolster Australian interests the ECP was more likely to threaten human security than promote it.

The tsunami

The Australian public and business community pledged over \$280 million to the many Australian, international and local Non-Government Organizations (NGOs) that organized tsunami appeals. It was a tragic event that found Australians, over their traditional holiday period, shocked and stunned by what they saw on their television screens and read in their newspapers. The outpouring of compassion was unheralded and signified renewed support for NGOs, a clear indication that Australians were concerned about their neighbors who had suffered so badly.

The Australian Government was slower to respond, pledging \$10 million the day after the event and an additional \$15 million on

the 29th of December 2004. While the extent of the disaster was still largely unknown, particularly in the war-torn and off-limits area of Aceh, the Government came under pressure to increase its commitment. In response, on the 5th of January 2005, Australian Prime Minister John Howard pledged \$1 billion in addition to the emergency assistance that Australia had already committed. This generous offer was announced as international donors gathered in Jakarta to discuss what the world could do.³²

The response from the Australian media, politicians of all parties, and the Australian public, was one of unanimous support. Australia, which had long had a delicate relationship with many of its near neighbors, was seen to be reaching out in a time of need.

Despite the creation of a donors’ alliance, known as “the Core group”, composed of India, Australia, and Japan, and led by the USA, Australia took the unprecedented step of establishing a separate bilateral arrangement to distribute its funds. Taking on this role, the “Australia-Indonesia Partnership for Reconstruction and Development” (AIPRD), was to be overseen directly by PM Howard in conjunction with Indonesian President Susilo Bambang Yudhuyono, to operate as a “unique bilateral partnership”.³³

Added to the Government’s existing tsunami commitment, the total package amounted to over \$1.8 billion over five years. On announcing the package, Howard claimed it to be “the single largest aid contribution ever made by Australia”.³⁴ The commitment, though, was significantly below the \$2.3 billion allocated for PNG over the same period. In addition, the donation was to be partially offset by maintaining other forms of Australian aid to Indonesia at \$160 million per

Australia

year, rather than rising as they had in previous years, at a rate of 15 per cent per annum.³⁵ The Prime Minister's exaggeration of the extent and significance of the funding suggests there were broader political agendas at work.

These agendas were further highlighted as details came to light of how the Australian Government's "Tsunami Relief" would be spent. A common perception amongst Australians, largely perpetuated by the Australian media, was that the \$1 billion package was solely for tsunami relief. Contrary to this, PM Howard had stated in his January 5 announcement of the package that "all areas of Indonesia" would be eligible for AIPRD funds, not simply those affected by the tsunami.³⁶ (See **Table 9**.)

The first tranche of AIPRD expenditures was announced at a joint ministerial meeting in March 2005 between the two countries. It became clear that not even the bulk of

funds were destined for tsunami-affected areas. From a total of \$115 million, only \$50 million was allocated to Aceh, \$30 million to rebuild Banda Aceh hospital, and the remainder for "health and education services and to restore local government services" in Aceh.³⁷ The remaining \$65m was to be spent on rehabilitation assistance for other areas of Indonesia (\$5m), programs to develop Indonesia's disaster relief (\$15m) and for a new "Government Partnership Fund" to support the exchange of skills, knowledge and expertise between Australian Government agencies and their Indonesian Government counterparts (\$50m).

Remarkably, the bulk of tsunami funds were to be spent on governance support rather than on disaster relief, with less than half the money going to affected areas. Even this relief was a long time coming. The Australian Government had insisted on a bilateral arrangement through the AIPRD

Table 9. Australian AIPRD funding³⁸

Amount allocated AUD (\$) million	Type of assistance	Tsunami specific
\$ 328 million	Eastern Indonesia National Roads Improvement Project	No
\$ 300 million	Junior Secondary Education Program	No
\$ 151 million	Aceh Relief, Rehabilitation and Reconstruction Programs	Yes
\$ 78 million	Australian Partnership Scholarships for 600 students	No
\$ 50 million	Government Partnerships Fund	No
\$ 25 million	Small-Holder Agribusiness Development Program	No
\$ 10 million	Disaster preparedness and response	No
\$ 5 million	Response to other disasters outside of Aceh (eg. Nias, Alor)	Yes

Australia

ostensibly to promote the efficient delivery of funds, and the AIPRD gave Australian officials a direct role in overseeing the allocation of funds. But little happened on the ground.

The joint ministerial meeting between Indonesia and Australia did not occur until March 17th and 18th – almost 3 months after the tsunami struck. The projects that were agreed upon were then delayed by the budget process, and would not be implemented at least until September 2005. Meanwhile NGOs, the UN and other governments had been delivering funding and projects from day one. Nearing 12 months after the tsunami, the Australian Government has still only allocated \$156 million of rehabilitation aid and an additional \$30 million of emergency aid (pledged in the immediate aftermath) to the tsunami-affected areas of Aceh, Nias and North Sumatra. As can be seen from **Table 8** the majority, of the so called “\$1 billion tsunami funds” has been directed to other projects outside areas that were affected by the tsunami.

The disjuncture between rhetoric and reality suggests that tsunami relief was by no means the main purpose of the AIPRD. Perhaps we may be forgiven for speculating that there were other more pressing imperatives for the AIPRD – a program that gave the Australian Government officials direct access to the Indonesian Presidency and into Indonesian departmental decision-making.

Equally important, the AIPRD departs from the established AusAID practice of giving grants rather than loans, requiring that half of the \$1 billion be repaid to the Australian Government. The Simons review, mentioned earlier, had found that giving aid in the form of loans was an inefficient and ineffective manner in which to deliver aid and in response the Australian Government stopped giving loans as aid in 1997.

Yet, as confirmed at the March ministerial, \$500 million in AIPRD funds would take the form of an interest-free loan, repayable from 2015.³⁹ The package would thus add to the Indonesian Government’s overseas borrowings and strengthen the role of the Australian Government as a creditor country. Already over a third of Indonesian Government expenditure is devoted to loan repayment: the package, if taken up by Indonesia, will further add to that burden.

The province of Aceh has suffered one of the world’s worst humanitarian disasters in living memory. The Australian Government response was to impose conditions on assistance that will drive Indonesia further into debt. The catastrophic incident enabled Australia to achieve a number of strategic aims it had already developed and sought to implement, long before the tsunami struck. Indonesia’s weakness, it seems, was Australia’s opportunity.

What is perhaps most distressing is the apparently cynical use of the tsunami crisis to serve Australian interests. Rather than offer assistance to address the humanitarian crisis, the Australian Government has required that the funds be used to fund projects already promoted by the Australian Government. AIPRD projects are strikingly similar to those outlined by Foreign Minister Downer in his budget statement of May 2004 – 7 months before the tsunami struck. Principal among these is the “Partnership Fund”, a fund for “good governance” assistance from Australia-based consultants and Government officials, along with a scholarship fund.

Finally, despite claiming concern for tsunami-affected Aceh, Australia failed to call on Indonesia to demilitarize the region, or to declare a ceasefire. The Indonesian military continued to pursue insurgents and presumed civilian militants directly after the tsunami, despite a unilateral ceasefire by the

Australia

Acehnese militia. The ongoing conflict complicated the delivery of aid, and positioned the military, well known for corrupt practices, as one of the primary conduits for emergency and reconstruction funds.⁴⁰

The Australian Government, for strategic reasons of “national interest”, continued to insist that the civil war in Aceh was an “internal matter” and failed to comment on continuing human rights abuses in the region. If Australia was seriously concerned about the plight of the people of Aceh, it could for instance have insisted on such a ceasefire as a condition of assistance, thereby ensuring the aid effort was not constrained by the machinations of the conflict.

What these failings suggest is that the people of Aceh have not simply been forgotten by Australia — they were never actually even at the foreground of concern. The Australian PM cynically grabbed the limelight on 5 January 2005 for a program of “aid” that had little to do with the tsunami-affected Acehnese, and everything to do with Australian strategic and economic interests.

Conclusion

The overall thrust of the Australian “aid” program, and the three recent examples of “aid” politics in action, clearly illustrate that Australia’s aid program is mired in domestic political expediency, short-term commercial objectives and increasing securitization. Such evidence highlights the limits of the Government’s rhetorical commitment to “poverty alleviation” and “human security”. The declaratory commitment is politically valuable to the Government, but only insofar as it offers opportunities for “humanitarian” grandstanding.

The implications for NGO advocates are important. For decades development NGOs in Australia have called for an end to “tied aid”, arguing aid should be geared to the priorities of recipient countries, not to the interests of donors. For years the Australian Government has responded that aid giving is a win-win process that serves Australian interests at the same time as it serves the interests of donor recipients.

The recent shift from conditional assistance to a combination of military intervention, law-and-order securitization and “good governance” programs signals an important new phase in this aid orthodoxy. Instead of simply offering the Australian Government a means of social and economic intervention, aid increasingly offers a means of direct political intervention. In the process, the gulf between recipient needs and donor interests has grown ever-wider.

The mythology and self-image of Australia as the generous humanitarian aid-giver, though, remains centrally important. In the age of media hype, the giving of ‘aid’ provides a vital gloss to the heightened exercise of Australian power in the region. This is not so much important for the recipient countries which, as we have seen, are not so easily convinced by the rhetoric. More important perhaps is the recognition of such ‘generosity’ by the Australian public.

Here, Australian development NGOs have a special responsibility — to expose and challenge these increasingly naked manifestations of Australian power-mongering in the region. Our responsibility lies in the first instance in forcing some accountability and responsibility from our own government, for the “aid” program it claims to enact in “our” name. *To do so will foster the beginnings of a truly secure world not just for Australia but for all.*

Australia

Notes

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- ² "The Jackson Report on Australia's overseas aid program", Parliamentary Paper 203/85 May, 1984
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ASEAN and the Struggle for Democracy*

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Background

Burma has been ruled by a series of military dictatorships since 1962. Despite the fact that Burma is rich in natural resources, the military stranglehold on the economy has reduced it to one of the world's Least Developed Countries. The military refused to hand over power to the National League for Democracy, which won the 1990 elections. The people of Burma continue to suffer from denial of their basic human rights. The regime's policies of increased militarization, particularly to control resources in Burma's ethnic states, have led to widespread abuses, such as forced relocation, forced labor, torture, rape and extrajudicial killings. These violations have been well documented by local and international NGOs, as well as the United Nations. Refugees are continuing to flow into the neighboring countries of Thailand, Bangladesh and India.

Regional economic cooperation: life support for the regime

Between 1962 and 1988, the Burmese military regime practiced a policy of economic isolation, under its so-called Way to Socialism. After the 1988 democracy uprisings, fuelled by the critical state of the economy, the regime began opening up the

country to foreign investors to gain urgently needed foreign capital. While most western countries boycotted trade with Burma immediately after the 1988 democracy crackdown, Burma's neighbors, keen to exploit Burma's untapped natural resources, had no such reservations. Thai and Chinese investors benefited from logging, gem and mineral concessions in the ethnic states. This provided foreign capital to the regime, and, in the case of China, enabled the regime to purchase over US\$1 billion worth of weapons as part of a barter deal. Regional trade thus salvaged the regime economically, and paved the way for resumption of trade relations with other countries during the 1990s.

Regional trade and investment directly leading to human rights abuses

Foreign trade and investment has not only subsidized military expenditure, but has directly led to further human rights abuses. Local people are being denied the right to participate in decisions about the use or sale of their land and resources, and rarely gain profits from any of the business deals. More commonly, people are dispossessed of their lands, and, particularly in the case of infrastructure development, suffer abuses at

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the hands of the increased number of troops needed to provide security for the projects. For example, the Yadana and Yetagan pipelines which export natural gas from Burma to Thailand have been notorious for causing forced relocation, forced labor, torture and extrajudicial killings of local ethnic peoples. The exploitation of natural resources has also led to serious environmental destruction. Formerly thickly forested areas of Kachin, Shan and Karen States have now been clear-felled, seriously impacting the livelihoods of local communities.

Trend of further regional economic integration

Despite the clear evidence that trade with the regime involves direct or indirect complicity with human rights abuses, the trend is currently for further economic integration of the regime into the region, a process facilitated by Burma's entry into ASEAN in 1997. This is generally rationalized as a form of "constructive engagement" which will enable other members of ASEAN to coax Burma's regime into democratic reform. In fact, it simply allows further economic exploitation of Burma's resources by ASEAN business interests. Not only ASEAN countries, but also neighbors such as India and Bangladesh are also increasing economic ties with the Burmese regime. A consortium of Indian and South Korean corporations is currently exploring a massive gas reserve off Burma's Arakan coast, which will potentially provide revenue of billions of dollars to the regime. The construction of the planned overland Shwe gas pipeline to India is sure to involve increased militarization and severe human rights abuses, including force labor, land confiscation, and forced and uncompensated relocation of entire communities living along the proposed pipeline route, as well as violence such as rape, torture and murder.

Roles of the Asian Development Bank:

The Asian Development Bank (ADB) is also actively engaging with Burma's military regime in various ways, despite an official suspension of loans by the ADB to Burma since 1988. The ADB sends consultative missions to Burma to give advice on macroeconomic and other sector reforms. The ADB also issues Country Assistance Plans for Burma. A representative of the ruling military regime sits on the ADB's Board of Executive Directors. The most significant method of engagement, however, is done through the Greater Mekong Sub-regional economic cooperation program.

Under this cover, the ADB is promoting plans for various infrastructure projects in Burma. These include a planned giant hydroelectric dam on the Salween River in Shan State, to feed into a regional power grid. This dam is being planned in an area where 300,000 villagers have already been forcibly relocated, and extrajudicial killings, rape and torture have taken place on a massive scale. Another project is a deep-sea port on the Andaman Sea in southern Burma, which will be part of the East West Economic Corridor linking with Da Nang on the South China Sea in Vietnam. These projects are being promoted without any attempt to address either the serious human rights violations already taking place in the areas, or those that will be directly caused by the projects.

The manipulation of humanitarian aid by the Burma's military regime

Together with the increased trend for regional economic cooperation has come increased bilateral development aid. For example, Japan restricted ODA to Burma after 1988, but in recent years, has given increasing support to "humanitarian" projects. This is in response to the Burmese military regime's call for more assistance from the international community to alleviate

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poverty and solve the country's "humanitarian crisis." Unfortunately, the reality is that aid to the regime subsidizes, legitimates and ultimately prolongs the life of the regime itself, thereby perpetuating the root cause of the country's problems.

Although those that espouse engagement with the regime claim that bilateral assistance to the regime will slowly bring political reform, the reality is that international agencies in Burma rarely raise human rights issues with the regime. This allows the regime to use their presence to defend itself against charges of abuse. In September 2002, the regime rejected charges that it was using rape as a weapon of war in Shan State, saying that if this had been the case, UN agencies and INGOs in Shan State would have reported on it.

On the rare occasions that donor countries threaten to suspend aid over human rights issues, the threats are not seriously carried out, suggesting that other agendas related to promotion of bilateral trade interests are more important than human rights. For example, in June of 2003, Japan stated that it would suspend bilateral aid after the massacre of supporters of Aung San Suu Kyi in May 30, 2003. It also demanded the immediate release of Aung San Suu Kyi and that her party the National League for Democracy should be allowed to resume its political activities freely. Aid was temporarily suspended, but in October 2003 was again discreetly resumed, despite the fact that Japan's demands had not been met.

The regime has recently shown its contempt even for proponents of aid through Rangoon by placing new restrictions on UN and INGO agencies working in Burma, making it difficult for personnel to travel to field sites, and insisting that regime personnel accompany all such visits. This is why the International Committee of the Red Cross has

been forced to suspend its visits to political prisoners since January of this year.

The failure of ASEAN's "constructive engagement" policy

The regional group, ASEAN's 'non-interference' policy has proved to be wholly unsuccessful at civilizing the military in Burma and promoting democratic reforms. Meanwhile the regime has been using the ASEAN as a way of getting legitimacy, and a protective shield from international criticism and pressure without keeping their promises to bring about political and economic reforms.

In the nine years that Burma has been a member of ASEAN, none of the promised democratic reforms have transpired. On the contrary, abuses have intensified, economic mismanagement worsened and the military has consolidated its power while severely undermining and intimidating the democracy movement and civil society.

Senior envoys from Malaysia and Indonesia have visited Burma earlier this year, but failed to convince the regime to allow them to even meet Daw Aung San Suu Kyi. Ministers of the regime have repeatedly broken their promises to ASEAN that they would release Aung San Suu Kyi and have instead embarrassed ASEAN by officially extending her detention last month for another year.

While we are now beginning to see some core ASEAN members toughening their views and position on the junta, the grouping's image and reputation is continuing to take a beating due to the ongoing deterioration inside Burma.

The threat to regional security

Of particular concern is how the policies and mismanagement of Burma's military regime continue to threaten regional security.

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For example,

- An estimated 2.5 million asylum seekers and undocumented migrant workers have spread throughout the region. Well-documented human rights abuses are unrelenting, including forced labor, systematic use of sexual violence, forced conscription of child soldiers, torture and extrajudicial killings, economic sabotage and military offenses in the ethnic nationality areas. They continue to force thousands of Burmese to flee their home country despite the difficulties they face in alternate countries. This includes recent attacks on the Karen people, that have just forced more than 16,000 people to leave their home.
- Over 1.5 million known drug addictions have resulted from Burma's narcotics industry. Burma is the largest producer of amphetamines in Southeast Asia, and the second largest producer of heroin in the world.
- HIV/AIDS is rampant and is affecting the region through trafficking in persons and narcotics, but the military is unwilling to properly address the problem, and continues to prioritize military spending and neglect the health sector.
- The regime has continued to build up its armed forces. Since 1998 the regime has more than doubled the size of its army and placed financial priority on weapon acquisitions. This includes the acquisition of nuclear technology from North Korea. We are extremely concerned that the regime has obtained nuclear technology without demonstrating adequate commitment to upholding safety standards.

Last September Czech leader Vaclav Havel and Bishop Desmond Tutu, called for the UN Security Council to move a resolution

on Burma. The resolution will call for the Burmese military to honor their commitments to democratization. This is an initiative that is supported by the movement for human rights and democracy in Burma, and governments are urged to support this.

The extension of Aung San Suu Kyi's detention and the news of her hospitalization in mid-June 2006 heightened the sense of urgency that something must be done at the highest level to bring further pressure to bear on the regime.

Conclusion and Recommendation

It is clear that the military regime's policies are directly responsible for poverty, systematic environmental and economic destruction, and ongoing human rights abuses in Burma. Until there is radical political reforms, restoration of the rule of law, and local people's customary rights to land and resources are respected, these problems will continue in Burma.

The international community should not tolerate the ongoing human rights crisis in Burma. ASEAN members, Burma's other neighbors and countries around the world must impose comprehensive economic and aid sanctions against the regime. This will allow people's empowerment and advance the people's movement for democracy. Democratic change is the only way to relieve the suffering of the people of Burma.

Notes

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Footing the Reconstruction Bill

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Overview

Japan's economy is bouncing back after a decade of recession and mismanagement, but ODA has not benefited from the recovery. The allocation in the national budget for aid has been slashed seven years in a row: 3.8% for FY2005 and another 3.4% for FY2006. At this rate, Japan will be surpassed by France and even by the UK in a year or two in aid volume.

The DAC puts Japan's ODA for 2004 at \$8.86 billion and its share of GNI at 0.19%, the third lowest of all DAC members. Unlike all other G7 countries except US, Japan is neither willing nor able to set a timetable to attain the 0.7% mark.¹ It then came as a surprise when Prime Minister Koizumi revealed a plan at the Gleneagles' Summit (July 2005) to increase its aid by \$10 billion— i.e. more than double— in five years. But a generous offer often shelters tricks: waiving the right of indemnity for private trade claims that the Japanese government has come to obtain against developing countries (such as Iraq) through official reinsurance schemes counts as ODA. Hence, there seems to be a small likelihood of additional aid allocations despite the Koizumi plan.

Another commitment made at the Summit was to double Japan's aid budget for African countries in the next three years. Why so generous? In the past year, Japan went all out in its mightiest bid to win a permanent seat at the UN Security Council. Africa meant some 50 votes that had to be bought. Now that the hope is nearly dashed, Japan is asking the UN to lessen its share of annual contributions to that body.

New medium-term ODA policy

The second most important policy document for Japanese ODA, the Medium-Term Policy on ODA which was first formulated in 1999, was renewed in February 2005. It was reformulated so that it would dovetail with the ODA Charter that had been revised in 2003. The policy will guide development and implementation of country assistance programs and sectoral/thematic policies for the next three to five years. While the old one was too comprehensive and lengthy to be useful, the new policy is much more focused and compact.

It singles out **human security**² out of the five basic tenets³ of the revised Charter, effectively according it most

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weight, and emphasizes the **people-centeredness** of Japanese assistance. In deliberating on the four priority issues listed in the Charter (poverty reduction, sustainable growth, addressing global issues, and peace-building), **MDGs** are mentioned for the first time (there was no such mention in the Charter).⁴ Of all the global issues, environmental problems and natural disasters are given importance because these are believed to be the areas where Japan has comparative advantage and expertise. And in terms of implementation, **strengthening functions at the field level** is singled out from six measures that the Charter puts forward for effective and efficient aid implementation.

It is a welcome sign for the NGO community that human security, people-centeredness and MDGs have taken front seats, and that the policy makes ample references to the partner roles of NGOs. Yet, it remains to be seen whether the relabeled bottle will be filled with fresh wine or with the same old stuff.

Reorganization

There are two major thrusts in the reorganization of the institutional structure of ODA. The first relates to the above-mentioned “strengthening functions at the field level.” From FY2003, the Ministry of Foreign Affairs (MoFA) made it a policy to establish a country-based ODA Task Force in a recipient country comprising aid personnel of the Embassy, JICA and JBIC.⁵ The idea was to delegate decision-making powers to the field level so that Japan’s aid can respond quickly and be more effective. The Task Force has been charged with drafting and reviewing country assistance programs, conducting policy dialogues with a recipient country, and liaising with other donors. The new Medium-Term Policy significantly

strengthens the powers of the Task Force by allowing it to play a leading role in discharging the assigned duties. The Policy states that Tokyo will “respect” proposals put forward by the Task Force.

Another reorganization in the making was supposed to be far-reaching and almost “revolutionary.” It came as a bolt from the blue when the Koizumi Government started restructuring governmental financial institutions including JBIC. Debate over what to do with JBIC led to the creation of a panel charged with the task to look into overseas economic assistance. After a three-month deliberation, the panel submitted its final report at the end of February. It calls for centralization and unification. ODA has been handled by 13 line ministries with little coordination among them. Now, according to the panel’s plan (the government had a hand in its formulation), a new Cabinet council will be created to make coordinated decisions. The council will have the Prime Minister as its head and four other Ministers that look after foreign affairs, finance, industry and trade, and Cabinet matters. Then, three major implementation arms (JICA, ODA division of JBIC and grant aid division of MoFA) will be integrated into one, that is, a new JICA, which, in turn, will be supervised by MoFA. MoFA will recreate a new Bureau to play the enlarged supervisory role.⁶ The Japanese NGO community, which has been advocating such a streamlining to make ODA integral, transparent and responsive to the genuine needs of developing countries, is now more apprehensive than appreciative. A new agency headed by a minister that NGOs have sought is not created. The 13 ministries continue to be involved in technical cooperation. And the new council is likely to be plagued with

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conflicting interests of three major ministries. Technocratic control over ODA will be replaced by ministerial political control, which is “democratic.” But Koizumi and a new cadre of Japanese political leaders are more concerned with national interest than with genuine developmental needs.

Conflict, security and development

It was the initial ODA Charter formulated in 1992 that first outlined official policy related to conflict and security. Two of four principles therein stipulated that ODA 1) not be used for military purposes or for the aggravation of international conflicts and 2) pay full attention to trends in recipient countries’ military expenditures, their development and production of weapons of mass destruction and missiles, their export and import of arms etc., so as to maintain and strengthen international peace and stability (these two principles survived the revision and are still in effect). But Japan has been typically shy of putting the principles into action.

In 2000, Japan displayed a more active posture when it announced an initiative — the so-called “Action from Japan” — Japan was ready to take on the issue of conflict and development. It called for a comprehensive approach that involved a continuum of actions from conflict prevention (building governance and democracy) to emergency relief and post-conflict restoration and development. Then, to achieve the stated objective, the initiative hailed the important role of NGOs and called on them to participate in ODA efforts to deal with the issue. The Government went out its way to create in short notice a tripartite “Japan Platform,” enticing business and NGO sectors to join hands. The primary objective was to

support the NGOs’ emergency relief activities by all means.

The new Charter, as stated earlier, emphasizes human security and selective peace-building as one of the four priority issues. The new Medium-Term Policy elaborates on what actions are needed and how to do for attaining human security objectives and for building peace. It details actions to be taken in the aforementioned continuum that now adds support to the peace-making process and stabilization. To date, it provides the most authoritative policy orientation in addressing the issue of conflict, security and development. Concrete actions taken thus far show that peace-building efforts have been skewed away from conflict prevention towards emergency aid and post-conflict restoration. In that sense, Japan’s ODA has been more curative in nature than preventive in addressing the root causes of conflicts.

