Aid and Development Effectiveness: Towards Human Rights, Social Justice and Democracy

REALITY OF AID 2010 REPORT

The Reality of Aid

IBON BOOKS

Aid and Development Effectiveness: Towards Human Rights, Social Justice and Democracy
Published in the Philippines in 2010 by IBON Books
IBON Center, 114 Timog Avenue, Quezon City 1103, Philippines

Writer/Editor: Alex Wilks

Copy editor: Jose Enrique Africa

Layout and Cover Design: Jennifer Padilla

Translators: Marie-Gabrielle Denizet (French); Ruben Fernandez,
Rosa Ines Ospina and Ana Judith Blanco (Spanish)

Cover Photos: saaraketha.com, blog.choike.org.honduras

Printed and Bound in the Philippines by IBON Books

Published with the assistance of EURODAD and
11.11.11- Coalition of the Flemish North-South Movement

ISBN

Contents

1 **The Reality of Aid Network**

3 **Acknowledgments**

5 **Preface**

7 **PART 1: Reports**

9 Political Overview: Towards Development Effectiveness
The Reality of Aid Management Committee

27 **Chapter 1: Human Rights, Justice, Gender Equality and Sustainability**

27 Introduction

31 Rights In Sight: Bringing Practical Meaning to Human Rights-Based Development in Australia
Sarah Winter, Australian Council for International Development

39 Challenges in EU-Latin America Development Cooperation
Alberto Croce, Foundation SES – Argentina Latin American Network on Debt, Development and Human Rights

46 Women's Rights and Development Effectiveness in Kyrgyzstan
Nurgul Djanaeva, Forum of Women's NGOs of Kyrgyzstan

53 Australian REDD Aid to Indonesia – Ineffective and Unjust
James Goodman, Aidwatch and Ellen Roberts, Friends of the Earth Australia

61 Aid in Fiji at a Time of Political Crisis
Kevin J. Barr, Ecumenical Centre for Research, Education and Advocacy

65 Canada's ODA Accountability Act: Legislating for Canadian ODA to Focus on International Human Rights Standards
Brian Tomlinson, Canadian Council for International Cooperation

73 **Chapter 2: Participatory Institutions of Democratic Ownership**

73 Introduction

77 Development Aid: Is There Space for the Poor to Participate in Zambia?
William Chilufya, Civil Society for Poverty Reduction

84 Paris In Bogotá: The Aid Effectiveness Agenda and Aid Relations in Colombia
Rosemary McGee and Irma García Heredia,
Asociation Latinoamericana de Organizaciones de Promotion al Desarollo, AC

93 Nicaragua: A Testing Ground for Aid Effectiveness Principles
Toni Sandell, KEPA, the Service Centre for Development Cooperation

99 Good Governance for Development Effectiveness in India
Anil K Singh, South Asian Network for Social and Agricultural Development

106 Positioning Environmental Equity at the Heart of Development Effectiveness
Suranjan Kudithuwakku, Green Movement of Sri Lanka

112 Environmental and Social Impact of the San Roque Dam
Arnold Padilla, IBON Foundation

119 **Chapter 3: Aid Architecture in Support of Development Effectiveness**

119 Introduction

122 The Potential Roles of African Union Mechanisms in Aid Accountability and Effectiveness
Akongbowa Bramwell Amadasun, African Forum and Network on Debt and Development

129 The Reality of Aid Partnerships in Africa
Edward Ssenyange, Uganda Debt Network

134 Development Effectiveness? EU Donor Division of Labour and Gender Equality in Southern Countries
Lois Woestman, Women in Development Europe Network

142 Reforming Public Procurement Systems for Development Effectiveness
Bodo Ellmers, European Network on Debt and Development

149 **Chapter 4: Global Aid Trends and OECD Reports**

149 Crisis Management: An Analysis of Global Aid Trends
Brian Tomlinson, Reality of Aid Network Management Committee

187 **Australia**

Meeting Commitments in Uncertain Times: The New Government's Approach to Aid
Australian Council for International Development

192 **Belgium**

Wait and See: Initial Commitments to be Implemented?
Ineke Adriaens, 11.11.11 – Coalition of the Flemish North-South Movement

196 **Canada**

Declining Aid Performance as Government Freezes ODA
Brian Tomlinson, Canadian Council for International Cooperation

201 **Denmark**

Diminishing Danish Aid?
Laust Leth Gregersen, CONCORD-Danmark

205 **European Commission**

Towards European Commission Development Effectiveness and Policy Coherence
Louisa Vogiazides with Visa Tuominen and Hélène Debbari, Eurostep

210 **Finland**

Finnish Development Cooperation: A Shift Towards More Donor-Driven Aid?
Miia Toikka, KEPA

214 **France**

France Failing to Meet Commitments
Katia Herrgott, Coordination Sud

218 **Germany**

German Aid: Off-Target
Klaus Schilder, Terre des Hommes-Germany
Birgit Dederichs-Bain, Welthungerhilfe

222 **Ireland**

New Effectiveness Policies, Less Aid to Spend
Olive Towey, Concern Worldwide

226 **Italy**

The Italian Paradox: New Aid Strategies, But Decreasing Public Investment
Iacopo Viciani, ActionAid

230 **Japan**

Japanese Aid: In Transition After a Long Decline
Hayashi Akihito, Japan NGO Network for International Cooperation

233 **Korea**

Korea Joins the Big League with a Donor-centric Approach
Lee Tae Joo, ODA WATCH-Korea

273 **Netherlands**

Dutch Aid: Risk of Cuts and Lower Priority to Health
Esmé Berkhout and Sasja Bökkerink, Oxfam Novib

240 **New Zealand**

The Reality of Aid in New Zealand, 2010
Pedram Pirnia, New Zealand Council for International Development

245 **Spain**

In the Champions League?: Spain and the Challenges of More Efficient Aid
Deborah Itriago and Irene Milleiro, Intermón Oxfam

250 **Sweden**

Sweden: A High Performer with Worrying Indications
Peter Sörbom, for Diakonia and Forum Syd

254 **Switzerland**

Increasing Swiss ODA: Yes, We Can't
Michèle Laubscher, Alliance Sud – Swiss Alliance of Development Organisations

258 **United Kingdom**

Trends and Challenges for UK Aid
Gideon Rabowitz, UK Aid Network

262 **United States of America**

The Reality and Uncertainties of US Foreign Assistance Reform
Kimberly Darter, InterAction

269 **PART 2: Glossary of Aid Terms**

281 **PART 3: ROA Members Directory**

The Reality of Aid Network

The Reality of Aid Network exists to promote national and international policies that contribute to new and effective strategies for poverty eradication built on solidarity and equity. Established in 1993, the Reality of Aid is a collaborative, non-profit initiative, involving non-governmental organisations from North and South.

The Reality of Aid publishes regular, reliable reports on international development cooperation and the extent to which governments, North and South, address the extreme inequalities of income and the structural, social and political injustices that entrench people in poverty.

The network has been publishing reports and Reality Checks on aid and development cooperation since 1993.

These reports provide a critical analysis of how governments address the issues of poverty and whether aid and development cooperation policies are put into practice.

The Reality of Aid Project Management Committee is made up of regional representatives of all participating agencies.

REALITY OF AID NETWORK Management Committee (2010)

Chairperson/representing Asia/Pacific CSO members
Antonio Tujan, Jr.
IBON Foundation and
Reality of Aid Asia/Pacific
3/f IBON Center
114 Timog Avenue, Quezon City 1103
Philippines
Telefax: +632 927 6981
atujan@ibon.org

Vice Chairperson/representing Non-OECD country CSO partners
Brian Tomlinson
Canadian Council for International Cooperation (CCIC)
1 Nicolas Street Suite 300, Ottawa
Ontario, Canada K1N 7B7
Fax: +1 613 241 5302
Tel: +1 613 241 7007
btomlinson@ccic.ca

Representing African CSO members
Vitalice Meja
Reality of Aid Africa
Kirichwa Road, Kilimani
P.O. Box: 5252-00100
Nairobi, Kenya
Tel: + 254 20 3861590 /+ 254 20 2494795
roaafrica-secretariat@realityofaid.org

Representing Latin American CSO partners
Ruben Fernandez
Asociación Latinoamericana de Organizaciones de Promoción al Desarollo, A.C. (ALOP)
Calle 55 No. 41 - 10, Medellin-Colombia
Tel: +57 4 2166822
presidencia@region.org.co

Representing European Country CSO partners
Bodo Ellmers
European Network on Debt and Development (EURODAD)
Rue d'Edimbourg 18-26
1050 Brussels, Belgium
Tel: +322 894 4645
bellmers@eurodad.org

Acknowledgments

The Reality of Aid 2010 Report is written by authors from civil society organisations worldwide whose research draws on knowledge and expertise from aid agencies, academia, community-based organisations and governments. We would like to thank those who have generously contributed their knowledge and advice.

Overall editorial control of the Reality of Aid 2010 Report lies with the Reality of Aid Management Committee, but the views expressed in the reports do not necessarily reflect the views of the Management Committee, or of IBON Foundation that published this Report.

The Management Committee was assisted by Alex Wilks and Edward Thorpe as editorial consultants, Jose Enrique Africa as copy editor, and Josephine Dongail as managing editor.

This Reality of Aid 2010 is published with support from EURODAD and 11.11.11-Coalition of the Flemish North-South Movement.

Preface

The aid effectiveness agenda for reform of aid quality has evolved progressively since commitments were made for donor harmonisation in the first High Level Forum in 2002 in Rome. A more comprehensive approach was adopted in the Paris Declaration at the second High Level Forum in 2005, but these reforms remained limited to technocratic approaches for efficiency in aid management and delivery.

Even then Reality of Aid reports challenged the reform agenda, calling for an end to conditionality in its 2002 Report and proposing a comprehensive range of reforms in aid governance in its 2004 Report. Towards the 2008 High Level Forum in Accra, an even broader platform of organizations both from rich and poor countries called for a more thoroughgoing reform of development cooperation. Civil society organisations (CSOs) at the Accra Forum made a strong call for development effectiveness as a new agenda for reform that went deeper and way beyond the management parameters of aid effectiveness.

The Accra High Level Forum responded to the proposals and challenges presented by CSOs, developing countries and other aid actors, resulting in the Accra Agenda for Action (AAA). The AAA deepened to some degree the understanding of aid effectiveness and broadened its scope to include civil society and parliamentarians, besides other actors, as well as to encompass South-South cooperation with its unique approaches and contributions to development.

But a thoroughgoing reform of the development cooperation system remains largely incomplete and undefined. This 2010 Reality of Aid Report demonstrates that implementation of aid effectiveness reforms for management and delivery under the Paris Declaration and the Accra Agenda for Action are far from optimal at country level. Furthermore, the severe fragmentation of cooperation efforts and the dichotomies of North-South and South-South cooperation perpetuate ineffectiveness and anti-development power relationships. A more comprehensive and equitable approach to development cooperation is urgently required. All stakeholders must embrace development effectiveness as a "third reform agenda" focusing on results to achieve the goals of poverty reduction and human rights-based development. In doing so, these reforms should address the urgency of policy coherence for development, with a renewed development cooperation architecture that promotes the centrality of the poor and their developing countries in the aid system through equality and mutuality in development cooperation.

The fourth High Level Forum (HLF4) in Busan, South Korea in 2011 presents a unique opportunity for these reforms. But the objectives for HLF4 will have to reach beyond taking stock of the achievements and shortcomings of the Paris/Accra aid effectiveness reforms and the need to press forward on these earlier reforms. The challenge and opportunity for Busan is a new political agreement, a "Busan Declaration", which establishes a development effectiveness framework for aid effectiveness reform and sets the path for the construction of an equitable, inclusive and progressive architecture for development cooperation, possibly towards a new United Nations (UN) Convention on Development Effectiveness.

This 2010 Reality of Aid Report articulates Southern and Northern civil society perspectives through the lens of development effectiveness. It draws from the rich experience of CSOs in 30 countries, revealing the problems and potentials of remaining in narrow aid effectiveness approaches, and pointing to the needed transformation in development cooperation to achieve poverty reduction, human rights, social justice and sustainable development.

The Reality of Aid Network focuses on those aspects of development effectiveness relevant to achieving genuine aid effectiveness, while acknowledging that the totality of development in all its economic, political, social and cultural aspects is expansive. However development cooperation and assistance do play catalytic roles in hastening development, and in certain countries can be central to reducing poverty and achieving development goals.

This Report seeks to provide rigorous analysis for challenging accustomed notions in aid and development cooperation, as well as suggest practical measures for moving forward on urgent reforms. Its proposals are addressed to government and non-government stakeholders at international, national and even community levels. We hope it helps guide what will certainly be a complex process as well as stimulate thinking in further creative and productive directions.

Antonio Tujan, Jr.
Chairperson
Management Committee
Reality of Aid Network

Part 1

Reports

Political Overview: Towards Development Effectiveness

The Reality of Aid Management Committee

1. Introduction

Aid effectiveness was high on the political agenda when the last Reality of Aid report was launched in August 2008. In early September 2008 the Accra High Level Forum resulted in significant extra commitments by both donor and aid recipient governments. But then, less than two weeks after the end of this conference, the investment bank Lehman Brothers collapsed and plunged the entire international financial system into an unprecedented panic.

Governments focused their attention on trying to stabilise the system – shoring up their finances and then plugging the holes that the crisis exposed in the financial architecture. Aid effectiveness was deprioritised, with few governments producing substantial Accra implementation plans and even fewer throwing serious political weight to put them into practice.

The financial crisis response shows how countries can work together and support each other in times of difficulty. Rich country governments managed to find astonishing sums of money to spend on bank bailouts and fiscal stimulus to rescue their own economies. Yet the long-term effort to resolve the poverty and environmental crises in Southern countries also requires political attention. Millions of people worldwide have insufficient food to eat, are vulnerable to disease and disaster, and receive minimal income. Rich countries have already made a series of pledges on poverty reduction and environmental protection. These must not be abandoned now following the financial meltdown that rich countries caused by their own lax policies and regulation.

Until the Lehman Brothers collapse, the last decade had been encouraging. There was renewed political commitment to international poverty eradication, significant increases in aid levels and some major reforms in aid delivery. Partly because of civil society pressure, governments adopted a series of aid effectiveness agreements, notably the Paris Declaration of 2005 and the Accra Agenda for Action of 2008. These contain many useful principles and commitments. But they are being implemented in a way that is too technical and instrumental to transform how aid is governed and how it relates to poorer people. The 2008 Reality of Aid report summarised: "The [Paris] Declaration has not fundamentally changed the reality of aid relationships. The principles are in practice limited to technical issues of aid management rather than to successful development policy-making."[1]

Yet several governments are showing signs of neglecting even these limited commitments. This is partly due to the general tightening of public spending as governments try to reduce their yawning budget deficits. There is also political pressure to support struggling home country exporters and to use aid as a foreign policy tool, for example by countries which have deployed troops abroad.

Facing such pressures, aid advocates need to be clearer than ever about what aid should aim to achieve and how it should operate. Development cooperation will be best placed to resist budget cuts if it is clear that it will be well-spent and achieve its objectives of poverty reduction, and if there is transparent reporting on its results.

This report – with 36 contributions from Reality of Aid members in 30 countries – sets out a civil society view of current and future aid and development relationships. It provides insights from aid-recipient and aid-providing countries that reveal the problems and potentials of aid and aid effectiveness approaches. The official steps towards aid effectiveness are assessed and the limitations of the steps being taken are pointed out.

Back in 2005, decision-makers chose 2010 as the deadline year for several aid-related official targets including doubling aid to Africa and a series of aid effectiveness reforms. While there has been some significant progress in the last five years, governments and international institutions have still clearly fallen far short of the goals they set for themselves.

Now, looking ahead to the 2011 High Level Forum on aid effectiveness in South Korea, the Reality of Aid network is putting forward a new and more comprehensive vision with a new set of goals and new practices. This report fleshes out Reality of Aid's vision of development effectiveness. It emphasises that development cooperation should be judged on the basis of outcomes on the ground. These outcomes are not just in the delivery of goods or services, or higher income, but in terms of social and economic justice, and the increased capacity of poor and marginalised populations to shape policy and practice.

The Reality of Aid network calls for a bolder, broader approach that will lead to genuine development effectiveness – an approach that is based on protecting and fulfilling the rights of impoverished and marginalised people and on empowering them to claim their rights on an on-going basis. A thoroughgoing transformation of aid thinking and of the aid architecture is needed to achieve this. This transformation will have to be accompanied by a series of reforms beyond aid encompassing trade, investment, migration, debt, taxation, intellectual property, climate change and security.

Development effectiveness is centred on shifting power and enabling rights. Rather than aid being provided as a charitable contribution to the well-being of others, it should be a formal commitment to empower poor and vulnerable communities to claim their rights. Rather than depend on voluntary principles, Reality of Aid calls for an affirmative action approach where stronger parties commit to provide support to weaker ones. Only when development cooperation is recast as a relationship of committed solidarity in the fight against inequality can it lead to social and environmental justice. Aid relations should be based on independence and autonomy following national sovereignty and democratic governance principles, and responding to priorities set through local democratic participatory processes and institutions. Transparency and responsive reporting are also required to ensure that aid providers and recipients are accountable and responsible to their citizens.

2. Aid spending – another victim of the crisis?

Development is about much more than money, and development cooperation is about much more than aid budgets. However money is certainly required. The governments of rich countries and their citizens have a moral and political obligation to help less wealthy countries meet their human rights obligations to their citizens. This obligation is enshrined in the International Covenant on Economic, Social and Cultural Rights adopted by the United Nations (UN) over forty years ago and has been reaffirmed at many subsequent summits, including UN and G20 meetings held in 2009 and 2010.

Aid levels have increased in recent years. However Official Development Assistance (ODA) remains below half the UN target of 0.7% of gross national income (GNI). (See ROA article in Chapter 4) Only five donor countries have reached this target and very few others – including Belgium, the United Kingdom (UK) and perhaps Spain – are currently on course to join them. ODA levels declined between 2008 and 2009 and several governments have reduced aid spending or pushed back their timetabled aid increases. The financial crisis should not be an excuse for such measures but the US government for instance has already postponed its pledge to double aid by 2012. The example of Japan is also worrying. Since Japan's 1990s financial crisis the government has slashed the aid budget for 11 years in a row and this is now down to just around half of its 1997 peak. This pattern need not repeat itself, however, if politicians and civil society groups mobilise to protect development spending.

The reality is that rich countries were already off-target on aid levels even long before the financial crisis. While donor country GNI per capita grew by more than 200% between 1961 and 2008, aid per capita increased by just 66% over the same period. At 1.8% of government revenue in 2007, the level of aid is even lower than the 2% level in the 1980s and early 1990s.

Most bilateral donors provide mainly grants. After the crisis, however, loan finance for developing countries increased faster than grant finance with a 20% increase in ODA loans in 2009 from the previous year. France, Germany and Japan were among the governments which increased their ODA lending dramatically; the World Bank (WB), regional development banks and the European Commission (EC) also provided extra loans. This means that many recipient countries are accepting more expensive finance than before, indebting future governments who will be using citizens' taxes to repay foreign creditors instead of investing these in self-reliant development.

Official figures are misleading. Governments are allowed to report debt cancellation, spending in their countries on refugees and students from developing countries, and spending on technical assistance by their own service providers as aid. Reality of Aid calculates that less than half (45%) of bilateral aid in 2008 was actually available to developing country partners to program according to their own priorities. Donor governments also count spending in support of their foreign policy objectives as aid, and are even maneuvering to use ODA to fulfill their international climate finance obligations despite a clear agreement that climate funding should be new and additional.

There is therefore still much for rich governments to do in terms of providing sufficient aid in line with their pledges.

3. Aid effectiveness – a balance sheet

Governments set several goals when they agreed to aid effectiveness reforms. These were to reduce transaction costs in the aid system, increase the predictability of financial transfers, increase accountability through developing country ownership of programs, and achieve greater results in reducing poverty. The official aid effectiveness agenda calls for rationalising the number and type of donor interventions, making these more predictable and transparent, allowing recipient governments to determine how to spend incoming aid, and improving accountability for results.

It is now five years after the Paris principles were adopted, and two years after they were affirmed and extended in the Accra Agenda for Action (AAA). Some processes are underway to improve spending efficiency but few fundamental relationships and ways of doing business have changed. By mid-2010, about half of donors introduced new or updated aid effectiveness implementation plans in line with the AAA. But many of these are incomplete and cherry-pick aspects of the Agenda while ignoring others. For example the UK's aid effectiveness plan uses "a minimalist implementation of the Paris Declaration" that ignores key AAA pledges on technical assistance and country systems. The Canadian government reworked the AAA and came up with its own seven goals for aid effectiveness while omitting some of those that governments had agreed upon in Accra.

Governments which have yet to produce aid effectiveness plans and update their procedures must do so. Governments which have produced plans must review them, in consultation with civil society, to ensure that they are comprehensive and thorough. Then these plans must be followed through with meaningful action. The rest of this section reviews what governments have done to implement their Paris and Accra aid effectiveness pledges.

Country allocation

Official aid effectiveness agreements correctly argue that one of the best ways to reduce transaction costs and increase efficiency is for donors to focus their funding on fewer countries and fewer sectors. Several countries – such as Italy, Spain, Sweden and Canada – are indeed now concentrating their aid in fewer countries. The governments of Italy and Sweden, for example, plan to halve the number of countries they support. However these governments are making their reductions on unclear grounds and with minimal civil society and recipient country consultation. In many cases these processes do not take account of the multiplicity of agencies at national and local levels that are involved in aid finance. In the USA, for example, aid reforms are limited to the United States Agency for International Development (USAID) and some State Department funding, leaving out foreign assistance managed by approximately 19 other US departments and agencies. Each of Spain's 17 Autonomous Regions plus many City Councils provide aid.

Development agency processes on country specialisation are only donor-driven tinkering at the margins of a larger problem, largely ignoring the interests especially of the poorest countries. Aid allocation still too frequently prioritises foreign policy objectives more than fighting poverty objectives. Iraq, Afghanistan and Pakistan appear in the top five of aid recipients for many donors, especially those countries with a military presence in that region. Some 17% of new aid programs since 2000 has been just for these three countries.

In contrast, countries in Latin America – a continent with few conflicts and few low-income countries – are being squeezed out (with the exception of Haiti). Impoverished Latin Americans in middle-income countries with high inequality are being overlooked. This redistribution is partly a result of pledges made at the 2005 G8 summit in Gleneagles where governments agreed to provide an additional US$25 billion a year to Africa by 2010 compared to 2004 levels.

Still, while donor governments have made some reallocation towards Africa they are less than halfway to meeting this pledge this year. Overall aid levels have simply not increased fast enough to allow the additional spending promised for Africa while maintaining the spending for people living in poverty in other regions.

Within Africa some countries are even in danger of becoming aid orphans as donors concentrate their funding in a few "donor darlings" such as Ethiopia, Ghana or Mozambique. In 2008, excluding debt cancellation, 58% of Development Assistance Committee (DAC) aid to Sub-Saharan Africa went to only 10 African countries, with the remaining 38 countries left to share 42% of aid.

A similar phenomenon is occurring in India. There is a concentration of aid projects in relatively developed areas with donors increasingly directing aid to the few Indian states that they consider to be 'reform-minded'. The poorest states with weak economic management are neglected. The South Asian Network for Social and Agricultural Development comments that this "amounts to punishing the poor for the failures of their rulers".

Another example of punishing the poor, and a worrying extension of the use of conditionality, is the allocation of aid to governments that agree to crack down on migration from their countries. France, Italy and Switzerland are among the governments now overtly allocating aid on this basis. In Italy the link between aid allocation and immigration control is outlined in a new law that was backed by the government. This law clearly conflicts with the main objectives of Italian development cooperation legislation and its international aid effectiveness commitments. Such conflicts illustrate the profound pressures that aid faces in many countries.

Sector allocation

The allocation of aid to sectors and end goals is not much better. Even though aid has increased, less than half of the new aid since 2000 has been spent on the Millennium Development Goals (MDGs). The health sector has gained the most and aid has clearly contributed to the impressive 28% reduction in the child mortality rate in developing countries between 1990 and 2008. Aid to education also doubled between 2000 and 2008, encouraging large increases in school enrolments although raising concerns about questionable quality and graduation rates. Aid to agriculture has been slowly increasing from all-time lows in the 1990s, especially since 2008 when food prices peaked. But such spending is still at the mercy of donors' whims: there is little predictability and recipient countries are vulnerable to sentiments and fads in donor administrations over which they have no control.

The Canadian government has announced that it will focus its aid programming in three thematic areas: food security; sustainable economic growth; and children and youth. The Canadian Council for International Cooperation (CCIC) points out that this donor pre-determination of focus areas ignores the AAA commitment to country ownership and restricts the choices of governments and civil society in recipient countries.

The donor division of labour process moreover appears to be diverting attention from important cross-cutting issues. Women in Development Europe comments that donor division of labour "can lead to the marginalisation of gender equality and women's empowerment because division of labour efforts are organised around sectors – such as agriculture, transport, or health – rather than around development policy goals". The European Union (EU) report on division of labour gives the impression that gender equality is not considered at all during negotiations among donors about sectoral aid allocation.

Conditionality vs. ownership

Sector allocations should be decided by recipient countries themselves through their own national political processes. This idea of ownership has been accepted in international agreements on aid effectiveness. However while some donor governments have taken steps to listen to and respect recipient country views, and to use country systems, too many retain old habits of making the key decisions. Also, too many donors insist on financing projects rather than sectors or the budget as a whole. This restricts recipients' choices and often distorts the overall quality of health and education systems, for instance, where projects are driven by donors' emphasis on quick and measurable results.

Conditionality, the antithesis of ownership, is still alive and well in 2010. Several international organisations such as the WB and International Monetary Fund (IMF) have reviewed their practices, and governments such as the UK and Norway have introduced policies that severely limit conditionality. Yet recipients still concede policy space to donors and pledge specific donor-determined reforms to receive funding. The WB and IMF remain the worst offenders, indeed becoming even more powerful since the financial crisis, but they are not alone.

Mauricio Gómez, former Vice Minister of External Cooperation in Nicaragua, complained that when he was in office, "Everyone wanted to enter with their conditions. The World Bank wanted its conditions, then others like the European Commission entered and wanted other things with their criteria." This shows that conditionality is a problem of both interference and incoherence among donors who are failing to harmonise their approaches or align behind country systems. This is despite a clear commitment at the Accra conference that donors should use country systems and approaches unless there is a clear reason why they should not do so.

Tied aid

Too much aid is still tied to the purchase of goods and services provided by rich countries despite several agreements prohibiting this practice which Australian campaigners have dubbed "boomerang aid". This happens both formally, as in the case of US food aid or much of its technical assistance, or informally by structuring contracts and tendering procedures in ways that favour home country suppliers.

The Danish Institute for International Studies recently analysed hundreds of aid contracts tendered by different donors and they found that over 60% went to companies from the donor country concerned. Another study of UK aid found that 88% went to UK companies despite the UK's formal policy of 100% untying of its aid. This needs to be tackled head-on by reorganising donor procurement and dramatically scaling back donor-imposed and -directed technical assistance.

Conclusion

The initial motivations for introducing aid effectiveness reforms were to "increase the impact aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs".[3] However these worthy intentions have been lost in the translation into technical donor task teams, comparative advantage analyses, country context analyses and monitoring surveys. In many cases these aid effectiveness processes have been added on top of existing processes, rather than substituting for or simplifying them. These exercises are mainly donor-controlled and are unable to capture the quality of relationships or decision-making.

Aid programming has been reconsidered from the top down rather than from the bottom up. This has led to confusion and contradiction – for example, the US government has committed to increase the use of country systems while retaining legislation that mandates tied aid in some sectors.

Accountability is still too often a matter of the power of the purse rather than of power to the people. Mutual accountability, another key tenet of aid effectiveness agreements, is still largely rhetorical at present and has yet to acquire a clear meaning or established practice. Few donor governments are prepared to bind themselves with specific commitments, for example to provide predictable amounts of aid according to a clear timetable. When mutual accountability is applied it is generally reserved for the relationship between a donor and a recipient government and does not extend to the people themselves who are left with few means of redress if something goes wrong with a development intervention.

4. Towards development effectiveness

A new approach to prioritising aid and measuring its impact is urgently needed. Reality of Aid proposes one: development effectiveness. This emphasises building and strengthening long-term processes for citizens to claim and act on their rights. Rather than just short-term results on the ground, development effectiveness is needed for the fight against poverty, social exclusion and inequality to be placed on a sustainable footing.

Development effectiveness is more than just about aid and about finance. A range of additional policy changes are required to allow developing country governments to develop more self-sufficient economic policies that can lift their people out of poverty and continue to do so on an on-going basis. These include policies on debt, trade, investments, tax, migration, governance, and security.

Reality of Aid's comprehensive development effectiveness approach will be the basis for advocacy in the period leading up to and beyond the South Korea High Level Forum on aid effectiveness in 2011. This approach comprises measures on:

- Human rights, social justice and empowerment;
- Reforming development partnerships based on solidarity, sovereignty and mutuality; and
- Transforming the aid architecture and ensuring policy coherence for development.

4a. Respecting human rights, empowering impoverished people, promoting gender equality and sustainability

Official aid effectiveness agreements state that aid must be managed to obtain clear results. The MDGs for example provide a useful set of benchmarks. Yet, too often, official development agencies still focus on macroeconomic indicators as much as on social and environmental ones. Aid frameworks are often too limited or imprecise in what they measure and in establishing links between financial inputs and outcomes on the ground. Instead, donor results for their development programs should be clearly and systematically assessed by their impact on broader concerns such as human rights, justice, gender equality and sustainability.

Human rights obligations

All governments – donor and recipient – are bound by human rights obligations. These have been set out in a series of UN summits and review meetings. Very often, however, implementation of these treaties and accountability to them has been slow and handled by officials different from those overseeing development cooperation, resulting in little connection between these agendas. We are a world away from the desirable situation where policy dialogue is based on shared obligations derived from international human rights law, obligations which are duly referenced in aid agreements that spell out what each party must do while respecting country ownership.

Donors must ensure that they promote a rights agenda when providing programmatic aid and when financing specific projects. This report puts forward several examples of where that is not happening. One is in the Philippines where the Japan Bank for International Cooperation (JBIC) funded a dam that displaced 2,500 families and ruined the livelihoods of thousands of gold panners. When JBIC approved the funding it had no social or environmental guidelines. The Philippine government's Office of the Presidential Assistant on Indigenous People's Affairs reported that the free and prior informed consent of the Ibaloi people was not obtained before constructing the dam. Studies also showed that the project contractor tried to minimise the compensation payments it had to make. Construction continued, however, as Filipino citizens had no power to halt it or to demand that their rights be respected.

Australian aid to Indonesia for the Kalimantan Forests and Climate Partnership is another case that reveals many of the tensions emerging with a new wave of climate funding.[4] The project will flood around 100,000 hectares of land yet project documents do not mention the rights of affected indigenous or forest-dependent communities living in the project area. The project is moreover misdirected and focuses on changing the subsistence practices of small-scale farmers rather than on the agricultural industries, such as palm oil plantations, that are the main causes of large scale deforestation in the region. A major international NGO with implementation responsibilities on this project says that the major challenge for the project was "to change the behaviour of the community". The article on climate aid to Indonesia points out that this amounts to "conservation colonialism" and argues that the major behaviour change needed is in fact to increase the sensitivity of outside organisations coming in to work on projects. (See Chapter 1)

Legal regimes governing aid and human rights as well as implementation practices are very varied. Many donors and international institutions have little or no specific policy on human rights and do little to examine how their project and policy interventions help or hinder the fulfilment of rights. Some others are making progress, at least on policy frameworks.

Many European donors have formally adopted a rights-based approach to aid. In Canada, parliament passed a law mandating aid ministers and officials to examine whether proposed aid interventions are "consistent with international human rights standards" as well as whether they "take into account the perspectives of the poor". This approach matches development effectiveness thinking and is completely in line with AAA which states that: "Gender equality, respect for human rights, and environmental sustainability are cornerstones for achieving enduring impact on the lives and potential of poor women, men and children. It is vital that all our policies address these issues in a more systematic and coherent way."[5]

However even though this rights approach is enshrined in Canadian domestic law, Canadian civil society is still highly critical of the Canadian government's failure to ensure systematic and coherent implementation of a human rights approach for its aid. Similarly, the Australian Council for International Development points out that it is still not clear "how the human rights framework is meaningfully applied to improve people's lives in the plethora of aid and development activities". Civil society groups are pushing for aid agencies to produce detailed policy guidelines on operationalising a rights-based approach.

Among the mechanisms that civil society and official donors have at their disposal are cutting some or all aid to governments that breach fundamental human rights norms. Examples of this that are explored in this report include the cutting of aid to Fiji after a coup there, and to Nicaragua after the new government oversaw fraudulent municipal elections and clamped down on national and international civil society groups. Donor moves to cut off aid are frequently seen as political gestures that infringe on sovereignty. However they are also efforts to fulfill donors' responsibility as rights duty bearers. In such situations it is important that donors do not entirely abandon the country but work to support and strengthen other aid delivery channels to ensure that poor and vulnerable people are not further disadvantaged.

The rights agenda also has implications for work on the ground by civil society groups. In Australia, among other countries, civil society groups are considering what a rights-based approach will mean for their own aid decisions and delivery. They correctly recognise that international NGOs are themselves power bearers who can influence how rights are exercised. Belgian NGOs have signed an agreement with the government where the NGOs made commitments on Paris Declaration implementation and the government made pledges on aid effectiveness and policy coherence for development.

A major international process of analysing civil society organization (CSO) effectiveness and practices has started – the global, CSO-led, Open Forum for CSO Development Effectiveness.[6] This is examining ways that international NGOs can introduce operational mechanisms to ensure accountability to their stakeholders, including local civil society groups on the ground. This is necessary, as the article from the Latin American Network on Debt, Development and Human Rights shows. (See Chapter 1) This article cautions that too many European NGOs now implement priorities set by official organisations. Several have thus lost the more principled solidarity connection with Latin American groups and have even entered into direct competition with these groups for funding.

Some donors and other aid actors have begun to think seriously about the rights agenda. But they all need to introduce clear and binding human rights protocols to guide their future work at both project and program levels.

Gender equality

The reason why all donors need detailed policy guidelines is clearly exposed in several articles, including those by the Forum of Women's NGOs of Kyrgyzstan and by Women in Development Europe. (See Chapter 1) The seven major donors to Kyrgyzstan, for example, produced a Joint

Country Support Strategy for 2007-2010 which mentioned women's rights and gender equality as areas of assistance and concern. However, they did not allocate a budget for gender needs and did not link this strategy to the country's National Action Plan on Gender Equality. Nor did women's NGOs contribute to its creation. This shows, at best, a lack of joined-up thinking, and, at worst, a cynical tokenism in the treatment of women's rights.

Donors themselves report very limited progress on gender issues. They indicate that gender equality is a "principal objective" for just 4% of official aid funding. The amount of donor finance available for family planning has declined per woman since the mid-1990s. (See ROA article in Chapter 4) Direct ODA support to organisations and institutions working on women's equality amounted to only US$411 million in 2008.

Both donor and recipient governments know that women comprise the majority of the world's poorer people and that economic downturns affect women disproportionately on top of existing care work and prejudices. They need to ensure that gender equality becomes a major objective of aid interventions and that data differentiated by gender is produced to enable effective monitoring. A major way forward will be empowering women to be fully involved in key decisions about aid and about national policies.

Conclusion

Many donor organisations have begun to consider how to integrate human rights language and concerns into their policies and funding decisions. However none fully pass the test of having a systematic and coherent way to address this, as demanded by the AAA. This is because human rights are in many cases an afterthought rather than a core concern. As with environmental protection, it is best to change the core process design rather than add "end-of-pipe" solutions. This will require a major rethink by many official bodies and a whole new way of prioritising and making decisions. Nothing less is required if we are to make a bold move towards development effectiveness.

4b. Reforming development partnerships based on solidarity, sovereignty and mutuality

Development has too often been seen as a process of using outside expertise and finance rather than of using the knowledge and resources that are present in developing country communities. Inappropriate ideas brought in from the outside have led to social tension, environmental problems, cost overruns and other difficulties. But above all they have trampled on the sovereignty and rights of the communities that development is supposed to support.

Donor governments and institutions have agreed to shift 'ownership' of development to recipients. This is a positive and long overdue step. But this is often practised in only a limited way involving just ministers and senior officials. There is much talk and writing, but little practice, of downward accountability, mutual accountability and ownership. Detailed evaluation reports and donor-government working groups will be meaningless for accountability and ownership if impoverished people are not at the front and centre of the development process. It is vital that ownership rests not just with governments but with the people.

An open government with channels for popular participation at all stages of policy and project initiation, delivery and monitoring is vital. Parliamentarians, as representatives of the people, must play a crucial role in cross-checking the actions of the executive in aid negotiations. But popular scrutiny and control must also go beyond parliaments and other state bodies to encompass citizens' own organisations.

In Sri Lanka for example, citizens groups have worked for many years to urge international development organisations to press for true community participation before project planning phases. They continue to ensure that international financial institutions (IFIs) and their contractors are "constantly aware of watchdog action and monitoring by CSOs and communities". This has led to successes such as water privatisation being prevented on 12 occasions and a proposed protected area management project being stopped. Learning from this experience, the WB included genuine engagement of CSOs in the formulation stages of a subsequent Forest Management Project.

The Green Movement of Sri Lanka forcefully argues that communities that take ownership of their own development futures can deliver far better results than externally planned and directed action. Direct people-to-people support can also substitute for the failings of participation in official assistance. Following the devastating tsunami in late 2004, the Kalametiya fishing community linked up with another fishing community in Maine, USA which undertook micro-scale fund-raising activities such as selling lemonade and toffee. The intervention at Kalametiya was recognised as one of the best post-tsunami rehabilitation projects in Sri Lanka.

What is needed for genuine people-led development is a change of mindset by officials. Rather than hire expensive consultants to conduct pro forma exercises, officials need to listen more to the people on the ground. This will require capacity and training for much increased cultural sensitivity and an awareness of the situation of poor and marginalised populations in national and sub-national politics.

Donor governments working in Nicaragua were so blinded by very limited and merely technical initiatives for improved aid effectiveness that they lost sight of the bigger picture. Hence they came to occupy a "virtual reality where everything felt fine despite the severe political crisis facing the country", according to KEPA. The aid effectiveness reforms promised by Nicaragua had shallow roots only in the executive branch of government and did not involve parliament and broader civil society. This made it easy for the new government which came into power in 2007 to distance itself from the reforms and move in a different direction.

In Colombia, as will be shown by the researcher Rosemary McGee, the government has used official aid effectiveness processes as a way to undermine and displace a tripartite government/donor/civil society forum. This forum had previously allowed civil society groups to influence national planning and discuss rights, conflict and governance issues. The aid effectiveness processes that replaced it were more managerial and enabled the government to exert control over civil society groups. The government succeeded in distracting attention from on-going human rights problems at home while obtaining international visibility and kudos for its efforts on aid effectiveness, positioning itself to receive extra funding at a time of an aid squeeze for middle-income countries. Citizens groups conclude that aid effectiveness concepts such as ownership are a blunt instrument that needs to be sharpened in practice if it is to help citizens on the ground.

Empowerment

People living in poverty must have the power to make choices and to take decisions on development programs. For development to be effective it must be set within an empowerment framework that is locally-initiated and founded on what the people decide. Former president of Ireland and UN High Commissioner for Human Rights Mary Robinson recommends moving beyond the Paris Declaration and the AAA to an era where "legal empowerment" is the catchphrase for the future of international cooperation.

The Development Effectiveness Primer produced by IBON International explains that "empowerment is a process of enabling people, in particular the least privileged, to: (a) have access and control over productive resources – land, technology, financial resources and knowledge – that enable them to meet their needs and develop their capabilities; and (b) participate and lead in the development process and the decisions that affect them".[7]

Aid should support redistributive policies and practices such as genuine agrarian reform, the expansion of social entitlements, and universal access to essential goods and services. To empower the poor, development strategies must promote the voice and participation of women, youth, minorities and other excluded groups in identifying needs and priorities, formulating policies, and designing, implementing and evaluating programs, including those part-financed by international agencies.

The poor and especially women and other marginalised sectors in society must be able to hold their governments and donors accountable through participatory governance mechanisms. Empowerment sounds attractive to most people but is often anathema to officials who mistrust the public's ability to understand issues or make decisions and who want to retain power for themselves. The article by SANSAD reviews the many layers of public institutions in India and points out: "While the multiple institutions and procedures of democracy are increasingly in place, the critical challenge is how to deepen their inclusiveness and substance. Monitoring and evaluation agencies fail to enforce the functioning of the system. CSOs' roles in these institutions are minimal, restricted to filing complaints and sending their comments or inputs." (See Chapter 2)

Changing their own practices and procedures so that officials can work genuinely with low-income marginalised communities will be a very difficult challenge for official aid agencies. But without this, development interventions will be unable to reach those who need them most and will only have short-term results at best.

Towards transparency

Civil Society for Poverty Reduction, a Zambian network, writes that "information is cardinal". In Zambia, there has been a lack of participation on aid issues. Donors have imposed conditionalities and created an atmosphere of mistrust of donor motivations. Now "this mistrust extends to the aid effectiveness agenda" as its implementation has in many cases also been negotiated behind closed doors.

Accountability and citizen participation require all development organisations and recipient governments to work within a culture of full transparency. This should cover decision-making and implementation of all aid transactions and development programs. Over 50 countries have already introduced national freedom of information legislation. Mechanisms to enhance implementation must be brought forward, including appeals procedures for citizens who feel their rights to information have been compromised.

At the minimum, international donors must sign up to and implement the principles and measures outlined in the International Aid Transparency Initiative. These include detailed technical standards and a code of conduct to ensure that donor documents and financial transaction data are made available rapidly and in a format that is comparable, freely accessible, and easy to understand.[8] Each donor ministry involved in aid decisions must sign up to a comprehensive national aid transparency plan drawn up in consultation with civil society groups and parliamentarians.

Recipient governments must also continue to become more transparent so that their citizens can see how aid and the national resources put up as counterparts are allocated. The Open Budget Index is a useful reference point for such budget transparency.

Untying aid and using public procurement

Transparency is necessary but not sufficient to rebalance who gains from contracts and who implements development projects. Transparency must be complemented by proactive efforts to include suppliers and implementing partners from developing countries. In many cases, developing country companies struggle with the technicalities of bidding requirements or with establishing sufficient track record to be a credible bidder. For development from below to become a reality, donors must yield power over jobs and responsibilities in the short-term as well as provide opportunities for companies and civil society organisations to expand and to build and maintain infrastructure and other forms of development programming over the long-term.

The European Network on Debt and Development suggests a series of measures to introduce development effective procurement. Donors should recognise that public procurement systems often take account of factors other than cost. Public procurement has been used as a policy tool for advancing social, ethical and human rights goals, for mitigating regional, social or ethnic disparities, and for promoting decent work. However some donor rules do not allow aid agencies to use recipient country systems unless they prioritise least-cost bids. For instance, the US Millennium Challenge Corporation cannot use the Namibian national procurement system because the Namibian Tender Board Act guarantees preferential treatment for local firms as well as firms owned by groups that were disadvantaged under the apartheid regime. This kind of restriction is another example of aid rules that restrict genuine national ownership.

Another telling example is in Uganda which has an advanced factory producing Anti-Retro Viral drugs – yet drugs for the huge donor-supported HIV/AIDS treatment programs in Uganda are still procured from foreign producers which are often based in donor countries. Deals like this mean that a large proportion of ODA is not an inflow to developing countries but a "roundflow" where funds flow from Northern budgets back to Northern firms. Even when local production capacities exist, they are often not used.

These examples show the problems related to procurement. Yet donor exercises such as WB Country Procurement Assessment Reports do not review these aspects but emphasise a narrow approach to cost effectiveness. Aid recipient countries are told they have to spend their public money without consideration of long-term environmental costs or the need to empower minority communities. This is a wasted opportunity and another example of double standards since many rich countries have introduced non-cost elements to their national procurement systems.

Conclusion

The aid regime must refocus on creating an enabling environment for all citizens, particularly the most marginalised, to enjoy their rights. This requires a change of culture and of practice. Transparency is a key enabling factor and the way that procurement and financial decisions are made will also have to be altered dramatically.

4c. Transforming the aid architecture and ensuring policy coherence for development

Before the financial crisis, private banks claimed that the financial architecture was solid and that self-regulation would ensure good behaviour. Both these arguments have been clearly exposed as false. Likewise, in international aid, the architecture is anything but robust and well-designed. In fact, the aid system is becoming more chaotic all the time with ever more funding mechanisms, reporting structures and approaches. More architects and more builders are crowding onto a limited construction site with little clear planning or health and safety rules.

The OECD DAC agrees that "the current architecture and institutional set-up of development institutions must be changed" and calls for "simplified organisational structures, instruments and procedures".[9] The aid architecture must be reviewed and rebuilt to promote development effectiveness. There should be a moratorium on creating new institutions or mechanisms for aid delivery while this is being done.

Too many donors

Many governments channel their aid through multiple bilateral agencies as well as multiple multilateral ones, including specialised vertical funds. They have pledged to reduce the number of agencies delivering assistance and to target their support in fewer countries and sectors. However implementation of this pledge is slow. As the Southern Aid Effectiveness Commission reported earlier this year, "attempts to cut down on the institutions that deliver aid have so far failed, due to the many interests involved".[10]

There are now at least 300 bilateral and multilateral agencies. These are fragmenting internally with ever more earmarked funds and special initiatives. New players are even entering the system leading to what some commentators term "anarchy".[11] These new entrants include private foundations, southern governments, vertical funds, NGOs and the military.

The array of organisations prepared to provide finance could be helpful if they each brought something distinctive and if they collaborated well. However this is not the case. Recipients spend too much time second-guessing donors' intentions, negotiating with them, and reporting to them. The Southern Aid Effectiveness Commission found that "fragmentation and proliferation became a major driver for the increase in transaction costs and administrative burdens of contemporary aid on both sides, donors and recipients alike".[12]

The increasing links between security strategy, military operations and aid receive special attention in several contributions to this report, with Reality of Aid members raising concerns that this is diverting funding from poverty reduction purposes.

Denmark, historically a leader on aid policies, is now using aid linked to military operations in Afghanistan which has become a top recipient of Danish aid. Moreover, the Danish Parliament has recently agreed to provide ODA funds for an initiative under Denmark's defence policy.

Astonishingly, military personnel delivered some 22% of US ODA in 2008, up from just 3.5% in 1998. Fortunately there are counterexamples. Spain's new Humanitarian Action Sectoral Strategy has reduced the amount of humanitarian funds allocated to the Defence Ministry. Leadership has passed to a Humanitarian Action Office in the heart of the Spanish Agency for International Development Cooperation.

Several articles of this report – including the ones on Fiji (See Chapter 1), India and Sri Lanka (See Chapter 2) – comment on the rise of non-Western donors such as China and Iran. These governments are increasing their development funding for a wide range of motives including humanitarian, developmental, commercial and strategic reasons. This phenomenon of South-South cooperation is not entirely new but is growing rapidly with increasing implications for official DAC donors and recipient countries alike. Estimates of South-South cooperation range from 10% to 15% of total world ODA.

Authors in this report argue that the non-interference approach espoused by China and other Southern donors might yield an increase in cooperation between equals rather than condescending donor-recipient relationships based on historical power games. Several of these Southern donors have shown that they are prepared to step in when other donors step back for governance or other reasons, as happened in Fiji recently.

However, most of the Southern donors lack social, environmental and transparency procedures which undercuts opportunities for citizen scrutiny and empowerment. They also tie their financial assistance to the provision of goods and services from their countries and provide very limited transparency on their operations. In its report on South-South cooperation published earlier this year, Reality of Aid concluded that "respect for national sovereignty should not mean ignoring gross human rights violations, environmental destruction, corruption and blatant abuse of power in partner countries".[13] This finding is reinforced by the Reality of Aid report at hand.

Weak monitoring systems

Relationships between donors and recipients are still driven by power games. Aid effectiveness monitoring systems such as the bi-annual Paris Monitoring Survey, based on self-reporting, have proved weak and prone to institutional capture by donors. The fact that official aid effectiveness processes originated in the OECD DAC, a rich-country club that excludes the vast majority of countries in the world, is a problem of donor-recipient power relations that has yet to be properly addressed. This is the case even though aid effectiveness discussions are held in the Working Party on Aid Effectiveness that, though still housed in the DAC, has a broader membership. Many developing countries have been invited to participate in selected OECD DAC processes and in conferences such as the Accra High Level Forum but they often feel that their standing and their capacity to get their voices heard are limited.

From policy incoherence to joined-up thinking

Aid is a vital part of creating a just and sustainable future for the world's citizens. But it is not the only measure that governments need to take. At the minimum these must also extend to trade, investment, migration, debt, taxation, climate change and security policies.

A clear example of policy incoherence is provided in the article on Swiss aid. (See Chapter 4) Switzerland has for years maintained an extensive aid program to promote peace and human rights in Colombia. During 2009 deliberations in parliament on the bilateral free trade agreement with the country, development NGOs and left-of-centre parties advocated linking the agreement to human rights concerns. Yet the parliamentary majority followed the arguments laid out by the Economics Minister who stated that the promotion of human rights was not a matter for trade policy but only for development co-operation. Similarly, Sweden has continued arms exports to Saudi Arabia and Pakistan despite serious human rights violations there.

As Latin American Network on Debt, Development and Human Rights (Latindadd) points out in its article, illicit capital outflows from developing countries total around ten times the amount they receive each year in aid. (See Chapter 1) Debt payments are another huge cost and will become more so now that the proportion of aid being provided as loans has increased.

Uganda Debt Network sets out the many problems with the trade policies frequently imposed on low-income countries as a condition for aid. It finds that "an outright liberalisation/ free-trade policy will continue to inflict heavy costs on African countries because they are still net exporters of raw and semi-processed materials". They also point out that donor countries are hypocritical in preaching liberalisation and free trade while they continue to subsidise their own agriculture sectors and promote other exports that they consider strategic.

This book does not have the space to analyse all of these policies in depth but it still seeks to situate aid in a broader policy framework. The principle of "policy coherence for development" is long established in several countries but has not been vigorously applied. This application may become even weaker in the period to come as the current crisis context may make countries which have not yet introduced such an approach reluctant to do so, and as some countries bring development matters more firmly under their foreign affairs or trade ministries. Yet some positive examples do exist, for example in New Zealand where the government has encouraged banks to make remittance transfers more flexible and cheaper.

Conclusion

The current aid architecture is not fit for the purpose of development effectiveness. It is an amalgamation of different institutions created at different times by different politicians. Very few organisations have been disbanded and, on the contrary, it is always a case of adding new ones. Even with the best will in the world, individual officials cannot build a sane and effective system from this melange of bodies with overlapping mandates and tools. A thoroughgoing review of current agencies and a halt to initiating new ones is required to start turning back the tide.

Development aid decisions are not taken in a vacuum either in richer countries or poorer ones. Many other policies influence poverty outcomes on the ground and prevent or enable communities and governments to implement sustained policies and programs. These must be tackled at the same time that aid is improved to achieve the maximum benefits for people in developing countries.

5. Conclusion and recommendations

Aid is not dead, as some commentators claim, but it is certainly in a poor state of health. Limited technical reforms agreed at a high level between donors and recipient officials and ministers will not be sufficient to change the nature of the aid relationship and lead to real effectiveness. The poverty, climate and financial crises will not be solved without a thorough change in mindset and of rules. This applies to all governments, international institutions and other organisations involved in channelling finance, including many civil society organisations.

The aid effectiveness approach that was agreed in 2005 at the Paris conference was a useful recognition that all is not well in aid delivery. Official aid effectiveness reforms have delivered some benefits at the margins and limited the difficulties that might otherwise have resulted from programming increased aid. However they have not made a decisive difference in how aid is perceived or in who takes key decisions.

Solutions are not just a question of more efficient application of current orthodoxies. Reality of Aid members will continue to work tirelessly to challenge problematic donor interventions and call for a transformation of the aid agenda so that it empowers those who most need help to take action to help themselves.

The Paris Declaration set out a series of targets to be met by 2010. These were extended slightly at the Accra High Level Forum in 2008. The next High Level Forum will take place in Busan, South Korea in 2011.

This book outlines a new development effectiveness approach which must become the organising principle for international cooperation on the road to the Busan conference, throughout the rest of this decade, and beyond. The Busan meeting will take place in the context of a harsh global economic climate and difficult decisions for governments worldwide. As CONCERN points out in the article on Ireland's aid, aid effectiveness used to be about doing more with more but is in many cases now about doing more with less. (See Chapter 4) Either way, aid needs to become far more efficient and effective.

The climate crisis beginning to bite in many regions of the world only makes this more urgent. There is as yet no global deal on climate change and this will need to be negotiated over the next few months and years. A financial transfer mechanism for richer countries to compensate poorer ones will be a vital part of this deal. The design and governance of climate funding must draw on the lessons of official aid to date – ensuring that key decisions are in the peoples' hands, that transactions costs are minimised, and that rights are respected.

Reality of Aid recommends that all governments, by the 2011 High Level Forum in Busan, commit to:

- Provide, as grants, sufficient volumes of aid in line with international agreements;
- Be transparent in aid decision-making and with their aid data;
- Ensure democratic ownership by the poor and not just by recipient governments;
- Introduce binding measures to ensure that aid respects human rights agreements and empowers poor and vulnerable communities to claim their rights;
- Measure impacts on social inclusion and social justice;
- Untie aid and ensure that public procurement takes account of public policy goals such as combating inequality and environmental damage;
- Halt the proliferation of aid agencies;
- Ensure that division of labour processes do not squeeze out important goals such as gender equality or environmental protection; and
- Introduce strong policy coherence for development measures.

Reality of Aid is joining with other members of the BetterAid Platform to promote an international process, coming out of this High Level Forum, to develop a binding UN Convention on Development Effectiveness. CSOs, along with allies among governments, will explore the implications of a more binding framework that holds governments accountable for the commitments they make in various international meetings. A UN Convention of Development Effectiveness could strengthen the coherence between these commitments and accountability to international human rights law which, as this report argues, is the basis and standard for measuring development effectiveness.

Endnotes

1 The Reality of Aid 2008, Aid Effectiveness, Democratic Ownership and Human Rights, Reality of Aid, 2008, p. 11. At: www.realityofaid.org/roareports/index/secid/365/part/1.

2 Institute for Health Metrics and Evaluation, Financing Global Health 2009: Tracking Development Assistance for Health, University of Washington, 2009, Chapter 2, accessed February 2010 at www.healthmetricsandevaluation.org/resources/policyreports/2009/financing_global_health_0709.html.

3 Paris Declaration on Aid Effectiveness, (2005) p. 1.

4 See also Financing climate change mitigation, adaptation and sustainable development, Reality Check, 2009. At: www.realityofaid.org/publications/index/content/Reality%20Check/view/category/pubsecid/9.

5 Accra Agenda for Action (2008), para

6 See http://www.cso-effectiveness.org/.

7 Ibon International (2009), Primer on ODA and Development Effectiveness.

8 See: www.aidwww.aidtransparency.net/resources.

9 OECD DAC (2010), International Cooperation Report 2010, page 30.

10 Southern Aid Effectiveness Commission (2010). Towards more effective Aid Assessing reform constraints in the North Report of the Southern Aid Effectiveness Commission, p. 24. Available at: www.eurodad.org/uploadedFiles/Whats_New/Reports/Towards_More_Effective_Aid.pdf?n=133.

11 See David Fidler (2007), "Architecture amidst Anarchy: Global Health's Quest for Governance", Global Health Governance, Volume 1, No 1. See also EURODAD (2008), "Global Vertical Programs, A Tale of too many funds", Reality Check, accessed at http://realityofaid.org/downloads/realitycheck_jul2008.pdf.

12 Southern Aid Effectiveness Commission (2010). Towards more effective Aid Assessing reform constraints in the North Report of the Southern Aid Effectiveness Commission, p. 25.

13 Reality of Aid (2010) South South Development Cooperation: a Challenge to the Aid System? p.17. At: www.realityofaid.org/roareports/index/secid/373/part/3.

Chapter 1

Human Rights, Justice, Gender Equality and Sustainability

INTRODUCTION

Governments have signed international human rights and environmental treaties and in principle accept that development must be about enabling people to fulfill their rights. But in practice they too often overlook the rights agenda. The same is true of environmental sustainability which is frequently noted but too rarely prioritised. Donors must change their priorities and practices accordingly.