To be more specific, Japan sought to play an active role in the rebuilding and development of war-torn Afghanistan and Iraq. It hosted in 2002 the International Conference on Reconstruction Assistance to Afghanistan. It provided \$500 million worth of assistance, pledged to provide another \$400 million, and took the lead in DDR (disarmament, demobilization and reintegration of former soldiers) in particular. To Iraq, Japan not only pledged to provide up to \$5-billion-assistance, but also dispatched Self Defense Forces (SDF) to help the US bring stability back to the state.

Although ODA money has not been siphoned off to support PKO (peace keeping operations) activities, close cooperation developed between the two. Japanese ODA provided to Iraq included water supply, hospital supplies and road

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rehabilitation in the province where the SDF were encamped. In reality, ODA was used to appease the local population so that the SDF could accomplish its mission without confrontations with hostile locals.

The Medium-Term Policy calls for collaboration with NGOs for the sake of effective, efficient and speedy provision of emergency relief. While the revival of local communities and capacity-building of the socially disadvantaged are mentioned in the Policy, there is no mention of justice or human rights (the rights-based approach has been absent all along in all ODA policies). Prevention of terrorism is referred to only in the opening statement of the Policy, and no substantive policy is provided for with regard to terrorism.

It is true that while Japan has been playing a major role in building peace in Sri

Lanka and lesser roles in East Timor and elsewhere, its peace-building programs have closely followed the steps of US: After the US destroyed not only undemocratic and peace-threatening governments but the whole swath of Afghanistan and Iraq, Japan stepped in to foot the bill of rebuilding peace and economies. In September 2005, the two countries entered into a new partnership billed as the US-Japan Strategic Development Coordination, in order to jointly identify countries of strategic importance and provide development assistance in a coordinated manner, ostensibly with a view to achieving MDGs. This marriage of the two largest donors may very well exert a significant influence over international development efforts, hopefully for the better.

Notes

- ¹ The latest authoritative statement was made by Prime Minister Koizumi in April 2005 when he said "Japan will continue its efforts towards the goal of providing ODA of 0.7% of our GNI in order to contribute to the MDGs."
- ² By human security, the Government means "protecting individuals from "fears," such as conflict, terrorism, crime, human-rights violation, displacement, disease epidemics, environmental destruction, economic crises and natural disasters, and "wants," such as poverty, hunger and lack of educational and health services, and empowering people so that they can choose and take action against these threats."
- ³ The other four are: (1) supporting self-help efforts of developing countries; (2) assurance of fairness (impact on the environment and society, the perspective of gender equality, etc.); (3) utilization of Japan's experience and expertise; and (4) partnership and collaboration with the international community.
- ⁴ The policy says "Japan will contribute actively to achieving the MDGs, including through effective use of ODA."
- ⁵ JICA (Japan International Cooperation Agency) is specialized in providing technical assistance and JBIC (Japan Bank or International Cooperation) in providing concessional ODA (and semi-commercial non-ODA) loans. JETRO (Japan External Trade Organization) and Japan Foundation (international cultural exchange agency) may join the Task Force where its office exists and NGOs are "consulted" occasionally. Task Forces are established in some 70 countries now.
- ⁶ In the reorganization deliberation, turf war erupted among concerned ministries, and a political decision was made to allow Ministries of Finance as well as Industry and Trade to keep their hands on concessional loan making.

Japan's ODA at a Crossroad: Counter-terrorism or Poverty Eradication?

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Japan's ODA has been drastically changing. What drives this change is the "September 11" incident and the US-led "war on terror".

In 2003, the government reviewed the ODA charter, bringing it more directly in line with the US-led approach to global security policy. The new ODA Charter adds Japan's own security and prosperity to its purpose, and, "the prevention of terrorism" is also included in the principles of ODA implementation.¹

The Japanese government recently accelerated this move by announcing the four strategic targets of ODA for rapid implementation. These targets are 1) Waging the War Against Terrorism, 2) Peace-Building, 3) Reinforcement of Japan's influence in East Asia, and 4) Dissemination of Asia's development experience to Africa. Countries in the "arc of instability" that stretches from Northeast Asia to the Middle East will be the main ODA recipient countries. In the ODA budget for 2006, the total amount is reduced to 759.4 billion yen, but a budget for anti-terrorism has been created with an allocation of seven billion yen. Indonesia and the Philippines are already listed as recipients.

Prior to this, on 29 October 2005, Japan and the US had agreed on the "Security

Consultative Committee Document U.S.-Japan Alliance: Transformation and Realignment for the Future". In this document, the U.S. Forces and Japan's Self Defense Forces emphasized "their close and continuous policy and operational coordination" and affirmed that their cooperation must "evolve as the regional and global security environment changes". The specific areas for cooperation include counter-terrorism, humanitarian relief operation and reconstruction assistance operation.

What these show us is that Japan's ODA policies follow the US-Japan military alliance strategy. That is why "a broad arc of instability", which is a major concern of US military strategy mentioned in the "Quadrennial Defense Review 2001" of the US Department of Defense, has been chosen as the most crucial region for Japan's ODA. This is not Japan's choice, but dictated by US military interests.

It has been the premise of Japanese NGOs and concerned citizens that ODA should be a peaceful and reasonable means for a "non-militaristic international contribution" by Japan, whose Constitution prohibits involvement in "militaristic international

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adventures. Based on this, Japanese ODA must be reformed so it can realize its “beautiful slogan” of poverty eradication and human security.

But since “counter-terrorism” has become one of its top priorities, we can no longer think of Japan’s ODA as a “non-militaristic international contribution”. Without an awareness of the bigger picture of security-related issues such as UN Peace Keeping Operations and US military strategy, we cannot understand the present directions of Japanese ODA.

1. Japan’s ODA and the Afghan War

Japan has been a major donor country to Pakistan in the past half century.² After Pakistan tested a nuclear weapon in 1998, Japan imposed sanctions by suspending new ODA money (both grants and loans). Even then, however, pledged projects were continued. But just eight days after September 11, Japan pledged to lift the sanctions, provided three billion yen as emergency financial support and 1.7 billion yen for refugees support, and also implemented 64.6 billion yen of official debt rescheduling. Three billion yen of emergency financial assistance is categorized as “Non-Project Grant Assistance” which can be used for the purchase of any “goods” the recipient government needs. But since obtained goods

and expense have not been reported, this money might be a “gift” for the Musharraf regime which has become one of US’ key allies in the War on Terror. Other countries such as the U.S and U.K. also resumed or increased their assistance to Pakistan (**Table 10**) and decided on debt reduction.

In October 2001, the Asian Development Bank also decided to increase its loans to Pakistan from 626 million dollar to 950 million dollars, while the World Bank also approved a new 300 million dollar loan. Since then the Bank has approved 20 projects which cost more than two billion dollars up to June 2005.

This loan expansion is justified under the name of “poverty reduction”, “relief for refugees” and “structural adjustment”. But another reason behind this quick decision of donor countries and multilateral financial agencies to support the Musharraf regime is to encourage Pakistan to host a “rearward supporting role” for the Afghanistan attack.

The countries that have resumed or increased their assistance to Pakistan are those which sent military troops to Afghanistan in support of US and UK forces. These governments emphasized the importance of “humanitarian assistance for Afghanistan’s refugees”. But considering the fact that the US military attack created a lot of new refugees in Afghanistan, the “humanitarian

Table 10. ODA to Pakistan

	U.S.million dollars			
	1999	2000	2001	2002
Japan	169.7	280.4	211.4	301.1
U.S.A	75	88.5	775.6	209
U.K	39.5	23.7	27.4	66.9
Total	435.2	475.1	1100.1	702.5

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assistance" actually serves to support the military operations of the US and its allies.

What the Musharraf Regime of Pakistan has received is not only ODA money. Powerful countries in the North also politically supported and recognized the Musharraf military regime, which came to power through a military coup d'etat, and which has refused to hand over power to a civilian government. The donor countries imposed sanctions on Burma's military junta, but support the Musharraf military regime with debt reduction and ODA allocations. Since security has emerged as ODA's main purpose, this kind of double-standard has become the international norm.

The Pakistan case shows the new aid-security structure in which "aid" is used to cover up the massive killing and destruction wrought by war, and has also resulted in political and economic stability for the military junta. To break this evil spiral, we should distinguish between "aid" and "war cooperation".

2. Japan and the Iraq War

Japan is the second biggest donor for Iraq rehabilitation, and has already allocated the

total amount of US\$ 1.527 billion (as of June 2005) for this (Table 11). Of this amount, electricity and health (hospital rehabilitation) are major areas and consist of around 60% of the total amount. The project sites are concentrated at Samawa and surrounding areas, where Japan's Ground Self Defense Force (SDF) has been stationed since early 2003.

The government claims that the SDF was dispatched to Iraq for "humanitarian assistance", which is a form of non-military action. Aside from Ground SDF, Air SDF and Marine SDF have also been dispatched to Iraq to provide logistical support for the occupation forces (but the details are not officially shown).

The Ground SDF is reported to be working on school buildings and road repair in addition to ODA projects. Since the battles in Iraq are so intense, the government cannot send official Japan International Cooperation Agency (JICA) research teams for Iraq projects. Instead, it has apparently decided to utilize SDF soldiers for information-gathering, among other functions.

The aid for Iraq is quite problematic, and is illustrative of fundamental issues over

Table 11. Japan's ODA to Iraq, in million US dollar

TOTAL		1,527
1. Direct support to Iraq		892
a. Electricity		348
b. Health	233	
c. Water and Sanitation	118	
d. Security	94	
e. others	98	
2. Through International Organizations		101
3. Iraq Trust Fund for rehabilitation		500
a. United Nations 400, World Bank 90	490	
b. IFC	10	
4. Through NGOs		25

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the conduct of Japanese ODA. Those issues include 1) the Government provides huge amounts of aid in response to US requests, but cannot draft a realistic project program since the war in Iraq is continuing, 2) but because the budget has been allocated and should be spent, 3) the government has asked Japanese firms and consultant agencies to resume the implementation of several old projects that were stopped during the Saddam Hussein regime, and 4) has mobilized the SDF for project finding research, 5) Therefore, there is no space or system for addressing the urgent and basic needs of the Iraqi people.

The main projects of direct assistance to Iraq are the rehabilitation of power plants and hospitals at Samawa, which Japanese firms constructed and delivered equipment to in the 1970s and 1980s under ODA. In JICA's hospital rehabilitation projects in Southern Iraq, four hospitals including the Samawa hospital were selected from 13 hospitals to which Japan provided ODA during the 1980s.

Current Japanese ODA for Iraq can therefore not be described as for emergency relief aid for the rehabilitation of the Iraqi peoples' livelihood. Neither is it "aid for peace-building", but a form of indirect aid to Japanese firms.

What mechanism has enabled the "remaking" of old ODA projects? Japan's bilateral grant aid handled by JICA is basically a tied one, so only Japanese companies can apply for bidding. That is why Japanese civilians (from consultancy firms contracted by JICA) normally have to be involved in the projects from preparation to implementation. But in Iraq's case, since the Japanese government is reluctant to allow Japanese civilians to enter Iraq, JICA uses a Jordanian consultancy firm to conduct the feasibility study based on projects Japanese companies had previously implemented.

There is thus no need assessment being done for emergency relief and rehabilitation in Iraq. Instead, mega projects are going on.

For Japanese firms, "aid for Iraq rehabilitation" is a big business opportunity, because around 20% of bilateral grant aid was allocated to Iraq alone in FY 2005. And it is tied aid, to implement which Japanese firms alone can be involved. Japan's giant trading companies, such as Mitsubishi Trade and Sumitomo Trade have already accepted orders under these projects.

Another serious problem is the SDF's involvement in ODA activities. In Samawa and nearby areas, around ten SDF soldiers did the research for ODA project preparation, following the Japan International Cooperation Agency's (JICA) direction. Other SDF soldiers worked for the ODA-funded water project in the outskirts of Samawa, in "joint assignment" with Japan's MOF.

In Iraq, however, the resistance movement is still fighting against the occupation forces, so it is important for the occupation forces to get the support of residents, through among other means, projects such as those being funded by Japanese ODA. Japanese ODA is thus being used for pacification purposes. The same can be said of Japan's SDF in Samawa. Because the Iraqi people regard the SDF as part of the occupation forces, their going around Samawa for information-gathering to implement ODA projects is similarly bound to military operations.

And yet Japan's ODA Charter prohibits using ODA for military purposes. This principle has been understood to mean that recipient countries cannot use ODA money for military expenses. But we should reexamine this premise because we are in an era of Japanese "international peace cooperation activities" with "the strategic use of ODA" being listed among SDF's main tasks in the November 2004 "National Defense Program Guideline for

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FY2005 and after". The strategic use of ODA by the SDF is against the ODA charter. The redefinition of ODA is going on not only in the DAC committee but also in Japan.

3. ODA for the right to live in peace

To challenge this "securitization of ODA" and to transform ODA as a means of promoting global peace and poverty eradication is urgent and crucial. Unfortunately Japan's ODA has repeatedly been criticized for providing almost nothing useful for grassroots people in the recipient countries. But the Japanese Constitution states in its Preamble that "we recognize that all peoples of the world have the right to live in peace, free from want." The Constitution holds up the ideal that global society will be peaceful when its people are free from fear and want.

It is a quite similar ideal with the UN Millennium Declaration. If the Japanese

government is faithful to the Constitution, it should take initiatives on disarmament, arms control, human rights, poverty eradication and other global issues. ODA should be used for these, not for military activities in the name of "counter terrorism" and "peace and order maintenance". Human rights in particular, and social and economic rights should also be included as main target areas of ODA.

ODA is, needless to say, public assistance. The "public" will should be decided through debate among diverse ideas and opinions. But the securitization of ODA initiated by US counter terrorism is contrary to this public decision-making process. What we should do is to restore the purposes of Japanese ODA according to the commitment to peace and freedom prescribed in the Preamble of the Japanese Constitution.

Notes

- ¹ Koshida Kiyokazu, "Security and Development as Emerging Agenda", in *The Reality of Aid 2004 Report*
- ² Aly Ercelan, "Aid from Tokyo to Islamabad via Washington and Manila", in *Fifty Years of Japan ODA- A critical review for ODA reform: Reality of Aid Asia-Pacific*

Alternative Priorities

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The correlation between security, democracy and development is a basic principle of modern political and sociological thought. To prioritize one at the expense of the others would be a wasted effort, since priorities are based on the specific conditions of different countries and their different histories. Problems of security and development can only be addressed together, in a comprehensive effort to face conditions that, on one hand, cause stability and instability, and, on the other, stimulate or hinder development.

This is why impartial and objective international cooperation is important. International cooperation should aim to remove the causes of violence and eradicate obstacles to the development of different countries, especially those with low development rates and scarce human and natural resources. The question of funding, including its standards and bases, can be fruitfully discussed only in this context.

In the last decades of the 20th century, reports from the UN and related entities confirmed that aid is not a charitable act in which the "rich brother" donates some of his money to the poor family. Aid is a duty

determined by the reality of human interconnectedness. Secondly, it is a political act that guarantees stability in international relations and allows the safe flow of commodities, capital, and labor (the latter facing constant discrimination and restraints), especially in a period that has seen the flourishing of the dictums of globalization and free trade.

Quick overview

Globalizing the economy, however, undeniably leads to the globalization of security. Technological advances have also made violence more widespread and more deadly than in any other period.

The Arab region is an ideal example of the correlation between security, development, and cooperation. Its current problems should stimulate the search for solutions that would guarantee both stability and progress and enhance the prospects for democracy, human rights, and respect for the law. The international community, together with national and regional powers, can benefit from participation in this search.

The region – from western Asia to the whole of the southern Mediterranean coast

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— has witnessed a long chain of crises, wars, civil conflicts, and open disagreements between its different ethnic and sectarian components. Today, it faces a continuing wave of religious fundamentalism. In some circumstances, fundamentalism has been a carrier of legitimate resistance. But in most cases, it has created an ideological human resource pool for violence and terrorism.

The series of wars in the Middle East began with the creation of Israel in 1948 and continued in the trilateral aggression on Egypt in 1956, the Arab-Israeli wars of 1967 and 1973, the Israeli invasion of Lebanon in 1982, and the Iraqi wars against Iran and Kuwait in 1979-1989 and 1991, respectively, ultimately leading to the US occupation of Iraq. All these conflicts resulted in the reinforcement of two trends that have had a profound impact on the Arab situation in general:

First: Defense and security became a priority at the expense of development and social security. Military spending reached extraordinary levels in the countries on the front-line with Israel. Beginning in the 60's, it reached 30 to 40% of the total budget of Egypt until 1975, and in Syria, until today.¹ Even some countries relatively remote from the center of the Arab-Israeli struggle purchased billions of dollars worth of military equipment that they could not use. This increase was the result of concerns over Israel's possession of nuclear weapons. Due to the relatively modest budgets of productive installations, they were overshadowed by military spending that managed to consume large parts of produced capital. It is only natural that this situation reflects negatively on all development projects and impedes the possibilities for accumulation — a slow process to begin with.

Second: Political systems became militarized as a result of the nature of the leaderships that took power following military coups. This militarization has become a self-

legitimizing process, justified by nationalism and patriotism. Slowly but surely, state control over society has been legitimized, political and security repression increased, and despotism has become the political heir to the national liberation period that was coming to an end. State authority became a closed and concentrated power circle, overshadowing society and with no accountability. Democracy became formal, merely a mask to conceal authoritarian practices.

In the absence of oversight, especially by legislative bodies, the press, and civil society organizations, hypocrisy and duplicity thrived in politics. Slogans and promises were on one side and the miserable truth on the other. The thick curtain covering leaders and their actions also concealed a web of corruption and back-room deals, the squandering of resources, mismanagement, patronage and clientelism.

With the increasing awareness by the people of the issue, but with their inability to prevent it or take it into account, social values deteriorated. Public aspirations were lowered, social security institutions collapsed, political parties grew smaller, and culture was vulgarized. The "individual way out" became an alternative to development.

The high cost of war is known by Iraq more than any other Arab country. Following a period of various levels of hostility to its neighbors, the Iraqi regime began two open wars against Iran and Kuwait. The consequences of these wars lasted until the occupation of Iraq by the US and its allies. The cost of reconstruction, today handled primarily by US-based multinationals, is estimated at hundreds of billions of dollars. The war also did considerable damage to the economies of some neighboring countries (especially Jordan and Syria).

At the political level, the progress of the

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political process — building state institutions, and increasing participation in various elections by active political forces and parties — has been linked directly to the improvement of economic performance and to development projects. The fact remains that instability in security and the terrorism of small religious groups is a real danger to Iraqi society. Even the resistance movement, with its focus on the forces of occupation, cannot make serious progress towards regaining independence and sovereignty without coordination with the democratic political movements that have a declared position on independence and without the maturity of an inclusive national awareness. The most dangerous consequence of terrorist activities is the possibility of an ethnic or sectarian breakup of the Iraqi entity and the social melting pot that had sustained its cohesion historically despite earlier calamities.

Many Arab countries suffered, and some are still suffering, from long civil wars (Somalia, the Sudan, and Lebanon). Some live in a state of political instability and insecurity due to ethnic, sectarian, and tribal conflicts. The direct results of these conflicts are the destruction of human and material resources and of social and political structures. The countries that survived the wars need extensive efforts for many years to recover. But this is only the visible part of the problem. Underneath, there lie backward allegiances that weaken the state, hinder civil society's impact, and attack the foundations of democracy. This is in addition to environmental damage, the absence of state control, the decline in social values, and the breakup of family relations and citizenship.²

Impeded development

This miserable reality in the region accounts for the failure of development projects and

the collapse of the economic and social policies of Arab states in the post-independence period. All the three main models used to classify Arab political and economic regimes ended up failing to achieve the required development. Countries of the first model that followed the path of general developmental indicators and kept semi-despotic regimes intact³ and countries of the second model that export oil, still depend on a rentier economy⁴ based entirely or mainly on one product, oil. Their traditional social structures and the hereditary and lineage-based political systems are still intact, characterized by the absence of democratic practices and women's participation in public life. All these are factors that shackle development and impede growth. Those countries which chose to open up economically and politically to the West at an early stage, such as Morocco, Jordan, and Tunisia, despite some positive indicators in the past few years⁵, remain very far from any hope of achieving real breakthroughs in the development process, especially with their relatively high rates of population growth.

What makes these doubly pathetic is that the failures were not a result of lack of political awareness or of resources. The slogans of progress, freedom, and justice were part of popular awareness and of the programs of political parties for more than half a century. On the other hand, oil wealth, correctly managed, could have been a strong foundation for a thriving and multi-sectoral economy benefitting all Arab peoples.

In this regard, the occupied Palestinian territories are tragically unique. Following their re-occupation by Israel in 2002, based on [Israeli Prime Minister Ariel] Sharon's plans to destabilize the authority of the late Palestinian President Yasser Arafat, direct losses due to the invasion were estimated at a

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billion US dollars, just for that year. The rate of unemployment reached 60% of the workforce. Two-thirds of the population lived under the poverty line, estimated at three US dollars per day. Imports decreased by half and exports fell to a third. Industrial installations functioned at 20 to 30% of their capacity. Today, these figures are almost the same⁶.

Required aid

This summary of the situation in the Arab region shows two facts:

The first is the fragility of the general political atmosphere in the region, its profound weakness in a large number of Arab countries, and the dangers of current or future instability.

The second is the setback in development processes or their reversal due to several reasons, one being the interlink between political stability and a steady, long-range development plan.

What role then do grants and aid play in this situation, and how are they perceived by both donors and recipients?

We can easily say that the main decisions concerning the quality of grants, loans, and aid and their criteria are made by the large institutions (the World Bank and the IMF) created following Bretton Woods, in addition to the WTO. These institutions are the main tool of the large global powers in dealing with poor and underdeveloped countries.

1. Arab oil-producing countries are the only Arab sources of grants, but they are still very modest compared to international donors. Total official Arab aid is less than that of Sweden alone.⁷ The situation in Lebanon is symbolic. Lebanon is living in a state of a highly acute crisis and has a special status, with a high amount of consideration,

according to the declarations of leaders in oil-rich states.

Nevertheless, in its reconstruction plan of 2000, the country could source only 2% of the needed funding from grants and aid. In the plan for the years 2000-2007, the allocation was zero percent.⁸ Arab aid, although very small, faces another obstacle that further weakens its efficiency: lack of planning. The Arab League is still failing to create a center for development efforts, or even an institution with the ability to develop economic strategies. Bilateral relations that control the issue of aid are based on a short-sighted vision and are meant to contain crises or to support immediate policies. Therefore, they suffer from discontinuity and unevenness on the side of the donors, and are misused by beneficiary regimes and authorities due to the lack of transparency and accountability and the ease with which laws are broken. Although some of these grants are merely "donations" to ease one's conscience (the feeling of those who provide quickly and with minimal effort), they have an important positive side. Unlike those provided by international organizations for example, these grants are not conditional, and the support is not linked to an implementation mechanism that serves the interests of donor countries.

2. At the beginning of the paper, there was mention of the perspective of the UN and related organizations concerning development in general, particularly the role of aid. Today,

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the UN's battle against poverty is conducted on this basis. The number of forces and individuals that support this view is increasing, both in the North and South. Consequently, international aid has become more important and, step by step, an affective tool in the battle. From this long experience, it is clear that the most beneficial aid to developing countries is aid that comes from the side that has the lowest ambition for hegemony, and with the least inclination to invest aid in narrow political choices. In poor countries (the South in general), especially in Africa, responsibility for backwardness is seen clearly as that of European colonialism. This idea converges with the theory that sees the disparity of progress between the capitalist centers and the backward peripheries in the current order as a result of the logic and mechanisms of modern capitalist accumulation. These countries consider aid as very minor retribution for the sins of the past, and some of those that continue in the present. The United States, along with a number of major contributors in international aid, looks at the situation pragmatically. Aid is a tool that has its own logic. It should be used to serve the neo-liberal project — there are minor disagreements, of course, but the key phrase is “the free market”. If this goal happens to agree with positive development standards, needs and virtues become tied together. If not, then we should sacrifice for the most important goal: free trade, freedom for capitalism, and freedom for large companies.

Where does this vision appear in the aid provided to the region?

During the Cold War, aid was part of political, economic, and ideological investment in the struggle to “win over the world”. Both the US and the USSR were forced to be lenient, allowing beneficiaries a wider margin of freedom in planning and envisioning benefits from external aid. After the collapse of the Soviet Union, the US changed its goals but the political logic of aid only saw formal and minor changes. The fixed foundation remains as that of serving the economic and political strategies of the lone hegemon: aid is given, or stopped, based on the willingness of the beneficiary to succumb to structural adjustment needs, both at the economic level as well as at the level of political choices. This is done through a list of conditions presented by “friendly” donor institutions. This is the tried and tested policy of “the carrot and the stick”.⁹

In the Arab region, “opening-up” has been the axis used by the US and Western aid strategies since the 1970s. This was on two interlinked levels, economic and political:

The economic level

Opening-up had to include the freeing of trade and currencies from restrictions similar to those in so-called socialist experiments. This means:

1. Reducing the size of the public sector in an effort to eliminate it completely, if possible, and removing economic policy-making from the hands of the state.
2. Using privatization as an alternative approach in productive sectors, even those considered as public services, such as transportation, energy, telecommunications, and health.