Sarah Winter examines how Australian development non-governmental organisations (NGOs) grapple with the question of integrating human rights into all aspects of their aid planning and delivery. There is a broad range of approaches, from informal arrangements based on trust to fuller rights analyses as part of a social accountability model.

Further studies are needed to demonstrate the impact of human rights-based approaches which can cover a broad agenda. Australian NGOs are committed to further sharing experiences among themselves and with official donors such as Australian Agency for International Development (AusAID).

The growing evidence base is supported by the work of donors, the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) and the United Nations (UN) that explore the incorporation of human rights in different development sectors. This sectoral approach, focusing for example on what the rights to food and to water mean for an infrastructure project, is a practical way to respond to an organisation's existing and evolving expertise.

Alberto Croce looks at the relationship between the European Union (EU) and Latin America. He points out that the emergence of new powers is shifting international relations. The region is exploring how to introduce new regional institutions. Latin America is receiving less aid money than before despite significant poverty in middle-income countries.

Civil society organisations point out that it is difficult to hold governments to account for their spending especially for money received as budget support. Furthermore, tax evasion and avoidance – particularly by multinational companies – drains the budgets of Latin American governments.

The links between Latin American and European NGOs have weakened. The NGOs have replaced a relationship based on trust and a common political vision with one based on technical and professional interaction. Trade unions, municipal governments, universities and international consulting businesses compete with NGOs for development funding.

Croce concludes that development policies that damage or weaken recipient-country NGOs should not be pursued. New indicators will be needed to measure this and other elements of development quality to cover a human rights- and quality of life-based approach.

Nurgul Djanaeva summarises the impact of aid on the achievement of women's rights in Kyrgyzstan. Aid effectiveness agreements mention gender equality and women's rights as key targets yet donor and recipient governments are doing little to implement these. Some key aid documents reference women's rights but these are not well linked to the national action plan on gender equality. Neither donor programmes on gender nor the national plan have sufficient financial resources or staff to implement them. Recent revisions to donor plans have weakened the focus on gender, and the most recent joint donor progress report does not mention gender equality.

As of April 2010 there was still no action plan for implementing the Accra Agenda for Action (AAA) in Kyrgyzstan, and women's organisations have still not increased their influence on aid decisions. International and national gender-equality and human rights strategies should be part of aid effectiveness plans. Official bodies should publish gender-disaggregated information on the technical aspects of aid and on development results. Involving and empowering women will bring forward real development effectiveness.

James Goodman and Ellen Roberts outline the difficulties with climate aid, a fast-growing category. The programme on Reducing Emissions from Deforestation and Forest Degradation (REDD) has been introduced as a result of international talks on responding to climate change. Tackling forest issues is important but requires environmental and human rights safeguards. REDD also requires careful application as investors can speculate on the price of carbon.

A REDD pilot project funded by the Australian government demonstrates some of these problems. The Kalimantan Forests and Climate Partnership documents make no mention of the rights of affected indigenous or forest-dependent communities who currently live in the project area, or of human rights in general. The project focuses on changing small-scale subsistence practices rather than the agricultural industries such as palm oil plantations that drive large-scale deforestation in the region. A local peoples' organisation has been opposing the project, concerned that the project will deny them access to resources they need.

There are alternatives, based on ecological justice, which should inform future climate aid.

Kevin J. Barr describes the way that donors have interacted with governments in Fiji. Many of them cut their aid to the country following a military coup in 2006. Yet the coup claimed to protect indigenous Fijian rights and may in fact have been necessary to create a stable democratic country in future.

The loss of aid from Australia, New Zealand and the EU has had a serious effect on Fiji's economy. Fiji has turned to the International Monetary Fund, Japan, China and India for support. The availability of this substitute funding has persuaded previous donors to begin to change their minds about using aid as a political tool to enforce specific democratic governance requirements.

Brian Tomlinson outlines the Canadian government's progress in implementing a law on aid accountability which was adopted in 2008. The law enjoins ministers to ensure that Canadian aid takes account of the perspectives of the poor, is consistent with human rights standards, and contributes to poverty reduction.

This seems to be a big step forward but implementation is weak. Indeed the Canadian government is making major decisions on aid, such as slashing the number of countries it supports, without reference to this Accountability Act.

Canada should systematically consider how its interventions will support marginalised people realising their rights. Canadian official development assistance (ODA) programs should create opportunities for popular participation and build the capacity of affected populations to participate in development. This includes promoting the rights to organise and to freedom of speech, as well as of access to information. Canadian ODA should also support mechanisms of accountability and redress.

The chapters show diverse experiences and approaches in addressing human rights and sustainability. International agreements, whether on human rights, aid effectiveness or climate, are being interpreted in a range of ways. Some implementation is purely token, some is partial, and some is more whole-hearted. But there is a clear reluctance by many donors to follow the letter of the agreements and to allocate finance according to how it will best support the rights and sustainability agenda. This must be changed to permit genuine development effectiveness.

Rights in Sight: Bringing Practical Meaning to Human Rights-Based Development in Australia

Sarah Winter, Australian Council for International Development

Introduction

In Reality of Aid's 2004 Report, the Australian Council for International Development (ACFID) explored the trend of donors incorporating human rights into good governance activities. It described "the Alice in Wonderland interpretation of governance and human rights by OECD donors – so that these terms mean whatever OECD countries want them to mean".[1] In the 2008 Report, ACFID reiterated the need for the Australian Government's aid program to increase its focus on helping the poorest people achieve their human rights.[2]

The Universal Declaration of Human Rights (UDHR) celebrated its 60th anniversary in 2008.[3] This first binding human rights treaty came into force in 1969 and subsequently the 1993 Vienna Conference on Human Rights formally recognised the links between human rights and development.[4] Under a human rights-based approach, the relationship of rights-holders and duty-bearers necessitates accountability of duty-bearers to rights-holders. Why then is the alignment of human rights with development assistance not old news?

The practice of human rights-based development did not really gain momentum until a 1997 instruction by the United Nations (UN) Secretary General that mandated the mainstreaming of human rights-based development across UN agencies.[5] Since then, the UN, the OECD's Development Assistance Committee (DAC)[6] and many European donors[7] have explored and documented different ways of incorporating human rights. Many see that using the normative framework of international human rights law to guide aid and development activities can provide improved clarity and legitimacy.[8] However, it is still not clear how the framework is meaningfully applied to improve people's lives in the plethora of aid and development activities.

Australian non-government development organisations (NGDOs) have always played a key role in encouraging better development practice by the Australian Agency for International Development (AusAID). AusAID does not have a human rights policy, despite its recognition of the importance of human rights[9] and – unlike other OECD donors – there is no comprehensive capture of human rights-based learning across AusAID programs or sectors.[10] ACFID and its members continue to encourage AusAID to formally adopt a human rights-based approach to development and Australian NGDOs are also working to produce their own evidence and practice on human rights-based development.[11]

Defining human rights-based development

The Australian government has not been a leader in defining human rights-based development. A 2001 Parliamentary inquiry into the links between aid and human rights found that the Australian government was resistant to adopting a human rights-based approach. This was because, among other things, there was no agreed understanding of the term[12] and the approach was not significantly different from its existing activities.[13] Although a frustrating response to human rights-based development advocates, there is some integrity in not adopting a human rights-based approach if in name only.

Indeed, Australian NGDOs are increasingly acknowledging that defining and establishing a practical fusion of human rights and development objectives is not a simple process. There are significant challenges in the adoption of human rights-based development because human rights are inherently legal and sometimes politically sensitive, and because there will always be differences in interpretation for any new development approach.

Enhancing human rights-based development requires greater discussion about the various ways human rights can be incorporated into development and how meanings might differ for civil society and government donors. Without this it will remain difficult for either donors or NGDOs to capitalise on the potential offered by human rights-based development and for citizens to reap the benefits.

In 2009, ACFID conducted research and worked with some of its members to define rights-based development.[14] In many ways, the results are unsurprising – many Australian aid and development organisations view human rights as integral to development and as adding significant value to development thinking, policy making, advocacy and programming. NGDOs identified the relationship between rights-holders and duty-bearers as key to respecting, protecting and fulfilling human rights-based development with four distinct elements:

1. Promoting accountability and transparency among duty-bearers, including non-government organisations (NGOs) themselves;
2. Fostering empowerment and capacity development of rights-holders to hold duty-bearers to account;
3. Working in partnership with rights-holders and, when relevant, with duty-bearers and other rights-focused alliances; and
4. Ensuring meaningful participation of rights-holders.

ACFID's research revealed that NGDOs pursue a broad variety of activities to implement human rights-based development. Activities include inserting human rights into the mission statement of the organisation, developing human rights policies, and working with local partners in establishing complaints mechanisms and prioritising advocacy-based activities over service delivery. However, there was little consensus about the essential activities to be undertaken by a human rights-based NGDO.

Several organisations highlight accountability as a key component of a human rights-based approach. Yet most organisations view accountability as providing opportunities for citizens to hold their governments to account for human rights. Very few NGDOs have developed operational mechanisms for their own accountability to stakeholders – perhaps because several organisations are still discussing exactly what its human rights-based approach will entail and therefore what standards they must be accountable to.

Australian NGDOs as a whole have yet to take the formal steps to acknowledge that they are accountable as secondary duty-bearers through their exercise of power and influence on the realisation of human rights in the community. ACFID's consultations revealed that a few

NGDOs relied on an instinctive sense of 'things working well' or 'existing relationships' as rationales for why formal mechanisms to enable feedback and input into NGDO processes were not required.

Individual ACFID members have similarly been engaged in discussions within their organisations about defining human rights-based development. For example, ActionAid Australia and the ActionAid network have articulated its human rights-based approach as "empowerment programs" aiming to support rights-holders (the power within), "solidarity programs" aiming to support partnerships (power with) and "advocacy programs" targeting duty-bearers (power over).[15] ActionAid's framework usefully describes how it aims to engage the rights-holder/duty-bearer relationship. Several other ACFID members are also engaged in internal deliberations about providing greater clarity on human rights-based development for their organisation.

There are clear differences between the general concepts identified by NGDOs as crucial to human rights-based development and those conceived by the OECD[16] and the UN.[17] For example, NGDO conceptions of human rights-based development tend to prioritise the experience of working with and fostering empowerment of community groups. The OECD's conception focuses on enhancing the ability of governments to discharge their obligations as duty-bearer, while the UN common understanding focuses more on the nature of the international framework itself.

Incorporating human rights into development practice

ACFID also consulted its NGDO members on the practical incorporation of human rights in their work. ACFID supported the sharing of learning within the sector about current practices, human rights complementarity with the Millennium Development Goals (MDGs)[18] and how to improve the integration of human rights with development objectives.

The Australian NGDO sector is diverse – in terms of organisational size, secular or faith basis, and focus (with some specialist and some generalist groups). This diversity influences how an NGO incorporates human rights into its activities but also strengthens the Australian sector when organisations share experiences and establish informal mentoring networks. There are already several examples of this interaction. For example, NGDOs have supported each other in sharing child protection policies and in developing broader child-rights programming agendas.

Operational examples of human rights-based development by Australian NGDOs include the promotion of internal organisational expertise on human rights. World Vision Australia and Save the Children Australia employ dedicated human rights or child rights specialists. Baptist World Aid Australia has begun a process of reviewing internal practices with staff and its board to determine where greater human rights interventions can be made in their work. Oxfam Australia includes human rights training as part of its employee induction process. Plan Australia has developed comprehensive branding and communication guidelines which articulate how its language, imagery and marketing will align with its child rights-based approach.

Several Australian NGDOs undertake rights analyses in the programming or policy design phase. The Fred Hollows Foundation has adopted a substantial human rights policy which outlines how human rights will be addressed in both programming and policy activities. Oxfam Australia and Caritas support human rights advocacy, for example on Sudan and Burma, and support the advocacy work of diaspora groups in Australia. Specialist organisations often focus on a particular class of rights. For example, WaterAid grounds their work in the right to water. Many Australian NGDOs identify their focus on marginalised groups as a key way to bring meaning to human rights-based development. For example, IWDA works with women, CBM with people with a disability, Oxfam articulates its human rights-based approach by focusing on 'the poorest of the poor', and Act for Peace focuses on protecting the human rights of civilians, refugees and other displaced persons.

ACFID members identify exposing disadvantages and the need to challenge power dynamics based on a common universal framework as the key benefit of human rights-based development. However, there are significant challenges in making universal human rights relevant at the local community and program level.

Social accountability is one way that marginalised and poor people can be supported to advocate for and achieve their rights. This civic-engagement approach is complementary to the human rights-based focus on individuals as rights-bearers and citizens. Starting in the 1980s and 1990s, the social accountability agenda was founded in countries with strong pre-existing civil societies.[19] Initiatives such as the 'Right to Information' movement in India promoted social auditing of government actions while participatory budgeting processes in Brazil led to enhanced scrutiny of government budgets and priorities.[20]

Australian NGDOs have identified some experiences in supporting local groups and civil society organisations (CSOs) in social accountability. The social accountability experiences of World Vision Australia have been documented.[21] ChildFund Australia has also engaged with a social accountability agenda by developing a pilot 'bottom-up human rights-based approach' program in Cambodia to determine possible interventions to be made by communities. ChildFund Australia recognises that a major limitation to the realisation of human rights is the capacity of district level governments. ChildFund Australia's program will document the human rights obligations the government has assumed, how those obligations have been incorporated into legislation, and the planning, consultation and implementation processes in place at district level. This research will be used to understand how citizens can engage to influence service provision and support district government capacity to fulfill human rights.

Looking to the future

Several ACFID members have noted that human rights work requires a long-term commitment with a community to build and support the necessary skills and capacities.[22] More dialogue is needed among NGDOs about creatively harnessing existing skills and piloting innovative ways of engaging with communities while supporting the development of new skills and capacities.

Most of ACFID's members are literate in international human rights law and able to respond to building an organisational focus on the equal rights of vulnerable groups. However, Australian NGDOs could still more effectively use human rights monitoring processes to raise a broader range of local human rights issues. A few organisations have some experience in human rights monitoring – such as World Vision Australia's work with a country team in Asia to provide input into the Universal Periodic Review process. Others support local partners' participation in relevant international forums and advocacy efforts. These practices are however not widespread amongst ACFID members.

AusAID's Office of Development Effectiveness is conducting a civil society engagement evaluation in 2010.[23] The review will help inform a strategy for engaging with CSOs as the Australian Government seeks to increase support to NGDOs and a more people-centred approach. The evaluation is not grounded in a human rights framework although it acknowledges the growing recognition of the role of communities and of CSOs in development. ACFID hopes that the evaluation will produce some data on the varied ways of supporting communities to demand and realise their human rights.

World Vision Australia's and ChildFund Australia's social accountability experiences, and AusAID's evaluation terms of reference, show that human rights-based development is often conceptualised as an approach that is only possible in countries with strong civil societies and not in humanitarian work. However, more analysis is needed to understand the breadth of human rights-based approaches across the Australian NGDO sector and its challenges; there is currently little documentation about the design and impact of such work. In particular, whilst ACFID members do routinely collaborate on 'protection' issues related to humanitarian crises, more work must be done with Australian NGDOs to consider how human rights can be captured more broadly in humanitarian responses without jeopardising the safety of individuals or projects.

Demonstrating the effectiveness of human rights-based development

A lack of evidence regarding the impact of human rights-based development is one of the biggest hurdles for Australian NGDOs to overcome. At a theoretical level, human rights add a legal legitimacy to development and cement the move away from needs-based and welfare models of development. However, very few studies explore the proven impacts of such an approach or highlight complementarities or differences with existing good development practice.[24]

There is a European Resource Centre dedicated to furthering knowledge on human rights impact assessment.[25] However, there is still no comprehensive evidence base which assesses effectiveness, implementation of meaningful human rights indicators, and potential weaknesses of a human rights framework. This has led to some criticism of human rights-based development advocates as being too defensive.[26]

Some recent studies have begun looking at the effectiveness of a human rights-based approach to development, especially along sectoral lines. The most comprehensive study was conducted in 2007 and supported by the United Kingdom Department for International Development (DFID).[27] It reviewed and compared selected human rights-based and non-human rights-based NGDO sectoral projects. There were inherent limitations in the methodology – for example, simply because a program is not human rights-based does not make it charity-based or donor-driven. Nonetheless, the study found that human rights projects demonstrated a greater range and depth of positive impacts in access to schooling and education, healthcare, money, water and sanitation, productive resources, and reduction of vulnerabilities. Human rights-based projects delivered considerably more sustained positive change.

There is a similar finding in the Overseas Development Institute's (ODI) April 2009 report on the *Australian Partnerships with African Communities* program between AusAID and Australian NGDOs. The report reveals that a human rights-based approach is crucial in the achievement of long-term and sustainable empowerment of marginalised groups.[28] Oxfam and Care in the USA[29] and the UN[30] have all published fairly extensive learning assessments, but these have focused on elaborating the elements of a human rights-based approach and it is not clear if the positive results outlined are due to a rights framework or just examples of good development practice.

The growing evidence base is supported by recent work of donors, the OECD DAC[31] and the UN[32] that explore the incorporation of human rights in different development sectors, such as health, infrastructure and rural development. This sectoral approach was criticised in the past for supporting a hierarchy of human rights. However, many of the economic, social and cultural rights that are especially relevant to development allow "progressive realisation"[33] by states and other duty-bearers and focusing on sectors enables greater attention and detail on what is required to achieve human rights-based development as a particular program progresses. For example, there is significant detail on what the right to food[34] and water[35] might entail for an infrastructure, rural development or health project. In addition, one of the challenges noted by ACFID members is the breadth of the human rights agenda. Therefore, the sectoral approach is a practical way to respond to an organisation's existing and evolving expertise.

There is a great need to expand this evidence base. ACFID is encouraging and supporting experimentation, sharing and learning from experiences across the Australian NGDO sector. ACFID is keen to see rights-based evidence linked to other established elements of good development practice, such as gender mainstreaming, participation and NGO accountability. Research undertaken in 2009 by ACFID's Development Practice Committee on NGDO Accountability elaborates on this issue.[36] This research articulated a desire from Australian NGDOs for greater engagement with their community stakeholders but also found that most current accountability practices were limited. Accountability tended to exist at the 'single loop' stage in which opportunities for stakeholders are limited to activity feedback, monitoring and evaluation, rather than 'third loop' engagement with operational issues and decisions of development NGOs.

Although the research did not have a specific rights focus, its exploration of the different ways in which aid and development stakeholders can hold Australian NGDOs to account both operationally and practically is complementary to the notion of accountability under a human rights-based approach. Improving NGDO accountability also improves stakeholder participation in operational activities and provides groups with opportunities to realise rights. The ongoing collaboration by Australian NGDOs on accountability will demonstrate commitment to principles, methodologies and approaches that are broadly consistent with human rights-based development.

Conclusions

Through continued innovation and a conscientious analysis of the links between rights-based practice and effectiveness, Australian NGDOs will contribute significantly to advancing the human rights-based development agenda in our region and influencing the actions of bilateral donors. Although there is still no agreed definition of human rights-based development for NGDOs or more broadly, many Australian development NGOs are committed to sharing experiences and collaborating to create better development practice aimed at the realisation of human rights. It is clear that Australian NGDOs have rights in their sight.

These important NGDO processes represent concerted efforts to make the adoption of human rights-based development more than merely the latest "sexy new term".[37] Such advances will ensure that human rights are not only within sight but also within reach for communities around the world. Further work on elaborating what a human rights-based approach means, the diversity of rights-based action and its consistencies with existing good development practice will allow NGDOs to draw on a broader pool of evidence to advocate for changes by bilateral donors such as AusAID.

Endnotes

1 S Spillane, ACFID, 'Governance and poverty: can the goals get donors back on track?' *Reality of Aid* (2004), available at http://www.realityofaid.org/roa.ph.

2 G Luke and P Callaghan, ACFID, 'A New Government Brings New Commitments', *Reality of Aid* (2008).

3 UDHR adopted 10 December 1948.

4 The *International Convention for the Elimination of All Forms of Racial Discrimination* was adopted on 21 December 1965, 660 UNTS 195 (entered into force 4 January 1969).

5 United Nations Secretary-General Kofi Annan, *Renewing the United Nations: A Programme for Reform* (1997).

6 Development Assistance Committee, Organisation for Economic Cooperation and Development, *Action-oriented policy paper on human rights and development* (2007), available at http://www.oecd.org/dataoecd/50/7/39350774.pdf.

7 L Piron and T O'Neil, *Integrating Human Rights into Development: A synthesis of donor approaches and experiences (*2005).

8 For example, the preamble to ACFID's Code of Conduct highlights the importance of all human rights to development. See http://www.acfid.asn.au/acfid/code-of-conduct/acfid-code-of-conduct.

9 See Australian Government, *AusAID human rights framework*, available at http://www.ausaid.gov.au/keyaid/humanrights.cfm.

10 Most notably DFID. See L Piron and F Watkins, *DFID Human Rights Review: A Review of How DFID Has Integrated Human Rights into Its Work* (2004), available at http://www.odi.org.uk/rights/publications/DFIDRightsReview07.04.pdf.

11 A recommendation recently supported by a 2010 Parliamentary Inquiry. See Australian Parliament, *Human rights mechanisms and the Asia-Pacific,* (2010), xv, 130-134, available at http://www.aph.gov.au/house/committee/jfadt/asia_pacific_hr/report/final%20report.pdf.

12 Australian Parliament, *The Link between Aid and Human Rights* (2001), 57, available at http://www.aph.gov.au/house/committee/jfadt/HR_Aid/HRRptindex.htm.

13 Ibid, 62-63.

14 ACFID, *Rights in Sight* (2009), available at http://www.acfid.asn.au/resources/docs_resources/docs_papers/Rights%20in%20Sight.pdf.

15 Core Minimum Activities: ActionAid International's Human Rights Based Approach, (2009), available at http://www.actionaid.org.au/images/stories/docs/publications/2010/humanrightsbasedapproach_coreminimum_actionaid.pdf

16 Organisation for Economic Cooperation and Development, *Action-oriented paper on human rights and development* (2007), available at http://www.oecd.org/dataoecd/50/7/39350774.pdf.

17 United Nations Common Understanding on a human rights-based approach, available at http://www.undp.org/governance/docs/HR_Guides_CommonUnderstanding.pdf.

18 ACFID, *Millennium Development Rights* (2009), available at http://www.acfid.asn.au/what-we-do/docs_what-we-do/docs_hrproject/Millennium%20Development%20Rights.pdf.

19 B Walker, 'Citizen-driven reform of local-level basic services: Community-Based Performance Monitoring', *Development in Practice* (2009) 19: 8, 1035 – 1051.

20 Ibid.

21 Ibid.

22 See ACFID, *Millennium Development Rights* (2009).

23 Australian Government, Office of Development Effectiveness, *Terms of Reference – ODE Civil Society Engagement Evaluation* (2009), available at http://www.ode.ausaid.gov.au/publications/pdf/civil_society_engagement_evaluation.pdf.

24 A Donald and E Mottershaw, *Poverty, inequality and human rights: do human rights make a difference?* (2009), 38.

25 See Human Rights Impact Resource Centre, available at http://www.humanrightsimpact.org.

26 F Raine, 'The measurement challenge of human rights', *Revista Internacional de Direitos Humanos* (2006), 14.

27 United Kingdom Interagency Group, *The impact of rights-based approaches to development* (2007).

28 F Samuels, V James and K Sylvester, *ODI Project Briefing: Beyond Basic Needs* (2009).

29 Oxfam/Care, *Rights-based approaches: learning project* (2007).

30 United Nations, *Lessons learned from rights-based approaches in the Asia-Pacific region* (2005).

31 See OECD DAC, Human Rights and Development, available at http://www.oecd.org/dac/governance/humanrights and L. Piron and T. O'Neil, *Integrating Human Rights into Development: A synthesis of donor approaches and experiences* (2005).

32 See United Nations Food and Agricultural Organisation, *Right to Food toolkit*, available at http://www.fao.org/righttofood/publi_02_en.htm.

33 United Nations Committee on Economic, Social and Cultural Rights, *General Comment 3: the nature of state-party obligations* (1990).

34 United Nations Committee on Economic, Social and Cultural Rights, *General Comment 12: the right to adequate food* (1999).

35 United Nations Committee on Economic, Social and Cultural Rights, *General Comment 15: the right to water* (2002).

36 ACFID, *Promoting Voice and Choice: Exploring Innovations in Australian NGO Accountability for Development Effectiveness* (2010), available at http://www.acfid.asn.au//resources/docs_resources/Promoting%20Voice%20and%20Choice%20ACFID%202010.pdf

37 See A Cornwall and C Nyamu-Musembi, *What is the 'Rights-Based Approach' All About? Perspectives from International Development Agencies'* (2004), 14 for criticism of human rights-based approach just being fashionable jargon to be cast aside in a few years without meaningful learning and conceptual clarity.

Challenges in EU-Latin America Development Cooperation

Alberto Croce, Foundation SES – Argentina
Latin American Network on Debt, Development and Human Rights

Introduction: An era of changes or a change of era?

Following the financial crisis, world leaders spent enormous sums to save the financial system from the effects of a gigantic international fraud concocted in important financial centres. The leaders found funds that they claimed did not exist to eradicate poverty or combat hunger. In 2010 some people claim that the current crisis has passed. Others, however, consider 2008 a warning of what is to come because the system cannot sustain itself much longer.

The crisis is much broader and more complicated than a purely financial crisis. The world is facing large questions, the most difficult of which are related to the relationship of humankind with nature. The extractive perspective that looks at 'Mother Earth – Pachamama' only as a resource is making life impossible for humans and many other species.

The extraordinary capacity of human beings to develop technology has produced unprecedented and deepening inequality. Inequality puts coexistence, democracy and peace at risk. Social inequalities have always existed, but never to such an obscene extent.

There are several challenges for international development cooperation (IDC) between the European Union (EU) and Latin America and the Caribbean (LAC). This article looks at some difficulties around measuring the quality of aid, supporting development in a middle-income country, the increasing emergence of non-state actors in a professionalised aid environment, and the weakening of cooperation with European non-government organisations (NGOs).

Latin America and the Caribbean in an unstable international context

People from diverse sectors are lobbying for a new international financial architecture. The global financial crisis has pushed the world to search for new alternatives, including important changes in the international financial institutions (IFIs), namely: the World Bank (WB), the International Monetary Fund (IMF) and regional development banks. Because the IFIs had in many ways helped generate the crisis, some predicted their disappearance when the financial crisis was at its height. Yet powerful countries decided to bet on them one more time, increasing their credit and capacity through recapitalisation. This disappointed those that hoped for a reduction in these institutions' power, even if there were some changes in their governance and functions.

A new world equilibrium is emerging. Many emerging countries demand participation and decision-making power. The G20 has replaced the G7 and the G8. The BRIC countries – Brazil, Russia, India and China – are among those pushing to become great powers. These four countries cover more than a quarter of the world's land area, are home to more than 40% of the world's current population, and are experiencing rapid economic growth.

The LAC area is generally not seen as a very important bloc in the world. Nevertheless, it holds unique potential. It is a reservoir of drinking water, its forests form the lungs of the planet, and it has substantial energy reserves. The region offers ancestral knowledge and the culture of a strong relationship with nature, especially in indigenous communities. The perspective of 'Sumaj Kausay' (Good Living) is of great interest in many international forums that seek sustainable solutions to the current crisis.

Latin America has been exploring its own alternative processes and paths taking into account its regional particularities. Recent positive experiences in the region include the construction of ALBA (the Bolivarian Alternative for the Americas proposed by Venezuelan President Hugo Chavez), and the processes of creating the Bank of the South (Banco del Sur) and a common currency. 'Good Living' has been included as a frame of reference for the constitutions of Bolivia and Ecuador. These processes have moved forward despite internal and external difficulties.

International development cooperation in Latin America

The majority of international development cooperation is provided via official development assistance (ODA). For Latin America, this is received mostly as bilateral credit with subsidised interest rates and grace periods for repayment. Governments that are already indebted can access financing for new projects but at the cost of increasing the national debt.

ODA often seems to be aimed at promoting donor countries' geopolitical and commercial interests. In many cases, donor countries, via the conditionalities they attach to development cooperation, have forced recipient countries to adopt specific technologies in fields such as computing, medical science, hydroelectric power or even school books. The same applies to the technical assistance which they access using cooperation funds. In this sense, aid becomes debt for recipient countries and a sophisticated form of industrial promotion for donors.