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3. Weakening the social and political weight of labor, including public employees, in relation to capital through new types of contracts, reducing the role of labor and professional unions, and marginalizing political forces that defend the rights of workers and marginalized segments.

In spite of the apparent failures of development efforts based on these principles and the regression of economic performance indicators (as in Egypt and Algeria in the 1980s), neo-liberal circles still insist that the mistake was not in the policy of openness, but in the fact that it was not done in a complete and immediate manner.

Similar to today's globalization strategies, "opening-up" neglects the social dimension and its political impact. The poor who know that they "give society much more than their share in wealth" are in an ever increasing crisis. The state has provided some protection for these segments, but the decline of the economic role of the state results in a decrease in its ability to influence the distribution of income. The weak are thus alone in facing a bleak destiny that pushes them into despair and social explosion.

The political level

For the United States, the concept of "opening-up" goes hand in hand with the resolution of the Arab conflict with Israel. The relation with Israel is an indicator for the relation with the rich and civilized world: following their peace agreements with Israel, economic aid to Egypt and Jordan increased dramatically. Today, following each step towards an "agreement at all cost", Palestinian moderation is rewarded with a lot of promises, but trickles of support. But even this becomes cause for intimidation following any attempt at an independent

position on the peace process. The Palestinian Authority is held responsible for the acts of its political opponents.

On the other hand, Israel receives more than 5 billion US dollars of aid every year from the US alone, without any political or economic conditions. Here, economic experts do not intervene to give advice on privatization, even though the public sector in Israel has a strong weight in major industries (especially the military industry). The US administration does not pressure Israel to implement UN or UNSC resolutions, as is the case with other countries, nor to cease violating the right of self-determination of the Palestinian people, or even their basic human and legal rights.

Drying-up the well of terrorism

Currently, a new goal is included in the political priorities of the US and the international community: drying-up the well of terrorism — according to George W. Bush. The truth is that after the crime of 9/11/2001 and the consequent terrorist attacks on European and Arab countries, terrorism has become a real danger to global security.

Terrorism is a form of rebellion that takes the ultimate form of violence against those perceived as enemies, without discrimination between the innocent and the guilty. (For Al-Qaeda, as an example, and as mentioned by its leaders, the West, as a whole, becomes the enemy. There is no difference between a military leader and a tax payer). This is exactly why terrorism should be condemned and why resistance against occupation and targeting occupation forces should be justifiable. Terrorism is not a legitimate progeny of any religion or ideology. At the same time, it does not appear out of nowhere. It is the result of the accumulation of many factors, namely feelings of profound injustice and being

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unable to achieve change through legitimate means. To justify its violent methods, terrorist forces opt for their own explanations of religious teaching, for example, or of revolutionary theory, in the most closed and adversarial manner.

The question remains, how can we get rid of terrorism? And, is facing the results enough to remove the cause?

Facing the challenge head-on, such as breaking up networks, assassinating leaders, and removing funding sources cannot solve the problem. These can always be rebuilt or replaced. But to eradicate this phenomenon, there needs to be another type of challenge. I will give one example. Israel's refusal to abide by international resolutions does not result in US pressure or any threat of any kind. On the contrary, it is rewarded with tolerance and understanding by the US administration and other Western powers. Can a Palestinian or Arab citizen, thus, not feel blatant discrimination in the actions of the international community? Can this discrimination not produce the sentiments of anger and rebellion, even against the legitimacy of the international community itself? That is why those who know the depth of the problem in the region see that a just solution to the Palestinian cause is essential in the fight to eradicate terrorism.

Seeing this side is not enough. What is also required is to open up the horizon for hope in the future through improving the living conditions of people and respecting their right by establishing real developmental processes. Here, democracy plays a pivotal role. When some political forces, including those with a religious background, were barred from their share in power, their popular support did not diminish. This ban, nevertheless, increased their tendency towards violence. The experiences of Algeria and Egypt are prime examples of this fact.

On the other hand, the democratic solution chosen by Turkey, for example, reinforced moderation in Islamic circles, and blocked the path, until now, of violent choices.¹⁰

If the use of force and pressure does not remove the roots of terrorism, then using economic might for political manipulation almost always results in the opposite of what is aimed for. The best example is the economic embargo on Iraq. The sanctions did not weaken the oppressive regime in Iraq. They did not form popular resentment into an act of political change. What happened was the opposite. The leaders of the regime were living in luxury, while the people died quietly due to excessive repression. Children died due to lack of medication. This resentment was channeled against those considered to be responsible for the famine, meaning those countries that imposed the sanctions. The conditions for a future explosion lay between desperation and the build-up of pressure.

Cooperation between nations: a new order

If the world's rich are seriously convinced that aid is not a coin that is thrown to a beggar on the sidewalk, if they believe that contributing to comprehensive human development is a responsibility and duty to allow "neighbors in one world" to live in peace, and if backwardness and despair are the repository of conflict, the causes of terrorism, and the land of bigotry and isolation, then there is a need to find another system for aid based on different types of strategies:

First: Aid should complement local development plans. This requires rising above "national" obstacles hindering these plans, such as lawlessness, the absence of democracy, and the prevalence of corruption, in addition to the lack of expertise and

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scarcity of technology. If conditionality is on issues such as the freedom to vote, the right of expression and belonging, and the independence of the judiciary, rather than on privatization and the removal of subsidies that support basic services, then, the aid regime could become the developmental lever needed badly by poor countries.

Second: Local development plans should answer the needs of the majority of the population that lives below the poverty line in most countries in the South. External aid in support of these plans will contribute to raising the living standards of real people, and not merely raise general economic indicators that benefit only a minority.

Third: The aid regime should be removed from its biased political use in international relations. It will then gain the credibility of human duty and responsibility for world peace. Using aid to influence conflicts, no matter on which side, will only stoke the fire of violence and lead the disadvantaged to look for other sources (still available even in a unipolar world). The vicious circle continues in the

shape of wars and internal clashes. Linking aid to a just peace, based on international legitimacy, should make the ultimate goal nearer: ending the use of wars for political ends.

It could be useful to look into two practical issues related to aid in general.

The **first** is to continue demanding and exerting pressure on private capital to fulfill its responsibility towards development aid, through a UN agency funded by a tax on monetary exchange. No matter how small this tax, its impact will be enormous due to the size of the transaction in the global financial markets.

The **second** would be to consolidate aid, identify sources, sizes of grants, and their conditions, in specialized bodies wholly accountable to the UN. This will mean that big and rich powers should only use their wealth, accumulated through the efforts of billions of poor around the world, to serve goals with humanitarian dimensions, such as eradicating poverty, fighting disease, maintaining world peace, spreading democracy, and protecting the environment.

Notes

¹ Bilan du Monde, Edition 2003, p. 116

² Hamdan, Kamal, 'Al-Azma Al'Lubnaniya' (The Lebanese Crisis), Al-Farabi, Beirut, 2001 (Arabic)

³ For development indicators, please see Human Development Report 2005, UNDP, Beirut 2005, p. 17-21 (Arabic)

⁴ 'Dirasaat Fi Al-Tanmiya Al-'Arabiya' (Studies in Arab Development), Center for Arab Unity Studies, p. 285 (Arabic)

⁵ For each of the three countries, please see the Arab Economic Report by the General Union of Chambers of Commerce, Industry, and Agriculture in the Arab Countries, September 2005

⁶ Bilan du Monde, op. cit.

⁷ Human Development Report, op. cit. p. 287

⁸ Arab NGO Network for Development, 'Post-War Lebanon', ANND, Beirut 2005, p. 34-36

⁹ Edwards, Michael, Future Positive, London 2000, p. 111-127

¹⁰ It is very important to follow the results of the latest elections in Egypt (December 2005) because of their impact on the political life of the country. With the Muslim Brotherhood gaining around 20% of the votes, this party became the main opposition force. The left opposition, on the other hand, along with the traditional opposition, lost some of their vital positions. Their share does not exceed 7% of the votes, including the various independent candidates.

Nepal: The Militarization of Foreign Aid*

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Attempts to establish a multiparty system within a constitutional monarchy in Nepal have been failing repeatedly since 1950, when the first multiparty constitution was introduced. The first general elections were held in 1958 with the promulgation of the second constitution, but the government was dissolved in 1960 after a coup by King Mahendra, who imposed a partyless *Panchayat* system that lasted till 1990.

Ruled since then mainly by the Nepali Congress and partly by the Communist Party of Nepal (Unified Marxist and Leninist), the country faced many problems. A succession of governments failed to introduce pro-people social and economic policies and to restructure the State security forces. They also failed to implement progressive land reform and to eliminate class and caste-based discrimination. Today over 70% of the 24 million population lives below the poverty line. The Communist Party of Nepal (Maoist) launched a Peoples' War in February 1996.

In an attempt to address the insurgency, the political parties made some efforts at peace through negotiations, but failed mainly due to the vested Indian and western interests in Nepal. Instead of supporting the democratic processes, the US, the UK,

Belgium, India and even China began to supply arms to the then Royal Nepalese Army (NA)" in the name of suppressing the Maoists.

King Gyanendra inherited the throne after the suspicious Royal massacre of June 1, 2003. He dissolved the elected government in October 4, 2004 with the support of the army. He assumed all executive power on February 1, 2005 and began running the country despite the Supreme Court's declaration on February 13, 2006 that his rule is unconstitutional. The Maoists are in control of most of the country and with their help seven parliamentary parties launched a movement against monarchy. In April the king was forced on the defensive by a strong upsurge of anti-palace sentiment and he restored parliament in an attempt to break the alliance between the Maoists and the parliamentary parties. However, people's pressure is strong and anti-monarchy sentiment is running high in the country. US political support for the palace continues openly to this day, despite the message of the April movement. Additionally it has pledged new material support to the discredited national army that is still loyal to the king.

Military aid to Nepal

Although direct foreign military assistance to the regime is not large, it is politically and symbolically significant. The US provided \$12 million in military support to Nepal through Foreign Military Financing (FMF). The amount is nearly 10 times what Nepal received in the decade prior to 9/11. Nepal had also received nearly \$0.4 million under the International Military Education and Training program (IMET), and \$3 million under Economic Support Fund (ESF) financing.

In 2003, Nepal was provided \$0.5 million in IMET, \$3 million in FMF and \$6 million in ESF. In 2004, Nepal was promised \$0.6 million in IMET, \$10 million in FMF and \$6 million in ESF. To give continuity to its military ties, the US compelled Nepal to sign an agreement with the US Government in April 2003 for the establishment of an anti-terrorist assistance program and to further expand the intelligence network.²

The goal is to prevent Nepal from falling into the hands of a Maoist government. But Nepal has also become a highly strategic location for the US, from where it can intensify its surveillance of China as well as India and Pakistan.

The US thus became the biggest hindrance to a negotiated settlement of the Nepal's political crisis with the Maoists. For example, the US was committed to increasing the numerical strength of the then RNA (hereinafter "RA") from its present estimated number of 78,000 troops to over 200,000 in a few years time. This is opposed by many Nepalis who see no reason for maintaining a permanent army or any further increase in its size, and who believe that a civilian police force will be sufficient to maintain law and order.³ The US throughout the period of the king's dictatorship opposed any involvement of the UN or EU in facilitating the peace process, and is insisting on the unity of the king and the parliamentary parties against

the Maoists. And yet the parliamentary parties have declared their commitment to a pluralist republic by writing a new constitution through an elected constituent assembly.⁴ The latest political development is the conclusion of the second agreement on March 19, 2006 between the seven-party alliance and the Maoists, which further emphasizes the need for the enforcement of the previously agreed 12-point understanding dated November 22, 2005.

The US position is "no peace with terrorists." In 2004, the US also listed the Maoists as terrorists and provided the Nepal government another \$20 million in military aid to discourage peace negotiations. And yet, solving the conflict with the Maoists militarily is only a dream, and even if all the Maoists were killed, the basic problems of poverty elimination, democratization and social security will continue.

In the 1980s, the US provided aid in the western part of Nepal supposedly for integrated development, but grossly failed to deliver development. In fact, the division of the population into rich and poor that it created in that area is one of the root causes of the Maoist uprising.

The European countries' position towards the then Royal military regime was different from that of the US and is rather constructive. Norway reduced its bilateral financial assistance for 2006 by 15 million Kroner (10%), and terminated its support for the controversial Melamchi Water Supply Project. Norway had also decided to "focus on effort[s] to promote democracy and human rights, including support to the United Nations Office of the High Commissioner for Human Rights (OHCHR) mission in Nepal."⁵

Nepal's donors and lending agencies agree that poverty is one of the main reasons for the Maoist uprising and the tremendous rise in public support for it.

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Lack of land reform to address poverty, rather than foreign-aid-led poverty alleviation projects managed by corrupt government officials and retired members of the elite, the absence of effective and meaningful decentralization, the replacement of democratization processes by militarization and the continuing socio-cultural exclusion of marginalized groups and communities are the other fundamental problems Nepal faces. Surprisingly, even the World Bank has recognized the Maoists as an ideology-based political movement rooted in poverty and the unequal distribution of development resources.⁶

Nevertheless, the main problem is the lack of collective realization by Nepal's donors that negotiation is possible, peace inevitable and development definite with their positive cooperation, or at least non-intervention in the conflict and in development decision-making.

The European Commission is underlining its support for peace and democracy by providing €12 million in assistance for human rights and conflict settlement, and €7 million for conflict mitigation through the National Human Rights Commission and the Supreme Court. The funding is also said to be for providing legal support for those who need it, through the Nepal Bar Association. An additional €5 million is for an international human rights monitoring mission to be managed by the OHCHR.⁷

Japan has mainly been interested in providing technical assistance in profit-making infrastructure projects. The main purposes of Japanese aid have been to pay for high-cost consultancy, to sell expensive equipment, and the return of most of its aid money through these schemes. Japan is less interested in actual poverty reduction strategies and programs, but claims that big infrastructure projects automatically help poverty reduction.⁸

Nepal's immediate neighbors

Both China and India have maintained close ties with Nepal, where they have their own security interests. The amount of aid they provide is fairly high and mainly concentrated in infrastructure development.

The role of India with regard to the Maoist insurgency has been as disturbing as that of the western countries. It considers the Maoist insurgency a "shared security threat".⁹ India also has its eyes on Nepal's huge water resources and the need for dam-building in the Himalayas. In recent years, India had provided huge military support to the Nepali King by giving arms and ammunition as aid or as business in the name of assisting the army in fighting the Maoists.

Although India's support for the then Royal military regime was reduced after the February 1 coup last year, it did not stop the arms supply even when there were protests from within and outside Nepal. India also maintains the so-called special and secret relationships with Nepal as regards military cooperation.¹⁰ There are some doubts about India's attitude towards the involvement of the UN and/or any other third party in any peace negotiations in Nepal. It reportedly fears that it may set a "bad" precedent towards conflict resolution initiatives in the region in the background of the decades-long Indo-Pakistani dispute over Kashmir and the internal conflict in the North-East of India, or in other SAARC countries. But in November 2005, India made a positive contribution towards conflict resolution by providing shelter and support to Nepali political parties and the Maoists in Indian territory so they could agree to work together in overthrowing the monarchy.¹¹

After India shifted its support to the democratic forces by publicly endorsing their demands and facilitating their meetings within India, the then Royal military regime turned to China for more help. China is

closely watching political events in Nepal for the sake of its own security interests. When all the donor and friendly countries were asking the King to restore democracy and support peace, China considered it an internal affair, expressed hopes for social stability, economic development and national reconciliation, and concern over the anti-government insurgency. It called for peace negotiations at the earliest.¹² At the same time, however, China has been selling arms to Nepal and providing military assistance directly despite concerns from India and other countries. It was only in January 2006 when China for the first time expressed its serious concerns over political developments in Nepal.¹³

Security sector reform in Nepal

Security Sector Reform (SSR) is crucial in countries with armed conflicts, provided that it is focused on the democratization of State security forces and making them accountable to the people. It is also important if the reform is about their best use in national development and poverty eradication. It means that SSR can only be justified if a democratic government is in control, and Parliament is not immune from judicial scrutiny for their acts. SSR in these terms should be a fundamental component of democracy, development and human rights.¹⁴

Given the poor record of Nepal's security forces, donors have started showing concern on the impact of the on-going armed conflict on development projects, but it is rather too late for them to go back. The fundamental issue as far as the donors are concerned is the need for them to change their policies and practices so they may address the needs and priorities of poverty reduction and elimination in Nepal. These donors actually helped increase poverty in the past. They are not contributing much at the moment, and the

same will prevail in the future even after Nepal achieves peace and needs to reconstruct its economy and to achieve development. The donors and the international community should not only express their concern over deteriorating economic and development situations but should also start correcting their wrongful policies that in the past helped fuel the present conflict. They cannot escape their accountability and responsibility for knowingly funding the Nepalese elite and security forces directly or indirectly.

In spite of the concern of donors over the internal conflict, some major donor countries have supported Nepal with military assistance in their 'war on terrorism' directly. This focus overshadowed SSR after 9/11, even if it has had any positive elements. The dual character of most donors — providing military aid on one hand, and talking about democracy and peace on the other — has never been helpful.

According to some analysts,¹⁵ the mapping of SSR in Nepal is a delicate and complex process. The loyalty of the security sector to the government, particularly to the NA is in dispute. The NA had violated constitutional provisions by defying the executive order of the Prime Minister mobilizing them for counter-insurgency in the past. It took the position that such orders should come from the King as the Supreme Commander-in-Chief of the NA. The concern in Nepal at present is that SSR is not on the national agenda, because the primary aim of the regime is to strengthen the armed forces and consolidate absolute monarchical power by enhancing the capacity and effectiveness for repression of the State's coercive apparatuses.

The law governing control of the army should be clear for times of peace and for times of crisis, and whether the threat is internal or external. The security forces

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should be accountable to Parliament in any situation. Since the sovereignty and territorial integrity of the Nepali State is not threatened by any external powers, its national security policy should be towards the decrease in the size of the army. In the current SSR, Nepal was and is not free from donor-driven security sector reform. The increase in the number of armed personnel from 47,411 in 2001 to the current officially claimed figure of 78,000 (which is actually around 90,000 including reserves) is an indicator of the rapid increase in militarization. In the 10-year plan, there is a move to increase the size of the armed forces to 125,000 with more divisional headquarters.¹⁶

The maintenance costs of the armed forces have also increased from slightly over Rs. 1 billion (US \$14.07 million) in 1990/91 to over Rs. 8 billion (US \$112.53 million) in 2004/05.¹⁷ On the other hand, Nepal's civilian police force, with 48,500 personnel, was supplemented by the Armed Police Force as the army had earlier denied to be engaged in the Maoist conflict unless a national emergency is declared, anti-terrorist laws introduced and a consensus is built among the major political parties.¹⁸ The budgetary allocation in the 2000/01 for the police increased two-fold in comparison to that of the army.¹⁹ Now Nepal's security forces comprise the civilian police, the armed police and the Nepali army (total estimate 142,500 with a 51% increase since 2001)²⁰, and have become the subject of concern nationally and internationally for their brutality in committing gross violations of human rights as well as war crimes against the international human rights and humanitarian laws which Nepal has ratified. They also have become so corrupt that even the government officials have to pay them for special security from the Maoists.²¹ The figures, the tenders and the official

statements clearly show that the military is interested in purchasing more and more arms and will not give away their hold on the army even after peace. For this, the army had demanded an additional budget of Rs.11 billion (US \$154.73 million) to improve the security situation in the country.²²

Diverting development funds to the army

After intensified attacks by the Maoists on most of the local government bodies – e.g., on Village Development Committee (VDC) buildings – VDC officials moved to the relatively secured District Headquarters for their day-to-day functions. As the people became desperate for access to these VDCs, the government took the chance of taking control of local resources and administrative control by introducing the Integrated Security and Development Programme (ISDP). In ISDP, army officers are the overall in-charge of development decision-making as well as the appropriation of funds. No questions could be raised about the diversion and/or misuse of funds for any other purpose by the army due to fear and their unlimited political power.

There are no legal, administrative or political safeguards and mechanisms to guarantee that aid money is not diverted to military purposes, or that it reaches the people and meets the goal of poverty reduction. The army is free to ask any amount of money they want. For example, the army had asked for Rs.13.86 billion (US \$195.21 million) to spend under the so called Unified Command for the year 2004-2005.

Misappropriation of funds

As regards dealing with the conflict and security situation, there are just too many foreign experts and consultants in the country. They may have a role to play in understanding the dynamics of the conflict

and in helping convince the international community, particularly the US, that Nepal needs support for peace, and for a peaceful and democratic resolution of the political crisis. But they are not doing this as much as they are engaged in conflict-related projects. This needs to change. The money available for conflict-related activities such as community awareness, mediation and humanitarian work should be channeled directly through local organizations and by involving local experts.

There is a criticism that donors are also pouring money haphazardly to some Nepali and foreign NGOs without even considering their need and capacity. This approach is wrong, costly and imposed from the above. Pouring money for consultants and advocacy groups on conflict does not make any sense unless the Maoist-Government conflict is understood in Nepal's social, cultural and political contexts rather than treating it as terrorism. Terrorism is not about any political ideology or resistance, but consists of specific and sporadic acts of violence and terror that are committed more by State security forces rather than armed groups anywhere. Nepal is not an exception.²³

Shift in international concerns

The holding of a municipal election by the King on February 8, 2006, was a mess. He used his security forces to field candidates, and forced them to file nominations and to stand for the fake exercise. Some candidates were even kept in army barracks and police stations or sent to India to hide from possible Maoist attacks. The fear was that they may withdraw their candidacies and even resign after the election – which many of them did and are still doing. There was hardly a 20.58 percent turn out. All the major political parties boycotted the election. The seven-party alliance condemned the election and said that the

“drama of the so called election staged by massively misusing state force and funds became a total failure due to the people's boycott.”²⁴

In a press statement issued from Washington DC, Sean McCormack, spokesman of the Department of State said, “The United States believes Nepal's municipal election called by the king today represented a hollow attempt to legitimize his power. There was a clear lack of public support for these elections.”²⁵ Nepal's largest donor country, Japan, deplored that the municipal election was held without broad support from the people of Nepal. In a press statement issued by the Director-General for Press and Public Relations of Japan's Ministry of Foreign Affairs, the Japanese government said that “What Nepal now needs is for the government and the political parties to reach out to one another with the spirit of reconciliation, and Japan expects that positive steps will be taken soon to that end.”²⁶

India described the poll as lacking in credibility. The statement issued by the spokesperson of the Indian Ministry of External Affairs said, “Any credible electoral exercise should have the active involvement and participation of all mainstream parties. Only then would such elections be able to contribute to the restoration of democracy and political stability.” The statement further said that “the grave challenges facing Nepal demand the initiation of a genuine process of national reconciliation, dialogue and participation which can facilitate a peaceful political settlement.”²⁷

The UK said that “The low level of turnout at the municipal elections indicate that they didn't have public support”²⁸ and urged the King to reach out to political parties to develop a common agenda for “full return to multiparty democracy” by stressing the need for an inclusive and

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comprehensive process to achieve a negotiated peace.

During a visit in March 2006, the State Councilor of China, Tang Jiaxuan, said "The Chinese government and the people have never interfered with the internal affairs of Nepal and highly respect the mode of development chosen by the Nepalese people."²⁹ He emphasized the need for reconciliation among democratic forces and a dialogue among them.

However, this positive shift of the international community towards the peaceful settlement of Nepal's political crisis is being derailed by US obstructionism. US Ambassador James F Moriarty, in a speech in Kathmandu, criticized the coalition between the seven-party alliance and the Maoists, urged the King to urgently reach out to political parties, and asked the seven-party alliance to withdraw from its agreement with the Maoist rebels. His main worry was that "If the armed Maoists and unarmed parties successfully implement Prachanda's and Baburam Bhattarai's vision of a violent revolution, the Maoists will ultimately seize power, and Nepal will suffer a disaster that will make its current problems pale in comparison."³⁰

As a result of this US diatribe, the King became even more brutal. His ministers threatened that political parties allying with the Maoists would also be called terrorists.³¹ The licensing of 10 FM radio stations for a propaganda war against the Maoists was also being considered as part of the King's ploy towards the total militarization of Nepal with the help of the US.³² During his visit to India in early March 2006, US President Bush urged the King to reach out to the political parties for the restoration of democracy. Bush said, "In Nepal, the Maoists should abandon the path of violence. We (with Indian Prime Minister Man Mohan Singh)

agreed that the King should reach out to the political parties for the restoration of democracy."³³

Conclusions and recommendations

- The post 9/11 or the so called "war on terrorism" led by the US has had a tremendous impact on Nepal's democratization process. The ruthless monarchy and the brutal RNA found a way to survive militarily by usurping all executive and legislative power and suppressing all activities for democracy, human rights and the rule of law. When the civilian governments, the political parties and the Maoists were ready for peace negotiations, the US derailed the peace process by opposing the internal political consensus and by funding and supporting the army overtly or covertly.
- More and more aid resources have been diverted to security in Nepal in the name of the fight against terrorism. The trend of increasing bilateral security arrangements and donor-led security sector reforms is taking more resources from the development sector directly or indirectly. Furthermore, the concentration of wealth, the pro-rich tax system, and the unfair distribution or no distribution of national revenue to those in dire need continue to fuel social unrest and insurgency.
- The securitization of aid, supported by a series of so called anti-terrorist laws, has made the effectiveness of existing development aid more questionable than in the past. The taking of the "poor" peoples' own resources and the external domination of domestic markets by the forces of privatization

and globalization are additional factors contributing to the further increase in poverty and insecurity.

- The tying of development aid to security has tremendous negative impacts on resolving internal conflict. The Maoist insurgency would not have been born if the post-1990 democratic transition was not taken over by the donors with their domination of all economic and development decision-making in furtherance of their interests. They also made the internal democratic process ineffective and the political leadership and technocrats vulnerable.
- The donors need to learn that their unilateral, non-transparent and undemocratic decision-making is not helping Nepal at all. Rather are they increasing donor-dependency and creating a huge debt burden. In the case of Nepal, they must apply a human rights framework to development financing and poverty-reduction measures.
- The donors should not divert the money that is supposed to be for poverty-reduction to ineffective foreign experts and national NGO elites-led peace or conflict-related projects. They should invest such money in direct peace-building and conflict resolution processes at local levels.
- Finally, there should be no increase in any military expenditure at the cost of funds needed to eliminate poverty. No aid of any kind should be given to an absolutist or military regime and those who oppose peace negotiations and the peaceful transition of a country towards democracy.
- The international community should stop any kind of military assistance to Nepal in the future, suspend all development aid and discontinue the involvement of the NA and the police force in UN peace-keeping operations till the restoration of democracy, human rights in the country.

P.M. Blaikie, John Cameroon and David Seddon

The extent and depth of popular disappointment and disillusionment as the failure of successive governments to deliver the promise of genuinely progressive social and economic policies – particularly after the dramatic rise of the People's Movements – was not foreseen.

Source: Blaikie, P. et al. 2001. Nepal in Crisis: Growth and Stagnation at the Periphery. Adroit Publishers, Delhi. p. 310.

LATEST DEVELOPMENT

The political situation has drastically changed in Nepal after the popular April Revolution (2006). It was the result of a joint alliance of the Communist Party of Nepal (Maoist) and the Seven Party Parliamentary Alliance. Nepal now is moving towards an all party

government, and the election of the first ever Constituent Assembly on the writhing of a new Constitution. The popular demand now in Nepal is the abolition of the notorious and repressive monarchy.

During the April Revolution, the US and India played a clandestine role to save King

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**Annex 1. Nepal's Budget on Security and Development
In Rs. Million**

Particulars	1995/96	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05
Total Expenditure	46,542 (US\$ 655)	66,273 (US\$ 932)	79,835 (US\$ 123)	80,072 (US\$ 1126)	84,006 (US\$ 1181)	89,443 (US\$ 1258)	126,885 (US\$ 1785)
Percent change		42	20	0.2	4.9	6.4	41.8
Total security expenditure	4,053 (US\$ 57)	6,750 (US\$ 95)	9,009 (US\$ 127)	11,987 (US\$ 168)	13,618 (US\$ 192)	14,866 (US\$ 209)	18,786 (US\$ 264)
Percent change-		66.5-	33.4-	33-	13.6-	9.1-	26.3-
Defence Military Expenditure	2,126 (US\$ 30)	3,486 (US\$ 49)	3,813 (US\$ 54)	5,860 (US\$ 82)	7,382 (US\$ 104)	8,520 (US\$ 120)	10,905 (US\$ 153)
Percent change		64	9.4	53.7	26	15.4	28
Police expenditure	1,927 (US\$ 27)	3,268 (US\$ 46)	5,195 (US\$ 73)	6,128 (US\$ 86)	6,237 (US\$ 88)	6,346 (US\$ 89)	7,880 (US \$ 111)
Percent change		69.6	59	18	1.8	1.7	24

This shows that:

1. Total security expenditure had increased over the years, from 33.4% in 2000/01 and 33% in 2001/02 after the declaration of the first post-1990 emergency rule.
2. During the first few years after the Nepalese emergency, police expenditures increased by double digits, whereas military (army) expenditure did not increase so much. Absolute expenditure for the military was less than that for the police.
3. In 2001/02, military expenditures increased by almost 54% and in double digits during the years after the dissolution of the elected government by the King on October 4, 2002.

Annex 2. Who says what on development aid to Nepal?

Dr. Baburam Bhattarai, the Maoist leader

Financial capital as a social relation logically promotes certain class configurations in society which are conducive to its continued reproduction. Within the present world imperialist order, promotion and/or preservation of capitalist classes would be the natural concern of metropolitan financial capital even during its operation in backward and underdeveloped formations. In the context of Nepal, however, since foreign financial flow takes places exclusively in the form of 'aid', the preservation and strengthening of the present class and state structure becomes more direct and glaring. This may be better expressed in the word of a seasoned observer thus:

"... aid has assisted the monarchy both directly and indirectly to create a better-equipped and better trained army and to put a large number of potentially restive, educated young men on the bureaucratic payrolls... Thus, in the short run at any rate, foreign assistance has enhanced the monarchy's chances of survival and has inhibited the growth of pressures for fundamental change".

Source: Bhattarai, B. 2003. The Nature of Underdevelopment and Regional Structure of Nepal: A Marxist Analysis. Adroit Publishers, Delhi. p. 383.

Dr. Siera Tamang, gender and development analyst

According to one of Nepal's leading development analysts, most development agencies have withdrawn to the district headquarters if not Kathmandu. More aid will not ameliorate the situation of those who live beyond the immediate control of the state. Financial commitments now will amount to support for the current counter-insurgency methods of the state. The case of the election budget being diverted for military and palace expenditures highlights the ease with which an unaccountable government can distort budgetary allocations. With gaps in the development finances being filled by donors, the possible militarization of international aid needs to be taken seriously. The biggest weakness of both the government and the international community is the absence of plans to help the Maoists move from being a military organization to a political/civilian entity.

Manjushree Thapa (living in self-exile), renowned author of 'The Tutor of History' and 'Forget Kathmandu: An Elegy for Democracy'

"Many foreigners in Nepal's international community seem to rely more on cocktail hour chatter than on in-depth study to learn about this country, where they wield great influence. Outsiders turn to insiders for insight; they ought to also read up. It would greatly help Nepal if influential foreigners here would read, read, read – not just newspapers. Actual books. And if there aren't enough good books around, then support the intellectual ferment gathering force today: invest in new scholarships."

Source: Thapa, M. Educating Foreigners. Nepali Times No. 186, 5-11 March 2004.

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Gyanendra, and to sideline the Maoist. They did this by restoring the dead Parliament and opposing the demand of the vast masses for an all party national conference for the formation of an interim government and the holding of the constituent assembly election.

Leading towards the process of final peace agreement, two additional agreements have been signed between the SPA/Government with the CPN (M) recently. The eight-point SPA-Maoist Agreement (16 June 2006) has paved the way for a formal peace process in the country that began from the first 12-Point Memorandum of Understanding signed in November 2006. These agreements have expressed their commitment to competitive multi-party system and urged the United Nations to monitor the management of arms of both the government and the Maoist leading to the free and fair election to the Constituent Assembly. Another important point is the agreement to dissolve the controversial Parliament after making an alternative arrangement for an interim legislature as well as the dissolution of Maoist-led People's Governments of CPN-Maoist.

The Five-Point Agreement (9 August 2006) is related to the monitoring of human rights situation by the Office of the UN High Commissioner for Human Rights in Nepal and the 25-Point Code of Conduct signed with the Maoist for an effective ceasefire. It also has agreed to seek the UN assistance for the management of arms and armed personnel from both the sides. The agreement is that the Maoist forces will be confined within designated cantonment areas, and the Nepal Army in their original barracks.

However, the US and India have been playing a negative role again to maintain the monarchy and sideline the forces of republic of Nepal. They have already offered the

resumption of arms supply and their military advisors are in Kathmandu offering 'any help' needed to defeat the Maoist if the peace process breaks up. Unfortunately, the SPA, mainly sections of the Nepali Congress and the CPN-UML, have already fallen into the US-led trap willingly to regain their lost credibility and maintain their supremacy at the Constituent Assembly election. Parliament, which was dissolved four years ago, has now become the weapon to prevent the Maoist from joining the transitional government. They also have started saying that the Maoist will not be let in the government till the management of arms, and it is a process that cannot end before the election of the Constituent Assembly. This is possible only when a new constitution is drafted by the elected Constituent Assembly. Sections of the two main parties are even suggesting that Parliament will not be dissolved, that Maoist will be prevented from joining the government and even the election of the Constituent Assembly may never be held.

If the SPA government fails to comply with the previously signed agreements then the ultimate result is that the Maoist will be forced to resume the People's War again. But this is what the people of Nepal never want to happen again. The Maoists have also said that they would rather launch a peaceful people's struggle to put pressure on the SPA to comply with the previous agreements but will not go back to war. They also have said that no final management of arms is possible before the election of the Constituent Assembly and they can never accept the SPA-conspiracy behind it in line with the US-Indian strategy. The failure of the SPA-government in suspending the key army personnel who were involved in committing serious human rights violations and internal war crimes during the past 10 years of insurgency and the 19-Day April Revolution

clearly shows that there is a clear danger of all these pro-monarchical and anti-republican forces planning a military coup against the Maoist if they succeed in the Constituent Assembly. The vast masses of the people, including the indigenous-ethnic communities, *Dalits* (the so called 'untouchables'), the *Madhesis* (the people of Terai region) and the other marginalised communities are clear about the need for a republic and a comprehensive restructuring of the state.

Therefore, the need of the time is that all Nepal's neighbours and friendly countries, and the 'donors' do not interfere in the internal affairs of Nepal and do not offer any aid or threaten to suspend aid that is not helpful for a peaceful transition to multiparty federal republic of Nepal.^{***} The US is directly threatening Nepal with the suspension of aid if the Maoists are allowed to join the government before giving up arms and till they are de-listed from the US list of terrorist groups. The US is behaving as if Nepal is its colony and thus bound by the US laws and regulations. The issues relating to Nepal's security forces and foreign assistance in the context of the changed situation is

radically different. The issue now is of reducing the size of the army and seek a zone of peace status for Nepal through a non-aggression treaties with India and China.

Finally, one important thing that the US, India and other governments have to understand is that the agenda for a republic of Nepal is not merely the political demand of the Maoist, but of all the vast majority of the people. They have been suffering for centuries under the feudal monarchical upper class dominated racist regime and now they will not tolerate it anymore. History has given them the first chance to overcome all social, political and cultural obstacles to change. The spirit and hope they have now is that they can fight back the SPA-government, the Nepal Army and even external interventions peacefully. The agenda of the majority of the people of Nepal and the Maoist has become one – that is the establishment of a republic of Nepal through a Constituent Assembly. Therefore, the only constructive role that the donors can play is to give Nepal unconditional political support and untied aid in support of democracy, human rights and poverty eradication.

Notes

- * The authors express their apologies for the lack of technical clarity in this article which was written before the April Revolution of the global Reality of Aid Report. A few language and factual corrections have been made for the Asia-Pacific edition of this Report.
- ** After the April Revolution, the name of the 'Royal Nepal Army' has been changed into the 'Nepal Army', Likewise, the name 'His Majesty's Government of Nepal' has also been changed to the 'Government of Nepal.'
- *** See for the new constitutional framework for Nepal, the draft proposal for the Constitution of the Federal Republic of Nepal, 2006, prepared by the Citizen's Constitution Drafting Committee and

released on 6 August 2006. The Committee was formed by the National Coalition against Racial Discrimination in September 2005.

- 1 'Chintan' and Shrestha are directors at the Nepal Policy Institute and members of the Reality of Aid, Asia-Pacific. The authors would like to acknowledge the contribution of Laxman Acharya, Jagadish Parajuli and Prabin Man Singh from Nepal, and Thomas J Mathew and Bela Malik from India.
- 2 Kumar, D. and H. Sharma. 2005. *Security Sector Reform in Nepal: Challenges and Opportunities*. Friends for Peace. Series 8, Kathmandu. pp. 34-35.
- 3 Acharya, N. *Annapurna Post* (Nepali daily). January 16, 2005.

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- 4 Nepal's major seven-party alliance and the Maoists signed a Memorandum of Understanding on November 22, 2005 in New Delhi, India.
- 5 Royal Norwegian Embassy. Press Statement No. 01/05. July 20, 2005.
- 6 World Bank. *Nepal Country Assistance Strategy 2004-2007*. p. 9.
- 7 Benita Ferrero-Waldner, European Commissioner for External Relations and European Neighbourhood policy, said: "To break the cycle of escalating violence in Nepal, it is essential that we boost human rights – and end impunity for those who commit human rights abuses. Today's announcement shows the EU is committed to help pave the way for a brighter future for the country."
- 8 Siwakoti, G 'Chintan', "Who's aiding whom? Poverty, conflict and ODA in Nepal," In Randel, J. *et al.* (eds), *The Reality of Aid 2002*. IBON Foundation, Inc., Manila, pp. 81-87.
- 9 *The Himalayan Times*, September 11, 2004.
- 10 Nepal and India signed a controversial Peace and Friendship Treaty in 1950 followed by a secret arms deal in 1965. The provisions include the understanding and cooperation for mutual security interests and giving priority to Indian arms supplies.
- 11 Indian Ambassador to Nepal, Shiv Shankar Mukherjee says, "The issue of military supplies is under constant review by the Government of India, taking into account the evolving situation in Nepal. In view of the disturbed situation in Nepal it is a fact that no military supplies have been delivered since February 1, 2005." India is opposing third party UN mediation in resolving the insurgency. "A third party brings in more complications, my government does not see at the moment the need to muddy the water further. Certainly, an insurgency should be talked to, they have grievances that should be addressed, but the methods they use must be resisted and they must be encouraged to come to the table." Says Mukherjee. *Nepali Times*, No 236, 25 February-3 March 2005.
- 12 Chinese Ambassador Sun Heping, "It is essentially Nepal's internal affair. As a friendly neighbour, we sincerely hope that Nepal can realise social stability, economic development and national reconciliation. Meanwhile, we respect the choice of the Nepali people for their social system and development in line with Nepal's national realities. As Nepal's close neighbour, China is concerned about the issue of anti-government insurgency in Nepal. We strongly condemn any violent activities against civilians and civil infrastructures. Peace and stability in Nepal is not only in the interests of Nepal and its people, but is also conducive to regional peace and stability. We hope that the peace process here can be restarted as soon as possible so lasting peace can be realised at an earlier date." *Nepali Times*, No 249, 27 May-2 June 2005.
- 13 *The Kathmandu Post*. January 26, 2006.
- 14 For details, see Kumar, D. and H. Sharma. 2005. *op. cit.*
- 15 *Ibid.*
- 16 *The Himalayan Times*. April 20, 2004 and *Deshantar Weekly*. July 25, 2004.
- 17 Kumar, D. and H. Sharma. 2005. *op. cit.*, p. 41.
- 18 *Ibid.*, p. 43.
- 19 *Ibid.*, pp. 46-47.
- 20 *Ibid.*, p. 93.
- 21 *Ibid.*, p. 47.
- 22 *Ibid.*, p. 60
- 23 See, Mahat, R.S. 2005. *In Defence of Democracy: Dynamics and Fault Lines of Nepal's Political Economy*. Adroit Publishers, Delhi. p. 385.
- 24 *The Kathmandu Post*. February 9, 2006.
- 25 *Ibid.*, February 10, 2006.
- 26 *Ibid.*
- 27 *Ibid.*
- 28 *Ibid.*, February 11, 2006.
- 29 *Ibid.*, March 18, 2006.
- 30 *Ibid.*, February 16, 2006.
- 31 *The Rising Nepal*. March 25, 2006.
- 32 *Samay Weekly (in Nepali)*. No. 2, Issue 96, March 3-9, 2006.
- 33 *The Kathmandu Post*. March 3, 2006.

Developments in the New Zealand Aid Program

Ewan Morris

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Kaunihera mō te Whakapakari Ao Whānui*

The past two years have been a period of consolidation and review for New Zealand's aid program. The formation of a new government in October 2005 looks likely to see both continuity and change in New Zealand's approach to international development.

- The New Zealand Agency for International Development (NZAID) has consolidated its position as the government aid agency with a mandate to focus on poverty elimination. The reorientation of the government aid program since the establishment of NZAID in 2002 was endorsed by the OECD Development Assistance Committee (DAC) peer review of New Zealand, released in 2005. This review described NZAID's achievements in a short period of time as "impressive". The DAC review welcomed NZAID's employment of development specialists, its focus on poverty elimination, its development of new policies and capacities, its approach of working with the priorities of developing-country partners (including in post-conflict states where institutions are weak), its emphasis on primary education, and its commitment to improving the focus of its assistance through 'bigger, fewer, deeper and longer' engagements with bilateral and multilateral partners.¹
- The DAC review also made a number of recommendations for the improvement of New Zealand's international development cooperation. These included increasing New Zealand's aid volume from its current low level by setting a medium-term target for aid levels; strengthening NZAID's public information strategy with the aim of improving public understanding of aid and development; maintaining NZAID's focus on the Pacific while deepening its engagement with fewer core bilateral countries in Asia; increasing the level of policy coherence for development across government, with NZAID taking a lead role in promoting such coherence; and strengthening NZAID's field presence in order to facilitate policy dialogue and collaboration with developing country partners and other donors.²
- NZAID has also been the subject of a Ministerial Review to assess progress in implementing the changes sought by the government when it established the

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agency. The report of the reviewer had not been made public at the time this report was being written.

- New Zealand NGOs generally endorse the positive assessments of NZAID in the DAC review. They have continued to enjoy a good working relationship with NZAID, and believe that considerable progress has been made in improving the quality of New Zealand's aid program.
- However, the news is not so good on aid volume, New Zealand's Official Development Assistance (ODA) was only 0.23% of Gross National Income (GNI) in 2004, and New Zealand ranked 18th equal out of 22 OECD donor countries in terms of ODA/GNI ratio. The 2005 Budget increased ODA significantly to 0.27% of GNI, but this was still only the same level it was at when the Labour Party-led government came into office in 1999. The government has pledged to increase ODA to 0.28% of GNI in 2007-08. At present this is the only firm commitment to an ODA target. New Zealand is one of only six donor countries that have either not reached the internationally-agreed 0.7% aid target, or set a timetable for doing so by 2015 at the latest.
- In September 2005 a general election was held in New Zealand, and a new government was formed the following month. The government continues to be led by the Labour Party, supported by a number of smaller parties. As part of its policy platform for the election, the Labour Party committed to increasing ODA to 0.35% of GNI by 2010. Three of the parties on which it relies for support are committed to increasing ODA towards the 0.7% target. There is some cause for optimism about the prospects for improving New Zealand's poor performance with regards to ODA levels. New Zealand NGOs will continue to push

the government to reach the 0.7% target by 2015.

- Unlike in the previous two terms of government, when there was a separate Minister responsible for ODA, the new government has brought aid back under the responsibility of the Minister of Foreign Affairs. In an unusual move, the Minister of Foreign Affairs will not be a member of Cabinet because his party is not formally part of the government.
- The new Minister of Foreign Affairs, Winston Peters, is the leader of a populist, nationalist party not previously known for its support for overseas aid. However, since taking up the role he has indicated that one of his priorities is to channel more aid into the Pacific region. While there has been no indication to date that he will accord higher priority to immediate foreign policy concerns than to long-term development and poverty elimination, this is an issue that the Council for International Development (CID, the umbrella organization for international development NGOs in New Zealand) will be monitoring carefully. It is noteworthy also that the Cabinet Committee on Foreign Affairs and Trade is chaired by the former Minister of Foreign Affairs and that the Prime Minister also has a keen interest in Foreign Affairs and ODA.

Conflict, security and development

Since the US administration declared its 'War on Terror' in 2001, the New Zealand government has adopted some of the anti-terrorist rhetoric and practice of this 'war', but has not gone along whole-heartedly with the US agenda. In contrast to its neighbor Australia, it did not support the invasion of Iraq and its development assistance in the Pacific has not been driven primarily by security concerns.

New Zealand

- NZAID's policy *Preventing Conflict and Building Peace* recognizes the importance of preventing violent conflict by addressing its root causes. The policy states that NZAID's conflict prevention and peace-building work will support initiatives aimed at building a culture of respect for human rights, promoting inclusive dialogue and addressing gender issues. As well as helping tackle poverty as a cause of conflict, NZAID also assists partners in developing local capacities for conflict prevention, mediation and resolution; supports processes such as election monitoring and disarmament; and works with governments and communities on post-conflict reconstruction.
- While NZAID is still working on the implementation of its policy, it is already supporting significant initiatives in conflict prevention and peace-building, many of which are grassroots and civil society efforts. For example, in Indonesia NZAID supports a number of local and international NGOs working on conflict prevention projects, and has established a contestable fund that NGOs can apply to for conflict prevention and peace-building work.
- NZAID and New Zealand-based NGOs are working together on a number of initiatives related to conflict and peace-building. CID has developed a position paper on conflict transformation that guides CID's involvement in this area. The policy stresses the importance of including civil society in the conflict transformation process, stating that: "this inclusion is often ignored when governments work with their officials and seek help from other governments, bringing in military and other law and order enforcers, which may be necessary in order to stabilize a volatile environment such as that in the Solomon Islands."³
- CID is also involved in pre-deployment briefings for New Zealand peacekeepers, and is also working, together with NZAID, on building a relationship with the New Zealand Defence Force (NZDF) so that representatives of the international development sector and the NZDF can talk over issues of common concern. Another collaborative effort has been the establishment of a Pacific Conflict Transformation Network (PCTN) involving New Zealand and Pacific NGOs, academics, Maori and others. The PCTN was established to look at how best to deal with conflicts in the Pacific before they escalate to violence. NZAID was represented at the meeting that launched the PCTN, and funded research by the Pacific Concerns Resource Centre in Fiji aimed at exploring the potential for conflict transformation work in the Pacific.
- New Zealand has a long history of contributing to United Nations peacekeeping missions in many parts of the world. In recent years NZDF and police personnel have been involved in a number of peace support operations close to home in East Timor, Bougainville and the Solomon Islands. In each of these cases, New Zealand's military and police involvement has been part of a much wider engagement with post-conflict reconstruction. This has included long-term community development assistance, as well as assistance with the challenges of recovering from conflict, such as reconciliation and building the capacity of government institutions.
- An increasing amount of New Zealand's aid is going to countries in the Melanesian region of the Pacific, and the government has justified this in part by referring to the vulnerability of these countries to conflict and instability. The Solomon Islands, recently emerged from

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ethnic conflict, now receives more New Zealand ODA than any other country. However, it would be unfair to characterize New Zealand's aid distribution as following a security-driven agenda, since the Melanesian countries also have the most pressing human development needs among Pacific countries.

- The New Zealand government's approach to the Pacific has not been marked by the same obsession with security and terrorism as Australia's. Nevertheless, Prime Minister Helen Clark has said that Pacific Island countries have an interest in 'not being perceived by criminals or terrorists as a weak link', and has described this as a priority area for New Zealand.⁴ New Zealand is assisting Pacific Island countries to comply with international counter-terrorism standards. Such compliance imposes significant costs on small island states that are struggling with major development challenges, and this seems to be an area where the agenda is being driven by donors rather than by the needs of Pacific countries themselves.
- The New Zealand government describes itself as 'a strong supporter of the international campaign against terrorism',⁵ and New Zealand military forces took part in the US-led invasion of Afghanistan. NZDF personnel have since been part of a Provincial Reconstruction Team in Afghanistan, and Special Air Services combat troops have also been deployed to that country. The New Zealand government did not support the invasion of Iraq in 2003, although NZDF engineers were subsequently engaged in reconstruction work in southern Iraq in 2003-04. Reconstruction work carried out by the Provincial Reconstruction Team in Afghanistan, and by NZDF engineers in Iraq, was counted as ODA, but the New Zealand government has not been an advocate of expanding DAC ODA guidelines to include more security-related assistance. New Zealand international development NGOs opposed the Iraq war, and the deployment of New Zealand combat troops in Afghanistan has also been a matter of great concern.