ODA should help build a more just world, eradicating poverty, meeting the Millennium Development Goals (MDGs) and other objectives agreed at international summits. However, regions like LAC have experienced many levels of historic injustice with indigenous peoples and countries squashed, invaded and eliminated. ODA often appears to be a new mechanism of domination or control of the poorest peoples.

A key issue is the decision that many donor countries have made to deliver their cooperation in the form of national budget support. The intention of this approach is to strengthen national sovereignty and to allow public authorities to determine how cooperation resources will be spent.

However, many civil society organisations (CSOs) point out that in their countries it is difficult to hold governments to account for their spending. Funds received as budget support are not visible to the population and cannot be monitored.

ODA can get lost if it is just included in national budgets. It is increasingly difficult to identify any specific impact from aid expenditure particularly in bigger budgets.

Another issue of increasing importance to LAC countries is the question and impact of tax evasion and avoidance. While centres of power talk about "tax reform", civil society has started to talk more about "tax justice" in a search for the next generation of policies and models that would allow the urgent redistribution of income to transform the scandalously inequitable situation that structurally affects the population in LAC countries.

Migration within and beyond Latin America is also an important phenomenon. Cultural, political, economic, racial, religious and other elements are all at play in migration patterns which makes this a very complex issue. The mass movement of people has had direct impact on countries' economies, including through employment and remittances.

A study by Eurodad published in 2008 demonstrates that the global volume of remittances received from developed countries are double the funds for ODA. These remittances balance, to some degree, the negative flow of funds that year after year go from developing to developed countries via debt repayments, tax evasion and other processes. Illicit capital outflows from Southern countries via tax evasion and avoidance amount to US$1,205 trillion dollars a year.[1] This occurs mainly via trade mis-pricing by multinational companies. This global data reflects what is happening in the LAC region, which is currently called middle-income and therefore has greater capacity for transfers than poor countries. To a certain extent, money is flowing perversely from poorer to richer countries: our countries today finance the economies of more developed countries which mostly run large fiscal deficits.

Weakening relationships with European NGOs

Civil society organisations in LAC countries have felt a worrisome progressive weakening of their relationships with European NGOs. For diverse reasons and amid complex circumstances, European and Latin American NGOs seem to have lost something of their common vision and shared diagnosis on the political perspectives and reflections of actions in the cooperation framework.

An important factor has been that European cooperation organisations went through periods of deep internal transformations. At first they were a significant socially militant group. Then they professionalized their methods and integrated themselves slowly into the public system to access cooperation funds from different countries in the EU. The decisions and strategies of organisations that are not able to count on funds from individuals or churches have tended to be influenced by the need to look for public funds. Slowly but surely, many have became the implementers of the priorities established by international and national cooperation organisations.

The relationships that these agencies had with development organisations in Latin America have changed gradually, but substantially. They have moved from relationships fundamentally based on trust and an adherence to causes that organisations from the South propose to much more technical relationships. These new ties are established on the basis of public proposal bids, with accountability to other actors outside of this relationship.

Southern organisations ask those from the North to treat them differently and they demand reflection about the problems that they generate. But the response is weak, and often there are only personal responses instead of institutional ones.

All of a sudden, some of the organisations that Southern CSOs submitted project funding applications to in the past now appear as competitors for the same grants in the same country. Some international NGOs are setting up offices in aid-recipient countries to be able to respond to calls for proposals and grant submissions in these countries. This creates competition that is often unjust and unfair given that these organisations can often use their prior work and counterpart funds to present stronger applications than local organisations. This complicates the possibilities of accessing cooperation funds for organisations from the South that are more committed to continuing their work in this hostile and competitive environment.

The situation seems irreversible at this point. And it is of even greater concern that organisations from the North feel obliged to prioritise cooperation with other continents such as Africa or Asia. The cooperation from Europe to Latin America was previously based more on a political logic. Today, international cooperation is based on macroeconomic criteria. The human rights or social perspective is no longer a priority.

Non-state actors in an increasingly professionalised development cooperation

International development cooperation has achieved significant importance in the relationships between nations around the world. As more money has been spent, so has development cooperation professionalised. Countries now have specific cooperation areas. International organisations try to regulate development cooperation, international treaties address this, universities train people on the topic, researchers produce literature on the issue, and many people make careers out of it. Many people personally benefit.

There are codes of conduct and rules in the development cooperation game that must be understood if one hopes to be successful. Solidarity and justice no longer occupy a central place. The words ‘efficiency’, ‘efficacy’ and ‘transparency’ fill the room at congresses and are written into cooperation agreements. In this context, Latin American social organisations need to reformulate their style, mission, and content as well as the composition and training of their staff. They are doing so, sometimes out of conviction and at other times because of obligation due to the tensions caused by fewer resources and greater institutional needs.

Another factor influencing modern development cooperation is the increasing importance and role of private foundations. They are not new but have notably increased their capacity and scope. Some donor foundations are investing more resources and playing a stronger, more decisive role in Latin America than many donor countries. For example, the Bill and Melinda Gates Foundation has a larger cooperation budget than several EU countries and was represented alongside representatives from donor and recipient countries at the Accra High Level Forum on Aid Effectiveness.

The private sector’s sense of autonomy could mean different kinds of problems. The relationship between what is public, as a field of action, and what is private, as a fund-raising modality, implies a tension that will always be present and not always adequately resolved. Tensions can also arise when these private bodies move from a role of supporting local initiatives to one where they are directing those initiatives. How private funds respond to the criteria set by international bodies is important in this context.

The participation of NGOs from the South has also faced new challenges from other non-state actors. Everyone from trade unions to municipal governments, universities and even international consulting businesses and business foundations are now competing with NGOs for development funding. The openings for these other actors has happened without an increase in the available resources, meaning that competition for scarce opportunities has increased.

Competitive processes for projects have often been carried out without enough attention to potentially problematic situations for local organisations. One of the most notable difficulties has to do with the match funding that applicants are expected to provide. While NGOs can bring the value of their history, space, equipment or the work of volunteers, they cannot hope to match the capital and savings for social investment that some other actors have.

This type of situation has risky consequences for cooperation such as around the destination of funding. Often, when one of the non-state actors presents projects, they focus on actions that are not strictly 'public'. For example, a specific training or ongoing education programme may directly or indirectly end up using the cooperation resources for the training of personnel from the same business.

Amidst the thinning of cooperation funds, the increasing competition for resources and new criteria for matching funds weaken the position of NGOs which have been the principal actors thus far. This matters because the weakening of this sector impoverishes citizens' capacity to participate. As part of the commitment to promote participation and democratic ownership, development policies that damage or weaken recipient-country NGOs should be seen as undesirable and hence seriously reviewed.

Development cooperation indicators for the LAC context

International development cooperation must confront modern challenges and respond to evolving requirements. The existing criteria for the delivery of development assistance need to be questioned as cooperation confronts new issues. There is a need to build new criteria that allows IDC to respond in a more effective manner to the specific needs of the area it is being applied to. The Latin American Network on Debt, Development and Human Rights (Latindadd) has started to work on these new criteria.[2] Two key issues for the LAC region are the quality of the resources and the eligibility for receiving international development assistance.

Measuring the quality of cooperation resources

Since the United Nations (UN) proposed that developed countries designate the equivalent of 0.7% of their national income to cooperation, the focus has been on whether or not countries are meeting this goal.[3] As with so many other international goals, only a handful of countries have achieved or surpassed this.

However, there are several equally or even more important questions that should be looked at carefully. Governments inflate their actual contribution by funding diverse activities with cooperation funds. For this reason it is important that social organisations and other national and international control mechanisms focus attention on the quality of the resources.

Funds for quasi-military actions should not be counted as cooperation funds. The same is true for operations that are completely commercial and aim to benefit local interests of the co-operating countries. Norway, for example, gave so-called aid in a cooperation deal to purchase Norwegian merchant ships. This turned out to be a clearly scandalous business exchange in favour of the donor and should not have been counted as aid. [4] Norway eventually acknowledged its responsibility on the matter and, in 2008, forgave this debt by a number of developing countries.

Many governments also hide behind general information in technically and ethically unacceptable situations. Social organisations should think about quality indicators for cooperation resources. This is a vital process that demands attention and time.

Assessing the eligibility of middle-income countries for aid

Middle-income countries (MICs) are nations that have an annual per capita income between US$3,856 and U$11,905. These exist throughout the developing world although most are concentrated in two regions: Latin America (32% of MICs) and Europe and Central Asia (25%). The groupings contain a tremendously broad range of countries. In LAC alone, Bolivia is for example in the same group as Argentina or Chile even if the needs of these countries are quite different.

In the past few years the wealthiest countries have started to assert that middle-income countries do not need resources because they can redistribute among their own population. However this seems to ignore the complex realities and challenges facing these countries, particularly around negative international resource flows and major domestic inequalities.

More resources leave Latin America for rich countries than go in the opposite direction. Even without considering the historical debt from the North to the South, Latin American countries are collaborating with development processes in rich countries. The capitalist dynamic means that redistribution mechanisms – nationally and internationally – are inadequate. Resources still focus on the wealthiest.

Furthermore, MICs can face quite substantial development challenges with much greater needs and inequalities than in wealthy countries. The designation of a nation as a MIC is determined by an average figure that is useless for determining cooperation needs and objectives. Indeed it seems that this is just being used as an excuse to send resources to certain other destinations. This question is especially sensitive in Latin America where almost all countries are considered MICs despite their significant development challenges.

A human-rights based approach

The current approach used and the limits applied to development aid restricts the cooperation that is possible between Europe and Latin American countries. This prevents the building of relations that do justice to the historical relationship between these two regions of the world. Civil society in Latin America is therefore demanding a revision of this type of criteria for the allocation of international development assistance.

A way to avoid the current contradictions is to examine human rights rather than average income in countries, and asking who will benefit from cooperation and in what way. In numerous cases, cooperation resources prioritise low-income countries but the resources directly or indirectly end up in the hands of sectors that are not the neediest. At the same time, areas of great need in MICs are ignored.

Development is more than an economic or financial question and is connected to the quality of life. For this reason, we think that a human rights perspective can be developed in the framework of a new class of cooperation that more effectively and accurately meets development needs. This approach will enable inequalities and injustices to be targeted, giving special attention to the environment, gender issues, respect for a plurality of cultures and diversity.

In calling for development cooperation eligibility to be considered in a more holistic and complex way and measured in terms of quality as much as of quantity, Latin American civil society recognises the need to contribute to developing monitoring indicators and methodologies. In this way, we will be in a better position to exchange ideas in upcoming discussion spaces on cooperation between Northern and Southern countries and to push for a reconsideration of the decision to limit cooperation to low-income countries.

Endnotes

1 Eurodad, Tax Justice for Development, 2008.

2 "Toward a construction of international development co-operation indicators from a Latin-American perspective." Latindadd, February 2010, by Paula Rodríguez Patrinós.

3 2010 marks 40 years since the General Assembly of the United Nations established the international goal for developed countries to designate 0.7% of their national income to ODA.

4 For more information see http://www.quiendebeaquien.org/spip.php?article281

Women's Rights and Development Effectiveness in Kyrgyzstan

Nurgul Djanaeva, Forum of Women's NGOs of Kyrgyzstan

Introduction

In Kyrgyzstan, a lack of prioritisation, synchronisation and proper allocation of resources to gender equality has led to a failure to reach key development goals. The aid effectiveness agenda and its implementation have not had a real impact on this situation so far. The Accra Agenda for Action (AAA) defines social justice concerns, including gender equality and women's rights, as key targets to measure the effectiveness of donor aid policies. However states and donors are falling short of their commitments and are missing opportunities provided by a changing aid environment to successfully achieve the Millennium Development Goals (MDGs) in countries such as Kyrgyzstan.

There have been limited actions to include women's needs and interests in development planning in Kyrgyzstan. The Asian Development Bank (ADB) – one of the country's biggest donors – has correctly stated that inclusive and sustainable growth is unachievable if half the population is left behind. However, declarations of inclusive social development have still not led to state and donor officials prioritising the needs of poor women, supporting or reducing the capacity-building of Parliament and women's organisations, or reduce social exclusion of women. References are made to women's rights and gender equality in the donors' Joint Country Support Strategy (JCSS) and the government's Country Development Strategy (CDS). Yet the reality is that official development projects and programmes do not take a human rights-based approach incorporating women's rights or adequately involving civil society organisations (CSOs), including women's organisations.

Gender in the national development context

Women face great income insecurity and family care burdens. Women's unpaid social reproduction work is increasing in a situation of limited access to childcare facilities. One study found that only 17% of women have kindergartens in their villages and only 6.4% have pre-kindergartens.[1] Women's health is also badly funded.

Women contribute significantly to the private sector. In Kyrgyzstan, for example, women developed the textile industry and made it a serious income-generating activity with a huge contribution to the country's gross domestic product (GDP). They also bring new ideas on strengthening national light industry. However, their contribution is not fully taken into account in decision-making processes. Women entrepreneurs have fewer opportunities to access financial resources because real wealth is concentrated in men's hands. Planned investment in agricultural sectors will benefit landowners, who are mainly men. In rural Kyrgyzstan only 12% of farms are headed by women; 91% of arable land, up to 94% of cattle and poultry and 94% of agricultural and processing machinery are in men's hands.[2] No increase of women's ownership is planned.

A United Nations (UN) review of the Beijing Platform for Action found that "obstacles to the achievement of gender equity business are lack of development financing mechanisms, credit and investment support to small and medium-sized businesses, including women's entrepreneurship".[3]

Kyrgyzstan has a National Action Plan on Gender Equality (NPAGE) to meet its international gender commitments. However, three editions already of the national plan have failed to deliver any staff or financial resources for implementation. The state budget is not gender-sensitive and does not include items for the improvement of women's lives.

Kyrgyzstan has also introduced laws to protect women's rights, such as a 2003 law which outlines state guarantees on gender equality. This clearly recommends that the government should "finance activities on realisation of the state policy in the area of gender equality" including: setting up a compensation mechanism for victims of violence against women; and obliging local governments to make allocations in their budgets for addressing violence against women. However, implementation is lacking.

The Forum of Women's NGOs of Kyrgyzstan (FWNGO) produced a Shadow Report to the Third Periodic Report of Kyrgyzstan to the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW).[4] Its monitoring of women's rights noted that the state budget allocated to tackle violence against women is not specified and has no clear objectives. This has contributed to a reality where the state does not provide police departments with enough papers for protective-order forms, there are no state locations for women that have been subjected to violence, and the police have no funding for picking victims up.

Gender and Kyrgyzstan's development policy

The Kyrgyzstan government's CDS recognises the lack of coherence around gender-sensitive measures in sectoral policies and programmes and the need for the integration of gender-disaggregated indicators.[5] However the NPAGE actions, dates, responsibilities and indicators were not integrated or synchronised with the CDS.

The CDS focuses on four themes: improved economic potential, reduced corruption, targeted social development and increased environmental security. Within this strategy, there is a section on 'Policy to achieve gender equality'. However, it is not actually an integral part of the strategy and there are no financial resources allocated to achieve gender equality. Gender-responsive priorities remain symbolic and tokenistic.

The CDS has not created a strong and effective planned partnership between the state, donors, Parliament, local authorities and women's groups that is aimed at realising development goals, reducing women's poverty and improving women's lives. The development of the CDS was not even open to the participation and consultation of women's NGOs. CDS implementation was supposed to deliver a review of the NPAGE by autumn 2009 with the aim of strengthening gender equality policies and establishing an effective institutional mechanism for achievement of gender equality by the end of 2009. Yet neither of these actions have been implemented as of early 2010. One reason is that official programs do not treat gender equality and improvement of women's status as equal to road infrastructure, banking and health sectors in the country strategy.

Furthermore, a revision of the CDS in 2008 to cover the period 2009-2011 reduced the strength of the gender equality components even further. The department responsible for gender equality does not have experts on this topic, the Parliamentary Committee on gender equality has been disbanded, and there has not yet been any new draft or preparation for a successor to the current NPAGE which only runs from 2006-2010.

Donors and gender equality

The JCSS for Kyrgyzstan 2007-2010 was developed as a core strategy of the country's seven major donors.[6] There are over 300 different interventions planned by JCSS partners for Kyrgyzstan over four years, with total planned loan and grant funding for country-specific projects worth US$783 million. The JCSS mentions women's rights and gender equality as areas of assistance and concern. However, again, the creation of the strategy document was not linked to the NPAGE and was not open to women's NGOs; there is also no budget allocation for gender needs.[7]

The 2010 progress report on implementation of the JCSS for the Kyrgyz Republic does not even mention gender equality or CSO capacity.[8] The report is wholly in the Paris Declaration (PD) framework rather than the AAA. The main official organisations working on gender equality issues are United Nations (UN) agencies through initiatives developed before the AAA.

Investments in gender equality by UN agencies – not through the state budget or CSOs' budgets – for 2009-2010 amount to US$3.4 million out of US$23.7 million. This represents an increase from 3.3% to 14.3% of UN grants dedicated to gender equality compared to the period 2007-2008. Taking all the JCSS donors together, only 0.29% of total assistance went to gender equality in 2007-2008. This increased to 6.6% in 2009-2010 – to US$54 million out of US$787 million.

However there are caveats to these figures. Firstly, we need to subtract UN administrative expenses, costs of international experts, and others from the aid figures to understand the real investment made. Secondly, because UN grants are administered by UN programmes and gender equality funding has in general not been spent through the state budget, these have not strengthened the national gender-equality machinery or built up Kyrgyz official experience on gender issues.

The ADB's Strategy 2020 states that: "Inclusive and sustainable growth in Asia and the Pacific is unachievable if half of the population is left behind... many women still [suffer] from inequality in income and living standards.... Urgent and concerted actions are needed to invest in narrowing gender gaps and empowering women and girls."[9] It claims to promote "gender equity through its operations" and that "at least 40% of all sovereign investment projects will have notable gender mainstreaming elements by 2012". Similarly, the German government in its assistance to Kyrgyzstan focuses on sustainable structural reforms aimed at poverty reduction, especially for women and youth.[10]

However, neither donor has gone so far as to financially support the Kyrgyzstan NPAGE. The ADB does not mention women or gender equality in the section on Impact of Assistance on its website. Germany allocates no funding to women's poverty reduction or gender equality in its "Planned financing Kyrgyzstan 2007-2010 goals".[11] Major government donors are not funding women's rights and gender equality.

Gender in the context of the aid effectiveness process

The AAA intended to strengthen management for results and the role of aid in leading to development results, achieving the MDGs and other internationally agreed development goals. However, it does not include a mechanism to implement these commitments. Managing for results is still focused on aid effectiveness and not development results. Aid is not sensitive to social justice targets and monitoring is consequently done without serious reflection of genuine development indicators.

In Kyrgyzstan, and Central Asia more generally, women's needs and women's human rights are not yet an essential and measurable part of aid effectiveness and development effectiveness. Even after signing the AAA, there have been no meaningful policy changes to address women as a disadvantaged group in Kyrgyzstan. There is no process for measuring – with concrete indicators and guidelines – the effectiveness of state and donor aid policies from a gender equality point of view.

Gender equality is not even mentioned in the second Kyrgyzstan periodic report on the MDGs. Nor were details such as unemployment amongst women and gender-disaggregated data in all sectors included in Kyrgyzstan's review of its strategy in response to the global economic crisis. This shows a structural neglect of women's economic role and their empowerment.

It is impossible to measure the impact of aid on maternal mortality, women's poverty, women in rural areas or women's access to resources because the statistics collected are inadequate. Interviews with state officials and donors' representatives have demonstrated their inability to provide any analysis based on quantitative data of the impact of official development assistance (ODA) on women's lives, women's human rights and gender equality.

At the multi-stakeholder Open Forum in Bishkek on CSO development effectiveness in April 2010, neither the government nor donors were ready to share their AAA action plans. This is because no AAA action plan exists in Kyrgyzstan. Most progress in improving gender equality, social justice and human rights is still because of CSOs, not the state or foreign donor institutions.

Aid institutions and mechanisms need to follow international human rights norms and treaties such as the CEDAW. International and national gender-equality and human-rights programs and plans should be part of the framework for aid effectiveness alongside national development strategies.

Development aid, country ownership and participation

Women's organisations are essential contributors to reaching MDGs 3 (Promote Gender Equality) and 5 (Improve Maternal Health). Participation of women's organisations in country-level policy dialogue on development is therefore an essential part of strengthening aid management and governance. Ownership from the point of view of poor and marginalised women needs strict implementation of the commitments formulated in the AAA, more involvement of women's CSOs, and engagement of a wider number of stakeholders in the aid effectiveness process.

Women's ownership of the national development strategy has not increased since adoption of the AAA. The lack of institutional space for participation limits consideration of the needs of poor and vulnerable groups at all stages of aid processes. This is reflected in the lack of measurable human rights and gender equality targets and indicators in both national development strategies and joint ODA development commitments.

Nothing has been done by the Kyrgyzstan state or donors to implement their commitment to develop the capacity of women's organisations as development actors. They are not funded from the main ODA channels, relying mostly on women's funds and programs such as the Global Fund for Women, HIVOS, Mamacash and UNIFEM. The current dramatic underfunding of women's issues and women's groups has led them to join in calling for innovative approaches to CSO funding. [12]

Nor are women's organisations adequately involved in the development policy process. Only limited and isolated steps have been made. For example, in the beginning of the 2010 Joint Evaluation of the Paris Declaration, Phase 2 in Kyrgyzstan, two civil society representatives were invited to the reference team, among them the head of the Forum of Women's NGOs of Kyrgyzstan. Generally, women's organisations – as well as other CSOs – have not participated in shaping new policies and priorities such as the new Country Strategy.

The 2010 progress report on the JCSS noted some limited progress in the mutual accountability between the government and donors on the CDS and JCSS.[13] The ADB states that "selection of ADB interventions is guided by the Government's priorities, performance of the portfolio, the institutional framework, and the activities of other development partners in the country".[14] This is designed to encourage harmonisation and ownership. However the progress report states that, on the issue of improvement of governance and effectiveness, the "role of the civil society is not clear," although a more representative and agreed voice of the civil society was planned.[15] More accountability is needed to make ownership democratic as well as to improve aid transparency and management for results. Yet no institutionalised processes in Kyrgyzstan ensures transparency and accountability to Parliament, local authorities, women's groups, other CSOs or the general public.

Official bodies should publish information not just on the technical aspects of implementing the PD but also on the monitoring of development results. It must be in a publicly understandable form and language and follow defined development indicators. An annual report should set out the impact of aid on, for example, reducing the number of people living on US$1 per day, strengthening local businesses, creating decent jobs for the poor in rural and urban areas, and decreasing violence against women and maternal mortality. All data should be disaggregated by gender. It is important to track concrete data on aid effectiveness, the achievement of the MDGs and national economic development plans, and also on the achievement of national development strategies on gender equality and human rights. A common data format should match the reality of aid delivery to official commitments.

Conclusions

Although women's rights are recognised in principle as a key development issue, they are not in practice among Kyrgyzstan's political priorities and are not part of national development plans and joint development cooperation strategies.

Despite signing the AAA, the state and donors have yet to change their policies to address gender equality in the more systematic and coherent way that had been promised.[16]

Finance is lacking because official aid to developing countries is currently blind to gender equality, human rights and social justice. The recognition of the need to provide adequate resources for women's groups and the protection of women's rights is not translated into practical funding mechanisms and access to resources.

The Forum of Women's NGOs of Kyrgyzstan has recommended improving the capacity of the Ministry of Internal Affairs in gender-responsive budgeting to ensure that adequate government funds are allocated to enforce legislation to end domestic violence.[17] The CEDAW Committee also recommended that "an adequate state budget [be] allocated for the programmes to combat violence against women." In its concluding observations for Kyrgyzstan, the committee commented on the lack of a specialised state institution on gender issues, noting that "the Committee is concerned that such a mechanism has not yet been established with a clear mandate and adequate financial and human resources." It also urged the government "to provide adequate support and funding" to NGOs working on women's rights.[18]

Women's organisations need to be supported in holding their governments accountable for commitments related to gender equality and the gender dimension of development. Innovative approaches to funding women's organisations are needed. The Forum of Women's NGOs of Kyrgyzstan also calls for a special fund for women's rights nationally and internationally.

Gender equality should be part of aid goals and of the measurable indicators of aid delivery and aid management. Women's empowerment, ensuring women rights and social justice are at the heart of poverty and human rights concerns. Data differentiated by gender is vital to enable effective monitoring that aid is achieving gender equality commitments.

Women's NGOs in Kyrgyzstan support a shift from aid effectiveness towards development effectiveness because such a shift will provide practical and procedural links between aid and its final and concrete development impacts; it will also guide the whole process of aid delivery and aid monitoring, leading to more effective development. Existing commitments in the PD and AAA need to be implemented and broadened. Results of aid should not just be limited to economic development but also include human rights and gender equality. For example the NPAGE – and international gender equality commitments – should become an integral part of the Kyrgyzstan Country Development Strategy with specific allocated funding. Country development supported by aid must meet basic requirements on promotion of women's human rights, gender equality, social justice, and ownership.

States and donors must remember their commitments to gender equality. They must also remember the findings of the *Global Monitoring Report of the World Bank* and the *Gender Gap Report of the World Economic Forum* that countries that score well on competitiveness also enjoy high levels of gender equality. Broadened ownership relations and the inclusion of women, women's NGOs and empowerment of local women as part of development effectiveness will create the foundation to achieve genuine aid effectiveness and authentic democratic ownership. It is desirable to increase women's representation in all aid and development decision making bodies and processes to at least 30%.

Endnotes

1 Elpikir research, 2009

2 Women and men of the Kyrgyz Republic. 2006, p 88-90.

3 Kyrgyz Republic. Information on the implementation of the Beijing Platform for Action in the preparation of a regional survey Review of major achievements in implementing the Beijing Platform for Action. At http://www.unescap.org/ESID/GAD/Issues/Beijing+15/Responds_to_Questionnaire/Kyrgyz_unofficial_eng.pdf

4 CEDAW is an international convention adopted in 1979 by the United Nations General Assembly. This report was made at the 42nd CEDAW Session in 2008.

5 Kyrgyz Republic. Country development strategy (2009-2011). Bishkek – 2009. P.40.

6 The Asian Development Bank (ADB), the Swiss Cooperation (SC), the UK Department for International Development (DFID), the World Bank Group (WBG), the United Nations Agencies, the Government of Germany, and the European Commission. The International Monetary Fund (IMF) joined the JCSS in 2009.

7 The Joint support country strategy to the Kyrgyz Republic (2007-2010) http://www.donors.kg/en/jcss/

8 Progress report on of the Joint Support Strategy to the Kyrgyz Republic. Bishkek: 2010. Table Bishkek, p. 8.

9 Gender and Development. http://www.adb.org/Gender/default.asp

10 Article 84. Report on the progress of the Joint support country strategy to the Kyrgyz Republic 2007-2008. Bishkek: 2010, p. 19.

11 Report on the progress of the Joint support country strategy to the Kyrgyz Republic 2007-2008. Bishkek: 2010, p. 80.

12 Gender Equality, Women's Empowerment And The Paris Declaration On Aid Effectiveness: Issues Brief 3. Innovative Funding For Women's Organisations. DAC Network On Gender Equality • July 2008, p. 1.

13 Report on the progress of the Joint support country strategy to the Kyrgyz Republic 2007-2008. Bishkek: 2010, p. 16.

14 http://www.donors.kg/en/donors/adb

15 Report on the progress of the Joint support country strategy to the Kyrgyz Republic 2007-2008. Bishkek: 2010, p. 36.

16 AAA, paragraph 3

17 Forum of women's NGOs of Kyrgyzstan. Shadow report to the Third Periodic Report of Kyrgyzstan at 42nd CEDAW Session. http://www2.ohchr.org/english/bodies/cedaw/docs/ngos/Forum_WomensNGO_Kyrgyzstan42.pdf

18 Concluding observations of the Committee on the Elimination of Discrimination against Women. Kyrgyzstan. Forty-second session

20 October-7 November 2008. http://www2.ohchr.org/english/bodies/cedaw/docs/co/CEDAW-C-KGZ-CO-3.pdf

Australian REDD Aid to Indonesia – Ineffective and Unjust

James Goodman, Aidwatch
Ellen Roberts, Friends of the Earth Australia

This article assesses Australian aid to Indonesia designed to reduce Greenhouse Gas (GHG) emissions from deforestation.[1] Climate aid of this sort is a new departure for the Australian aid program and is based on a new *quid pro quo* between Indonesian development needs and Australian national interests. Local organisations in Indonesia oppose this type of aid which they say favours corporate interests over their livelihoods.