Notes

¹ OECD Development Assistance Committee, *DAC Peer Review: New Zealand*, 2005, pp. 10-12

² *Ibid.*, pp. 11-20

³ CID, *Position Paper: Conflict Transformation*, 2004, p.9

⁴ Helen Clark, address to the Papua New Guinea Chamber of Commerce, 24 October 2005

⁵ Ministry of Foreign Affairs and Trade, "New Zealand and the Campaign Against Terrorism," <http://www.mfat.govt.nz/foreign/spd/terrorism/campaignterrorism.html> (accessed 28 October 2005)

Aid and Conflict: the Philippine Case

Arnold Padilla
IBON Foundation

Aid donors have long recognized, even before 9/11, the problems posed by armed conflict in the Philippines and the important role foreign aid plays in easing its social impact. In the mid-1990s, donors even used development aid to help facilitate the peace process in Mindanao, where Muslim groups have engaged the national government in a separatist war since the 1970s.

But the armed conflict has continued to escalate, although the national government signed a peace agreement with the Moro National Liberation Front (MNLF) in 1996 and is currently in the process of forging another with the Moro Islamic Liberation Front (MILF). But the 36-year old war for national liberation and democracy led by the Communist Party of the Philippines — New People's Army (CPP-NPA) remains the biggest security concern of the government.¹

The conflict in the Philippines took a new complexion after 9/11 when the current government of President Gloria Arroyo declared unconditional support for the “war on terror” declared by the Bush administration. All of a sudden, the country became a hotbed of terrorism as well as the “second front” in the war on terror. Along

with it came renewed commitments from major donors for more economic and military aid.

Decades of fighting the communist and Muslim wars have taught the government that the strength of these groups lies in the wide mass support they have from the poor communities in the countryside where they operate. All-out war and peace negotiations in the past have failed because many of the social and economic issues of the people remained unaddressed.

Post-9/11 military strategists of the government have thus developed a grand design to resolve the insurgencies — the National Internal Security Plan (NISP), which more systematically combines military campaigns and poverty alleviation/social development initiatives, some of which are funded by official development assistance (ODA).

The intensified campaign of the national government against armed groups — whether they be legitimate rebel groups like the CPP-NPA, MILF, and MNLF, or criminal organizations like the kidnap for ransom gang, the Abu Sayyaf — within the NISP framework has distorted the concept of peace and development.

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More disturbingly, the stepped-up campaign of the Armed Forces of the Philippines (AFP) against the CPP-NPA has also resulted in accusations of rampant military-perpetrated human rights abuses against non-combatants, including the rising incidence of assassinations of activists, leaders, members, and supporters of legal political parties and people's organizations.

NISP: military hijack of development work

The perennial bankruptcy and chronic fiscal problem of the national government have made the Philippines one of the world's most foreign aid-dependent countries in Asia. The latest available data show that the Philippines ranked sixth in 2004 among all Asian countries in terms of net ODA received from the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). It also received the 11th biggest net ODA disbursement in Asia from all multilateral and bilateral donors during the same year.ⁱⁱ

Not surprisingly, the Arroyo administration was quick to capitalize on the tragic events of 9/11 to secure the commitments of aid donors to bankroll its anti-poverty campaign as well as the modernization of the AFP and the Philippine National Police (PNP) within the framework of fighting terrorism.

The increased volume of military aid has raised the issue of aid militarization, where security and defense-related assistance has overwhelmingly outpaced the expansion of economic and anti-poverty assistance. US economic aid to the Philippines, for example, has been growing by an average of 33% per year since 9/11, a far cry from the 551% annual increase in its military aid to the country.

Increased foreign military aid and the presence of foreign troops tend to escalate

existing conflicts especially in the absence of a comprehensive and effective program to address the poverty, inequity, and social injustice that feed it.

What is worse, however, is how the Arroyo administration has allowed the military establishment and its foreign supporters to hijack poverty-reduction and social development efforts in the country, including programs and projects funded by ODA.

This form of aid militarization should cause more alarm than the increase in direct military aid from foreign governments because it subsumes peace efforts, development goals, and poverty alleviation under a militarist mindset and in the process aggravates the conditions for conflict.

This military takeover is embodied in the NISP, which is one of the products of the Trilateral Senior Leader Strategic Planning Symposia between the Philippines, the US, and Australia.¹ It was approved by President Arroyo on 26 November 2001 through Memorandum Order 44.²

The NISP is anchored on tight "civilian-military links" and has adopted a multi-faceted approach to the insurgency problem in the Philippines. As described by the Department of National Defense (DND), it is "a coordinated, synchronized, interrelated and mutually supporting campaign of the whole government machinery and its resources to uplift the socio-economic condition of the Filipino people, particularly those at the local levels (sic)."³

With the DND as the lead agency, the NISP combines the social development and nation-building functions and tasks of government departments and agencies on social welfare and development, health, education, land reform, agriculture, housing, anti-poverty, etc. with the anti-insurgency and internal security campaign of the government's armed forces.

The linking of military and civilian operations is being done through the Area

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Coordinating Centers (ACCs) created in places where rebel groups are strong. It is a 24-hour physical facility that serves as the “nerve center” for responding to security and development needs, including disaster relief and rehabilitation, and keeping peace and order. Through the ACCs, the AFP, the local government units (LGUs), and the local offices of national civilian agencies closely coordinate their activities.⁴

To further embed the NISP concept within the AFP, the DND is currently implementing its Philippine Defense Reform (PDR) program in which it identifies the enhancement of the AFP’s capability to conduct “civil military operations” as one of the key areas for improvement. Under this program, the military aims to “diminish the underlying socio-economic conditions and spur development in the countryside” and “support the construction of ‘Affirmative Action Roads’ that will facilitate economic dispersion in conflict areas.”⁵

Under the NISP, the government no longer defines priority areas for development projects and programs in strictly development and poverty-reduction terms. What has become more important in determining priority areas for government’s social development initiatives is their strategic importance to the anti-insurgency campaign of the AFP.

The “War on poverty”

With the NISP as its strategic framework in managing conflict and addressing insurgency, the Arroyo government has designed the Kapit-Bisig Laban sa Kahirapan (Unity against Poverty – KALAH) program. KALAH is the national government’s overarching program for a focused, accelerated, convergent, expanded, and strategic effort to reduce poverty. According to the National Anti-Poverty Commission (NAPC), the lead agency in KALAH, all government poverty reduction

programs and projects shall be anchored on KALAH.⁶

As envisioned in the NISP, KALAH shall have an inter-agency convergent mechanism composed of the National KALAH Convergent Group (NKCG) and the Regional KALAH Convergent Group (RKCG).

Among the functions and responsibilities of the RKCG, which is made up of the regional counterparts of national agencies in the NKCG plus Local Government Units (LGUs), is “close collaboration with the AFP and the PNP” to ensure a strong link between the anti-poverty and internal security efforts of the government.⁷ Around 36 of the 65 provinces with KALAH sites are classified as conflict areas, the majority of which are CPP-NPA guerilla fronts.

One of the major projects under the KALAH initiative is the KALAH-Comprehensive and Integrated Delivery of Social Services (CIDSS), a six-year (2003-2008) project with \$100-million in funding from the World Bank. It covers 42 of the poorest provinces in the Philippines and according to the World Bank “aims at strengthening local communities’ participation in barangay (village) governance, and developing their capacity to design, implement, and manage development activities that reduce poverty.”⁸

In reality, the KALAH-CIDSS is essentially the “social development” component of the AFP’s pacification campaign. For example, to help implement the projects in Muslim areas in Mindanao under the KALAH-CIDSS, President Arroyo announced in 2003 the formation of Salaam Soldiers. Salaam means peace and in this case is an acronym for the Special Advocacy on Literacy/Livelihood Advancement for Muslims.

At least half of this special team is composed of Muslim regular soldiers and integrees (former MILF or MNLF rebels) who have been tasked to provide “psycho-social and medico-civic services” as well as to

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ensure peace and order in their area. But the AFP itself said that the Salaam Soldiers are similar to the special operations teams (SOTs) deployed in insurgency areas in the early 1990s.

The SOTs combined civic action with intelligence-gathering and were largely credited for the decline of the communist insurgency in some regions of the country. Together with vigilante and paramilitary groups, they were accused of countless human rights violations in Mindanao.

Development funds for war

Strictly speaking, military aid does not qualify as ODA under DAC definitions. However, as many critics have pointed out, official policy papers calling for a re-definition of aid imply a clear link between poverty and terrorism and the need for aid “calibration” more in keeping with the new counter-terrorism-centered security agenda, thus “militarizing” ODA.⁹

DAC donors attempt to downplay this concern with clarifications on the eligibility of conflict, peace, and security expenditures as ODA. Donors, for instance, say that “eligible assistance is limited to non-military competence/capacity-building and strategic planning activities that promote political, institutional and financial accountability, civilian oversight, and transparency,” and that “any such support to defense ministries must be part of a national security system reform strategy.”¹⁰

They further claim that support for civilian peace-building, conflict prevention and resolution activities including capacity-building, monitoring, dialogue and information exchange must exclude engagement in military strategy and defense cooperation.

But in the Philippine case, the NISP-KALAHÍ has put poverty alleviation and social development – the core purposes of ODA – within the ambit of the government’s military

campaign against insurgency. Therefore, practically all bilateral and multilateral ODA funding for such programs and projects is being used for military operations.

This has serious implications because aside from ODA’s falling behind in terms of annual growth compared to military aid, that part of ODA which the DAC defines as conflict and security-related expenditures has also been eating into an increasing portion of DAC donors’ ODA to the Philippines since 9/11 at the expense of other sectors that directly benefit the poor and marginalized.

To illustrate, between 2001 and 2004, DAC funding for conflict, peace, and security has been growing by 59% per year, while funding for health has been declining every year by 2 percent. Consequently, the share of ODA expenditures for conflict, peace, and security grew from 8% to 16%, while the total ODA for social infrastructure and services like health and education fell from 14% to 3% during the same period. (See **Graphs 16 and 17**)

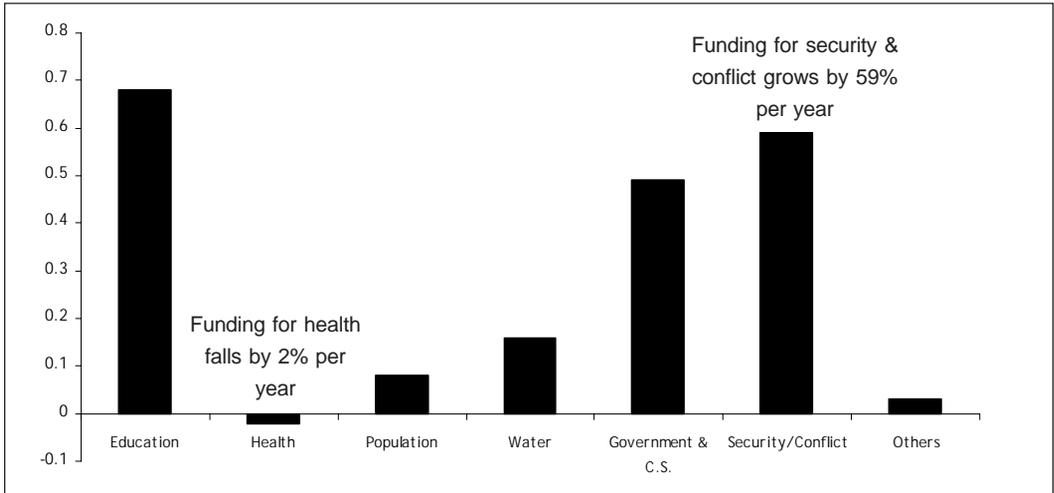
Shortcut to peace

Mindanao has a special place in the overall peace and security efforts of the national government and donors. Some analysts have pointed out that this is not only because of the dramatic attacks by the notorious Abu Sayyaf terrorist group based in Mindanao. A more compelling reason behind the campaign to stabilize security in Mindanao is the huge economic potential of the region owing to its vast but under-exploited natural resources.

Major donors with economic interests in Mindanao like the United States, Japan, Australia, and Canada have been directing a substantial portion of their aid to the Philippines for the resolution of the conflict in Mindanao. A partial list of these programs and projects show that at least \$112 million in DAC ODA is directly being used for the peace efforts in the region mainly for livelihood projects for former Muslim rebels

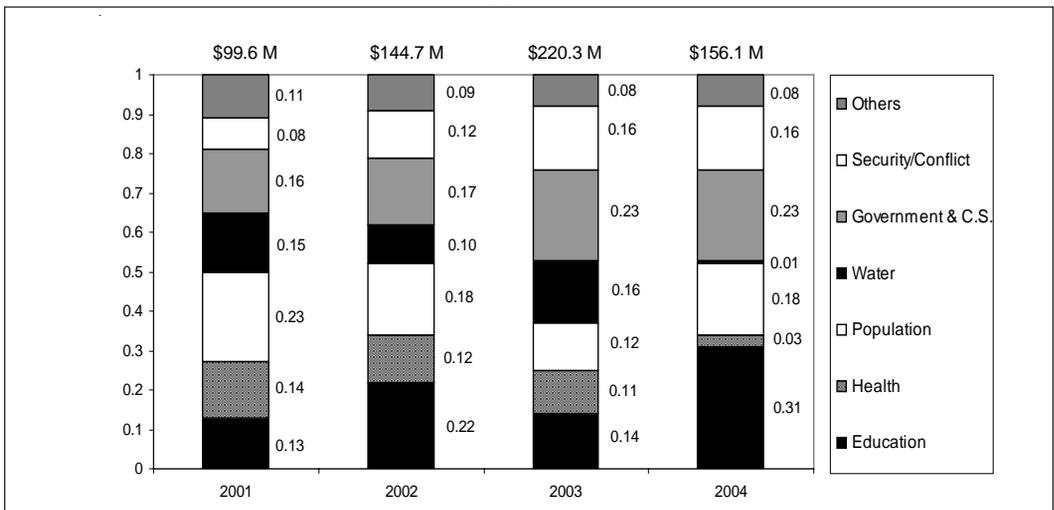
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Graph 16. Annual Growth of ODA Commitments from DAC Donors for Social Infrastructure & Services in the Philippines, 2001-2004



Source of Basic Data: OECD-DAC

Graph 17. Distribution of DAC ODA Commitments for Social Infrastructure and Services in the Philippines, 2001-2004



Source of Basic Data: OECD-DAC

as well as social and economic infrastructure. (See **Table 12.**)

Consistent with the NISP approach, the national government and the donors also

continue to use ODA as a bargaining chip to entice Muslim rebels into surrendering. The national government, for instance, has been trying to raise resources for the Mindanao

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Table 12. Partial List of Ongoing/Committed Peace and Security-Related Programs/Projects in Mindanao

Country	Amount	Details
US		
Conflict Resolution in Mindanao		
a. Integration of former combatants	\$1.86 million	Assistance in the form of production inputs, training, technical support, & marketing assistance as well as provision of post-harvest facilities
b. Improving economic infrastructure in conflict-affected areas	\$19.92 million	Construction of 100 community infrastructure projects such as water systems, jetty improvements, bridges, farm-to-market roads, ports, etc. to facilitate movement of goods & services
c. Accelerating business & economic development	\$5.5 million	Technical assistance to expand the production & marketing of high-value crops & products; Assist in formation/strengthening of business organizations
d. Increasing access to micro-finance services	\$5 million	Technical assistance to 110 rural bank units based in conflict-affected areas
e. Improving governance & delivery of social services in the ARMM tbd - to be determined	\$5.5 million	Assistance for improving school administration in the ARMM; Expanding linkages between schools & business community; Improving internet access for ARMM students; improve efficiency, transparency, & accountability of ARMM regional government
f. Livelihood assistance for former fighters	\$4 million	Livelihood assistance to 4,000 MILF former MILF combatants & their families
Japan		
UN Emergency Rehabilitation of Agri-based Livelihood for Disadvantaged Farmers & Returning Internally Displaced People in Mindanao	¥200 million	Japan's support to the project of the Food and Agriculture Organization (FAO) of the UN
ARMM Human Resource Development Project	nda	Technical cooperation project; Training courses for 700 high-level ARMM officials; Assistance for reformulation of ARMM Regional Development Plan (2005-2010) & Regional Development Investment Program

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Country	Amount	Details
Support Package for Peace & Stability in Mindanao		
a. ARMM Social Fund for Peace & Development	¥2.5 billion	
b. For socioeconomic development & peace-building in ARMM	¥1.5 billion	
c. Past commitments	¥40 billion	Completion/continuation of various ODA-funded infrastructure projects in Mindanao
Canada		
Mindanao Program for Peace & Development	P52.53 million	Livelihood & enterprises project in Mindanao's Special Zone for Peace and Development areas
Local Governance Support Program in ARMM	\$18 million	Enhance local governance capacity in ARMM with respect to local government leadership & management, service delivery, resource generation & management, participatory development governance, & peace building
European Commission		
Aid for displaced people in Mindanao	\$0.58 million	Improving access to safe water, sanitation, & public health; Boosting of security of food sources
tbd - to be determined nda - no data available		

Sources: AusAid; USAID; CIDA; Japan Embassy; Associated Press

Peace Fund. The Fund would be used to build soft and hard infrastructure in Mindanao, but would only be available if the national government and the MILF reach a final peace agreement.

The US initially committed \$30 million, but later withdrew a portion of it and blamed the "slow progress" in the government-MILF peace talks.¹¹ Other contributors to the peace fund

include the World Bank (\$2 million plus administration of the fund), Australia (amount to be determined), European donors, and UN agencies.

By making the conclusion of a peace agreement a prerequisite to access to the fund, the proponents actually defeat its purpose of helping achieve genuine and lasting peace in Mindanao. The need for rehabilitation

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and poverty reduction cannot wait for the conclusion of peace talks and may actually provide field conditions to promote peace. On the other hand, using development funds as enticement for concluding peace talks has failed as experience in Mindanao shows, nor can development funds be used as a shortcut to sustainable peace.

The national government already tried this approach in 1996 when it signed a peace agreement with the MNLF.ⁱⁱⁱ But only five years later, an MNLF faction continued the armed struggle against the government because the underlying issues of their revolution had not been addressed by the peace agreement.^{iv}

Increased military aid

Meanwhile, US military aid has been pouring into the country since 9/11. Arroyo's support for the US "war on terror" has warmed Philippine-US aid relations, which turned "cold" when in 1991 the extension of the 1947 Military Bases Agreement (MBA) that allowed the US to maintain naval and air bases and other military facilities in different parts of the country was rejected by the Philippine Senate.

From 1992 to 1997, US military and economic aid to the Philippines had steadily declined until the 1998-1999 period when the Visiting Forces Agreement (VFA), which allowed joint military exercises and training between Filipino and American troops, was negotiated and eventually approved. But the sharpest increases in US aid occurred after 9/11 with American military assistance to the Philippines growing by a staggering 1,639% between 2001 and 2002.¹² (See **Graph 18.**)

The Philippines now ranks as one of the most important destinations of US military aid worldwide. Between 2001 and 2005, for instance, US Foreign Military Financing (FMF) for the Philippines is expected to have increased by 1,171%. In comparison US FMF

for Afghanistan is projected to have increased by 692% during the same period; Israel, 11%, and Pakistan, 98 percent. Note, however, that while US FMF for the Philippines is one of the fastest growing in the world, Afghanistan, Israel, and Pakistan still account for the biggest share in US FMF.^{v 13}

Aside from the provision of military hardware, US military aid to the Philippines also involves the conduct of the Balikatan (rough translation: shouldering the load together) exercises. The Balikatan actually started in 1981 under the 1952 Mutual Defense Treaty (MDT), but has become bigger in terms of the number of visiting US soldiers as well as the frequency and scope of the exercises under the 1999 VFA and the "War on Terror".^{vi}

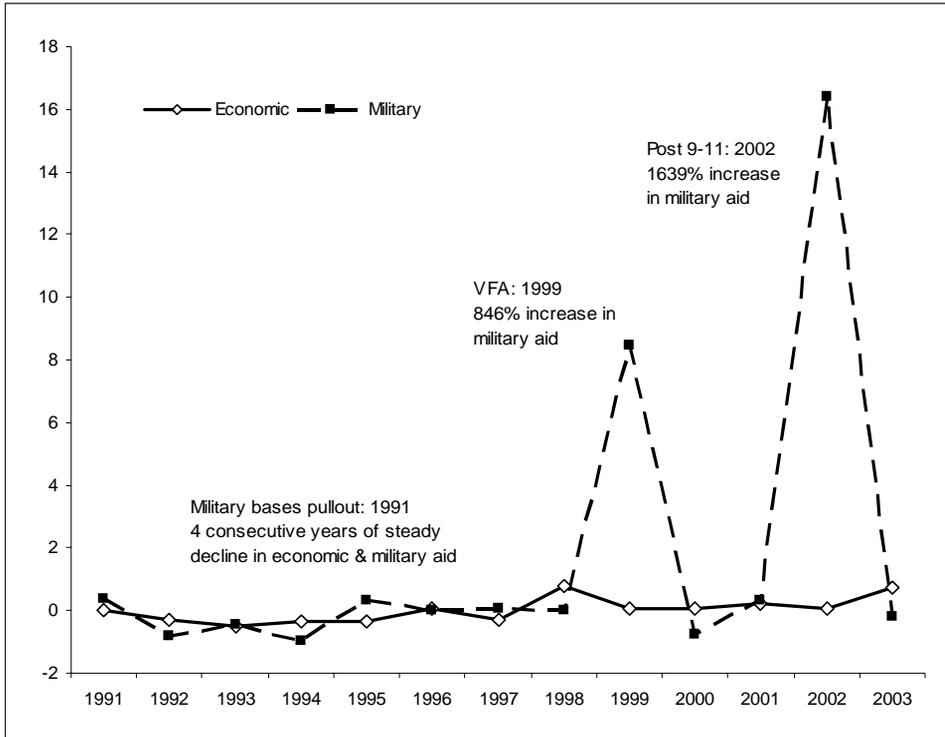
Another active donor in terms of military assistance to the Philippines is Australia, which has an ongoing three-year (2003-2006) \$5-million Philippine Counter-Terrorism Assistance initiative. The package aims to build the capacity of key government agencies to combat terrorism with a particular focus on law enforcement, border control, port security, and regional cooperation.¹⁴

It includes the 18-month Port Security Capacity-Building Project worth \$1.3 million and the Australian Aid (AusAid)/AFP law enforcement counter-terrorism capacity-building project worth \$3.65 million, both approved in April 2004.

In October 2005, President Arroyo held a closed-door meeting with Australia's defense minister. Manila and Canberra affirmed their commitment to a higher level of security cooperation in fighting terrorism. The two countries are now in the process of ironing out an agreement to enhance military cooperation particularly on intelligence exchanges, maritime security, and military training.¹⁵ Under this pact, Australian

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Graph 18. Comparative Annual Growth of US Military and Economic Aid to the Philippines 1991-2003



Source of Basic Data: *US Overseas Loans & Grants (Greenbook)*

soldiers may hold regular military exercises with their Filipino counterparts similar to the Balikatan.

Aside from the US and Australia, the Philippines also has existing defense cooperation programs with other major DAC donors such the UK, France, Spain, and Italy.

Reign of (state) terror

As the Arroyo administration aggressively used anti-poverty and social development initiatives as well as foreign military aid in the government's intensified campaign against insurgency in the country, an alarming trend in human rights abuses has begun to afflict the people, particularly in the vast Philippine

countryside. While human rights violations perpetrated by military and paramilitary units against civilians are no longer new, such attacks have become more numerous and more vicious since President Arroyo declared all-out support for the US-led war on terrorism.

The incidence of assassination of leaders and members of militant groups and progressive political parties as well as their supporters has been rising since 2001. Anyone — from town officials, church leaders, and lawyers to activists, ordinary farmers and workers — *suspected* of supporting or being a member of the CPP-NPA could be targeted for assassination.

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Meanwhile, the number of murdered journalists in the provinces in the last five years has also been steadily increasing.

In Mindanao, the atrocities of military units against the Muslim people remain unabated. In February 2005, for example, five Muslim civilians including a 14-year old boy were massacred in the province of Sulu by soldiers from the 53rd Infantry Battalion of the Philippine Army. One of the victims, a village official, was accused by the military of being an Abu Sayyaf member.¹⁶

An independent report by the human rights group Karapatan (Rights) recorded a total of 150 victims of political killings in 2005, of which 80 were confirmed activists while 70 were suspected by the military to be sympathizers, supporters, friends, or relatives of communist or Muslim rebels. The number of victims of political killings from January to November 2005 is almost double the annual average from 2001 to 2004. (See **Table 13.**) Overall, 874 different cases of human rights violations have been recorded in 2005 involving 99,011 victims, "the worst since the days of the dictator Ferdinand Marcos," the group said.¹⁷

Peace means social justice

Donors may argue that they should not be held accountable for the human rights

abuses that the Philippine military may have been committing, since, unlike the military aid that some donors like the US and Australia provide, their engagement in the country is only in the field of social development and poverty alleviation. But as already discussed, the NISP has already blurred the distinction between military operations and social development/poverty alleviation work.

The NISP is bound to perpetuate conflict in the Philippines because the military establishment is oriented and trained for war and conflict. ODA resources used within a strategic framework of subsuming the peace and development process under a military-defined internal security effort therefore help perpetuate the conflict and the rampant violation of the people's most fundamental human rights.

It is thus imperative for all donors to take a hard look at how their programs and projects in the Philippines are being hijacked for the militarist pacification campaign of the government.

At the minimum, direct military aid and other forms of foreign assistance to the AFP and PNP must be immediately suspended in the light of the alleged state/military terrorism and violence against the people.

Clear, verifiable standards and mechanisms must be put in place to distinguish

Table 13. Selected Indicators of Human Rights Abuses Under the Arroyo Administration (Number of victims)

Indicator	2001-2004	2001-2004 annual average	Jan-Nov 2005
Killing	349	87	150
Frustrated killing	68	17	52
Enforced disappearance	108	27	41
Torture	199	50	66
Physical assault or injuries	1498	375	118

Compiled by Karapatan Alliance for the Advancement of People's Rights

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ODA poverty reduction programs from government anti-insurgency programs which must not be allowed to use ODA funds. ODA funded programs for peace and development in conflict areas must be decentralized and implemented by independent parties involving non-government players and the local communities in particular. The government and its armed units are adversaries directly engaged in the war, and as such they should not have a monopoly over peace and development work. In many cases, popular confidence in the government and the military is seriously challenged in conflict areas, creating difficulties in providing effective services and even in implementing infrastructure projects.

However, for the engagement of non-government players and affected communities to be more effective, the NISP frame-

work must be abandoned because it does not promote the democratic participation of other forces in society in the peace and development process in the conflict areas. Non-government development workers face a serious danger of being tagged as terrorists or enemies of the state, if they act independent of government, because of the AFP's anti-insurgency campaigns and the NISP framework.

There will never be lasting peace and sustainable development without social justice. Social justice can only be defined by the people themselves — the landless farmers and other marginalized sectors who make up the base support of the communists and the poor Muslims who have suffered decades of displacement and oppression — and cannot be imposed by the military nor by well-meaning donors.

Annexes

Annex 1.

Brief Profile of Major Rebel Groups in the Philippines

New People's Army (NPA): The NPA is a communist-led guerilla army in the Philippines, formed in March 29, 1969. The NPA is the military wing of the Maoist Communist Party of the Philippines (CPP) which is carrying out a revolutionary program for national democracy and liberation. Starting out with 60 fighters and 34 rifles, the NPA quickly spread throughout the Philippine Islands during the dictatorship of Ferdinand Marcos. The armed struggle in the Philippines, deeply rooted in the countryside, helped in the downfall of the dictatorship. In its 36th anniversary statement, the NPA said that it is now operating in 130 guerilla fronts covering significant portions of nearly 70 provinces in around 800 municipalities, and more than 9,000 barrios all over the country.

Moro National Liberation Front (MNLF): Founded in 1969, the MNLF draws its members primarily, though not exclusively, from the Tausug, Samal, and Yakan ethnic groups. Its first members were Muslim nationalist youth activists recruited by the traditional Muslim leadership for military training in Malaysia. Like Nur Misuari, MNLF's chairman, these young men generally had a secular education, and some had briefly taken part in left-wing student politics. When the MNLF was founded, its objective

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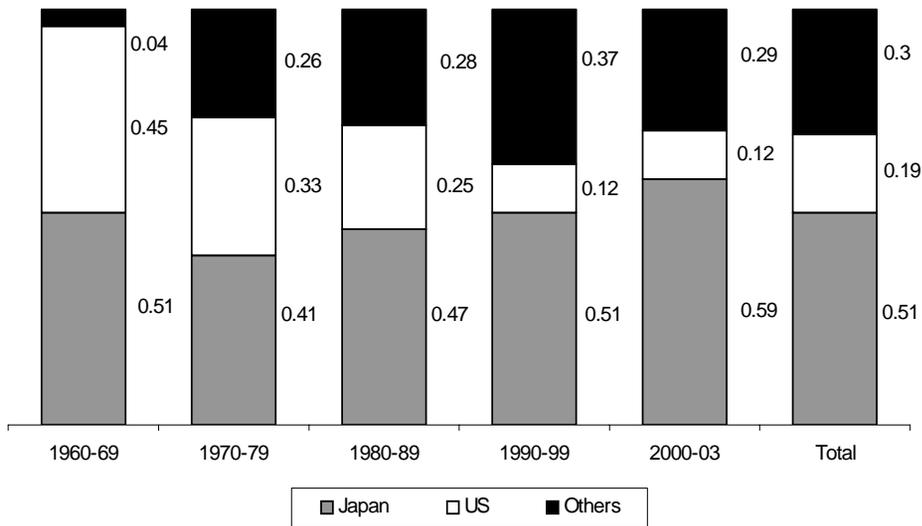
was to create an independent Bangsamoro homeland. However, under pressure from some Islamic states, it has accepted autonomy within the Philippine state. Some MNLF leaders currently serve in the ARMM administration while Nur Misuari leads a breakaway faction that reinitiated armed activities against the government.

Moro Islamic Liberation Front (MILF): While the MILF was officially founded in 1984, its origins were in a group led by Central Committee member Salamat Hashim that left the MNLF shortly after the collapse of the Tripoli Agreement in 1977. At first called the New MNLF, it formally established itself in 1984 as the MILF. The organization puts much greater emphasis on Islamism than the MNLF, and most of its leaders are Islamic scholars from traditional aristocratic and religious backgrounds. The MILF claims to have 120,000 armed and unarmed fighters and many more supporters. Recent Philippine government estimates put the MILF strength at 8,000 while Western intelligence sources put it at 40,000. Most members come from the Maguindanaon and Iranun ethnic groups, although Maranaw recruits seem to be increasing.

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Annex 2.

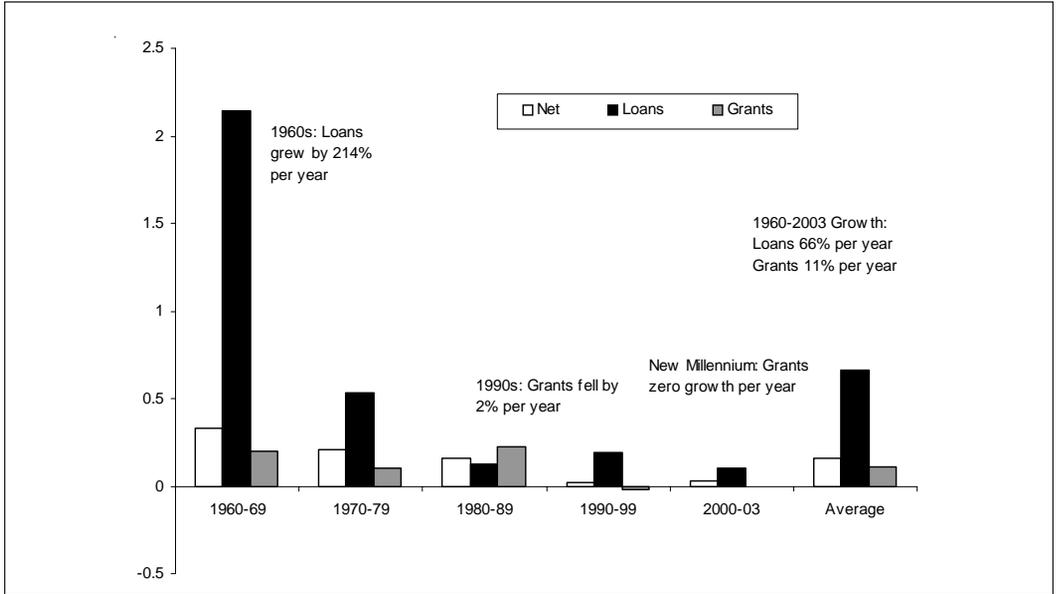
Long-Term Distribution of Net ODA Disbursement to the Philippines



Source of Basic Data: DAC-OECD

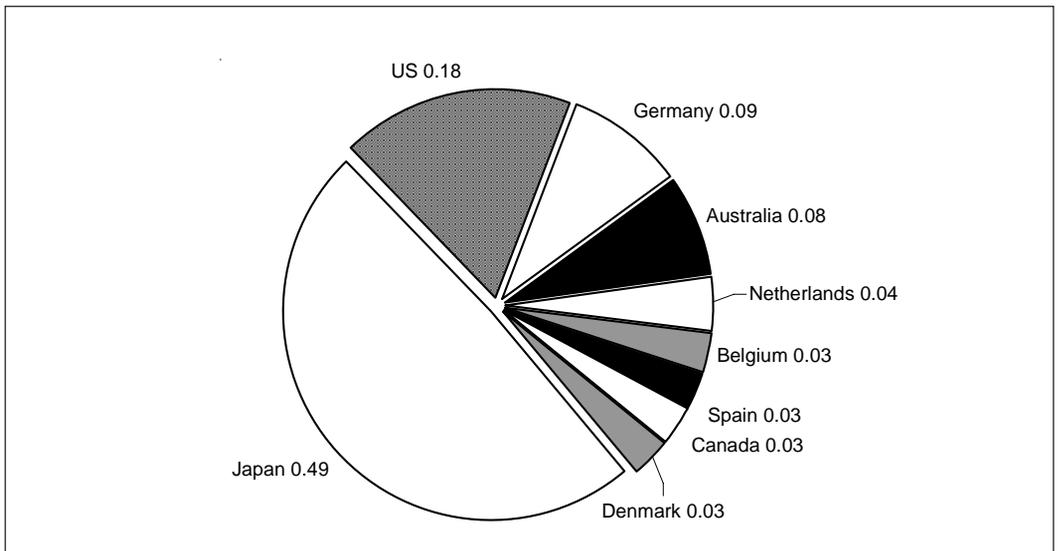
Philippines

Annex 3. Long-Term Annual Growth Rate ODA Disbursement to the Philippines



Source of Basic Data: DAC-OECD

Annex 4. Distribution of ODA Net Disbursed to the Philippines, By Donor, 2004



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Notes

- ⁱ See Annex 1 for a brief profile of the major armed rebel groups in the Philippines.
- ⁱⁱ See Annexes 2, 3, & 4 for an overview of the long-term distribution of and annual growth rate in net ODA disbursement to the Philippines from 1960 to 2004, as well as the current distribution of bilateral ODA funding in the country by donor.
- ⁱⁱⁱ The Ramos administration (1992-1998) used a package of ODA-funded social development programs and projects to woo the MNLF to surrender and sign a peace agreement with the government. The package would supposedly help in the “transition” of the MNLF rebels from guerrilla fighters to productive and law-abiding citizens. A USAID livelihood project under the package, for instance, was responsible for enticing 13,000 MNLF fighters to surrender and reintegrate into the mainstream society.
- ^{iv} According to Khaid O. Ajibon, MNLF State Chairman of the Sulu State Revolutionary Committee, the issues of the ongoing conflict between the MNLF and the Philippine government are: (1) The root causes of the war, which includes the issue of the Moro people’s right to self-determination; (2) Non-implementation of the 1996 GRP (Government of the Republic of the Philippines)-MNLF Peace Agreement; (3) Continuing human rights abuses against the Moro people; and (4) Justice for MNLF chairperson Nur Misuari who was jailed for rebellion in 2001. (*For more details, please see “Sulu: State of War, Calls for Peace” by Atty. Soliman M. Santos Jr. which can be accessed at http://www.cyberdyaryo.com/commentary/c2005_0506_01.htm*)
- ^v In 2005, the World Policy Institute estimated that US FMF for the Philippines was \$29.8 million. Israel remains the largest beneficiary of US FMF with \$2.2 billion, followed by Afghanistan (\$396 million); Jordan (\$204.4 million); and Pakistan (\$148.8 million). To access the complete list of US FMF beneficiaries, please visit <http://www.worldpolicy.org/projects/arms/reports/WatWTable3.html>.
- ^{vi} The gross imbalances in the VFA favoring the US, particularly the provision allowing US custody of US military personnel involved in criminal cases committed in the Philippines, again became a national debate when a 22-year old Filipina accused five US Marines of rape. The US suspects were among the 4,500 troops who arrived in the country in October 2005 for one of the Balikatan exercises.

Endnotes

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- ² *The War on Terrorism in Southeast Asia: Strategic Implications for Philippine-China-US Relations* by Professor Rommel C. Banloi, Paper presented at the Institute for Southeast Asian Studies on Zhongshan University, Guangzhou, China, in connection with his visit on 8-17 January 2002
- ³ Department of National Defense, Accomplishment Report, January to June 2004
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- ⁵ Implementing the Philippine Defense Reform (PDR) Program, Department of National Defense (http://www.dnd.gov.ph/DNDWEBPAGE_files/html/pt1agenda.htm)
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- ⁷ KALAH Database, National Anti-Poverty Commission (<http://www.napc.gov.ph/>)
- ⁸ Kapit-Bisig Laban sa Kahirapan - Comprehensive and Integrated Delivery of Social Services (KALAH-CIDSS) Project, Projects and Operations, The World Bank (<http://web.worldbank.org/external/projects/main?pagePK=104231&piPK=73230&theSitePK=40941&menuPK=228424&Projectid=P077012>)
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- ¹² Aid figures were generated from the US Overseas Loans and Grants [Greenbook] (<http://quesdb.cdie.org/gbk/>)
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- ¹⁴ *Reducing Terrorism Risks in the Philippines*, Australian Aid, Media Release, 27 April 2004 (http://www.ausaid.gov.au/media/release.cfm?BC=Media&Id=7540_4789_3694_2613_1112)
- ¹⁵ "RP Thanks Australia for Military Aid" by Genalyn D. Kabling, *Manila Bulletin*, 18 October 2005
- ¹⁶ "The Philippines' Nasty Little War" by Leila Halud and Tyrone Velez, *Asia Times*, 13 April 2005
- ¹⁷ "Militant Group Accuses Government of Rights Abuses," Agence France Presse, *Philippine Daily Inquirer*, 3 December 2005

Part III
Post-Tsunami Aid and Other Issues

Aceh's Tsunami Aid: One Year After

Poverty Reduction Needs a Bigger Role in Australian Aid

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On December 26, 2004, an earthquake struck 150 km off the coast of Aceh. Forty-five minutes later the tsunami wave hit Aceh and within minutes it swept clean an 800 km coastal strip of Aceh. The March 28, 2006, earthquake added to the toll in the island Nias and southern parts of Aceh. The power of nature in these events is scarcely comprehensible, causing immense social, economic and environmental devastation¹ to areas that were already poor, while sparking unprecedented emergency support. In Aceh, Nias and other parts of North Sumatra, more than 200,000 people were killed or missing and about 500,000 people were internally displaced, with the destruction of large swaths and property.

Never before has a response to a natural disaster occasioned so much international scrutiny. Its regional impact was one reason. It affected 12 countries plus the nationals of many more. The unprecedented amount of money raised was another reason for the international scrutiny. Bilateral and multilateral donors, NGOs, corporations and individuals around the world pledged US\$13.6 billion.²

The governmental Rehabilitation and Reconstruction Agency (BRR) estimated that

to restore lost assets the people of Aceh and Nias will need at least US\$ 5.8 billion. This includes taking into account rising inflation due to high demand for reconstruction-related goods. Additional resources will be needed to upgrade facilities that were already in poor condition before the disasters hit, particularly in conflict-affected areas and in Nias. Total pledges for reconstruction and development in Aceh and Nias amount to about US\$ 9 billion.³

Before the tsunami, more than a third of the population of Aceh and Nias lived in poverty. Now, almost half live below the poverty line or are dependent on food aid. Full recovery will take years. The calamity unleashed an unprecedented national and international response for emergency needs. Rebuilding the economy is a great challenge and is best served by starting physical reconstruction as swiftly as possible. It is estimated that the disaster has reduced the 2005 GDP by 5 percent in Aceh and 20 percent in Nias, though the impact varies greatly by district with two of them losing half their GDP. This signals that an additional 325,000 people in Aceh, and 149,000 in Nias might fall below the poverty line without

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adequate safety nets. Post tsunami prices have increased more sharply than nationwide, in particular in the provincial capital of Banda Aceh, where year-on-year inflation in October 2005 reached 37.5 percent — largely due to the heavy demand for construction materials and skilled labor. The construction boom has also led to a 30-40 percent surge in wages across all professions.⁴

After more than one year of the tragedy and despite of recovery efforts by BRR along with the staff of 124 international NGOs, 430 local NGOs, dozens of donor and United Nations agencies, various government agencies, some military, and many others, the visitors are still struck by the scenes of utter devastation. The greatest hope for a more lasting recovery has come from the signing of a peace accord in Helsinki between the Government and the Free Aceh Movement (GAM) on August 15, 2005, ending a 30-year conflict during which almost 15,000 people had died. Past accords have not held, but lessons have been learned and so far the prospects look good. Former GAM combatants are reintegrating into their original communities, arms are being handed over on schedule, Indonesian military forces in Aceh are scaling back as promised and local institutions are welcoming GAM leaders into decision-making positions.

There is a possibility of a “virtuous circle”. On the one hand, tsunami gives peace a chance, and the reconstruction efforts present an opportunity to strengthen the peace by bringing entire communities together and make a plan for their future. On the other hand, waves of humanitarian relief which are not thought out strategically in fact could pulverize Aceh socio-culturally. It could take away the dignity, prestige and local cultural uniqueness and trigger tension or even a new conflict.

The tokens were showed by Irwanto⁵ as

followed. Firstly, global response is inseparable from issues of prestige and competition for economic and political influence that has occurred thus far. Many countries compete with each other to provide the biggest assistance and compete for the spotlight in world news. Due to the influence of the assistance and huge political pressure, the recipient countries seem to have a difficulty in negotiating their positions when confronted with other agenda attached to the assistance. And it is worth mentioning that some of the funds will be funneled through non-governmental organizations which certainly have their own visions and missions. The lesson learned from East Timor, showed us that such thing could result in an extremely chaotic situation and produce exploitative local society groups.

Eye on Aceh in its report⁶ found that many local communities had not been properly consulted about reconstruction, and there had been a failure to build local capacity. Reconstruction efforts had also increased social tension in Aceh, while turf wars between donor agencies, competition for project areas and a reluctance for donors to exchange information had dogged the reconstruction effort. The report stated that many Acehnese citizens were left feeling powerless and were frustrated about unexplained delays, and easily avoided mistakes such as design flaws in houses or boats.⁷

The second token related to the reporting in media especially electronic media-TVs all over the world, especially in Indonesia, has focused more on the issues of exploitation of viewers’ compassion and concern by presenting deplorable images and stories. To some extent, such reporting is needed to generate solidarity and raise funds from the people. It occurs in donor countries that this kind of media reporting among other is used to collect humanitarian

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relief funds, which are needed, but at the same time, form an inseparable part of the competition for sphere of influence and attention. As a result, the people reacted quite emotionally. It eventually resulted in the biggest fund raising event ever witnessed by today's generation and waves of volunteers eager to offer help in affected areas. There are many positive aspects that can be learned from such a reaction, but one should be aware of its negative aspects exploited by the media: helplessness, desperation, destruction, confusion, and misery. All of these aspects are very prominent in this event, however, the way the problem was presented, continually influences the solution suggested in later days. And, the solution based on the image projected will be quite detrimental to the victims.⁸

Thirdly, due to emotional reaction, many courses of actions have neglected some fundamental issues. As a result of the pitiful misrepresentation of the disaster victims, several actions made with good intentions could potentially prove to be even more damaging to the victims. A large number of volunteers who come to Aceh could obstruct Acehnese people's attempt to wake up to their nightmares. Self-esteem, dignity, and Acehnese cultural pride can only be reconstructed if the people have the central role in rebuilding themselves. Similarly, the efforts to overcome trauma and distress after the disaster — can possibly be effectively made only if they have meaningful activities for survival. They are just like sick men who need doctors, nurses, and other people, but they themselves must play a part in their recovery. Acehnese children were gathered, and even ready to be "distributed" forgetting that those children are culture bearers for the future of Aceh. Widescale adoption of Acehnese children can become a cultural looting in effect. However,

this occurs because the logic of the philanthropists has been reconstructed in such a way that they think the remaining Acehnese people affected by the disaster are "helpless", and therefore, needful of help.⁹

One year after

It took the Government several months to formulate its strategy. The Government's master plan for rehabilitation and reconstruction contained two critical decisions that were to initially delay reconstruction. The first was to establish a ministerial level Rehabilitation and Reconstruction Agency (BRR) to provide leadership of the recovery; though it took some months before the agency became fully operational. The second was to insist that communities take the lead in planning their own recovery; participatory processes are often slower than top-down alternatives but should be more effective over the long term because the plans have full community support.

Four key priorities has been set up by BRR for 2006: (1) provide decent shelter to all: Through the transitional shelter campaign, accelerating the pace of permanent house-building, resolving the remaining policy and strategy dilemmas, and meeting remaining gaps through direct implementation where needed¹⁰ (2) rehabilitate vital infrastructure: Especially the transport links along the west coast, urban drainage and facilities, and coastal protection; also preparing a longer term plan for infrastructure development; (3) strengthen institutional and human capacities: By building the capacities of local governments to handle complex infrastructure and development schemes; building the capacities of independent organizations to monitor this and help guard against corruption; and by continuing to

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restore education and health facilities and services¹¹ (4) restore livelihoods¹²: By ensuring the construction boom create sustainable job opportunities and new skills are created.

April 2006 the BRR which was established through Regulation in Lieu of Law No. 2 of 2005 has completed its first year of operation. One year after the tsunami, emergency relief is still needed, but the burden of effort is now focused on reconstruction. In Aceh and Nias, great areas of urban landscape remain nothing but rubble; about 67,500 people are still living in tents, many of which are going moldy. Hundreds of thousands of people still depend on food aid and emergency employment schemes. However, the implementation of the program is very low. End of March only about 3.31 percent of the total budget for rehabilitation and reconstruction (IDR 452.6 billion out of (IDR 13.67 trillion) were absorbed.¹³

Given the need for the construction of housing and inadequate health facilities and public service infrastructure while the capability of local government has not been recovered yet, there are many opportunities for NGOs or institutions to get involved in the relief efforts in Aceh. Announcements of project tenders are now found to be very common in Aceh. You only need to check the current vacancy advertisements in several mass media. Vacancies for positions to be based in Aceh are dominant with good salaries by good salaries to entice applicants.

Rehabilitation and reconstruction in Aceh are such a big project. The Chairman of State Audit Board (BPK), Anwar Nasution, once mentioned that the funds poured into Aceh in 2006 reached IDR 17.568 trillion¹⁴ in addition to the remaining funds from the previous year as much as IDR 4 trillion. It still does not include those which directly go to the NGOs and personal accounts in various

projects.¹⁵

BRR noted that the total rehabilitation and reconstruction funds that need to be provided reach IDR 60 trillion. The funds already obtained from state budget (APBN) amount to IDR 21 trillion for four years. The IDR 24 trillion funds are obtained from non-governmental organizations and donors. The Acting head of BRR Anti-Corruption Unit, Kevin Evans, has already showed how prudence becomes his main concern in the rehabilitation and reconstruction stages. Commitment to give assistance would not be realized if the donors had no firm beliefs that their assistance would be well managed and providing an adequate salary to BRR staff is one of the efforts to make BRR free from corruption. From hundreds of the complaints received, at least nine cases of which have been forwarded to Corruption Eradication Commission (KPK), the Commission for the Supervision of Business Competition (KPPU), and also to the police. However, there is some doubt regarding the anti-corruption efforts of BRR. One staff of the BRR Anti-Corruption Unit was fired when he was – according to his statement – a bit too “loud” in asking for transparency.¹⁶

In general, the BRR's spokesperson admitted that they cannot control the flow of fund usage managed by the NGOs, particularly the foreign ones. What BRR can do is only to coordinate the projects that are undertaken. He did not rule out the possibility that the bulk of total budget of the foreign NGOs are used more for operational activities and also to pay the high salary of their staff.¹⁷

The BRR which offers hope for the future has now been in its second year of the four-year operation set by the government. Aceh is beginning to bloom. Hotels are always fully occupied by those coming from areas outside Aceh and markets are always busy. Men have gone about their

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daily routine spending time in coffee shops. NGOs with their well-paid volunteers can be seen around the downtown and remote areas, although their number has decreased from 480 NGOs and donor institutions in May 2005 to 291 institutions in April 2006.¹⁸

The BRR Chairperson Kuntoro Mangkusubroto openly expressed that the projects of BRR are vulnerable for corruption.¹⁹ Many facilities built by BRR contractors were serviceable only after a very short time raising suspicions of overpricing.

The way forward

So far the peace is holding but a number of events in 2006 will test it. The peace accord has been widely hailed by Acehnese people as an important new opportunity — a silver lining to the dark clouds of the past 12 months. In 2006, a new law to be enacted on the governance of Aceh, will involve much negotiations and public debate. The upcoming elections for the governor of Aceh and most district heads will be an important test for the consolidation of democracy in Aceh. Coordination among all stakeholders is not yet strong enough and tends to focus on information-sharing as opposed to common decision making.