AusAID, the agency mainly responsible for Australian official development assistance (ODA), has a long tradition of providing boomerang aid – or aid that always comes back.[2] Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD) aid is no exception. Much of Australian aid is delivered through Australia-based companies, and is directed to shoring-up the trade and security priorities of AusAID's host Department – the Department of Foreign Affairs and Trade. As AusAID itself puts it, the role of Australian ODA is to "assist developing countries reduce poverty and achieve sustainable development, in line with Australia's national interest".[3]

Climate ODA

Climate aid aimed at reducing GHG emissions in developing countries – as distinct from aid to help countries adapt to the impact of climate change – enables donor countries like Australia to use aid money to help meet their climate responsibilities. ODA donors are all industrialised countries and who are principally responsible for the historic accumulation of GHG emissions in the atmosphere. As such, ODA donors owe a carbon debt to the rest of the planet as expressed in their 'differentiated' responsibilities for GHG emissions reductions under the Kyoto Convention. As "Annex 1" countries, charged with a responsibility to reduce their emissions, some ODA donors have looked to fund cheap emissions reductions in developing countries and then claim the credit to offset their carbon debt.

With the internationalisation of emissions trading, offsetting has enabled a process of bidding-down the cost of emissions reduction. For the architects of emissions trading, this is exactly what carbon markets are designed to achieve – the search for cheaper per-ton emissions reductions on a world scale.[4] For a country like Australia the cost of emissions reduction under these international offset schemes may be considerably lower than the cost of emissions reductions at home. Cheaper still are offsets for reduced deforestation, as under the United Nations (UN) programme for REDD which simply seeks to maintain existing forests. REDD initiatives have spawned more than twenty programs through a variety of funding mechanisms.[5]

REDD offsets in the UN

Measures to reduce deforestation and degradation are an important aspect of any global response to climate change. Deforestation and forest degradation increase global emissions by burning wood, by allowing soil carbon decomposition, and by reducing the planet's capacity to absorb CO_2. The Intergovernmental Panel on Climate Change estimates that the net effect of deforestation contributes about 17% of GHG emissions, with half of this centred on developing countries in the tropics, such as Indonesia, that retain substantial tracts of forest.[6]

The 2007 Bali Action Plan was designed to bring the United States (US) and developing countries into a post-Kyoto framework for binding emissions cuts. To achieve this, a negotiating track on Long Term Co-operative Action (LCA) was created to bring forward proposals, including on REDD, for agreement at Copenhagen in 2009. In the end, agreement was not reached at Copenhagen which merely produced a side agreement signed by the US and a number of 'emerging economies', termed the Copenhagen Accord, which bundled together a series of unilateral non-binding commitments. The Accord prioritises REDD, providing for "the immediate establishment of a [REDD] mechanism".[7] The Accord put US$10 billion annually of 'start-up' funds on the table over the next three years and, based on statements from the European Union (EU), one non-government organisation (NGO) anticipates that 20% will be spent on REDD.[8] Until and unless there is a general UN climate agreement, the money will flow through existing institutions such as the World Bank (WB) or through bilateral channels such as Australian aid to Indonesia.[9]

REDD activities will be dramatically increased without the required environmental and human rights safeguards that many countries have been arguing for. The implications for indigenous rights and for forests at risk of conversion to plantations could be disastrous. Moreover, with much of the 'readiness money' and capacity-building effort centred on measuring and monitoring forest carbon, the forthcoming REDD bonanza is unlikely to promote measures that actually reduce deforestation such as clarifying land tenure, enforcing forest protection under existing laws, and improving forest governance.

Australia's aid funding and its regional REDD pilots have enabled the Australian government to have a bet each way – helping gain recognition for REDD by providing 'evidence' as to its feasibility, while at the same time developing a source of credits that may well prove to be useful for Australia regardless of the fate of the international negotiations.

Problems with REDD

The principles behind REDD and other North-South carbon offset mechanisms are highly controversial.[10] Offsets do not reduce net global emissions and therefore cannot solve the climate crisis. While Southern societies deliver cut-price credits, emissions-as-usual continue in the North.

REDD offsets have their own problems. REDD does not produce actual emissions reductions. REDD projects do not plant trees and rather simply prevent them from being felled. As such, governments must first plan to log their forests in order for them to be able to claim a credit for prevented deforestation.

The forest is also made vulnerable to the carbon market and to carbon speculators. REDD enables a new rentier class capable of drawing profit from speculative acquisition. A high carbon price will make cheap REDD credits hugely valuable to those who can control them. A low carbon price will make logging the more attractive option. A volatile carbon price – the more likely scenario – will profit carbon speculators. The survival of forests, then, hinges on the global price of carbon.

REDD can apply to any significant forest outside rich Annex 1 countries. REDD empowers financial elites, jeopardising the sovereign rights of people who have historically conserved forests. REDD is increasingly seen as a charter for the dispossession of peoples who today have stewardship over forests.

Australia's REDD ODA

The Australian Government, one of the world's highest per capita GHG emitters, has been an enthusiastic advocate of REDD. From 2007 to 2012 the Australian Government committed AUS$200 million of ODA for its International Forest Carbon Initiative (IFCI). The Initiative has been funding REDD pilots in partnership with the Indonesian and PNG governments and is explicitly geared to generating cheap offsets or, as the 2009 budget statement puts it, "cost effective abatement of global greenhouse emissions".[11]

The Forest Carbon Initiative breaches several Australian treaty obligations and policy commitments.

First is the question of supplementarity. Under the UN's Marrakesh Accords that established Kyoto targets in 2001, offsetting can only be "supplemental to domestic action". The European Commission has interpreted this as meaning that only up to 10% of total required emissions reductions can be offset internationally.[12] By contrast, under Australia's proposed emissions trading scheme, all of Australia's required emissions could be offset internationally, directly flouting the Marrakesh Accords. The government predicts that by 2050 imported permits will be used to offset about half of Australia's total emissions.[13]

Second, is the question of additionality. Funding for joint implementation of climate mitigation is supposed to be additional to "official development assistance flows".[14] Climate change imposes new problems for low-income societies and requires new funding. Yet the AUS$200 million allocated to the Forest Carbon Initiative under the aid budget has clearly been diverted from other uses, and as such violates Kyoto obligations.

Third, is the issue of whether the Forest Carbon Initiative is in fact genuine ODA. The Initiative is funded through a controversial partnership between AusAID and the Department of Climate Change (DCC).[15] For the DCC the Initiative is solely designed to enable Australia to take "a lead role in the negotiations under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol on how incentives for REDD can be built into a post-2012 global climate change agreement".[16] As such, the Initiative is not ODA as defined by the Organisation for Economic Cooperation and Development (OECD), namely that it be "administered with the promotion of the economic development and welfare of developing countries as its main objective".[17]

Fourth, the Forest Carbon Initiative contravenes the UN Declaration on the Rights of Indigenous Peoples. The indigenous caucus at the UNFCCC negotiations have consistently challenged the REDD proposals, arguing for explicit recognition of indigenous rights in the UNFCCC treaty, and REDD agreements.[18] Yet the June 2009 Indonesia-Australia Forest Carbon Partnership, was silent on the issue in striking contrast with other inter-governmental agreements on REDD, such as the Memorandum of Understanding between Norway and Guyana which includes language that indigenous communities can "choose whether and how to opt in".[19]

Australia's REDD aid in practice

One of the Australian government's key REDD initiatives is the Kalimantan Forests and Climate Partnership (KFCP), a REDD pilot project aiming to reforest and reflood approximately 100,000 hectares of degraded peatland swamp forest in Central Kalimantan. The project is described by the Australian and Indonesian governments as the "first, large-scale demonstration activity of its kind in the world".[20] The project aims to conserve existing forest by providing alternative livelihoods for subsistence farmers and to rehabilitate degraded areas through tree planting and the blocking of drainage canals, while measuring carbon and introducing the "institutional arrangements" necessary for the project's inclusion in the offsets market.[21]

Peatland forest, such as in Kalimantan, grows on a carbon rich bog of wet, partly decomposed plant matter. The carbon storage capacity is immense as the peat bog stores twenty times more carbon than the above-ground vegetation. A third of the world's soil carbon is located in these peat bogs and it is estimated that the draining, logging and burning of Indonesia's peatlands accounts for 4% of the world's total annual greenhouse gas emissions.[22] In 2007, research funded by the WB found that deforestation rates made Indonesia the third largest emitter in the world.[23]

The site for the KFCP is a small section of the former Mega Rice Project, a failed attempt by President Suharto to regain rice self-sufficiency for Indonesia by clearing over one million hectares of peat forest. Rehabilitating the peat swamp is environmentally and socially desirable, yet there are a number of problems with the KFCP. First, it is designed to create tradeable offsets, in support of the Australian agenda at the UNFCCC negotiations. Second, the KFCP's public documents make no mention of the rights of affected indigenous or forest-dependent communities who currently live in the project area. Third, the project focuses on changing small-scale subsistence practices rather than the agricultural industries such as palm oil plantations that are driving large-scale deforestation in the region.

Local opposition to REDD

The grassroots People's Peat Management Alliance (ARPAG) from Central Kalimantan calls for a general rejection of REDD peatland offset schemes. ARPAG claims 7,000 members in 52 villages who, prior to being displaced by the Mega Rice Project, were living sustainably within the peatland ecosystem. The Alliance is a "collective of peasant group, fisherfolks, rattan handcrafters and rubber collectors [aiming] to reclaim our rights to protect peatland ecology and our livelihood". It calls on the UNFCCC to reject proposals that undermine resource rights and is strongly opposed to the concept of offsetting as it "keep[s] the practice of 'business as usual' and, even worse, sustain[s] dirty and destructive industries".[24]

In an open letter the group describes the rehabilitation work they have done since the Mega Rice Project:

> "We have replanted 50,000 hectares of endemic trees, rehabilitated rattan forest (13,000 ha), rubber forest (5,000 ha), fish ponds, re-developed traditional paddy

> fields, and revitalised the customary forest system. We have built a 'peatland' school for local communities and conducted strategic dialogue with local government, the central government, and NGOs in Indonesia and abroad".

The Ngaju people have tried to regain their way of life prior to the Mega Rice Project, dependent on both timber and non-timber resources such as rubber sap and rattan, cultivating rice, hunting, and maintaining fish ponds. They oppose REDD, oil palm expansion and the declaration of a local national park on the grounds that these will deny them access to livelihood resources.

ARPAG is specifically concerned that REDD will empower corporate interests to "control, patronise, and undermine the role of government to protect its people and peatland resources". In this context, ARPAG argues, REDD becomes "conservation colonialism".

> "ARPAG rejects all forms of foreign aid to save peatland that generate from carbon trading or foreign loans under the scheme of REDD or any other scheme. The 'aid' will only bring severe impact to people and peatland resources and will undermine people's sovereignty over resources."

Failure to address large-scale deforestation

The KFCP aims to change the behaviour of subsistence farmers. In June 2009 Ben Tular of CARE Indonesia, one of the organisations involved in implementing KFCP, stated that the major challenge for the project was "to change the behaviour of the community. That's the main problem."[25] Clare Walsh from the Department of Climate Change likewise claims that local subsistence agriculture practices are a key "driver of deforestation" in the area.[26] However, most deforestation in Indonesia is in fact caused by clearing land for commercial pulp and paper operations, and for palm oil plantations.

Industrial deforestation is a continuing problem in Central Kalimantan where the provincial and district governments plan to convert a further one million hectares of natural peat swamp for other uses.[27] In February 2009, the central government approved continuing peatland conversions.[28] Indonesian forest watchers Torry Kuswardono and Patrick Anderson have described it as a "failure of policy reform" if a 100,000 hectare rehabilitation project can sit alongside 1,000,000 hectares of forest conversion and still be considered a credible source of offsets.[29] The Australian and Indonesian governments are sensitive to this criticism, and in a joint submission to the UNFCCC Conference of Parties in Poznan in December 2008, discussed the need to restrict forest conversion at a province level. Yet there was no detail on how this might be achieved and there remains no linkage between the credits generated by the KFCP and any province-wide actions.[30]

Lack of recognition of rights

Close to half of Indonesia's population of 216 million depend on forests and natural goods and services for their livelihoods, but many live without land tenure.[31] Many forest-dependent people in Indonesia lack secure land tenure largely as a result of President Suharto's 1967 declaration that all forested land was owned by the State.[32] This act of legal dispossession paved the way for the granting of logging and plantation licences that expedited the bulk of Indonesia's forest destruction. In the words of the Asian Development Bank (ADB): "[In] Indonesia, the government often treats the indigenous people or forest villagers living in and close to the forests in the outer islands (like the Dayak of Kalimantan) as if they do not exist."[33]

The KFCP documentation focuses very heavily on incomes for local people but none of the documents mention the need to recognise rights, particularly the right to free, informed and prior consent of local people for REDD projects taking place on the lands where they live. Although an early report makes reference to the need for land tenure assessments for the local people who will potentially be affected by the KFCP,[34] there is no evidence of these assessments having been attempted. The joint submission of Australia and Indonesia to the Conference of Parties in Poznan in December 2008 on the KFCP simply stated the need to work within the context of "existing Indonesian forestry law".[35] British NGO Down to Earth notes that "Australia's funding for REDD means support for the continuation of an unjust forest management regime which has systematically marginalised forest communities and violated their rights to land and resources".[36]

The issue of indigenous rights under REDD in Indonesia has already reached the UN. After complaints from Indonesian NGOs and indigenous organisations, the UN Committee on the Elimination of Racial Discrimination has "expressed concern that indigenous peoples' rights to their lands, territories and resources may not be sufficiently recognised and protected" in REDD processes.[37]

Alternatives to REDD

Given the importance of deforestation and degradation in contributing to the climate crisis, and with the significance of forests to biodiversity, livelihood, and indigenous sovereignty, it is clearly important to consider what measures need to be taken to maintain and extend forests.

The world's current reliance on the sink and carbon storage capacity of the world's remaining forests reflects the logic of global ecological injustice. Whilst some elites have benefited from deforestation and degradation, subordinated people worldwide have been displaced from their livelihood and well-being and now bear the brunt of climate change. Ecological justice requires that such ecological debts be translated into wealth transfers.

The weight of these arguments now directly reflects the bargaining power of developing countries in international climate negotiations. There is a growing political revolt against carbon offsets for high-emitting high-income countries through REDD and other mechanisms. This reflects the rise of a worldwide climate justice movement and the growing political leverage of developing countries in UN negotiations. The principles of historical responsibility and ecological debt are vital and are gaining greater traction.

A number of proposals along these lines are already on the table and take the form of direct funding mechanisms, as part of a "new financial architecture for climate change", under the UN. Friends of the Earth International, for instance, has defined a set of key principles for climate finance founded on international equity, human rights, people's sovereignty and environmental integrity, for climate financing free of conditionalities and offsets, embedded in principles of free, prior and informed consent, and in the active participation of local and affected communities.[38] As to the scale of funds required, a global levy reflecting ecological debts as expressed in common but differentiated responsibilities could create a global fund to mitigate emissions in non-Annex 1 countries, including through reduced deforestation and degradation. Post-Copenhagen, the key debate is how to ensure these obligations are fulfilled so as to ensure emissions mitigation on a global scale.[39]

Endnotes

1 See Goodman, J. and Roberts, E. (2009) *What a Scam! Australia's REDD offsets for Copenhagen,* AidWatch, Friends of the Earth Australia, Walhi Indonesia, FOEA: Melbourne.

2 AIDWatch (2005) *Australian aid - the Boomerang effect,* Sydney.

3 See http://www.ausaid.gov.au.

4 See http://cdm.unfccc.int.

5 See www.un-redd.org.

6 Jinnah, S., Bushey, D., Munoz, M. and Kulovesi, K. (2009) Tipping points: barriers and bargaining chips on the road to Copenhagen, *Environmental Research Letters,* 4.

7 UNFCCC (2009) Copenhagen Accord, p.3.

8 Dooley, K. (2010) *Forest Watch Special Report – UNFCCC climate talks, 7-18 December 2009*, EU Forest Watch, January 2010. ENDs Europe. (2009) *Europe commits €7.2bn to "fast start" climate fund* www.endseurope.com/22871, December 11, 2009.

9 Dooley 2010.

10 Friends of the Earth International (2008) *REDD Myths: a critical review of proposed mechanisms to reduce emissions from deforestation and degradation in developing countries,* FoEI, Amsterdam; also see www.redd-monitor.org and Friends of the Earth (2009) *A dangerous obsession: the evidence against carbon trading and the real solutions to avoid a climate crunch,* FoE, London.

11 Smith, S. and McMullan, B. (2009) *Australia's International Development Assistance Program: A Good International Citizen,* Statement by the Minister for Foreign Affairs and the Parliamentary Secretary for International Development Assistance, 12 May 2009, Commonwealth of Australia, Canberra, p. 40.

12 The emissions trading bill that was on US Congress agenda in 2010 – the American Clean Energy And Security Act (ACES) – likewise caps international offsets at about 10% of total emissions (allowing the US to delay actual emissions reductions until 2018); Committee on Energy and Commerce (2009) *Background: American Energy and Security Act (H.R. 2454),* 2 June 2009, US Congress, Washington; Congressional Budget Office (2009) *H.R. 2454 American Clean Energy and Security Act of 2009,* Congress, Washington; see also Friends of the Earth US, Friends Committee on National Legislation, and International Rivers (2009) *Offsets undermine Carbon Legislation,* Statement, FoE-US, Washington; CEC (2006).

13 Treasury (2009) *Australia's Low Pollution Future: The Economics of Climate Change Mitigation,* Treasury, Canberra. Section 3, Implications for Australia, Chart 3.6.

14 Australia signed up to this principle under the 1995 Berlin Mandate, and when it ratified the Kyoto Agreement in 2007. UNFCCC (1995) Report of the Conference of the Parties on its First Session, held at Berlin from 28 March to 7 April 1995, Decision 5/CP1; see also Friends of the Earth Australia (2009) *Stronger communities greener growth: environment and climate change strategy for Australian development assistance,* Submission to AusAid, FoEA, Melbourne.

15 The use of generic departments with no expertise in ODA was the main point of criticism from the Development Advisory Committee of the OECD in its 2009 review of Australian ODA The DAC encouraged the Government 'to maintain AusAID's status and role as responsible for the aid programme'; Development Advisory Committee (2008) *DAC peer review of Australia,* OECD, Paris, p. 18.

16 The DCC defines three objectives for the Initiative: to 'show that there can be certainty in measuring emission reductions from REDD activities'; to show how REDD can be included in a post 2012 global climate change agreement'; 'to promote the development of market-based approaches to REDD'; Department of Climate Change (2009) *The International Forest Carbon Initiative,* Factsheet, DCC, Canberra.

17 OECD (2008) *Is it ODA?,* Factsheet, OECD: Paris.

18 IIPFCC (2008) Statement of the International Forum of Indigenous Peoples on Climate Change (IIPFCC), 14th Session of the Conference of the Parties of the United Nations Framework Conference on Climate Change, December 1, 2008. IIPFCC (2009) International Indigenous Peoples Forum On Climate Change (IIPFCC): Public Statement, 5 October 2009 accessed at http://indigenouspeoplesissues.com/ 29 April 2010.

19 Rudd, K. and Yuddhoyono, S. B. (2008) Indonesia-Australia Forest Carbon Partnership, 13 June 2008, Government of Australia and Government of the Republic of Indonesia, Jakarta; Cooperative Republic of Guyana and Kingdom of Norway (2009) Memorandum of Understanding regarding Cooperation on Issues related to the Fight

against Climate Change, the Protection of Biodiversity and the Enhancement of Sustainable Development, November 2009, Fairview Village, Guyana.

20 Rudd and Yuddhoyono 2008.

21 Department of Climate Change, Australian Government (2009) *Kalimantan Forests and Climate Partnership Factsheet December 2009* Commonwealth of Australia, Canberra, p.2.

22 Central Kalimantan Peatlands Project (2008), *Central Kalimantan Peatlands Project Provisional Report,* CKPP, Jakarta, p. 18; Greenpeace (2008) *Oil Palm Concessions in Central Kalimantan Controlled By Unilever*, Greenpeace, London.

23 World Bank et al (2006) Sustaining economic growth, rural livelihoods and environmntal benefits: strategic options for forest assistance in Indonesia, WB, Washington; see Central Kalimantan Peatlands Project 2008, p. 32.

24 Aliansi Rakyat Pengelola Gambut (2009), *Open Letter of ARPAG for International Meeting UNFCCC Bangkok 2009,* Jakarta, http://www.sarekathijauindonesia.org/id/node/121 accessed 14 November.

25 Fogarty, D. (2009) Backing from local communities is key to saving forests*, The Star.*

26 Personal communication with the authors.

27 Anderson, P. and Kuswardono, T. (2008) *Report to the Rainforest Foundation Norway on Reducing Emissions from Deforestation and Degradation in Indonesia*, Jakarta.

28 Adianto P. Simamora (2009) 'Peatland conversions conditionally approved' *The Jakarta Post*, 19 February, Jakarta.

29 Anderson and Kuswardono 2008, p. 11.

30 Indonesia and Australia (2008), Reducing emissions from deforestation and forest degradation in developing countries, Joint submission to the AWG-LCA, AWG-KP and SBSTA.

31 WALHI (2009) *No rights no REDD,* Walhi, Jakarta, p. 7.

32 Fitzpatrick, D. (2006) 'Private law and public power: tangled threads in Indonesian land regulation' in Henk Schulte Nordholt (ed) *Indonesian Transitions,* Pustaka Pelajar, Yogyakarta.

33 Aliansi Masyarakat Adat Nusantara et al (2009) *Request for further consideration of the situation of indigenous peoples in the Republic of Indonesia under the early warning and urgent action procedures (Seventy fifth session of the Committee on the Elimination of Racial Discrimination)* p. 4.

34 Anderson and Kuswardono 2008, p. 20.

35 Indonesia and Australia 2008, p. 5.

36 Down to Earth (2009) Newsletter Number 82 September 2009, http://dte.gn.apc.org/82acl.htm accessed 14 November.

37 United Nations High Commissioner for Human Rights (Committee on the Elimination of Racial Discrimination), (2009) Correspondence to Indonesia, 20 September 2009.

38 Friends of the Earth International (2009) *Financing Climate Justice,* FOEI, Amsterdam.

39 Friends of the Earth International (2008) *REDD Myths: a critical review of proposed mechanisms to reduce emissions from deforestation and degradation in developing countries,* FoEI, Amsterdam, pp 33-35.

Aid in Fiji at a Time of Political Crisis

Kevin J. Barr, Ecumenical Centre for Research, Education and Advocacy

Introduction

In December 2006, the democratically elected Fijian government of Laisenia Qarase was ousted in a military coup led by Commodore Frank Bainimarama. The coup is controversial but may not be against the long-term democratic interests of the people of Fiji. Fiji has never had true democracy and the extreme actions of 2006 may be needed to implement the structural reforms necessary for the creation of a stable democratic country in the future.

Nevertheless, several bilateral donors used the coup as a reason to cut their aid to Fiji with serious effects on the country's economy. One of the effects has been to push Fiji towards new emerging donors in Asia, particularly China.

Understanding the 2006 political coup

The 2006 military takeover in Fiji should be viewed in historical context. The 2006 coup was Fiji's fourth coup since independence in 1970. In 2000, the democratically elected People's Coalition Government of Mahendra Chaudhry was ousted by George Speight in a coup involving civilians and some elements of the army. The proclaimed aim of the coup was to protect indigenous Fijian rights. Political hostages were taken, parliament was trashed and chaos reigned for almost a month. Finally Commodore Frank Bainimarama, the newly appointed head of the army, put down the rebellion and released the hostages. Bainimarama took over the reins of government temporarily until he was able to appoint a civilian interim government led by Laisenia Qarase – a banker. The deal he struck was that Qarase and his interim government were not to seek election but be a caretaker government until elections were held. However Qarase and his team used their position to form the SDL Party and contest the election.

The SDL Party won and proceeded to introduce very racist pro-Fijian legislation which discriminated against Indo-Fijians and other races. They took back into their government a number of people associated with the 2000 coup. Bainimarama objected and, by 2006, friction between Qarase and Bainimarama was high. Bainimarama threatened to take over the reins of government if Qarase did not back down on his pro-Fijian legislation but Qarase was very stubborn and refused. Finally, on December 6, Bainimarama took over in a bloodless coup.

The coups of 1987 and 2000 were carried out in the name of "indigenous Fijian rights" but in fact they supported Fijian ethno-nationalism and upheld the economic interests of certain strong business and traditional elites. The 2006 coup was different because it was in favour of a multi-racial Fiji and sought to root out corruption and mismanagement and see a better distribution of the wealth of the country to all of Fiji's people, 40% of whom live below the poverty line.

Furthermore, Bainimarama stated that he wanted to address the root causes which gave rise to previous coups and so pave the way for true democracy in the country. These root causes are ethno-nationalism (often mixed with religious fundamentalism), the position and authority of the Great Council of Chiefs, corruption and economic mismanagement. The most pressing problem of all was the biased electoral process enshrined in the Fijian Constitution.

While a political coup may seem undemocratic in principle, many would say that under Prime Ministers Rabuka (1990-1998) and Qarase, democracy manifested basic structural problems. Against this background a political coup might in fact assist the democratic development of the country.

The potential for a more nuanced view of the Bainimarama coup is reflected in recent writings of independent observers. Fiji-born but New Zealand-based Rajendra Prasad, author of *Tears in Paradise,* agrees with the views of Australian Fiji-born journalist Graham Davis and Professor Neilson of Waikato University New Zealand, both of whom supported Bainimarama's mission but not necessarily his means. Prasad writes:

> "I hold that a great opportunity waits for all concerned nations and the people of Fiji to assist Commodore Bainimarama in reinventing democracy, which is just, fair, robust and resilient. … Someone had to stick his neck out to save it [Fiji's democracy] … If Commodore Bainimarama is able to accomplish his mission, he may go down in history as one of the greatest leaders in the history of Fiji. However I cannot vouch for his honesty, sincerity, integrity or commitment to accomplish his mission."

Bainimarama's government has indeed taken positive initial steps to tackle racism, poverty, inequality and corruption.

Changing donor relationships

The political coup is a controversial means to tackle the multiple and complex challenges facing Fiji, but not necessarily the most inappropriate. Nevertheless, some donors have tended to take a rather simplistic view that the most important thing is for Fiji to have democratic elections and a return to democracy as soon as possible.

Australia, New Zealand, the United States (US), the European Union (EU), the Commonwealth and some of the countries of the Pacific Islands Forum have been insistent in pushing Fiji to have immediate elections so as to return Fiji to democratic rule as they interpret it. If this happened, however, Fiji would almost surely have another racist government followed by another coup. Elections alone will not ensure democracy.

All the above mentioned countries – especially Australia and New Zealand, which were major donors to Fiji – have taken a very strong stand on the 2006 coup. They have withdrawn almost all official development assistance (ODA) especially those dealing with governance-related issues; but they have continued to fund health and education programs already started and have provided some humanitarian aid and support through civil society organisations (CSOs). This limiting of ODA is seen as a punishment and a spur for Fiji to hold immediate elections. Although Fiji's reliance on ODA amounts to only roughly 1.2% of gross domestic product (GDP), the loss of normal aid flows from Australia and New Zealand has had a crippling effect on Fiji's economy, while the withdrawal of promised EU support for the ailing sugar industry has been a major blow.

Assistance from the World Bank (WB), the International Monetary Fund (IMF) and the Asian Development Bank (ADB) was also placed in the balance. In late 2009 and early 2010, the WB, IMF and ADB visited Fiji and held serious discussions with the government. The IMF carried out an assessment of Fiji's financial situation and offered a US$1 billion loan. However the US opposed this on the grounds of Fiji's performance in the trafficking of people. The ADB is also offering assistance. The US, France and Britain continue to contribute funds to needy community projects – usually directly or through non-government organisations (NGOs) and not through government. However the EU is still withholding its very large promised support for the sugar industry.

For some time now, Fiji has had a "look North" policy whereby it has sought new partners for assistance in Japan, India and China. The stubborn refusal of Australia and New Zealand to recognise the Bainimarama regime and their subsequent cutting of aid has forced Fiji to look elsewhere for assistance and accelerate the switching of donors. These may well change political relations and the face of ODA for many years to come.

China has been especially interested to give aid and soft loans to a number of Pacific Island Countries. Following the 2006 coup, China – despite appeals from Australia – stepped in with millions of dollars in soft loans especially for infrastructure, such as roads and bridges, and US$7 million for housing. Japan and India were already donors and have continued to offer assistance to the Bainimarama government. Development projects, especially in housing, are also under discussion with Malaysian and Korean companies.

The emergence of China as a dominant figure not only in Fiji but in the Pacific generally has sent shivers down the spines of some Australian and New Zealand government officials. They are worried about losing their traditional political and economic influence in the Pacific and about the emergence of a new balance of power.

Cuba has also expressed interest in assisting Fiji, perhaps on education and health care. Russia has sent an ambassador to explore collaboration opportunities.

In March 2010 it seemed that relations with Australia and New Zealand were slowly thawing with talks being held with the foreign Ministers of both countries. However nothing substantial has been decided as of May 2010. The Australian-Fiji and New Zealand-Fiji Business Councils have been battling to preserve trade links so that their business interests are not compromised, but Fiji has been implementing a policy of import-substitution to cut down on the import of goods which can be produced in Fiji so as to improve its balance of payments position.

Cyclone Tomas in March 2010 attracted millions of dollars in humanitarian aid from both Australia and New Zealand. Some was given to government directly and some to the Red Cross or other NGOs. This humanitarian aid was gratefully acknowledged by the Fiji government and was seen by some as a step forward in improved relations. The EU has contributed over US$2 million to the Ministry of Education for the reconstruction of schools seriously damaged by the cyclone.

Conclusion

The military takeover in Fiji in 2006 has had some important repercussions in terms of ODA and has raised interesting questions. Fiji's traditional aid partners – especially Australia, New Zealand, the EU and the Commonwealth – withdrew their support as leverage to force Fiji to hold early elections and to, in their eyes, return the country to democratic rule.

However other partners, especially China, emerged to fill the gap. This situation not only effectively frustrated the threats of the traditional partners against Fiji but also caused them to start rethinking their position.

At times of political crisis – such as in Fiji over the past few years – ODA can become a very political tool. The withdrawal of aid by Australia, New Zealand and other countries was very definitely being used as a strategy to force Fiji to have early elections and return to what the donors saw as democracy. Other countries continued their traditional partnerships and provided aid, thus showing their on-going friendship and solidarity. Some new partners, especially China, used the opportunity to deepen a friendship and extend their political and economic influence not only in Fiji but in other Pacific Island countries.

Canada's ODA Accountability Act: Legislating for Canadian ODA to Focus on International Human Rights Standards[1]

Brian Tomlinson, Canadian Council for International Cooperation

Introduction

Canada now has a law for aid spending which is arguably unique in the priority it assigns human rights. However, questions remain as to whether the law is changing official practices and whether it is delivering more effective development in the South.

In 2008, the Canadian Parliament passed the official development assistance (ODA) Accountability Act.[2] This landmark piece of legislation sets three criteria for assessing Canada's foreign aid priorities. Ministers responsible for ODA must be "of the opinion" that each ODA disbursement simultaneously:

a. Contributes to poverty reduction;
b. Takes into account the perspectives of the poor; and
c. Is consistent with international human rights standards.

The first two of these criteria are not defined in the Act. However, human rights standards are defined as those which are "based on the international human rights conventions to which Canada is a party and on international customary law". Human rights standards address both poverty reduction and the participation and empowerment of affected populations.

A summary of a legal overview of the Act, commissioned by the Canadian Council for International Cooperation (CCIC), found that the Act's three criteria, and only those three criteria, should be the basis for aid decisions by Ministers. They should be weighted equally and be interdependent and cumulative.[3] It also concluded that "a human rights approach to [the Act's] Section 4(1) opinions has the merit of addressing all relevant grounds of the ODA Accountability Act through a single analytical framework, which is anchored in rationality and reasonableness".

The Act therefore establishes a robust purpose for Canadian ODA to effectively address the human rights of people living in poverty. It also makes Canada's aid spending more accountable and transparent by setting out consultation and reporting requirements. So, it seems to be a big and genuine step forward for Canadian ODA. However, its relevance will depend on its implementation. As Canadian civil society organisations (CSOs) have argued: "only an explicit human rights approach to the implementation of Canadian ODA programming will be consistent with the three tests called for by the Act".[4]

Linking development effectiveness and human rights

In the lead-up to the 2011 High Level Forum (HLF) in Busan, South Korea, the global CSO platform BetterAid has called for fundamental reforms in current aid priorities and practices.

The aim is to deepen the commitments to development effectiveness made at the Accra HLF in 2008.

Development effectiveness focuses on the impact of resources and policies on the lives of poor and marginalised populations, and which address the root causes of poverty, inequality, marginalisation and injustice. Measures that promote development effectiveness, according to CSOs, focus on empowering the poor, and respecting, protecting and promoting human rights standards, including decent work, gender equality and women's rights, and inclusive democratic power sharing.[5]

At the Accra HLF on Aid Effectiveness, donors and developing country governments acknowledged that: "Gender equality, respect for human rights, and environmental sustainability are cornerstones for achieving enduring impact on the lives and potential of poor women, men and children. It is vital that all our policies address these issues in a more systematic and coherent way."[6] The Accra Agenda for Action (AAA) established an important foundation for broadening democratic country ownership. This can be the building block for a Busan HLF outcome with specific commitments to aid effectiveness and development effectiveness.

Understanding and applying international human rights standards to the practical day-to-day practice of international assistance is challenging. But at the same time human rights approaches and development practice have been converging during the past 20 years. All 22 official donors, including Canada, agreed in 2007 to an Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) consensus for a *DAC Action-Oriented Policy Paper on Human Rights and Development.*[7] This paper sets out ten principles for donors to promote and integrate human rights in development. The ten principles point to directions for "scaling-up" human rights in policy dialogue and development programming. In addition, the United Kingdom (UK) Department for International Development (DfID) recently published a *How To Note on Assessing and Monitoring Human Rights in Country Programs.* The *How to Note* contains a detailed set of questions to guide DfID's country strategies and programs.

The Canadian ODA Accountability Act provides a legislated framework for exploring the implications of a human rights approach in Canadian ODA to development effectiveness. Alex Neve, General Secretary of Amnesty International Canada, says the significance of the Act is that concerted attention must be paid to the plight of marginalised and disenfranchised groups when assessing Canadian international assistance priorities. The Act implies a need to introduce explicit human rights assessments with a much more determined effort to gather data about the lived realities of marginalised groups in countries receiving or going to receive Canadian ODA. Development programs will need to be explicitly designed to meet those needs.

Implementation of the ODA Act

A robust implementation of the ODA Accountability Act could define a unique Canadian contribution to the urgently needed reform of international development architecture by donors and developing country governments in the coming years. The Act also provides an opportunity to draw Canadian lessons from the challenges of applying human rights to aid practice.

The Act comes at a critical moment in Canada, with increasing doubts about current policies and future directions for Canadian international cooperation, including aid, to respond effectively to converging crises of finance, food security and climate change. Reforms will be needed to respond to the impact of these crises on increasing numbers of poor and marginalised populations.

Unfortunately the Canadian government has not to date adopted a proactive approach to implementing the Act. It has stated (without providing evidence) that all of its ODA activities are consistent with a "do no harm" approach to human rights. Aid activities should clearly not harm the human rights of people in recipient countries. Yet international human rights standards require governments to go beyond "do no harm" to actively protect and promote the capacities of poor and marginalised populations to claim their rights. For example, human rights standards require that people displaced by a large hydro dam be compensated (not be harmed), but also that governments and donors ensure that water and energy reach those who lack these resources and need it most.

Worryingly, the government signalled in early 2009 that it was focusing Canadian ODA on a new list of 20 developing countries which will receive 80% of its bilateral funding. In making this change, the government failed to carry out any consultations and made no reference to the Accountability Act. Contrary to the Act, statements by the government set out their own criteria for choosing the 20 countries, including "their real needs, their capacity to benefit from aid, and their alignment with Canadian foreign policy priorities".

The new list cut in half the number of Canadian International Development Agency (CIDA) priority countries in Africa from 14 to seven, and increased the concentration of aid in several middle-income Latin American countries where Canada has commercial interests. The government made no reference to the implications of these changes on reducing aid priorities for Africa in relation to the purposes set out in the Act. Much recent bilateral programming has been to Afghanistan/Pakistan and Haiti, which alone represented 34% of Canadian bilateral support in 2008/09. While there is clearly a poverty and human rights rationale for Canadian aid commitments to these countries, this scale of financing is driven by foreign policy interests for this government, not a comprehensive aid strategy based on the purposes in the ODA Accountability Act.

How should Canada implement a human rights approach to ODA?

The CCIC, which is the platform for Canadian CSOs involved in international cooperation, has outlined some key elements of a genuine human rights approach to ODA,[8] including:

> Non-discrimination: Canadian ODA programs should take account of and give priority to addressing the needs and circumstances of the most marginalised and to ensuring they are not discriminated against, for example, through the charging of user fees for basic health services.
>
> Due diligence: Access of the most marginalised to their rights must be systematically considered in all processes for the allocation of Canadian ODA. Canadian commercial and foreign policy interests should not be the basis for allocating ODA. Canadian ODA initiatives must be designed to promote capacity and access to rights and certainly not to undermine them.

Participation of affected populations: Canadian ODA programs should create opportunities for participation, and build the capacity of affected populations to participate in all dimensions of development affecting their lives.

Support for rights which enable participation: Canadian ODA should promote the right to organise and to freedom of speech, and enable access to information and to development processes, institutions and mechanisms for redress where rights have been adversely affected.

Democratic ownership: Canadian ODA should support mechanisms of accountability and redress that are rooted in democratic ownership by citizens in developing countries over the policies and decisions affecting their lives. Public access to relevant and timely information on the purpose, priorities and terms of Canadian ODA allocations is essential.

Based on an analysis of international progress around linking human rights and development, on the above principles and on current practical issues in Canadian aid practices, CCIC sees the following as important elements for Canadian ODA to successfully adopt a human rights approach:

1. CIDA should be strengthened as a full government department with a departmental legislated mandate and the authority and human and financial resources to be the pre-eminent government institution responsible for managing and coordinating Canadian ODA, whose purpose is set out in the ODA Accountability Act.[9]

2. Policy Guidelines are needed for integrating human rights standards into departmental programs. The three government departments responsible for most Canadian ODA (CIDA, Department of Foreign Affairs and International Trade, and Finance) should develop, under the direct leadership of CIDA, policy guidelines, including practical field "how-to guides" on understanding and fully integrating human rights standards into departmental programs for Canadian ODA. The development of these tools should be undertaken in close consultation with Canadian and international development stakeholders, including the international human rights community.

3. CIDA's Business Process Roadmap should incorporate human rights practices. CIDA's guiding operational policies must fully integrate revised CIDA practices for determining programming priorities and modalities for delivering aid, taking account of new requirements for due diligence and consultation arising from the application of human rights standards to all CIDA programs.

4. CIDA's Country Strategies and Country Development Policy Frameworks must take account of human rights obligations. The strategies and frameworks for Canada's 20 priority countries for bilateral ODA should be guided by specific country analysis

of conditions giving rise to social, economic and political exclusion, patterns of discrimination, and the capacities of poor and marginalised populations to realize their rights. These strategies should be based on transparent consultations with relevant and diverse country-level and Canadian development actors.

5. The Action Plan to implement CIDA's Gender Equality Policy should fully address the current weaknesses in its implementation.[10] This Action Plan should: a) explicitly take account of international human rights standards for women's rights; b) assure the commitment of significant CIDA financial and human resources to strengthening capacities for gender equality and women's rights in all of CIDA's development priorities and programs; and c) set out transparent mechanisms, including public consultation with CSOs and women's rights organisations, to closely monitor and be accountable for gender equality and women's rights as a central policy goal in CIDA's mandate, programming and policy-promotion activities.

6. CIDA should develop and make public multi-year action plans for its three recently announced thematic areas – increasing food security, securing the future for children and youth, and stimulating sustainable economic growth. These action plans should set out priorities and implementation strategies for each thematic area. In setting these priorities and strategies, a human rights approach consistent with the ODA Accountability Act should be used.[11]

7. The Department of Foreign Affairs (DFAIT) and CIDA should undertake context and conflict-specific analysis and human rights assessments in fragile states to guide appropriate selection of and balance between sectors for Canadian interventions and funding. For example, support for security sector reform, particularly the financing of training and salaries for police, should be informed by on-going human rights assessments. DFAIT, CIDA and the Department of National Defence should proactively emphasise the socio-economic determinants of peace and conflict reduction in the government's whole-of-government interventions and approaches to fragile states, consistent with the three criteria in the ODA Accountability Act.

8. The international financial institutions' (IFI) policies and financing to recipient governments should take account of Canada's human rights obligations. The Canadian government has a clear obligation to ensure that this happens and that the IFIs do not violate Canada's human rights obligations, nor undermine those of any beneficiary government. The Department of Finance should establish, within its international section responsible for Canadian representation at the World Bank (WB) and the International Monetary Fund (IMF), the capacity to assess the human rights implications of the policies and projects of these institutions.

9. Consultations should be conducted on the implementation of Canadian aid programs in a manner that encourages empowerment and participation of rights-holders in developing countries and/or their representatives. A human rights approach should also inform the implementation of the government's consultation policies, which must proactively include engagement with affected and excluded populations. Canadian CSOs have developed several principles that should guide donor consultations, consistent with human rights standards:

    - Timeliness – sufficient notice should be provided for key decisions by CIDA or other ODA-related Departments, which should be taken within relevant timeframes for consultations.

    - Openness – equal opportunity should be provided for stakeholders to both access relevant government information as well as have the diversity of their views heard, in a process that should include the exchange of views.

    - Transparency – the purpose of consultation and the process to be followed must be clear, with dialogue and feedback to those who are consulted.

    - Informed – preparatory and follow-up documentation should be provided in relevant languages and formats for those being consulted.

    - Iterative – consultations must be part of an on-going process leading to better decisions, not one-off events undertaken as a box-ticking exercise.

10. Practical measures should be put in place to meet the highest standards for transparency in Canadian aid practices and full accountability in reporting on all aspects of implementation of the ODA. These measures should include:

    - A comprehensive approach to aid transparency – under the leadership of CIDA, the government must allocate the necessary departmental resources to enable the publishing, by all relevant departments, of timely, relevant information on policies and guidelines for ODA allocations, country and sectoral strategies and plans, and contributions to development outcomes, including lessons from its experience, comprehensive statistics, and indicative forward plans for predictable Canadian aid flows.

    - A commitment to the International Aid Transparency Initiative (IATI) – Canada should join the other donors (currently 18) in the IATI. This initiative aims to reach agreement on the scope of aid information to be put in the public realm, on common standards for this information to allow comparability, and on a Code of Conduct that addresses timeliness, allowing greater predictability for developing country partners, and accountability to the agreed standards.[12]

- The annual statistical report to Parliament on ODA should include data consistent with accountability to a human rights framework. This should include clearly identified gender-specific and gender-integrated programming in relation to disbursements by multilateral organisations, country programs, and major branches of CIDA and other government departments. It should also include more comprehensive information on Canadian aid disbursements to fragile states and countries in conflict, to sub-sector priorities (e.g. security sector reform), on disbursements to technical assistance (distinguishing Canadian and developing country technical assistance), and disbursements on program-based approaches (by sector, countries, partners and other donors).

Conclusion

Canada's ODA Accountability Act is arguably unique among donors in the priority it assigns human rights. However, despite the apparent solidity of the Act in requiring ODA to tackle poverty, take into account the perspectives of the poor and address human rights, its implementation leaves a lot to be desired. Without substantial political will, the law in itself may not effect significant change in the short-term.

If the Act were more fully implemented, government policies to reform and improve the effectiveness of Canadian aid would be better oriented in addressing the rights of poor and marginalised populations: in the choice of priority countries (emphasising the poorest low income countries), in the choice of projects and programs (determined by locally or regionally identified needs rather than Canadian foreign or commercial policy interests), and in putting in place stronger consultative practices (with both beneficiaries and other development actors).

However, Canada has already contravened the spirit and the letter of the Act. It has reduced the number of African countries it supports while increasing aid to countries of strategic foreign policy importance – all without consultation or any indication that the Act and its requirements impacted on its decision-making.

The best that can be said of the Act is that it has driven greater attention to human rights standards in Canada's development cooperation policies and practices over the past year. Canadian CSOs and other commentators have used the Act to continue to raise significant concerns about the efficacy of development policies in meeting human rights standards.

CSOs have pushed for many changes in Canadian ODA practice to meet the vision established in the Accountability Act. They have challenged the continued practice of counting the costs of supporting eligible refugees for their first year in Canada as reportable ODA. They have also criticised CIDA for its failings in implementation of its Gender Equality Policy. Canadian CSOs have called for CIDA's mandate over Canadian ODA to be strengthened, at the same time as giving it clearer priorities on food security, respect for labour rights, and Canada's role at the IFIs. It must integrate a rights-based approach in practice, based on consultations, empowerment and participation.

Endnotes

1 This article is based on a Report prepared by CCIC, *A Time to Act: Implementing the ODA Accountability Act, A Canadian CSO Agenda for Aid Reform,* accessible at www.ccic.ca. The Report sets out the case for a human rights approach for Canadian ODA based on the legislative framework in the Act and the implications of this approach for the directions and practices in implementing Canadian aid.

2 ODA Accountability Act: http://laws.justice.gc.ca/en/showdm/cs/O-2.8//20081211/en

3 CCIC: *A Time to Act, Chapter Two.*

4 Brian Tomlinson, *International Human Rights Standards and Canadian ODA: Implications and issues of the Canadian ODA Accountability Act,* Canadian Council for International Cooperation, 2008, page 4, accessible at http://ccic.ca/_files/en/what_we_do/002_aid_2008-12_oda_hr_standards.pdf

5 See BetterAid, "Development Cooperation: Not Just Aid, Key Issues: Accra, Seoul and beyond", January 2010, accessed March 2010 at www.betteraid.org.

6 Accra Agenda for Action, para 3

7 The DAC *Action Oriented Policy Paper* is accessible at http://www.oecd.org/dataoecd/50/7/39350774.pdf. The DFID *How to* Guide is not available on DFiD's site, but is Appendix One in CCIC, *A Time to Act*, op. cit.

8 See an elaboration of these elements for Canadian international assistance in Tomlinson, op. cit. (footnote #4)

9 See an elaboration of this view in Brian Tomlinson, *Approaches to Strengthening CIDA: Creating an Effective Department for International Cooperation*, CCIC, June 2009, accessible at http://ccic.ca/_files/en/what_we_do/002_aid_2009-06_strengthening_cida.pdf and the presentation by Bill Morton, The North South Institute, at the September 2009 *Future of Canadian ODA* Conference, summarised as a chapter in *A Time to Act*, op. cit.

10 See a detailed Canadian CSO analysis of the weaknesses of CIDA's implementation of its Gender Equality Policy at CCIC et. al, "Strengthening Canada's International Leadership in the Promotion of Gender Equality: A Civil Society Response to the Evaluation of the Implementation of CIDA's 1999 Policy on Gender Equality", accessed March 2010 at http://www.ccic.ca/_files/en/what_we_do/002_gender_cida_analysis_cso_response.pdf

11 See CCIC, *A Time to Act,* op. cit. for examples of the application of a human rights approach to donor programming for basic education, food security, health and international financial institutions.

12 For more information on the goals and process of the DFID-led International Aid Transparency Initiative (IATI) see www.aidtransparency.net.

Chapter 2

Participatory Institutions of Democratic Ownership

INTRODUCTION

This chapter shows that donors frequently fail to understand the complex dynamics of national institutions. This can lead them to undermine grassroots engagement and consolidate government power. National governments must also accept responsibility for opening channels for community engagement, whether about projects or policies. Only when they do so will it be possible to achieve development effectiveness.

William Chilufya argues that donor good will and increased aid has not reduced poverty in Zambia. Many citizens are excluded from the benefits of development because Zambia still struggles with patronage politics and other exclusive governance practices. The government has failed to deliver services to the majority of citizens and especially to the poor in rural areas.

Citizens need access to information on aid so that they can hold decision-makers accountable for their decisions. However citizens are often denied the information they need to intervene in the various phases of aid negotiations and implementation. Conditionalities that donors imposed on the government have led people to mistrust donor motivations. This mistrust now extends to the aid effectiveness agenda.

Some progress has been made in harmonisation, however, with donors producing a Joint Assistance Strategy for Zambia in alignment with the country's National Development Plan. This joint strategy has streamlined some dialogue and information-sharing processes, for example in the agriculture sector, although there is no direct linkage with poverty reduction results. The government should develop specific channels of participation for disadvantaged and underprivileged segments of Zambian society.

Rosemary McGee and Irma García Heredia, in their article on Colombia's attitudes to the Paris Declaration (PD), point out that aid has to be understood against the broader backdrop of international relations. The Colombian government saw the adoption of the Paris Declaration as a way to pursue its own interests.

In Colombia, PD principles of ownership, alignment and harmonisation may conflict with donor and civil society efforts to pressure the Colombian government on human rights and conflict issues. Donors are now supposed to align with government policies. Instead of exchanging views on Colombia's internal conflict, donors are engaged in a technical dialogue about aid ownership, harmonisation and alignment. The government has increased its legitimacy and rebutted accusations that it lacks a focus on poverty and spurns democratic dialogue and dissent. Aid officials do not expect that Colombia's adherence to the Paris Declaration will lead to significant improvements in transparency, financial management or other features of good aid governance.

Civil society groups have been squeezed out of discussions on aid effectiveness but hope the Accra Agenda for Action's legitimisation of civil society involvement in aid and policy dialogue may provide space to raise human rights. The authors urge donors to pay more attention to political analysis when applying the Paris Declaration, and adapt its principles to particular contexts.

Toni Sandell, in an article on Nicaragua, similarly accuses donors of naivety in dealing with the government there. Donors recorded an apparent aid effectiveness success story under the Bolaños government when several new dialogue and planning processes were initiated. However these were approved without proper national debate and, for example, parliament was bypassed. This lack of due process meant that donors inhabited a pseudo-reality, a reality that was shattered with the advent of a new government in 2007.

The overly technocratic approach, lack of democratic ownership, and dependence on international financial institution (IFI) conditions made it too easy for the subsequent Sandinista government to abandon aid effectiveness processes which had shallow roots in the country. Sector roundtables and other donor-government coordination mechanisms were ended by the new government. The government cracked down on independent civil society groups and obtained a large amount of aid from Venezuela that is not channelled through the government budget. The IFIs however turned a blind eye to these issues inasmuch as the government fulfilled their macroeconomic objectives.

The Nicaraguan experience indicates that donors should not demand and monitor detailed plans but should instead adopt a more holistic and long-term approach which addresses national politics more openly. Donors should support dialogue between the government, parliament and civil society, and demand more public guarantees on basic human rights.

Anil K. Singh details India's experience with foreign aid and national planning. He argues that donors need to improve the way they deliver aid, but aid recipient countries are also responsible for the limited and inequitable impact of aid on development outcomes. He explains that the array of institutions and constitutional safeguards aiming to achieve development goals does not add up to a functioning system. There are no significant consequences for non-compliance with financial rules, regulations and procedures.

Partly because of dysfunctions in its systems, India has failed to use US$17 billion of the external assistance that international donors allocated to it. In June 2003, the Indian government announced that India would stop receiving grant aid from most countries and would repay all outstanding bilateral creditors. This was partly because the government was exasperated by the strong terms and conditions on utilisation of funds which donors tended to set out for it.

The remaining donors to India are increasingly directing aid to India's relatively developed areas in keeping with the results orientation of aid effectiveness. This discriminates against impoverished people living in other states. In India, aid allocation and disbursement is shielded by opaque processes. The allocation of foreign funds across sectors is determined by the finance ministry rather than according to any economic reasoning or parliamentary deliberation. Much more transparency is also required around India's increasing roles as an aid donor that allocates substantial sums to African and South Asian countries.

Suranjan Kudithuwakku, writing about Sri Lanka, addresses flaws in the model of development. He points out that small farmers, fishermen and pastoralists form the majority of the world's population and depend directly on the balance of nature. Thus the environment must be at the crux of any effective development model. Official agencies often fail to demonstrate sensitivity to the environment or local communities. Communities and non-government organisations (NGOs) need to work with the government to change core policy on agriculture, fisheries, and disaster management.

The Green Movement of Sri Lanka implemented grassroots reconstruction efforts after the tsunami. When communities take ownership of their own development futures they can have better results than action driven by external agendas. The government has accepted the principle that community strengths in preparing for and recovering from disasters should be mainstreamed.

The government has refused some loans from IFIs, turning instead to bilateral loans from emerging donors such as Iran, India and China to fund development activities. This raises a new set of challenges.

Arnold Padilla, from the Philippines, analyses the example of the San Roque dam, a controversial mega-infrastructure project funded by the Japan Bank for International Cooperation (JBIC). During a typhoon in October 2009 the dam released excess water that forced more than 30,000 people from their homes, killed at least 64 people, and destroyed crops and properties.

The San Roque dam project illustrates the weakness of accountability in aid relations which prioritise the relationship between the foreign aid agency and the government. The Philippine government circumvented domestic environmental and social safeguards that set out its "domestic accountability" to its own people. Legally required environmental and social impact assessments were not conducted before the project was implemented. Peoples' organisations were ignored during project planning and the limited consultations conducted took place only when the project was already underway. Many people were not compensated for their displacement.

JBIC has no clear procedures or reliable grievance mechanisms for affected communities to use. Safeguards – both at national level, in countries such as the Philippines, and at the donor level – need to be strengthened and implemented, notably environmental and social impact assessments. However strong popular mobilisation will always be needed to ensure that local peoples' interests are not undermined in foreign donor-funded projects.

These contributions all show the difficulties of international interventions not meshing well with national and local institutions. Introducing official aid effectiveness practices may consolidate government power, or may enable greater democratisation of decision-making. Planning and consultation mechanisms which involve ordinary people are vital if funds are to be well-spent. Donors can help facilitate interactions between government bodies and communities and ensure that due process is followed in decision-making so that weaker stakeholders can also have their say.

Development Aid: Is There Space for the Poor to Participate in Zambia?

William Chilufya, Civil Society for Poverty Reduction

Introduction

African countries, Zambia in particular, have been advocating for increased aid to mitigate their development challenges based on the common sense idea that more aid will produce the best development outcomes. It is a moral obligation for those who have more to give to those who have less. This is one underlying motivation behind aid. However, aid has also been advanced by countries to enhance international relations, or for business purposes.

Aid may also allow recipient countries to increase consumption and also investment. Kofi Annan, former Secretary General of the United Nations (UN), has said that "Less Developed Countries have neither the surplus of exportable products nor the production capacity to take immediate advantage of new trade opportunities. They will need substantial investment and technical assistance in order to expand their production."[1]

On March 2, 2005, over 100 ministers, heads of agencies and other senior officials met in Paris to sign a declaration on aid effectiveness. This meeting reflected a realisation that their work to help aid recipient countries was disjointed, led to duplication of effort and sometimes even to conflict. Ultimately, it was clear that aid in many countries had minimal impact on development objectives. They questioned the shortcomings in the way the international aid system operated.

Evidence in Zambia has consistently shown that donor goodwill and increased aid has not led to sufficient change in outcomes. Poverty has continued to deepen and still remains the biggest challenge to Zambia today. An estimated 68% of the population are still termed poor and about 43% are said to be extremely poor implying that they cannot even afford adequate food.

Many citizens have been excluded from participating in the benefits of development. Zambia's institutional set-up, and political and economic conditions do not favour an inclusive system of governance involving all citizens, including the poorest. Zambia still experiences patronage politics and other exclusive governance practices.

These weaknesses – which constitute a failure to deliver democratic governance – have contributed to the high levels of inequality and a lack of ownership in the development process. Most public resources are targeted to the needs of the privileged few. The government has failed to deliver services to the majority of citizens and especially to the poor in rural areas. It is no wonder poverty levels continue to be high in Zambia.[2]

Participation through information

Governments must embrace citizen participation – especially by those living in poverty – to make aid and development programmes a success. Information is cardinal. Citizens' access to information related to aid is mandated by a host of human rights instruments, including the Universal Declaration of Human Rights (UDHR) as well as the International Covenant on Civil and Political Rights (ICCPR) and the Africa Commission on Human and Peoples Rights. Likewise, the right of people to freely participate in government decision-making, such as the preparation of the budget or any development programmes, is guaranteed by UDHR Article 21(2) and ICCPR Article 25. Freedom to access aid-related information and to participate in budget formulation allows citizens to contribute meaningfully to government policies affecting their lives.