BRR is trying to address this by establishing coordination forums, policy advisory groups and other mechanisms to ensure that all gaps are filled, with a minimum of duplication. It is also helping to strengthen coordination at the local level, by opening local offices and working with local governments and community leaders. However, a close look must be made as to the extent to which the survivors have actually benefited. Eighty percent of the survivors are still living in temporary shelters, many of which are substandard.²⁰ In Aceh, out of some 500,000 left homeless, at least 200,000 are still living with friends and

relatives, 60 to 70,000 are in barracks, and 67,000 in tents.²¹ Many are without access to clean water, sanitation and health care, large numbers have no jobs, and there seems to be almost complete neglect of psychosocial health services to deal with trauma. It is the survivors who must be placed at the center of any evaluation together with the response of their national governments, which after all have primary responsibility for their welfare and security.²²

To put the survivors at center stage and measure the national response, there exists a set of international guidelines — the Guiding Principles on Internal Displacement,²³ which apply to persons uprooted by conflict as well as natural disasters within the borders of their own countries. According to Roberta Cohen the Guiding Principles define displaced persons (IDPs) and the obligations of governments toward these populations. Although not a binding document like a treaty, the Guiding Principles are regularly acknowledged by UN resolutions as an important tool and standard for dealing with situations of internal displacement. They cover material assistance, physical safety, and the fundamental civil, political, economic and social rights of the affected population, based on international human rights and humanitarian law.²⁴

The Principles showed by Roberta Cohen²⁵ begin with prevention, making clear that governments have a responsibility to prevent or mitigate the conditions that lead to displacement. In the case of natural disaster, this means putting into place early warning systems, disaster preparedness plans at the village level and housing standards that make buildings better equipped to withstand the effects of earthquakes. These are in fact the fundamental rights of populations living in high-risk areas. Such populations arguably should be able to claim compensation when

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public officials fail to take reasonable measures to protect them.

Since the tsunami, there has been some progress in this area. An early warning system for the entire Indian Ocean region is being developed and should become operational by mid-2006. But this is only a first step. National education campaigns and standards for disaster resistant construction are needed, as called for by Clinton.²⁶ "It takes 10% more to build an earthquake resistant house than to create a death trap," the UN's Emergency Relief Coordinator points out, but for every dollar invested, "you reap ten fold that amount later to reduced disaster intervention costs."²⁷ Indonesia is a country prone to natural disasters, making it important that monitoring takes place to ensure that preventive steps are taken.

Another fundamental right of displaced persons is access to humanitarian and reconstruction assistance. Following the tsunami, the Indonesian government to its credit, opened up Aceh to foreign air forces, international and local aid organizations and the media. But complications arose in carrying out an international relief effort in areas previously closed off to UN agencies and NGOs. Their long absence during years of conflict meant that they were unfamiliar with the terrain, which slowed down the response. Moreover, suspicions about agendas in international aid as well as national pride at times interfered with the aid effort. During the first three months in Aceh, foreign agencies did not know whether they would be allowed to stay after March and could not therefore plan effectively. In the case of the UN High Commissioner for Refugees (UNHCR), it was asked to leave even though UNHCR was engaged in a \$60 million program to build up to 35,000 permanent homes in Aceh. The Representative of the UN Secretary-General on the

Human Rights of Internally Displaced Persons was able to visit Thailand and Sri Lanka in March but did not receive a visa to visit Indonesia. Despite these early setbacks, the province of Aceh has now become open, UNHCR has been invited back, and there are large numbers of international agencies and NGOs present.²⁸

According to basic humanitarian principles, aid must be based on impartiality and non-discrimination, which means that political opinion, race, religion and ethnicity are not to influence who receives the aid and in what amount. During the first six months after the tsunami, there were reports of aid being denied to groups or areas suspected of sympathizing with the Free Aceh Movement (GAM). Where counter-terrorism measures were in place, the NGO Forum Asia found, "they were not relaxed to enable all the victims to access aid."²⁹ Two groups that did an evaluation found that aid distribution was being used by the military as a political weapon in its struggle with the GAM.³⁰

Also reported was a disparity in treatment between those uprooted by conflict in Aceh (who numbered some 100,000) and those uprooted by the tsunami (some 500,000). It took until May for aid workers to be allowed to travel beyond the coast into areas ravaged by conflict. One analyst saw large numbers of burnt down and abandoned houses and reported that "survivors of the conflict resent that virtually all the humanitarian assistance was going to tsunami survivors."³¹ Indonesia's Human Rights Commission (Komnas Ham), found that those displaced by conflict often lacked basic services and received insufficient assistance for rehabilitation and recovery.³² A Jakarta Post article described those displaced by conflict as "off the radar and agenda of the Indonesian government."³³

The peace agreement between the

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government and the GAM in August 2005 led to efforts to reduce this disparity. The government announced it would deal with both conflict and tsunami affected populations to avoid inequities and tensions in the reconstruction process. As Human Rights Watch aptly put it, the government found it not to be in its interest to create “a ‘golden’ coastline of new housing and benefits while the rest of the province remains underdeveloped and ravaged by the war.”³⁴ The BRR affirming that the reintegration of both groups is “integral to the peace-building process.”³⁵ The World Bank has also begun supporting a compensation program for communities affected by conflict. However, the disparity remains, in part exacerbated by many international humanitarian organizations whose funds are earmarked only for those uprooted by the tsunami.

The government has worked to address other inequities as well. For example, it developed a program of providing cash assistance to families hosting IDPs. This ended the disparity between IDPs in government-run relocation centers who received aid and families hosting IDPs who did not. The aid encouraged greater community support for IDPs and their hosts, resulted in IDP registrations and access to other services, and injected cash into the local economy.³⁶

The destruction of land title deeds and property records and the loss of coastal land have given rise to problems of compensation, property ownership and inheritance issues. The absence of formal title has put the poor at a severe disadvantage. Women too, especially widows, may face discrimination in regaining their homes and property. Further, the creation of buffer and security zones has interfered with exercising property rights as well as freedom of movement and the right to earn a living.

Director Kuntoro Mangkusubroto of the BRR has taken a flexible, pragmatic attitude toward buffer zones, but clear policies and administrative mechanisms are needed to review claims, help survivors replace lost documents, ensure that non-traditional forms of ownership are recognized, clarify the location of exclusion zones, and provide assistance to people who lost their land and livelihoods. Steps are also needed to help widows secure legal title to land and housing in their own names, recognize married women on title deeds and ensure that orphaned children receive entitlements to land and compensation. The World Bank has been working with the government on land titling issues, and thus far it is reported that “there has been no explosion of land disputes.”³⁷ Nonetheless, the status of much land is still unclear and Walter Kalin, Representative of the UN Secretary-General on the Human Rights of Internally Displaced Persons, advises that the most effective way of handling large-scale property issues is to create a dedicated administrative body with a mandate for mediation, adjudication (subject to appeal to courts) and flexible types of remedies. Modification of laws and policies are also needed to “ensure that customary rights and non-traditional forms of ownership evidence are recognized” and to promote women’s rights.³⁸

In every emergency, there are groups with special needs who are easily left behind — the poorest in the affected population, orphans and separated children, single women and women heads of household, elderly people who have lost their families, disabled people, and minority groups. In the case of children, the Indonesian government in collaboration with UNICEF rapidly undertook programs to prevent trafficking. For example, separated children were moved in with extended families and communities rather than being spirited away to other

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parts of Indonesia or abroad for adoption. Out of 2,393 children orphaned or separated from their parents in Aceh, 85 per cent are with relations or family friends and 400 have been placed in homes.³⁹ In addition to tracing efforts, guarantees are needed to ensure that children receive entitlements to land and compensation owed to their families.

In the case of women, the presence for many months of military forces in and around relocation centers, as well as lack of privacy in the barracks set up for IDPs, resulted in a rise in sexual and gender-based abuse.⁴⁰ In addition, domestic violence has come to the fore as well as reports of forced marriages of young women survivors to older men given the shortage of women (three times as many women as men perished in the tsunami). Income generation programs for women have been introduced but the virtual exclusion of women from the rehabilitation and reconstruction process is also regularly reported. UN officials have publicly called for regular consultation with women, in recognition of their economic contribution when evaluating compensation for lost property, and steps to overcome discrimination interfering with their regaining their homes and land.

Consultation with affected populations.

Indeed, one of the reasons large portions of the government's master plan for Aceh had to be modified was because it was developed with little input from local communities. Throughout the tsunami affected countries, Representative of the UN Secretary-General Kalin and the UN's Special Rapporteur on Adequate Housing pointed to insufficient consultation with survivors in the formulation of need and loss assessments, aid distribution and reconstruction. Lack of consultation has resulted in the setting up of temporary housing far from the livelihoods of survivors and from transport.⁴¹ It has also resulted in

camp designs that fail to protect women.⁴² If reconstruction plans are to be sustainable and accepted by local communities, consultation mechanisms must not be one-time events but a structured part of the planning process, as called for in the Guiding Principles. To its credit, the BRR's approach is participatory, and the Women's Empowerment Bureau of Aceh, the World Bank and others are seeking to establish consultation mechanisms. Nonetheless, a study published in October found "a dearth of community involvement in policy making" and insufficient numbers of local people in key positions in the organizations and international agencies working on reconstruction in Aceh.⁴³

Eye on Aceh in its assessment⁴⁴ was curious to know how individuals and communities in Aceh had been affected by their experience of the relief, reconstruction and development assistance programmes that have been mounted in the province since the disastrous events of 26 December 2004. All too frequently, we heard that Acehnese beneficiaries feel excluded from the rehabilitation and reconstruction process, reduced to the status of passive observers while others lay the foundations for their future.

People often spoke of the anxiety they felt in the face of unexplained delays, and of their frustration when easily avoidable mistakes — design flaws in houses or boats, for instance — rendered assistance ineffective or inappropriate. Rather than a seamless transition from relief to rehabilitation and then to development, for many local people there was a disconnect between what was needed for recovery and rehabilitation and what was delivered.⁴⁵

According to the impact of projects on Aceh's social fabric, Eye on Aceh has assessed that the reconstruction aid to Aceh has all too frequently come at a social cost.

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Unequal levels of assistance, whether within or between communities or regions, and the ability of some individuals to profit from the presence of international agencies while others bear the brunt of inflation, are already fuelling social jealousy. Meanwhile, the potential for tension between those displaced by the tsunami and the communities into which many have settled will only grow as more people migrate from 'non-tsunami-affected' regions into 'tsunami-affected' ones in search of employment and assistance. As the divide between winners and losers in the reconstruction aid stakes grows, and social capital is steadily eroded, the chances increase for social conflict. Many of the programmes examined in this study appeared to lack a conflict-sensitive perspective. Meanwhile, the marginalization of women in decision-making processes reinforces existing patterns of gender discrimination.⁴⁶

Preserving the civilian character of the relief and reconstruction effort.

In the wake of disaster, military capacity can be invaluable to rescue and humanitarian response. Indeed, the Indonesian military in the first weeks after the disaster played a critical role in saving people, delivering aid and providing access for humanitarian agencies. But its continued role for months thereafter in the relief effort in Aceh gave rise to concerns that humanitarian aid was being "used as a tool to assert control over a population in need."⁴⁷

With the August 2005 peace agreement, such concerns dissipated. At least half of the nearly 50,000 troops in Aceh withdrew and the way is being paved for civilian self-government and oversight of the province. In addition, the BRR has taken over coordination of the reconstruction effort and by most accounts is making progress. Nonetheless, it should be firmly established,

whether in peace or wartime, that humanitarian aid is the responsibility of civilian institutions. The military's long history of human rights abuse in Aceh makes it essential for neutral civilian institutions with experience in relief and reconstruction to be the only ones authorized to oversee the recovery effort in accordance with internationally recognized humanitarian principles.

Slow Pace of Recovery and Reconstruction.

Although timelines are not provided for in the Guiding Principles, it is understood that recovery and reconstruction in response to a disaster must be as speedy as possible. Although some Indonesian government and UN officials defend the pace of the reconstruction on the grounds of the sheer devastation in Aceh and the need for a careful and well-planned response, in May, the head of the BRR expressed shock at the slow pace of the reconstruction. Kuntoro told the press: "There are no roads being built, there are no bridges being built. There are no harbors being built. When it comes to reconstruction, zero."⁴⁸

Since its establishment in late April, the BRR has moved quickly to get projects approved for roads, schools, houses and ports, and in the second half of 2005, construction speeded up. But the BRR must cope with a long and growing list of challenges, which slow up its work. Bureaucracy is one, reflected in the slow disbursement of funds to Aceh and the delays in publishing the reconstruction plan. Coordination is another, with reports of insufficient consultation between the central and provincial governments and between the government and the international community. As for the 120,000 houses that need to be built, there are property ownership issues, shortages of land, the loss of professionals,

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the inexperience of NGOs in building houses, the scarcity and high price of building materials, and transport and logistical problems.

In addition, there is corruption. President Susilo Bambang Yudhoyono came into office on an anti-corruption platform in 2004 and has been serious in seeking to uproot the practice. Kuntoro was appointed director of the BRR because of his integrity. In fact, he told an audience in Washington that the main reason the reconstruction agency was created was to ensure that it would not be tainted by the corrupt practices of other government bodies.⁴⁹ In addition, investigations and convictions of local officials have been taking place, in particular in Aceh. But it is also true that Transparency International ranked Indonesia among the 20 most corrupt countries in the world. Bribes are reported to be needed for identity cards and land certificates,⁵⁰ and NGOs like Indonesia Corruption Watch as well as the media have drawn attention to siphoning off of aid by the military, favoritism by local officials toward select constituencies, and the difficulties of the state's auditing agency in accounting for all the donations received.⁵¹ A US Agency for International Development document points out that, "Weak governing institutions, inadequate rule of law, and pervasive corruption" are the principal obstacles facing the new government.⁵² Clearly it will be a challenge for the government to ensure that corruption does not undermine the response to tsunami reconstruction and that a sharp reduction takes place between the large amount of funds received (\$4.4 billion to date out of \$7.5 billion pledged)⁵³ and the results achieved on the ground.

The researchers of Eye on Aceh according to the way in which donors and implementers handled the project cycle were surprised by the lack of donor and

implementor monitoring of projects, which might have identified ongoing problems, and of post-project evaluation, which might not only have identified issues of concern but might also have led to a crackdown on incompetent or corrupt partners. They also were alarmed to find that donors and implementors frequently ignored the recommendations of internal and external evaluations of broader agency strategies.⁵⁴

Donors and implementors often appeared more focused on their own short-term need for visible results than on the longer-term needs of the local population. Eye on Aceh expressed their concern that in the rush to spend money, not only were donors and implementing agencies too busy to actively build the local capacity that will be vital if ambitious programmes are to be sustained after outside actors leave, but some programmes' partnerships actually lowered capacity and morale in some local groups. Disparities in reconstruction assistance between individuals, communities and regions runs the risk of creating new social divisions as well as of exacerbating existing ones. Reconstruction efforts had also increased social tension in Aceh, while turf wars between donor agencies, competition for project areas and a reluctance for donors to exchange information had dogged the reconstruction effort.⁵⁵

They further identified an alarming level of ongoing environmental damage related to reconstruction efforts, in particular deforestation resulting from illegal logging, which not only threatens the province's biodiversity and potential for economic activities such as ecotourism but has the potential to lead to yet more natural disasters such as the flooding and mudslides that killed around 20 people and displaced thousands more in 2005.⁵⁶ Agencies involved in reconstruction were failing to protect the environment. The government gave the right

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to exploit the forest to 5 “old player” to supply the need of wood up to 500,000 m³/year even though the capacity of Aceh’s forest to be used only 47,000 m³/year.⁵⁷ There is huge demand for timber, and the logging going on to feed that demand is of real concern. There is a real danger of Aceh losing its forests.

Taken together, the impact of Aceh’s reconstruction so far appears to have contributed to a number of worrying outcomes. Many beneficiaries have been left feeling powerless and frustrated, adding stress to an already traumatized population. The persistence in inappropriate or ineffective programmes has led to substantial waste, both of money and material and of good will. Finally, there have been alarming levels of social and environmental damage.

In conclusion, the following list of concerns emanating from the tsunami should be integrated into policies and programs. These included housing rights, property rights, loss of documentation, participation in reconstruction plans, and the rights and needs of women and children. Furthermore, aid programs that pay attention to the following aspects have a better chance of

conflict. Addressing them can create a strong foundation for recovery.

Notes

* The author is the Executive Director of Indonesian IDE.

¹ The recovery effort is beset by challenges of enormous complexity. No amount of planning or ingenuity could have averted them. To quote a few: (a) Land has to be cleared of millions of tons of debris and silt before it can be used again - whether for farming or building homes; and before building houses it is vital to establish who owns what land. Large areas of land are no longer suitable for housing because they are now flood plains due to tectonic plate shifts that depressed much of the coastal shelf by up to 1.5 meters.

becoming sustainable and contributing to the long-term stability of the country, e.g. non-discrimination in the provision of aid; better coordination at the national, regional and local levels; transparency and accountability in the disbursement of funds; mechanisms to ensure that women have equal rights to land and housing; and the greater involvement of beneficiaries and host communities in the planning and implementation of reconstruction programs.⁵⁸

Implementation of aid programmes should be also sensitive to potential conflicts between locals and outsiders; reduce the aid gap between ‘tsunami-affected’ and ‘non-tsunami-affected’ areas; defuse social jealousy emerging around the issue of different types of housing; ensure that all programmes do not widen the poverty gap, or cause social jealousy; avoid individualistic approaches that erode traditional communal forms and integrate a conflict management perspective into all programmes.⁵⁹ Tsunami and other disasters bring to the fore deep structural problems of Indonesia and provide opportunities to reverse long-standing patterns of discrimination and ethnic

(b) Education: More than 2,000 school buildings damaged; approximately 2,500 teachers died; 335 new schools built or under construction; over 1,100 new or temporary teachers trained; 1.7 million textbooks distributed. (c) Health: more than eight hospitals damaged or destroyed; 114 health centres and sub-centres damaged or destroyed. (d) Economy: US\$ 1.2 billion damage to the productive sector; projected economic decline of 5% in Aceh; 20% in Nias. (e) Fisheries: 4,717 coastal fishing boats lost; 20,000 ha fish ponds destroyed or out of action; 3,122 boats replaced or being built; 5,000 ha fish ponds repaired, back in use. (f) Agriculture: 60,000 farmers displaced; over 60,000 ha agricultural land damaged. (g) Enterprise: 100,000 small business persons have lost their livelihoods; 7,000 workers given skills training. See: BRR and UN Information Management Service, Tsunami

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- Recovery Status Report, December 14, 2005; BRR Survey, November, 2005; BRR December 2005 Report: Aceh & Nias One Year After The Tsunami.
- 2 William Jefferson Clinton, "Clinton: The Tsunami, one year later," *International Herald Tribune*, December 23, 2005
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 - 8 Irwanto, "Humanitarian Relief, Second Tsunami?", in: *Kompas*, op.cit.
 - 9 Irwanto, "Humanitarian Relief, Second Tsunami?", in: *Kompas*, op.cit.
 - 10 About 500,000 people were displaced from their homes by the tsunami. Most have been able to return to their property or to find an alternative, but about 190,000 people remain homeless in Aceh and a further 13,500 families in Nias. Some 67,500 people in Aceh remain in tents ones (BRR report, 2005).
 - 11 Many children are now taught in tents or temporary learning spaces. A large program was undertaken to train more than 1,100 new or temporary teachers. However, children's education has suffered from the disruption of service, the movement of communities in resettling, and the trauma of the disasters. More than five percent of children aged 7-12 were still not enrolled in school by August and more than ten percent of children aged 13-15 years were not going to school It appears that many children are leaving school to take up jobs, so potentially being deprived of life opportunities. The challenge, moving forward, is to complete the repairs to over 2,000 schools in Aceh and Nias, replacing the temporary facilities with disaster-resistant permanent ones (BRR report, 2005).
 - 12 The tsunami caused an estimated loss of US\$ 1.2 billion in the productive sectors. More than half of this was in the fisheries sector and the rest was divided between farming and manufacturing (BRR report, 2005).
 - 13 *Kompas*, May 6, 2006
 - 14 About USD 200 million - 1,00 USD is about IDR 8,800 (in May 2006)
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 - 19 *Kompas*, May 12, 2006
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US Military Troops in Typhoon-ravaged Quezon Province, Philippines

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The International Federation of Red Cross and Red Crescent Societies in its appeal issued in December 15, 2004, and quoting figures from the Philippine National Red Cross, stated the following:

“Nearly 1,800 people have been killed or reported missing in eastern and northern provinces of the Philippines as a result of floods and landslides provoked by a series of storms since mid-November. The combined impact of these events has caused significant loss of life and damage to the agricultural economy, severe disruption to daily life and infrastructure in the country. According to the latest government report, the disaster has affected some three million people, including 650,000 displaced; 939 people are dead, 837 still missing and 752 injured. Damage to crops, fishing and infrastructure is estimated at 4.69 billion pesos (around 96 million Swiss francs). The vast majority of the casualties were caused when tropical depression Winnie set off landslides and flooding at the end of November that enveloped the coastal towns of Real, Infanta and General Nakar in Quezon province.”

“Tropical depressions Merbok and Winnie brought torrential rains in eastern Luzon

which caused hundreds of landslides in the upland areas and brought cascading mud and debris to the towns of Infanta, Real, and Nakar, province of Quezon. Almost 80 percent of the infrastructure of these three towns was damaged, which were also cut off from Manila by landslides and collapsed bridges. Electricity, potable water supply and communications systems are all seriously affected. In the adjacent Aurora province, remote villages were isolated by floods and landslides.”

The successive natural disasters of mudslides and flash floods turned these areas facing the Pacific Ocean into a sea of chocolate-brown mud littered with bodies, uprooted trees, collapsed homes and bridges.

The full impact of this tragedy was dramatically shown in a photo of an island of floating logs in the Pacific Ocean, after these had come crashing down from the Sierra Madre mountains that appeared on the front page of the Philippine Daily Inquirer.

The massive devastation and deaths in Aurora and Quezon, caused by widespread and indiscriminate deforestation by big logging concerns, shocked the entire nation. Thousands of Filipinos offered material help

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for the victims such as food, clothing, blankets, cash, and many more.

RP-US Balikatan Military Exercises for 2005

Never did the residents of Quezon province realize that another disaster, this time man-made, was going to hit them — the presence of US troops in their areas.

This was the scheduled February 21-March 6, deployment of US forces in the Philippines as part of annual military maneuvers — dubbed “Balikatan” or “shouldering the load together” — aimed at promoting the ability of US and Filipino troops to work together in a potential security threat.

Balikatan 2005 would be the 21st joint military activity of American and Filipino soldiers.

However, said exercises would focus on anti-terrorism and other vital civic-military activities “aimed at alleviating the plight of civilians who were victims of natural calamities” (Mussomeli).

Thus, 300 US soldiers and 650 of their Filipino counterparts were sent to rural population of Quezon and Laguna, which many observers say, are “guerrilla strongholds.”

It should be noted that the Arroyo government together with the US Pacific Command (USPACOM) is preparing 28 batches of Balikatan exercises for 2005. The first batch was launched in Laur, Nueva Ecija last January. The second was launched in Quezon-Laguna last February 21-March 6. And the third, in Rizal on February 27. Aside from the training and war exercises, another component of Balikatan would also include counter-narcotics operations and “humanitarian/development mission”.

US soldiers deployed in Quezon province delivered aid and conducted medical and dental mission for residents who were

displaced by the series of typhoons that hit this province in November and December, 2004. (Capt. Dennis Williams, US Embassy Military Liaison)

More than 300 US soldiers and 650 Filipino counterparts started a major military exercise in the Philippines’ rural northeast, brushing off a threat by Marxist rebels to attack the Americans if they venture into guerrilla strongholds.

The troops constructed new school buildings and provided medical and dental services to communities in nearby Laguna.

The US war on terror

Communist guerrillas said the relief operations could be a pretext by US troops to intrude into rural New People’s Army strongholds in the two provinces to spy on — and help crush — the Marxist rebel movement. They said they were “ready to fight US combat troops that help the (military) trample on human rights and kill Filipinos.”

US Charge d’Affaires Joseph Mussomeli said there was no need to bolster the regular security provided to American troops on military exercises.

Military chief of staff Gen. Efren Abu said the civic work would be “like fighting terrorism on another front.” Communist insurgents have staged numerous attacks on military and police targets in both impoverished provinces.

US civic action in the villages as surveillance operations

The Communist Party of the Philippines demanded the immediate pullout of the American troops in Laguna and Quezon.

CPP spokesperson Gregorio Rosal dismissed pronouncements by US and Philippine military officials that the US troops are in the area “to conduct humanitarian missions” in areas hit by floods and landslides in December, 2004.

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Rosal said US troops have been conducting operations in areas unaffected by the calamity such as the towns of Luisiana and Siniloan in Laguna.