Access to information and citizen's participation are important to ensure accountability throughout the aid cycle. With the right information, citizens are empowered to participate in the right policies that have an influence on their livelihoods including monitoring of expenditures, monitoring of aid, and evaluation of the final audit. However, in Zambia, citizens are often denied the information they need to play a meaningful role in the various phases of aid negotiations and implementation. The Zambian government has not yet enacted access to information legislation.

Democratic governance as a human rights issue

Genuine participation of the poor is a right in itself, but also necessary to realise other rights. The input of poor people is a prerequisite to the effective formulation of policies that reduce poverty and advance their basic entitlements such as adequate education, health, food and clean water. The poor are experts in their own lives and know what resources they have and what they need.

A rights discourse has enormous potential to mobilise communities and popularise the national development process.[3] Communities are more likely to participate in development planning if development is correctly framed as an issue of rights, rather than an issue of charity.[4]

The parameters of public involvement in development decision-making should be clearly defined by government and included in any development plan. Development consultations should allow stakeholders to agree upon minimum standards for participation and establish accountability mechanisms to ensure they are met. The entire development process should be transparent and well-publicised, incorporating relevant human rights principles and terminology, such as the right to access information and the freedoms of opinion, expression and assembly.[5]

Towards real ownership: Empowering poorer people

The majority of impoverished individuals living in rural and high-density urban areas have limited substantive knowledge about their human rights, much less the policies that government has put in place to achieve them. Without such knowledge, individuals are ill-equipped to hold government accountable in implementing programmes that adequately respond to their particular challenges.

A lack of participation by impoverished individuals in planning, implementing and monitoring national or local development activities indicates that government has violated its legal obligations to provide a forum for public participation in major government decisions and access to information. Unfortunately, as observed by the Office of the High Commissioner for Human

Rights, "too often participatory processes are cosmetic, reduced to mere consultation".[6]

The lack of participation on aid issues stems from the conditionalities that have been imposed on the government. These have created an atmosphere of mistrust about donor motivations and a loss of local ownership over the country's development agenda. This mistrust extends to the aid effectiveness agenda even though this agenda has been negotiated with the participation of several leading civil society groups. Aid in most cases has been framed in terms of foreign donor political, economic and social agendas.

The local ownership principle is very important for aid to be effective. Local people and the governments need to have ownership over how the aid is being used, and to be involved in the project or programme that is being implemented. Even if local owernership is mentioned in the Paris Declaration, its definition and the targets to achieve this are not explicitly stated and can therefore be misinterpreted. Donors continue to create difficulties for local ownership in Zambia because they continue to dominate policy-making policies indirectly through conditionalities.

Development planning in Zambia

Zambia's Fifth National Development Plan 2006-2010 (FNDP) is the first medium-term development plan designed by the Zambian government since the structural adjustment era. Structural Adjustment Programmes (SAPs) were a set of free market economic policy reforms imposed on Zambia and many other developing countries by the World Bank (WB) and the International Monetary Fund (IMF).[7] SAPs imposed harsh economic measures which deepened poverty, undermined food security and self-reliance, and led to unsustainable resource exploitation as well as population dislocation and displacement.

The FNDP was meant to accelerate development, reduce poverty and improve the social welfare of Zambian people.[8] The official FNDP theme of "Broad-Based Wealth and Job Creation through Citizenry Participation and Technological Advancement" trumpets the principle of participation.

However, despite the government's symbolic inclusion of civil society in FNDP processes, it has treated citizen participation in development as a privilege rather than a right. The FNDP establishes no clear strategy for citizen participation in development and levels of participation therefore remain cosmetic, with national development processes concentrated in central government, far out of reach of the average Zambian.

There is only limited civil society organisation (CSO) representation in national and local coordination and monitoring venues, led by the Ministry of Finance and National Planning. These include Sector Advisory Groups (SAGs), comprised of government officials, donors, and CSO representatives, and Development Coordinating Committees at provincial (PDCCs) and district (DDCCs) levels.[9] In theory these provide good opportunities to present the views of communities to national development architects.[10]

In practice, however, these groups tend to be poorly managed. For instance, many PDCCs and DDCCs fail to hold quarterly meetings to discuss local development policy. At the national level, SAGs meet infrequently and fail to address important issues such as sector budgets and Key Performance Indicators. As a result, these bodies have not fully contributed to national development policy. PDCCs, DDCCs and SAGs are the primary vehicles through which civil society actors can interact with the government in the development process so their dysfunction is cause for serious concern.

Civil society aims to bring the FNDP closer to Zambians. CSOs have educated the public about the FNDP's content, a responsibility which the government has evaded.[11] The groups active on this include Civil Society for Poverty Reduction (CSPR, a network of over 100 organisations contributing to pro-poor development in Zambia), Caritas Zambia, and the Zambia Association for Research and Development.[12]

A major factor that hinders grassroots contributions in Zambia is the government's failure to implement its decentralisation policy. The FNDP describes decentralisation of development planning, budgeting, monitoring and evaluation as a "top priority" and the central means to "bring the government closer to the people by providing citizens with greater control over the decision-making process and allowing their direct participation in public service delivery".[13] However the Decentralisation Implementation Plan was only approved by government in late 2009 and meaningful decentralisation has yet to occur.[14]

Democratic ownership still has a long way to go in Zambia. Civil society working on rights-based advocacy is under strong political pressure, and Parliament is even currently debating a new law giving the government strong regulatory powers over CSOs. The government has recently passed the Non-government Organisation (NGO) Act which gives the government significant regulatory powers over charities and NGOs. In theory, the law promotes self-regulation by Zambian NGOs. In practice, however, the government has the final word on every decision by the regulatory body. The government argues that NGOs must be properly regulated and accountable for their funds.

Aid effectiveness in Zambia

The Zambian government, in its Aid Policy and Strategy for Zambia, sets out the view that aid must be beneficial and based on National Development Plans and strategies. The Paris Declaration on aid effectiveness requires donor countries to direct aid to the national priorities of developing countries and to use recipient countries' procurement and financial management systems.

Some donors have not aligned with Zambia's national strategies and tailored their programmes to support Zambia's Poverty Reduction Strategy priorities. Donors like the WB are still micro-managing the country's development agenda. The Paris Declaration does not state the implication of a donor not adhering to this principle so donors are slow in implementing these important matters.

Some progress has been made in harmonisation. Donors have agreed on a Joint Assistance Strategy for Zambia (JASZ). Cooperating Partners (CPs) working in the country developed the JASZ to provide a medium-term framework to manage their development cooperation with the Zambian government and align these with the National Development Plan (NDP). The JASZ contains principles, commitments and proposed actions for the CPs to undertake across the five pillars of the Paris Declaration.[15]

The JASZ has streamlined some dialogue and information-sharing processes. For example, the JASZ evaluation showed an instance in the agriculture sector where better sharing of information led to the identification of a funding gap for a major project which one donor stepped up to fill. Nonetheless, support to government in agriculture still takes the form of a long list of projects with little coordination. There has been no development of joint approaches since the development of the JASZ either amongst CPs or with government.

There is little evidence that the JASZ has promoted greater country ownership at the national level. Pooled funding has increased government ownership. And while the health sector has also made considerable progress on harmonisation and alignment in the JASZ period, which is the period of the FNDP implementation, this has remained inconsistent. [16]

In Zambia we have had situations where a donor has other priorities from the government's. During this FNDP period the government spelt out its priorities as agriculture, education, health and mining. But during this same period there were also donors like Finland whose main areas of interest included climate change and forestry management, which were not top government priorities in the FNDP.

Donors still make decisions independently on certain matters. One example was in 2009 when the Netherlands, Sweden, European Commission (EC) and the United Kingdom (UK), among others, withdrew funding to the Ministry of Health following the revelation of a 27 billion Kwacha embezzlement of funds by Ministry of Health officials. This withdrawal was not a collective decision by the donors but rather decisions made by individual donors at different times.

The government said that donor withdrawal of funding to the health sector affected many health developmental projects in the country. Health Minister Kapembwa Simbao said the ministry failed to implement all its activities due to lack of adequate funding. The lack of funds also affected Child Health Week, one of the most important and successful initiatives in the health sector. This campaign offers free vaccination, weight monitoring and vitamin supplements and reaches two million children every year. In the end, the United States Agency for International Development (USAID) contributed funds to the campaign which made some people wonder about the risk of aligned and harmonised donors.[17]

Civil society groups in Zambia have expressed their concerns that donors will be able to gang up on the government if the Paris Declaration is implemented. This is because, with all aid pooled in one basket, they will have greater leverage and the government will be less able to play off one donor against another. Harmonisation could mean one-size-fits-all solutions and lead to 'cartelisation', constraining governments from shopping around between donors.[18]

In Zambia, aid effectiveness is likely to contribute to the efficiency of aid processes, but there is no direct linkage with development results including poverty reduction. There is a hot debate, therefore, on the extent to which aid effectiveness contributes to poverty reduction. A Paris Declaration Country Level Evaluation-Phase 2 is being conducted in 2010 to find to the extent to which the PD contributes to development results in Zambia. Furthermore, JASZ Phase 2 will be launched to align with the NDP. CSOs are participating in this process which should be used to develop a framework of cooperation that will yield results. There is still room to improve ownership, harmonisation and alignment as well as managing for results and mutual accountability.

Conclusions

Aid has a critical role to play in the attainment of the Millennium Development Goals (MDGs) in many developing countries especially when it is deployed effectively and in an accountable manner as part of a wider development strategy. It can make a lasting difference in helping people lift themselves out of poverty. Accountability and policy dialogue are vital for good aid delivery and management.

The questions of accountability 'to whom?', and 'for what?' remain unanswered in the Paris Declaration. Zambia faces challenges of corruption, economic governance and corporate governance. When accountability works, citizens will be able to make demands on donor agencies and ensure that these demands are met. Government policies and donor support must be designed to prevent the reinforcement of existing social hierarchies and power relations that exclude the poor, women and other marginalised groups such as people living with HIV/AIDS.[19]

However, the government of Zambia is stalling the implementation of the Decentralisation Implementation Plan. It has failed to institutionalise a path for the poor to communicate their views and concerns about local development up to local, regional and national decision-makers. This also amounts to a violation of the government's duty to ensure that the right to information is enjoyed equally by all Zambians without discrimination on any basis, including linguistic and ethnic group differences.

To be human rights-compliant and create ownership, the government should develop specific channels of participation for disadvantaged and underprivileged segments of Zambian society. Plans should be accessible for the many Zambians who have no formal education, lack functional literacy, and have limited English proficiency.

Government should ensure that its participation strategy integrates human rights awareness through, for example, widely disseminating local language versions of the seven core human rights treaties ratified by Zambia and the recommendations made by human rights treaty committees. Government should also move quickly to pass a Freedom of Information Bill to allow citizens full access to the information they need to claim their rights and hold the government accountable for pro-poor development.

Donors and international financial institutions should be accountable to ordinary citizens. Recipient countries should be able to contribute to determining the policies of these important institutions. Any aid given to Zambia should be people-centered and should strive to empower the government and the citizenry through ownership and participation. The relationship between a donor and the recipient country should be of partnership, not of stewardship.

Endnotes

1 Quoted in Financial Times, 5 March 2001, in the context of Annan's response to the European Union's "Everything But Arms" initiative.

2 Philip Alston, *A Human Rights Perspective on the Millennium Development Goals* (2004), available at http://hurilink.org/tools/HRsPerspectives_on_the_MDGs--Alston.pdf pages 48-53.

3 Ibid.

4 The rights to receive information and participate in public affairs are enshrined in Article 19 and Article 25 of the International Covenant on Civil and Political Rights (ICCPR), respectively.

5 Alston (2004).

6 Office of the High Commissioner for Human Rights, Draft Guidelines: A Human Rights Approach to Poverty Reduction Strategies (Sept. 2002) at paras. 75-87, at: www.fao.org/righttofood/kc/downloads/vl/docs/Human%20rights%20approach%20to%20poverty%20reduction%20strategies_draft%20guidelines.pdf. See also Human Rights and MDGs in Practice: A review of country strategies and reporting, Office of the High Commissioner for Human Rights, undated. At: www.ohchr.org/Documents/Issues/MDGs/Human_rights_and_MDGs_in_practice_ML.pdf.

7 Ministry of Finance and National Planning, Fifth National Development Plan 2006 – 2010 (Dec. 2006), at http://www.mofnp.gov.zm. and Ministry of Finance and National Planning, 2006 Fifth National Development Plan Annual Progress Report (April 2008).

8 Ministry of Finance and National Planning, Concept Paper on the Preparation of the Sixth National Development Plan 2011 – 2015, National Planning Department, 1 (July 2009).

9 Civil Society for Poverty Reduction, Fifth National Development Plan for Zambia, 2006 – 2011: A Civil Society Perspective (October 2005).

10 Ibid. p.16.

11 Ibid. p.16 and pp.281-283.

12 Civil Society for Poverty Reduction, National ownership of NDP key to effective poverty reduction and attainment of MDGs, 28 July 2006, available at www.cspr.org.zm/press28-07-06.html.

Civil Society for Poverty Reduction, Reaction to the Launch of the Fifth National Development Plan, 17 January 2007, available at http:://www.cspr.org/zm/pres17-01-07-reaction-to-fndp-launch.html.

Civil Society for Poverty Reduction, Fifth National Development Plan for Zambia, 2006 – 2011: A Civil Society Perspective (October 2005), at www.cspr.org.zm/Reports&Updates/civil_society_FNDP_executive_summary_october_2005_dec-2005.pdf. See also Human Rights Commission, State of Human Rights in Zambia 2007: Human Rights in the Fifth National Development Plan (2008).

13 Civil Society for Poverty Reduction, National ownership of NDP key to effective poverty reduction and attainment of MDGs, 28 July 2006, available at http://www.cspr.org.zm/press28-07-06.html.

14 Civil Society for Poverty Reduction, Reaction to the Launch of the Fifth National Development Plan.

15 Evaluation of the Joint Aid Strategy for Zambia 2007 – 2010. At: http://goo.gl/mrja.

16 Ibid.

17 Zambia Aid Effectiveness in the Health Sector, Action for Global Health, September 2009. At: www.actionforglobalhealth.eu/fileadmin/user_upload/doc_library/AE_Zambia_Case_Study_Final_version.pdf.

18 Wood, A. (May 2005). Current Topics on Conditionality- A CIDSE-Caritas Internationalis Background Paper. Caritas International, CIDSE.

19 For instance, Civil Society for Poverty Reduction simplified the FNDP in its publication, An Easy Look at Zambia's Fifth National Development Plan 2006-2010 (Sept. 2007), available at http://www.cspr.org.zm/Reports&Updates/SIMPLIFIEDVERSIONFNDP.pdf. In July 2009, Caritas Zambia published Questions and Answers on the Fifth National Development Plan. From May 2009 through August 2009, Zambia Association for Research and Development conducted trainings of fifteen women's clubs on human rights and development, including the FNDP.

Paris in Bogotá: The Aid Effectiveness Agenda and Aid Relations in Colombia

Rosemary McGee and Irma García Heredia,
Asociation Latinoamericana de Organizaciones de Promotion al Desarollo, AC

Introduction

The Paris Declaration on Aid Effectiveness (PD) needs to be appraised in the light of the political and social realities of the diverse contexts in which it is applied. This article stems from a conviction that the application of the PD in Colombia is generating problematic and unanticipated consequences.

It argues that Colombia's adhesion to the PD has pushed aid donors into a purely technical role and threatened social actors' advocacy outcomes. Both are worrying and undesirable developments in this middle-income country's complex political context of high institutional capacity, a protracted human rights crisis and internal armed conflict.

Colombia is a country where the PD principles of ownership, alignment and harmonisation seem to conflict with donors' and civil society efforts to exert leverage on the Colombian government around human rights and conflict issues. The examination of how and why the PD has been implemented and in whose interests therefore makes an interesting case study.

This article is based on a review of published and grey literature and interviews in Bogotá with twenty-five identified key informants in the Colombian government, aid agencies, embassies and social organisations in early 2009.[1]

A growing body of research on aid emphasises the need to understand that it is about power relations played out by political actors in political contexts. Moreover, aid has to be understood against the broader backdrop of international relations. The 'realist' approach to international relations assumes that countries each pursue their own interests where aid is integral to that pursuit. A country adopting the PD thus acts in its own interests within the wider context of its 'web' of aid relationships. A wider range of interests is at play on both donor and recipient sides in aid relations of middle-income countries (MICs) compared to lower-income countries, and aid behaviour is therefore more complex. All aid actors' behaviour responds to both overt and less readily expressed motivations, as well as to financial/technical and political/ideological considerations.[2]

The universalist, technical Paris principles are challenged by complex and diverse country realities. The PD itself recognises that fragile and conflict-affected situations pose particular challenges. Awareness of these challenges has increased recently, especially with the High Level Forum on Aid Effectiveness held in Accra in September 2008.

The context of Colombia signing the Paris Declaration

Colombia is characterised by low aid dependency – aid accounts for 0.4% of gross national income (GNI), in contrast with 37.8% for Afghanistan and 54.1% for Liberia or, nearer home, 6.5% for Bolivia and 15.4% for Nicaragua.[3] The relatively small donor presence owes more to political and humanitarian concerns about the conflict, human rights and drugs control than to the classic aid motivation of widespread and extreme poverty.

'Civil society'[4] in Colombia has historically lacked spaces for legitimate political debate, dissent or influence on public policy given right-wing elites' intolerance and violent suppression of left-wing political organising. Civil society organizations (CSOs) have long lobbied governments on human rights abuses, peace-building and alternative development models. They have worked with official and non-governmental aid actors to address these via aid programmes.

The Colombian government announced its adherence to the PD in November 2007 in the context of three distinct but interrelated strands of activity and debate: the London-Cartagena-Bogotá (LCB) process, the National Aid System, and the PD process itself.

The London-Cartagena-Bogotá process

The London-Cartagena-Bogotá (LCB) process started with a roundtable convened by right-wing President Uribe Velez, with United Kingdom (UK) government support, in London in 2003. It responded to donors' concerns to improve the strategic direction of aid given Colombia's humanitarian and human rights crisis, internal armed conflict, severe inequality and pockets of poverty.

A group of civil society organisations set out to convert the London roundtable into a space for dialogue over the role of aid in Colombia. They argued that: "Colombia urgently needs the defence and strengthening of the social and democratic rule of law, a political solution to the internal armed conflict and full respect for human rights and International Humanitarian Law (IHL), as imperatives for securing peace and democracy. Consequently, international aid to Colombia must be directed at supporting initiatives that lie within these parameters and do not contravene human rights and IHL norms, nor promote the dismantling of the rule of law or otherwise exacerbate our terrible humanitarian crisis."[5]

The London meeting established a tripartite dialogue space involving social actors, the government of Colombia and the international community. Twenty-four foreign government and intergovernmental organisation representatives organised themselves into the 'G24' donor group to participate. This has no decision-making power but nonetheless still has some influence over government and state institutions. Civil society actors are represented mainly by the Alliance[6], a social movement networked with other actors including the Catholic Church and some business associations. Government is represented by the Presidential Agency for Social Action and International Aid (*Acción Social*) and the Aid Directorate of the Ministry of Foreign Affairs.

Further roundtable meetings have carried on this tripartite dialogue in Cartagena (2005) and Bogotá (2007). At each roundtable, donors issued declarations, co-signed by the Colombian government, constituting the foundations of an aid policy and the LCB agenda.

The LCB process now consists of an annual agenda of tripartite working meetings, dialogues and seminars, punctuated by a roundtable every two years, preceded by preparatory events convened by the social actors. Its membership and thematic focuses make it an unusual aid dialogue space especially in a country lacking a tradition of constructive dialogue between government and civil society.

The National Aid System

Over the years 2002 to 2004, the Colombian government created a National Aid System led by *Acción Social* and formulated an aid strategy for the period 2002-2006. The draft was discussed with social actors in LCB meetings with the G24 as onlookers. The government of Colombia began to engage with global aid coordination and effectiveness processes via the Monterrey Conference (2002) and Rome High Level Forum (2003), events which spurred the development of the National Aid System.

The government later surprised the G24 and social actors by unilaterally formulating a new, significantly different, draft aid strategy for 2007-2010. The new strategy prioritised the Millennium Development Goals (MDGs), the 'war on drugs' and the environment while reducing the emphasis on democratic governance, rule of law and human rights. It recast civil society groups as aid-monitoring watchdogs. This appeared to undermine the London and Cartagena Declarations and relegate core LCB issues to the margins. Despite pressure to do so, the government refused to make substantial changes or countenance the idea that civil society could debate public policy.

The PD process

The government initially doubted the appropriateness or utility of subscribing to the PD. However, Colombia noted increasing donor interest in the PD to which several Latin American countries had already signed up. At a seminar convened by government in 2007 to deliberate PD adoption, Latin America and the Caribbean (LAC) government representatives revealed their prevailing perception of the PD as a lever for increasing aid rather than for aid partners to hold each other to account for aid effectiveness.[7]

A study commissioned on the pros and cons of the PD strongly advocated its adoption, citing the need to align donor interventions with government policies and to improve donor-government relations.[8] An added bonus would be the legitimisation of government-donor-civil society relations built up through the LCB process. The authors pinpointed a tendency for the LCB spaces, intended for *political* debate about aid, to be used to address *technical* aid coordination issues.

Just before Accra, *Acción Social* set itself the challenge of "exerting an influence in the spaces provided by the Development Assistance Committee (DAC) and the Organisation for Economic Cooperation and Development (OECD) to get international instruments adapted, broadened and adjusted to reflect the realities of MICs, and highlight their role and perspectives in the new international aid architecture".[9] The government therefore continued to see the PD as a way to reposition MICs amid the environment of declining aid to these countries.

On the other hand, Colombia also framed itself as a country "in transition to being predominantly an aid provider". It emphasised the need for due recognition of South-South aid and triangular aid – development assistance from traditional donors executed by Southern donors often in the form of technical cooperation – in PD and Accra spaces.

The Colombian government announced its signing the PD at the LCB Bogotá roundtable in 2007. Interviewees invoked three main government agendas for doing this. Firstly, the government wanted to control aid to support its politico-military strategy. To succeed in "running a right-wing agenda in a difficult neighbourhood", the Uribe government needed to align donors' policies and funds with its own strategy.[10] By providing a much narrower conception of development through the MDGs, they hoped to force donors to re-direct aid resources from humanitarian response, human rights and victims' defence.

Secondly, the government saw the PD as a way to increase aid flows since signing up would show it to be getting its aid house in order. This was linked to a bid for legitimacy by a government with a negative international reputation on human rights and humanitarian issues. The government sought to boost its international standing to overcome perceptions linked to official denial of the longest internal armed conflict on the planet, repeated clashes with key United Nations (UN) agencies and a historical reputation for corruption. A clear advantage of using PD spaces was that the Uribe government's main detractors – largely human rights groups – were not familiar with aid policy circles and issues.

Thirdly, the Colombian government was attracted by the scope the PD offered for holding wayward donors to account. Government officials saw the mutuality embodied in the PD as a unique opportunity to do this. It is understandable that a government repeatedly called to account by donors over human rights issues would relish the opportunity to turn the accountability tables, moreover within a framework of the donors' own creation.

Aid effectiveness was not often cited as a core motivation for adopting the PD. Government arguments about efficiency and accountability gains by donors implementing aid via *Acción Social* can perhaps be better understood in the context of increasing government control. By their own admission, measures to organise aid and systematically assess its quality, orientation and relation to public policy were mainly put in place before Colombian officials had ever heard of international aid effectiveness debates. This suggests that a key motivation for signing up was to obtain credit for PD-type measures already adopted.

The PD empowering the Colombian government

Improved international reputation

After adopting the PD the government moved swiftly to prepare for active involvement in the September 2008 High Level Forum on Aid Effectiveness in Accra. It hosted a regional consultation for LAC countries in Santa Marta, June 2008[11] and participated in the 2008 OECD PD monitoring survey.

At Accra, Colombia: belonged to the Working Group on Aid Effectiveness and represented LAC countries in drafting the Accra Agenda for Action (AAA); co-presided, with Switzerland, the Ownership Round Table; participated in the Round Table on Civil Society and Aid Effectiveness; and offered to host the Fourth High Level Forum in 2011.

Colombia consistently advanced three issues: the PD's failure to take into account other actors beyond national governments, such as parliaments, local governments and civil society; the excessively North-South and low-income country (LIC)-oriented framing; and the absence of any mention of South-South and triangular aid. It subsequently claimed credit for positioning these on the PD and Accra agendas in an unpublished back-to-office report.[12]

Colombia's presentation of itself as both an important recipient and giver of aid has been very strategic. Colombian leadership in relation to MICs and South-South and triangular aid before, at and since Accra – for example through leadership of the LAC MICs group in PD circles – has certainly given it international recognition and improved its legitimacy in the region.

Empowering the government vis-à-vis donors

The government's post-Accra implementation plan reflected two aspirations. These were expressed succinctly by *Acción Social* during the research interviews: firstly, "Colombia must be an actor in aid debates in future"; and secondly, "rather than us having to adjust to the Paris Declaration principles, the Declaration needed to adjust to the political realities of countries like Colombia".

The government of Colombia has tried to use the PD strategically as a lever for donors to "orient their aid more and more in keeping with the government sector… in the interests of articulating aid flows with national priorities defined through a process of consensus involving the international community, regional government and representatives of civil society."[13] Ownership was advanced as the way to "complement our own development planning… with the contributions forthcoming from international aid".[14]

This ownership is far from democratic. The National Aid System initially proposed to introduce a requirement that the government approve every single official and international NGO aid project. The Uribe government's development vision entails a military solution to deep-rooted social, political and economic conflicts and correspondingly large military spending and underspending on social sectors. From 2001-2007, 4.7% of gross domestic product (GDP) was spent on defence which was well above the average of 1.6% for the Americas and the 2005 average of 2.9% for 27 countries in conflict. In 2008, defence spending equalled health, education and environmental health spending put together.[15]

Closer relations have been established, notably with Spain, Colombia's second largest bilateral donor after the United States of America (USA). There has been more alignment, thematically and in terms of aid distribution across regions. Sectoral support and basket-funding mechanisms have been initiated by some donors, either because they had confidence in the Uribe administration or because their agencies' policies committed them to these modalities.

A notable step was the transfer of the management of European Commission humanitarian aid to *Acción Social*. This move alienated humanitarian NGOs which refuse to accept funds channelled through the government (and especially by an office of the Presidency) as it would compromise their autonomy and political neutrality in the eyes of other parties to the conflict.

Acción Social claimed that adopting the PD caused a rise in aid flows – by as much as 90% in 2004 – over a period when aid to MICs was projected to fall.[16] This increase and the attribution were refuted by others and by the timing of PD adoption in 2007, while the OECD survey and our fieldwork also cast doubt on it. Increased reporting of aid flows is a more likely explanation.

One government view during the research interviews was that public policy shifts on redress for human rights violations and other areas dear to donors has made alignment more palatable to donors. However, this is not attributable to PD adoption but rather to the LCB process where decisive dialogue occurred between government and human rights activists, with donors as referees.

Yet, overall, the government seems to be clearly disappointed with how little donors systematically reflected its priorities in their aid programmes, and how little they used national systems to channel, implement and account for aid. Sectoral support moves were timid, not broadly endorsed by the G24, and focused on less controversial sectors such as the environment, or on state-control organs such as the Human Rights Ombudsman's Office.

The 2008 PD monitoring survey revealed very low starting points in these areas. Donors did not intend to channel more aid through national auditing systems or through *Acción Social* as an implementing agency. Some were promoting decentralised aid to regional and departmental governments counter to the government's centralising impulse. Donors expressed particular reservations about the lack of parliamentary oversight of *Acción Social* and serious flaws in Congress which undermine its accountability role.

Government officials considered it paradoxical that "countries with weak institutions… already have much higher percentages [of aid] channelled through government than Colombia".[17] That this situation endured despite the PD implies that donors carefully guard the right to determine the nature and destination of their aid, and consider the Colombian government's interpretation of ownership and alignment to be too literal.