He stated that the real objective of the US military in the so-called joint exercises is to carry out surveillance operations to familiarize themselves with the physical and social terrain in these areas.

"These are all part of the US' preparations for a possible full-scale war against the Philippine revolutionary movement," Rosal said.

Arrest of GABRIELA leaders in Quezon

On March 1, a few days before the International Women's Day traditionally commemorated on March 8, four leaders and coordinators of GABRIELA, a national federation of grassroots women, were illegally arrested and detained in Quezon Province.

GABRIELA has a long history of struggle such as the campaign to oust the US military bases in the Philippines, the anti-Visiting Forces Agreement, the US war on terror, globalization policies of liberalization, deregulation, and privatization.

The four women leaders — Miralyn Gamba, 34; Nancy Elle, 33; Leonila Manalo, 32; and Aileen Ramos, 23, — were forcibly arrested while they were on their way home after conducting brief consultations with municipal and district coordinators regarding the ongoing Balikatan military exercises in Quezon and the relief and rehabilitation efforts of GABRIELA, when they were arrested by members of the 76th Infantry

Battalion (IB) of the Armed Forces of the Philippines (AFP) conducting security patrol.

Two of the four arrested GABRIELA leaders are known to be active in opposing logging operations that have resulted in the devastation of the province after typhoons visited it last year. All four are active in relief and rehabilitation efforts.

The women just came from a meeting at a resort in Bgy. Bataan, Sampaloc, Quezon when the elements of the 76th IB, AFP tried to abduct them. The women tried to seek refuge at the Sampaloc Philippine National Police (PNP) headquarters where their relatives came to their rescue. They were accused of being supporters of an NPA unit that the military was allegedly pursuing. They were detained at the Sampaloc PNP headquarters and were charged with rebellion only to be released later after their lawyers successfully contested the false charges.

According to Ms. Emmi de Jesus, secretary-general of GABRIELA-National, "the incident only goes to show that the security of the American soldiers is priority over the civil and human rights of the Filipino people."

GABRIELA demanded the immediate stop of harassments and violations of human rights of persons or groups who are against the Balikatan. The group likewise demanded the immediate end of the Balikatan military "exercises" and called for the immediate release of the detained women leaders.

The GABRIELA organizers claimed that the presence of the US troops aggravated the situation in the villages.

Civil War, Tsunami, Humanitarian Aid and Human Security

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Introduction

For the last two decades of the twentieth century, Sri Lanka has endured a civil war that has resulted in large-scale displacement of citizens and ongoing human rights violations; from torture to extrajudicial executions, disappearances and child abductions.

Whilst a 2002 peace agreement to cease hostilities brought a significant measure of relief to the country, the lives of residents were once again disrupted by 15 minutes of terror as the tsunami lashed the coastline on December 26, 2004. More than half of the country's provinces and districts were affected. Statistics suggest that 31,000 lives were lost during the tsunami and estimates of displaced persons stand at 443,000. (**Sri Lanka Development Forum: The Economy, The Tsunami and Poverty Reduction**). At the beginning of March 2005, a large number of this original figure remain displaced, many in temporary or transitional housing where infrastructure can be precarious and where the level of displeasure with the pace of repair has been increasing.

A critical perspective on how the human rights of the vulnerable populations impacted by the tsunami have been addressed is

missing in recent analyses of the effects of this natural disaster. Whilst some reports have paid particular attention to issues facing women and children (although even this data is sparse and limited primarily to anecdotal evidence), there is relatively little focus on monitoring the rights of internally displaced people (IDP); whether they are being treated with dignity, how national governments as the duty bearers are fulfilling their obligations, and whether the massive amounts of aid that have flowed into the region from around the world are reaching those so desperately in need. The tsunami brought to the surface long-standing human rights concerns that have made the vulnerability of certain groups even more apparent. Analysis of whether the tsunami has elicited further rights violations must begin against the backdrop of a beleaguered country where the rule of law often seems inconsistent and transparency questionable.

Table 14 in the next page, indicates displacement of people due to man made and natural hazards.

Methodology

As a resident of Sri Lanka working within a national NGO, the author has practical

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Table 14. Internally Displaced People (IDP) due to Man Made and Natural Hazards.

Category	Northern Districts	Eastern Districts	Southern Districts	Western Province	North Western Province
Post conflict IDPs	170,467	48,318	2,025	6,091	46,526
Post tsunami IDPs	76,426	283,766	146,295	72,456	66
Total IDPs	246,893	332,084	148,320	78,547	46,592

IDP Newsletter, Vol-1, July 2005. A collaborative effort by CHA, CPA and NPDs for IDPs project

experience within both the civil conflict and post-Tsunami environs. This study is predominantly based on interviews conducted with tsunami affected IDPs living in transitional shelters, tents and refugee camps located in the western, southern and eastern areas of the island. Interviews with IDPs took place in groups of between three and 30 individuals. Interviews were conducted in shelter sites during the hotter parts of the day. The length of interviews varied from 20 minutes to one hour. Where possible, questions were addressed to women as well as to men, however during the interview process the males tended to dominate discussions (with some exceptions). For the purposes of this report, the author also spoke with representatives of the Government at both district and national levels, representatives from local NGOs, INGOs and United Nation (UN) organizations, and members of the police and military forces. Brief interviews were also conducted with human rights officials and activists.

It was observed that issues facing women were downplayed with the exception of NGO representatives.

Human Rights In Sri Lanka

In 1998, the United Nations adopted a set of principles to guide state treatment of internally displaced people. These guidelines sought to address the gap in the international standards for protection of this vulnerable population. The vast majority of those displaced by war do not cross international boundaries and therefore do not enjoy the protections accorded to refugees in international law. (*UN Office for the Coordination of Humanitarian Affairs, Guiding principles on internal displacement, at http://www.reliefweb.int/ocha_ol/pub/idp_gp/idp.html*). The security and protection of the internally displaced are therefore the responsibility of their own states. These principles protect 'persons...who have been forced to leave their homes...as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disaster, and who have not crossed an internationally recognized State border' (Ibid). The principles enshrine protections for women and children, establish standards of nondiscrimination, and encourage states to include IDPs in decisions about relocation, return and reintegration.

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Despite Sri Lanka's support for international treaties that enforce human rights, the abuses that have occurred in the years since independence suggest that ongoing vigilance is essential if civil liberties are to be protected in the country. It is critical to consider the history of Sri Lanka in assessing how a natural disaster such as a tsunami can increase the danger of human rights violations. Ethnic rivalries and violence; the war between the Liberation Tigers of Tamil Ealam (LTTE) and the government of Sri Lanka; a long history of government repression and human rights abuses such as torture, murder, and unlawful detentions against civilians of all ethnic groups; the totalitarian methods of the LTTE; the abduction of children by the LTTE to serve as child soldiers; all lead to vulnerabilities that can intensify in the face of a catastrophic disaster.

Further, the centralization of power in Colombo despite government effort at devolution, combined with allegations of election fraud, has eroded trust in the state. Consequently, individuals affected by the tsunami may have little faith that the government will be responsive to their needs. The existence of laws protecting rights does not guarantee these rights will be protected in practice. Despite the establishment of a national Human Rights Commission and a National Child Protection Authority, human rights violations are many. Analysis of whether the tsunami has elicited further rights violations must be held against the backdrop of a beleaguered country where the rule of law is inconsistent and transparency only a dream. *(Harvey M. Weinstein, After the Tsunami Human Rights of Vulnerable Population)*

Findings

Disempowerment of the IDPs and Camp Life

There was a marked discrepancy between the reconstruction progress reports and supporting data offered by government agents and their deputies, and the experience of camp occupants. Virtually all IDPs reported that they had no idea how long they would be in temporary housing or shelters. They complained about a lack of communication from authorities regarding maintenance of the camp facilities and a lack of information regarding where and when they would be resettled. They said that government representatives collected information but failed to provide them with a follow up on relocation plans. Although the Guiding Principles (refer above) encourage community participation, no evidence of IDP input into the choice of relocation sites, timing of moves, aid priorities, land selection and the planning of houses, was sighted during the study. Several NGO representatives expressed concern that some of the region's prime real estate (forested land) in the east is being reserved for the LTTE as part of negotiations between the Government of Sri Lanka and the LTTE.

Redevelopment of infrastructure continues to be a significant problem. Problems exist with the temporary housing that has been constructed. While tents were often initially the only option available to meet acute needs, the transitional housing in which people may be forced to remain for 18 to 24 months is problematic. Although each NGO appears to have followed its own design, most transitional housing consists of shell structures with metal roofs and poor ventilation. In a tropical climate, these shelters heat up to such a degree that people are forced to spend the daylight

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hours outside. With shelter sizes restricted due to inavailability of land, privacy is at a minimum, with a number of people residing in each house at a time, and in some cases, two families per structure. The transitional housing projects vary in quality, especially where people were moved in without adequate infrastructure in place or where planners selected sites without regard to geographic factors. Temporary housing is poorly sited in flood zones.

In camps/shelter sites where NGOs and the government are each providing different services (i.e. an NGO constructs a shelter while the government provides services, cash grants and food coupons), IDPs complained that it was sometimes unclear who held responsibility for what within the camp. An example provided was that of camp maintenance: whose responsibility is sanitation or protection against flooding? There are cases in one camp we observed where the camp coordinator could not find any volunteers to clean the toilets when the army came to pump them out. The army stayed five minutes and then left without pumping the toilets.

Many complained that there was insufficient food or money to purchase food. In some situations, people were found to be cooking with wood stoves inside their houses, a practice which can contribute to acute respiratory disease. In camps where the government had developed mechanisms for providing cash and other goods, IDPs (and the village leader) said they were often uninformed of these mechanisms and complained that they had no idea what to expect from one day to the next. In camps not visited by NGO or government representatives, there was often no water available for drinking or sanitation purposes. In many locations wells remain contaminated by salt water and there was a lack of water delivery to holding tanks.

This perceived lack of coordination and support, coupled with a lack of paid employment, is proving a fertile ground for the development of problems relating to domestic violence, alcohol abuse, child abuse and social unrest. In the area of security, virtually every camp (there are exceptions) has a military (Special Task Force, Navy) or police presence. For the most part, residents welcome this protection, however, there have been reports of problems with police. One example was a stabbing incident that was not investigated. Camp residents in one location thought that police had been instructed not to press charges because people were under stress, however, (the police deny this).

It is unclear whether protection officers have received specific training to work with IDPs and to address camp management issues. As the State has an obligation to protect IDPs (in line with the Guiding Principles), especially women and children, this is an area of concern for this study. Both in shelters and in camp-like situations, conditions are far from ideal. Camp incursions do occur; from individuals selling liquor, to attempts at child abductions by the LTTE, as well as occasional reports of sexual violence. In crowded sites drunkenness among men is a problem, with growing implications of violence. During one site visit a man fell after drunkenly staggering through the main courtyard. Four to five residents then dragged him to a quiet place, informing observers that the man had lost all the members of his family and his response to loss had been to turn to alcohol. In one camp in the north, rumours of an impending attack by the LTTE against the camp guards caused great concern, however no such attack occurred.

Many IDPs have moved two or three times since the tsunami; from camps, to

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relatives to transitional shelters. During several interviews IDPs stated that they were unaware of their options regarding where they can live, as well as their rights to State protection. It was also apparent that IDPs were lacking information regarding the availability of services, particularly health services and in some cases visits by health personnel to camps had not occurred at all. Concern was also raised about a lack of attention to childhood immunizations. This varied with geography and accessibility.

While some local NGOs, INGOs, and other foreigners had provided help in some sites, others had not received assistance and as a result rumors and ill feelings were apparent. IDPs said that there had been a lack of response from the Government and complained that they were either ignored or treated poorly by local authorities when attempting to seek assistance. Interview responses overall indicated a large gap between stated Government intention and IDP perceptions of help and efficiency. (UN Office for the Coordination of Humanitarian Affairs *guiding principles on internal displacement*, at http://www.reliefweb.int/ocha_ol/pub/idp_gp/idp.html).

Distribution of aid and questions of corruption

A common complaint voiced by IDPs was related to equitable and transparent distribution of international aid. In the northeast, many NGO personnel and IDPs believed that services and the pace of reconstruction were farther along in the south of the country. Repeatedly we heard allegations that progress related to land acquisition and the construction of permanent housing was more advanced in the south due to this area's representation in State parliament (more members from the south than anywhere else in the country) and because the Prime Minister (later

President) has a home on the south coast in Hambatota.¹ There appeared to be a profound distrust of the Government. Reasons given for this mistrust included the country's history of violence, electoral irregularities and ethnic division. The allegation that Sinhalese are treated better than Tamils seems to have re-surfaced based on a lack of parliamentary representation for the eastern Tamil population.

Statistics and Government reports mid-2005 suggested some disparity between rehabilitation progress in the south compared to the rest of the country. The Tsunami Disaster Information Unit of the District Secretariat in Batticaloa reported as of April 1, 2005, that 12,232 homes had been destroyed and 5376 homes partially destroyed as a result of the tsunami, leaving 20,888 people in welfare centers. The authorities in Batticaloa had not completed the development plan. At the same time in Ampara², the task of acquiring land in rice paddy areas is in progress however the process is slow. In Hambatota in the south, government agents reported that the construction of transitional housing began within five weeks of the tsunami. And in the week before our visit, all those displaced had been removed from shelters. The state had selected 1200 acres of Government land and 100 acres of private land for acquisition. Land surveys had been done and donor agencies selected. The authorities had completed 80 to 100 permanent houses on the day of our visit. Authorities planned to have completed 200 additional houses by the end of April 2005, with expectations that all IDPs will have been provided with a house by the end of December 2005, a sharp contrast to what we heard in the northeast.

The Assistant Land Commissioner for the southern coastal district of Matara reported the destruction of 1810 homes, with partial damage to an additional 1892 homes. Land

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has been identified and plans developed to ensure the construction of 1500 houses in three months and a total of 1810 completed by the end of December. (Harvey M. Weinstein, *After the Tsunami Human Rights of Vulnerable Population*)

Permanent Housing and Rebuilding

An area of concern for IDPs and development agencies working with tsunami affected individuals was the buffer zone legislation imposed by the government. Long before tsunami, buffer zones in the north and east discouraged rebuilding of housing within 200 metres of the shoreline and within 100 metres of the shoreline on the south and west coasts.

To encourage development inland, the government provided grants of Rs.250,000 (\$US2500) toward construction on permanent housing outside the buffer zone. IDPs complained that information regarding alternative options was not provided to them and that government grants (and the terms that came with them) had a big impact on decision making.

To this date, it has not been made clear why the government arrived at the decision to impose a buffer zone and little information was conveyed to IDPs. The Guiding Principles on internal displacement emphasize the importance of ensuring IDP involvement in the planning and management of their return, resettlement and reintegration, however in this case, many IDPs who fled inland immediately following the event fear is the determining factor in their decision to relocate.

We did note that along the highway, particularly in the south, residents are rebuilding commercial establishments, such as small guesthouses, as well as private homes. Thus, with their own funds, they are making a decision to remain close to the beaches. Both government officials and

police informed us that there is no forcing people off the land or of destroying rebuilt homes. However, we did hear from a local NGO that rebuilt boutiques (small shops) had been destroyed. (Harvey M. Weinstein, *After the Tsunami Human Rights of Vulnerable Population*)

Livelihoods

The destruction of boats, hotels, and ancillary tourist businesses has affected vast numbers of families. While some INGOs have developed 'return to work' projects, most of the men remain unemployed and disaffected. Rumors about which group received what assistance from which agency lead to anger and resentment among survivors. Not only are there rumors about preferential treatment of the south compared to the northeast, but stories have also circulated regarding differential treatment within the regions themselves. In one shelter, residents reported that those outside the camp received help but not those within the shelter. They noted that authorities had delegated the Fishermen's Union to provide assistance but only for those who are members.

IDPs report unexplained variations regarding who receives financial assistance and who doesn't. Of 350 members of the Fishermen's Development Society in one area, only 18 received money for new boats or equipment. In another area, one new boat was provided for 300 fishers. This group felt cheated and one member exclaimed, "Why is it that foreign aid came but not to us?" One man complained that he did not know where to go to obtain help to buy new nets. At one camp in Matara, the fishermen complained that they did not know where to turn to get boats. Some fishermen and their wives noted that they have never been able to depend on the Government and that it was only on their

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own merit through their work, that they could live. In this group, some of the widows talked about the possibility of self-employment projects that might offer them an income and a sustainable future. The overall sense of residents in this shelter was that they needed homes and tools to rebuild their lives; they were not looking to be cared for. While NGOs report that they are initiating livelihood projects, there is a question of inconsistency in their actual implementation.

Many IDPs offered examples of bureaucratic difficulties such as being unable to obtain bank loans without a guarantor of deeds. In one case, a man reported that a bank manager refused to extend him a loan until UNHCR intervened. In some cases, mistakes on application forms led to banks sending IDPs away, making the loan application process a difficult task for those living in remote areas. Another problem has been discrepancies with beneficiary lists provided to financial establishments by District Secretariats, resulting in eligible IDPs being turned away. These problems have increased distrust of bureaucracy within communities and have led to a sense of helplessness and simmering rage. **(Harvey M. Weinstein, *After the Tsunami Human Rights of Vulnerable Population*)**

Protection of children

The Commissioner for Probation and Child Care Services reported that as of April 11, 2005, 1080 children had lost both parents as a result of the tsunami and 3739 had lost one parent. In Northeastern Province alone, there were 740 orphans. The Government of Sri Lanka are to be commended for the speed and breadth of scope with which they documented the numbers and whereabouts of child survivors and ensuring that they were appropriately cared for. Their emphasis on keeping children within their home

communities instead of removing them to institutions was carefully considered, as was the emphasis on preventing illegal adoption. Only 16 children were placed in government homes. Selection of appropriate guardians was efficiently organized and monitored. To date, psychological and emotional support has been made readily available, as has assistance in securing their birth document, re-enrolment in schools and the provision of uniforms and school supplies. **(Sarath W. Amarasinghe, *The Commercial Sexual Exploitation of Children: A rapid assessment (Geneva: ILO 2002)***

Immediately post-tsunami, reports of child abduction were extremely rare and often anecdotal. In one instance an NGO attempted, without permission, to remove six children to a separate house to provide them education. In another recently reported case, a man from the United States who had a history of sexual offenses against children and women, was apprehended working in an orphanage in the south in the guise of helping tsunami affected children. There was also the unusual situation of seven mothers claiming the same newborn who had been separated from family members during the tsunami, a dispute finally settled through DNA identification. UNICEF reports that there may be five to ten reported cases of child trafficking after the tsunami. **(Sarath W. Amarasinghe, *The Commercial Sexual Exploitation of Children: A rapid assessment, Geneva: ILO 2002*)** Figures are unreliable and range widely but suggest small numbers. There are also examples of trafficking by family members; the South Asia Women's Fund described one case of a grandfather trying to sell his grandchild **(South Asia Women's Fund *The Tsunami Disaster in Sri Lanka: Promoting and Implementing Gender Sensitive and Child Friendly Community Based Approaches to Rehabilitation***

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(Colombo: South Asia Women's Fund, 2005)

However, again, this information is anecdotal and, in terms of numbers, rare.

There have been reports of attempted child abduction from shelters and camps in the Northeastern Province. These reports have raised the question of child abduction for recruitment as child soldiers by the LTTE. Both UNHCR and a local NGO, Sarvodaya, reported attempts of child abduction. A police official in the east described an abduction attempt from a large camp on March 29, 2005. More than one child was involved and the attempt led to a confrontation between the LTTE and Special Task Force. No shooting was involved and the raid was unsuccessful. According to the Sri Lanka Monitoring Mission, there have been few reported cases of child abduction; however the problem has not stopped altogether. (Prof. Harendra de Silva, *Power Games in War and Peace: The tragic impact of corruption, Violence and Impunity on the Sri Lankan Child*, Colombo, 2003). The Human Rights Commission reported unknown men had taken 24 boys unaccompanied by family members for haircuts preparatory to recruitment as soldiers. The boys' parents were called and they were taken home. A senior Government official in the east denied that there had been any problems with child abductions or trafficking.

Protection of women

At this point, there appears to be little evidence of a significant increase in violence against women where the perpetrator is unknown, as a result of the tsunami. There were two reported cases of rape immediately following the tsunami; one involving the rape of a woman attacked by three strangers at a guest house and another, two women raped by six men after being abducted from a beach one week after the tsunami. In addition, an unofficial

report suggested a woman had been raped while being rescued from the waves, however this has not been substantiated.

The Coalition for Assisting Tsunami Affected Women released a briefing note that suggested specific gender-related concerns such as insensitive male camp officials subjecting women to indignities when they needed sanitary napkins, women being groped in the dark and women being excluded from camp management. We noted that in all the camps (with the exception of one), men took on the role of spokespersons, while the women remained in the background. While we were able to engage the women in discussion, it was made clear that certain topic areas, such as gender-based violence, were off limits. (Coalition for Assisting Tsunami Affected Women, *Gender Specific Issues Relating to Post Tsunami Displacement*. At http://www.womeninlondon.org.uk/download/tsunami_women_press_release2.doc).

UNHCR has reported an increase in domestic violence and alcohol use post tsunami.

One unofficial report told of a woman whose drunken husband had poured kerosene on her with the intention to set her on fire, and another incident involved the stabbing of a woman, however the police did not respond. The South Asian Women's Fund suggests that domestic violence is hidden in Sri Lanka, as the barriers to reporting are significant. Massive displacement, crowded shelters, increased stress and alcohol consumption have the potential of heightening risk, and while NGOs are aware of instances of domestic abuse, there is minimal data and few women willing to report incidences.

Human trafficking

Lawyers for Human Rights and Development (LHRD) suggests that trafficking of young

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boys and girls is a major problem in Sri Lanka, with a movement of girls preliminary from rural to urban areas and of boys to Colombo and beach areas of the west and south coast. Estimates of children in commercial sex exploitations range from 1500 to 30,000 with four times as many boys as girls being exploited. **(A Study on the Law and the Enforcement of the Law Relating to Trafficking in Sri Lanka, Colombo, 2004)** The underlying factors appear to be poverty and the growth of the tourist industry.

While Sri Lanka has signed and ratified relevant international treaties related to child protection and has several laws that could protect children, there has been a distinct lack of enforcement of these laws. The report **A Study on the Law and the Enforcement of the Law Relating to Trafficking in Sri Lanka (Colombo, 2004)** from LHRD reveals a distinct lack of response from police and from the judiciary. Young girls are abused not only through sex trafficking but also as domestic workers. Further, chains of trafficking have been traced to Singapore and appear to involve international criminal networks. The LHRD report also suggests that the exploitation of Sri Lankan women as domestics in the Middle East, is also a severe problem. **(Lawyers for Human Rights and Development. A Study on the Law and the Enforcement of the Law Relating to Trafficking in Sri Lanka, Colombo, 2004)**

In addition, the South Asian Women Forum has reported that abuse of domestic workers within Sri Lanka is rampant, with little protection or legal representation for those who complain. **(South Asia Women's Fund, The Tsunami Disaster in Sri Lanka: Promoting and Implementing Gender Sensitive and Child Friendly Community Based Approaches to Rehabilitation, Colombo: South Asia Women's Fund, 2005).** International NGO Solidarity has reported that there may be as many as 200,000

migrant workers moving from rural areas of Sri Lanka to factory zones and other jobs which offer little employee protection. Solidarity expressed concern that the tsunami may heighten this particular problem, as vulnerable people may be enticed to work as domestic or factory workers as an escape from poverty. This too is an area that will require close monitoring, legislation, and training of law enforcement.

Conclusion

While the government of Sri Lanka has made a Herculean effort to respond to a major calamity, problems do exist that go beyond the technical difficulties that might be expected. There are significant gaps in our understanding of the extent of human trafficking (internal and external) in Sri Lanka. If this process is driven by poverty, the tsunami may have additional impact on it. Other dimensions of labor may also increase. The hidden problems of domestic violence and alcohol use need further investigation. The potential for human rights abuses related to equitable distribution of aid, lack of transparency, and structural problems in delivery of government services will require ongoing monitoring. The problems of child abduction and recruitment of child soldiers remain unresolved and require additional data and monitoring. IDPs, women and children in particular, have not received sufficient protection.

The impact of the tsunami on the survivors can be assessed in a systematic way and will result in programs designed to meet the identified needs of survivors. The preservation of property rights or appropriate compensation, along with the provision of identity documents, must be monitored to assure that no one is deprived of their basic rights. Livelihood must be restored based on what people want, not on what NGOs or government prefer. This is an

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area in which monitoring is essential with indicators of progress clearly defined. Finally, the problem of finding mass graves and identifying the missing remains an ongoing legacy of years of war, a legacy compounded by addition of those who lost their lives in the tsunami. However, it also is important to focus on the problems that emerged after the acute phase of the humanitarian relief process ended so that we can prepare for and mitigate the consequences of the inevitable next natural disaster.

Notes

¹ Southern Province District in Sri Lanka

² Eastern Province District Sri Lanka