Thus, donors work in the spirit of the PD rather than being bound by it. The PD can be seen as a formalised framework for doing what was already being done – such as signing Memoranda of Understanding with individual donors and providing indicators to track progress. Nevertheless, many government and embassy interviewees felt that joining the PD club has definitely improved relations with certain donors, increased aid, and recognised good aid management.

Participating in the PD monitoring survey also permitted the government to gather substantial aid inflow data. Previously, the government considered donors evasive on this issue while donors in turn complained that the government's data categories conflicted with their own. Donors and their NGO partners suspected that the government's repeated requests for aid data masked control mania or security-related intelligence-gathering that could compromise their partners' and programmes' integrity.

Empowering government vis-à-vis social actors

The government and donors have long complained about too many meetings. Yet at the time of our research two aid policy dialogue processes – PD and LCB – were running in parallel and involving virtually the same institutions and many of the same individuals. The former Presidential Advisor for Social Action and chief architect of Colombia's new aid architecture defined the PD as offering further "technical improvements", and the LCB process as "a convergence between government and civil society", both necessary but quite distinct.[18]

Acción Social's director, recognising the role of the international community in Colombia as primarily political, affirms that in contrast to the LCB process, "Paris is not about politics. […] As we move forward, things will be done more technically. Politics will carry less weight."[19]

Through 2008-2009, the LCB process had to adapt to accommodate the PD process while preserving its distinct identity. LCB social actors constructed and politicised points of convergence with the PD agenda, such as a critical appraisal of the MDGs from an equality perspective and an analysis of the aims and impacts of the 2007-2010 aid strategy. They insisted on the international community contributing to peace-building, on respect for human rights, and on strengthening the rule of law as the bedrock of aid, enshrining all these in LCB Declarations.

Donor governments and international institutions in the G24 generally identified positively with this insistence, but had a difficult equilibrium to maintain. This was revealed by the frictions generated when the government unilaterally produced a new aid strategy for 2007-2010. That government move exemplified how PD principles (alignment, harmonisation and ownership) can narrow donors' room for manoeuvre, and restrict space for political dialogue involving social actors. Describing his role in Colombia as "combin[ing] aid and diplomacy", one donor actor reflected: "*Acción Social* always wants everything done through it. [My country] tries to explain why it works as it does. It's about applying the Paris principles *in a context of conflict and polarization*."[20]

Most donors welcomed the government's efforts to technically improve aid but considered that the PD had made no difference to them. Further, they recognised that PD adoption was a useful opportunity for Colombia to reframe aid as a technical issue. In the 2007-2010 Aid Strategy, the related positioning of the MDGs and marginalising of the language of rights, conflict and peace was a skillful manoeuvre by government to shift the international community's attention from uncomfortable issues like human rights.

Many government and a few donor interviewees interpreted the PD process as enhancing and reinforcing the LCB process. Key government figures have even publicly called for subsuming important elements of the LCB within the PD process. Some interviewees speculated that the LCB had initially enhanced social organisations' domestic legitimacy at government's expense. Adopting the PD enabled the government to tip the balance of aid policy dialogue back towards the technical terrain where social actors are less qualified and where it could conduct interactions bilaterally between aid officials and government officials.

Social actors argue that the government outwardly showcases a democracy-enhancing partnership with social actors while actually seeking to undermine the LCB process, as evidenced by the severely diluted Bogotá Declaration. The principle of ownership seems to have been applied by Colombia taking ownership of the aid effectiveness concern that led the UK government to propose the London roundtable in 2003.

Accra has deepened the ownership principle to mean democratic rather than government ownership, positioning social actors as legitimate co-owners and interlocutors. However, by early 2009 the Colombian PD process continued to exclude civil society. Some interviewees foresee that the government will have to accept civil society groups as legitimate actors in political and technical aid, development and public policy debates. Social actors are determined that human rights issues will not get marginalised, but most of them are disadvantaged in their efforts by their limited knowledge of the PD and aid debates in general.

Many have insisted on the continued need for an LCB process which, if anything, should absorb the PD process rather than vice-versa. PODEC has argued that: "The [LCB Process is] the ideal policy space for adapting and taking forward the [most relevant] recommendations of the Accra Agenda for Action." However, by early 2009, despite Accra's promotion of the role of civil society, there was still no tripartite space for the PD process.

Conclusions

In adopting the PD in November 2007, the Colombian government was pursuing its own interests to promote its regional and international legitimacy. Within Colombia the PD has brought to the fore a technical dialogue about the ownership, harmonisation and alignment of official aid in which governments are the protagonists. The mutual accountability and management for results principles have limited profile.

The requirement for donors to align with government policies, at a time when the Government officially denied the existence of an internal armed conflict, obliged donors and international NGOs to tie themselves in knots when discussing their aid programmes. Diplomatic missions and aid officials do not expect Colombia's membership of the PD to lead to significant improvements in national systems, transparency, the elimination of corruption or other features of good aid governance. The Uribe government meanwhile has managed to increase its legitimacy and rebut accusations that it lacks a focus on poverty, rejects international mechanisms of state accountability, and spurns democratic dialogue and dissent.

Many donors may have thought that the government's decision to join the PD would free up LCB spaces for influencing policy on issues of peace, conflict and root causes of conflict such as inequality. However, several recognise the problems of implementing the PD in a country like Colombia characterised by internal conflict and with middle-income status. In fact, some supported PD adoption only by default to be consistent with their governments' pro-PD positions.

That the PD has undermined LCB processes may not be a great concern for most donors – their influence is protected by their commercial and defence relationships, as well as by the Government's political need to maintain functional relations with them. But it is much more of a problem for civil society actors who can find themselves squeezed out of technical discussions on aid effectiveness. Colombian social actors are increasingly hoping that the AAA's legitimisation of civil society involvement in aid and policy dialogue will provide them the space to promote human rights issues.

Donors should learn from cases like Colombia and pay more attention to political analysis in PD application, and to adapting its principles to particular aid-recipient contexts. As the global aid agenda focuses more on state fragility and conflict issues, these will prove increasingly difficult to keep off the Colombian agenda, however hard the government may try. Themes of human rights, international humanitarian law, conflict and peace will not quietly disappear from donors' relationships and priorities in Colombia. They are likely to endure or rise in prominence in Colombian aid policy debates, PD or no PD.

Endnotes

1 The research was supported by the Participation and Development Relations programme of the Participation, Power and Social Change team at the Institute of Development Studies, University of Sussex, UK. The research used resources provided to the Participation, Power and Social Change team by Swiss Development Cooperation and the Swedish International Development Agency.

2 Eyben, Rosalind, 2006, Relationships for Aid. London: Earthscan; Eyben, Rosalind and Stephen Lister with Ben Dickinson, Iliana Olivié and Luis Tejada, 2004, 'Why and how to aid Middle-Income Countries', IDS Working Paper 231, Brighton, IDS

3 Source: http://siteresources.worldbank.org/DATASTATISTICS/Resources/table6_11.pdf, accessed 24 Sept 09

4 For the myriad uses of *'sociedad civil*' arising in our interviews and the Colombian literature, we mainly avoid translating it as 'civil society', using alternative terms that better reflect its diversity in Colombia.

5 See La Alianza "La solución política y la democracia son el camino", NGO document presented in London, 9-10 July 2003, www.laalianza.org.co/index.php?option=com_content&view=article&id=44&catid=44&Itemid=67 accessed 13 April 2010.

6 *La Alianza* in Spanish, full name 'Alliance of Social and Like-Minded Organisations for a peace- and democracy-focused aid strategy in Colombia'.

7 *Acción Social* August 2007, 'Estrategia de Cooperación Internacional: Mapa de Consensos y Disensos': www.accionsocial.gov.co/documentos/Cooperacion%20Internacional/DOCUMENTOS_NOV_2007/Comisi%C3%B3n%20Drogas%20y%20Medio%20Ambiente%20(280807).xls accessed 13 April 2010.

8 Buchelli, Juan Fernando with Viviana Gomez (2007), 'Aid Coordination in Colombia: Approach, Routes and Effective Leadership: Analysis of the consequences for Colombia's aid policy of adherence to the Paris Declaration on Aid Effectiveness', unpublished working paper, May.

9 *Acción Social* 2008, 'Insumos para el III Foro de Alto Nivel sobre Eficacia de la Ayuda', unpublished document

10 Donor interview notes.

11 http://siteresources.worldbank.org/ACCRAEXT/Resources/4700790-1205870632880/SantaMartaReport7-27-08Spanish.pdf accessed 23 April 2010.

12 www.alop.or.cr/trabajo/publicaciones/The_Reality_of_%20Aid2008ESPANOL.pdf.

13 *Acción Social,* 2008, 'Insumos para el III Foro de Alto Nivel sobre Eficacia de la Ayuda', unpublished document

14 *Acción Social,* 2008, 'Versión final de la Encuesta 2008 (OECD)', unpublished draft.

15 PODEC 2008, 'La Declaración de París y su aplicación para Colombia', Cuadernos de Cooperación y Desarrollo No. 4, octubre, page 9

16 *Acción Social,* 2008, 'III Foro de Alto Nivel sobre Eficacia de la Ayuda, Septiembre 2 – 4 de 2008, Informe', unpublished back-to-office report.

17 Interview notes.

18 *Acción Social*, September 2007, 'Colombia frente a la Declaración de París: Ayuda Memoria del Seminario Colombia Frente a la Declaración de París', unpublished seminar report.

19 Interview notes.

20 Interview notes; emphasis spoken in original.

Nicaragua: A Testing Ground for Aid Effectiveness Principles

Toni Sandell, KEPA, the Service Centre for Development Cooperation[1]

During the presidency of Enrique Bolaños in 2002-2006, the Nicaraguan government for a time led the way for the rest of the world in development cooperation harmonisation and alignment processes. However, everything changed a couple of years after the signing of the Paris Declaration when the Sandinista government came back to power and abandoned aid effectiveness processes.

This article explains the main donor shortcomings during the rule of the Bolaños government during which donors inhabited a pseudo-reality where everything seemed to be going well. It presents the principal flaws in the international aid effectiveness agenda in Nicaragua: the implementation of an overly technocratic approach; lack of democratic ownership; and dependence on the conditions imposed by the international financial institutions (IFIs). These flaws made it too easy for the Sandinista government to abandon the aid effectiveness process.

The article argues that no sustainable advances have been made to end impoverishment, and that development effectiveness should be placed at the heart of donor-government discussions in Nicaragua.

Nicaragua, the "donor darling"

Nicaragua ousted one of the most cruel dictators in Latin America, Anastasio Somoza Debayle, in the popular Sandinista uprising in 1979. The international solidarity movement then began to support the impoverished country which faced a 10-year civil war against the counter-revolutionaries supported by the United States (US).

The Sandinista revolution ended with free and transparent elections in 1990 when the right-wing candidate Violeta Chamorro defeated Sandinista president Daniel Ortega. This marked the beginning of neo-liberal and US-friendly policies. The aid continued, but in the form of official bilateral and multilateral aid instead of solidarity support. With these elections, Nicaragua consolidated its status as a "donor darling".

Dependence on foreign aid and the agenda of neo-liberal governments was soon to give the IFIs considerable powers over Nicaraguan policies.[2] Requests and suggestions by the IFIs were heard carefully; as a result, many public services such as electricity and the financial system were privatised and state functions dismantled to a minimum.

Nicaragua, a pioneer in aid effectiveness

In 2002, the government of President Enrique Bolaños took the initiative to gain some control over channelling international aid according to its own priorities. Suddenly, Nicaragua became one of the most active countries piloting enhanced donor harmonisation, alignment and ownership. Three years later these concepts were adopted as principles of the Paris Declaration.

The process led the Nicaraguan government to create a permanent dialogue structure among the key development actors: government, donors and civil society. The first International Development Cooperation Coordination Forum was organised in 2002 and repeated annually until 2006, with good results.

The government formed sector-wide roundtables and coordinated dialogues around public issues such as health, education, infrastructure, governance, production and competitiveness. Heads of Missions met at donor roundtables to agree joint positions for the dialogues.

The most important alignment tool was the National Development Plan (NDP), 2005-2009, which set government priorities for five years and included all the sector-wide approaches. The whole package was oriented by results-based public management. The main element was elaborating and filling out matrices with performance indicators.[3]

The NDP was a continuation of the Poverty Reduction Strategy Papers (PRSP) which had been the condition for entering the World Bank's (WB) Heavily Indebted Poor Countries (HIPC) initiative and the International Monetary Fund's (IMF) low-income country facility. During the presidency of Arnoldo Alemán (1997-2001), the PRSP was "elaborated by technocrats according to donor directives", as Geske Dijkstra points out in her critical article on the experiences with PRSPs in three Latin American countries.[4] Unfortunately this also occurred with the NDP of President Bolaños despite the high expectations arising from the prominence of Bolaños in promoting the aid effectiveness agenda.

What went wrong, 2002-2006

A closer look shows many factors in the apparent success story under Bolaños that reduce or are even counterproductive to development and aid effectiveness.

The close relationship between donors and the Bolaños government led donors to live in a virtual reality where everything seemed fine despite the severe political crisis facing the country. After being elected, President Bolaños began to investigate and prosecute the previous government including his party colleague Arnoldo Alemán, suspected of money laundering. This move left Bolaños politically isolated because Alemán continued to be the real leader of the Liberal Party and thus directed parliamentarians to boycott government proposals. Furthermore, Alemán had made a pact with the Sandinista party so Bolaños had insufficient support within the National Assembly to govern effectively.

This situation led to everyone forgetting the key actors needed for building a social contract around the NDP. Due to the political rivalries, the NDP was never even presented to the National Assembly. Civil society only participated in the NDP process in a token way. "They called us to the meeting at CONPES (National Council for Economic and Social Planning), informed us about the plan and the next day they told us that the consultancy rounds had been carried out," explains Adolfo Acevedo from the Economic Commission of the Coordinadora Civil.[5]

Even bilateral donors claim they did not have much to do with the plan. Donor support for participatory and consulting mechanisms was limited to very specific sectors and themes. Stern Ström of the Swedish embassy commented: "I think there was not much consulting. Because not even us donors had a chance to discuss the last version. It was presented in March 2005 and approved by the World Bank and IMF in January 2006. During that time there was silence. There were negotiations only between the government and those two. Regarding the people, I think, the plan wasn't discussed at all."[6]

The strict deadlines imposed by the IFIs meant that a proper consulting process was not even possible. As was the case with the PRSP under the Alemán period, the NDP was elaborated mainly by technocrats with close technical assistance by the IFIs. "90 percent of the Ministers I interviewed after approving the PND didn't have knowledge about the plan, even about the parts that refer to their corresponding sector," mentions a Nicaraguan consultant who followed the PND process closely during the Bolaños government. Thus ownership, even by the whole government, remained quite limited.

Even if the NPD had been discussed properly and elaborated together with all the relevant stakeholders, it could still be considered a weak paper because it fails to discuss macroeconomic targets, land rights, privatisation, access to natural resources or trade agreements. Technocratic approaches adopted by the IFIs and donors led to the omission of these political themes that have major impacts on poverty.[7]

The other big problem has been the continuing conditions imposed by donors. Mauricio Gómez, former Vice Minister of External Cooperation, commented that "[Everyone] wanted to enter with their conditions. The World Bank wanted its conditions, then others like the European Commission entered and wanted other things with their criteria."[8]

Governments have to sign agreements with the IMF before receiving budget support or loans from the World Bank or Inter-American Development Bank (IADB). This brings macroeconomic conditions into the aid process. These conditions are complemented by special policy matrices that contain large numbers of indicators for measuring impacts and outcomes, as well as specific priority actions demanded of the government such as laws on Access to Information or Financial Administration.[9]

The donors also required conditions on good governance, although these were not demanded too vigorously given that the Bolaños government received special treatment because of his interest in fighting corruption.

Conditions applied to the sectoral programmes and budget support were added to old-style conditions attached to project cooperation. In 2006, there were 42 sources of international cooperation with 421 separate projects which were not necessarily in line with the NDP. As a result the Public Investment Programme tended to become an extensive list of projects rather than a strategic allocation of funds for the processes highlighted in the NDP.[10]

This is counterproductive – the rule of law weakens when there is no real will to implement the laws because these were imposed. People in Nicaragua often say that the country has the best laws in the world but the problem is that they are not implemented. In short, despite Nicaragua's pioneering role in the aid effectiveness agenda, there was no ownership over the government's plans, conditions applied to aid were maintained or even increased, and donors kept imposing their preferences.

Aid effectiveness in crisis

Sandinista leader Daniel Ortega returned to the presidential seat in 2007. The new government expressed its will to continue with the "alignment and harmonisation" process but the concrete actions have been incoherent with the approach started by the Bolaños government.[11.] The government has been reluctant and even hostile to dialogue with the donors. As a result the sector-wide roundtables have been dismantled.

The government has also been hostile towards critical, autonomous civil society. In October 2008, state prosecutors and policemen raided the offices of several civil society organisations – such as the Center of Research for Communication and the Autonomous Women's Movement, as well as Oxfam (UK) and Forum Syd (Sweden) – and confiscated all the files, computers, and bookkeeping. The official reasons involved embezzlement and money laundering but all the charges, which were merely invented, were dropped a few months later due to lack of evidence.[12]

In 2009, the government tried to limit the space of civil society by preparing a manual for regulating and controlling development cooperation. The aggressive attitude has also led to violent attacks on civil society leaders. The Office of the High Commissioner for Human Rights has expressed its concern over the harassment of journalists and human rights defenders in Nicaragua, as well as on the total ban on abortion approved in 2007.

Transparency has also suffered. Civil society has presented serious concerns, for example about the large amount of Venezuelan aid, estimated to be US$457 million in 2008, which is not channelled through the General Budget.[13] There is no public information or democratic control of how this money – around half of which is in the form of loans – is being used.

Donors going their own way

Donors had a tremendous shock with this rapid change in their development partner. Sweden and the United Kingdom (UK) withdrew from Nicaragua. Especially after fraudulent municipal elections in 2008, several other donors reduced their support to the government. All bilateral donors froze or cancelled their budget support. Likewise, the US froze its US$60 million Millennium Development Fund for Nicaragua.

Most of the former Budget Support Group members continued to cooperate with the government through other modalities such as sectoral programmes and traditional projects, while others directed more support to the civil society or to the private sector. Denmark redirected practically all its aid to civil society and the private sector. The Danish Development Cooperation Minister explained the reasons for this in January 2010: "I don't want to utilize Danish cooperation for supporting the Nicaraguan government and thus supporting negative development."[14]

Yet financing from the IFIs has continued with the government fulfilling their macroeconomic conditions. The IFIs gave additional support in 2009, partly due to the economic crisis that severely affected Nicaragua. The IMF also gave Nicaragua US$38 million under its Poverty Reduction and Growth Facility (PRGF) and, instead of earmarking the loan for strengthening the international reserves of the Nicaraguan Central Bank, released the money as general budget support for the first time in history. The World Bank and Inter-American Development Bank likewise released additional loans.

As a result, aid to the government of Nicaragua in 2009 was almost US$30 million more than originally planned, even if all bilateral and EU budget support totalling US$64 million was frozen.[15] This situation clearly shows poor coordination between IFIs and bilateral donors. While one hand withdraws aid, the other offers additional loans. There were no efforts to coordinate the decisions or explain them openly, including how judgements on human rights were reached.

The government ended up substituting loan finance for grants. As a result, Nicaragua continues to live under the conditions imposed by the IFIs even as future governments will have to repay these debts.

Conclusions

The Bolaños government was a pioneer in leading the dialogue process with donors. Unfortunately there were no real advances in unifying and reducing conditions applied to aid. Thus the dialogue did not succeed in its most important aspect – to guarantee that the national government really has the power to decide on its own development.

Furthermore, there was no democratic ownership in the process of drafting the NDP. Since it was actually the IFIs who led the way in the discussions with the government – with neither the National Assembly nor civil society playing any particular role – it was easy for Ortega's incoming government to later disregard the NDP.

The Nicaraguan case is in line with general criticisms of the aid effectiveness agenda by CSOs. So far, donors and recipient governments have adopted a narrow agenda focused on the management and delivery of aid instead of being concerned about development and human rights. In Nicaragua, the aid effectiveness agenda was considered successful with some progress being made in delivering aid more efficiently. Yet, at the same time, the democratic ownership and impact of aid needed for long-term success were forgotten.

The Nicaraguan experience indicates that donors should abandon technical approaches in countries where the political culture is fragile, complex and constantly changing.[16] Instead of demanding and monitoring detailed plans, a more holistic and long-term approach is needed and national politics should more openly be taken into account.

The importance of democratic ownership and a broader long-term approach is captured by moving to the concept of development effectiveness which places human rights, social justice, gender equality and ecological sustainability at the core of aid relations and the development process. The point of departure should be obtaining results in ending impoverishment through coordination between all development actors: donors, governments, parliaments, CSOs and communities.[17]

In practice, in Nicaragua, this could mean donors actively finding ways to support dialogue between the government, parliament and civil society, as well as demanding more public guarantees of basic human rights. Development effectiveness means democratic discussions on fundamental themes in fighting poverty which are not currently discussed in the context of development plans. Such issues include trade agreements, land reform, privatisation or the use of natural resources. Finally, this approach would also mean utilisation of existing concrete plans at local, regional or national levels, instead of relying on technocratic documents whose ownership is mainly in the hands of consultants contracted by the IFIs.

Endnotes

1 KEPA is a service base for Finnish NGOs interested in development work and global issues.

2 Nicaragua has, however, made some progress in reducing aid dependence. According to the Nicaraguan Central Bank the foreign aid represented 20.4% of the public investments in 1994, while in 2009 the percentage had reduced to 9.3.

3 See also "The Nicaragua Challenge Donor Harmonisation: Between Effectiveness and Democratization. Case Study II." Claudia Pineda, Nils-Sjard Schulz, 2008.

4 The PRSP Approach and the Illusion of Improved Aid Effectiveness: Lessons from Bolivia, Honduras and Nicaragua. Geske Dijkstra. Development Policy Review 2005, 23 (4): 443-464.

5 Interview with Adolfo Acevedo, 12.2.2010.

6 Consideraciones sobre la efectividad de la Cooperación Externa Oficial en Nicaragua y la implementación de los compromisos asumidos en la Declaración de París. Trocaire and Cafod, 2008.

7 The PRSP Approach and the Illusion of Improved Aid Effectiveness: Lessons from Bolivia, Honduras and Nicaragua. Geske Dijkstra. Development Policy Review 2005, 23 (4): 460.

8 Consideraciones sobre la efectividad de la Cooperación Externa Oficial en Nicaragua y la implementación de los compromisos asumidos en la Declaración de París. Trocaire and Cafod, 2008.

9 The PRSP Approach and the Illusion of Improved Aid Effectiveness: Lessons from Bolivia, Honduras and Nicaragua. Geske Dijkstra. Development Policy Review 2005, 23 (4): 457-458.

10 Consideraciones sobre la efectividad de la Cooperación Externa Oficial en Nicaragua y la implementación de los compromisos asumidos en la Declaración de París. Trocaire and Cafod, 2008.

11 Compare also with "Nicaragua: Un duro despertar en el laboratorio de la eficacia de la ayuda". Nils-Sjard Schulz, FRIDE, 2007.

12 For detailed analysis on the events see: *Civil Society's Crime Against the State of Nicaragua. Should the Civil Society be Guaranteed from Above, the Outside, or from Within?,* Segnestam Larsson, Ola (2010). Paper presented at the conference Power to the People? (Con-)Tested Civil Society in Search of Democracy. Uppsala, Sweden.

13 Notas sobre la cooperación de la Republica Bolivariana de Venezuela y breve compendio acerca de lo que hemos logrado conocer sobre ella, Adolfo Acevedo, 2010.

14 "No quiero apoyar un desarrollo antidemocratico en Nicaragua". La Prensa, 19.1.2010.

15 Adolfo Acevedo, 2010: "Que ocurrió realmente con los desembolsos de la cooperación externa en 2009?"

16 On the political context and caudillismo in Nicaragua, consult for example "La democracia a la deriva: la política caudillista de Nicaragua. David R. Dye. Managua : Editarte, 2004.

17 On the criticism of the aid effectiveness agenda and definition of the development effectiveness, see for example IBON Primer on ODA and Development Effectiveness - Can aid be a key contribution to genuine development? IBON International, 2009.

Good Governance for Development Effectiveness in India

Anil K Singh, South Asian Network for Social and Agricultural Development

Introduction

Prior to 2002, India was among the top recipients of aid and received the most food aid. Foreign aid played a significant role in financing government expenditure on infrastructure and the social sector, specifically in health, water and sanitation, and education. However, as the Indian economy gathered momentum and became able to mobilise financial resources, external aid became negligible for government budgets. In the new era of massive inflows of private foreign capital and burgeoning foreign exchange reserves, foreign aid has lost much of its charm in India.

In June 2003 the Indian government announced that India would stop receiving grant aid from most countries and would repay all outstanding bilateral creditors. The Government of India decided to dispense with grant aid from countries except the European Community, Japan, the United States of America (USA), the United Kingdom (UK) and Russia. The extent to which civil society organisations (CSOs) could obtain support from foreign governments was also limited.

The decision has been seen by many as an act of flamboyance, especially with India still in need of more resources for human development. This article looks at the challenges still facing India in reaching development goals, the impact of foreign assistance, and the necessary role for civil society and poor communities in achieving development results.

Institutions in India: A brief overview

India has a vast network of institutions and constitutional safeguards aiming to achieve development goals. (**See Box 1**)

Despite being a vibrant democratic state with a whole range of delivery systems and institutions, the people of India face serious development challenges spanning from ensuring basic education for all, provision of primary health care services, ensuring and sustaining livelihood security, and providing basic amenities of life to each and every citizen of the country.

While the multiple institutions and procedures of democracy are increasingly in place, the critical challenge is how to deepen their inclusiveness and substance. Citizens must be able to engage in democratic spaces to create more just and equitable states and societies. The role of CSOs in these institutions are minimal and restricted to filing complaints or sending their comments or inputs. India has democratic deficits in every possible dimension.

The quality of services delivered to the public in India is pathetic. States have not delivered the desired developmental outcomes even after 60 years of independence. India's performance on indicators on health, nutrition and hunger are comparable to those of Sub-Saharan African countries.

A key reason for the poor quality of services is that monitoring and evaluation agencies fail to enforce

Box 1:

Legislation and Policy-making: Legislative bodies at various tiers of the federal system spanning Parliament (at the national level), State Legislative Assemblies, and village level Gram Panchyats (self-governance institutions).

Planning and Programme Formulation: State and national level Planning Commissions are advisory institutions that formulate plans and programmes for social sectors, supported by State Planning Boards and district Planning Committees.

Allocation of Financial Resources: The Union Finance Commission is a constitutionally mandated institution with authority to recommend allocations of financial resources to States and to divide Central Government tax revenue between Central Government and State Governments to ensure regional parity in financing for development.

The Executive: Various departments of the National and State Governments implement the devised laws, plans and programmes.

Monitoring and Evaluation: Various Commissions and Parliamentary Standing Committees with independent authorities, constituted by the government, are responsible for ensuring that plans and programmes are implemented effectively.

Financial Monitoring: Comptroller & Auditor General is the apex authority to monitor proper utilisation of funds allocated to different Ministries/ Departments. They are supported by State-level Accountants General.

Judicial Review: Justice matters are covered through the various courts: from the Supreme Court at the highest level, through High Courts & District Courts, to Gram Nyayalaya (Village Court) at the local level.

Elections: An Election Commission at national and state level oversees elections at different tiers of government.

Fundamental Rights: The Indian Constitution mentions a range of fundamental rights and prescribes the “Fundamental Principles of States’ Policy” to guide government policies in conforming to fundamental rights.

Transparency and Accountability: The Right to Information Act has far-reaching implications towards imposing accountability of the government system to the people and delivery of various public services in the country.

Central Vigilance Commission and Lokpal: The Central Vigilance Commission and Lokpal has the power to enquire into financial and other kinds of fraud to strengthen checks and balances in the administrative and legislature system. Lokpal is for political authority such as ministers and Governors.

the functioning of the system. The agencies submit their reports and recommendations to the government which has the responsibility of initiating corrective and penal measures to implement the recommendations. However the government's response has been indifferent. There are no significant consequences for non-compliance with financial rules, regulations and procedures. There are also serious deficiencies in the existing internal audit system. The capacity of staff is inadequate and supervision is weak. There is lack of response to internal audit reports; no effective action is taken to rectify the deficiencies and hence the identified irregularities and deficiencies persist.

Failing to use the funds available

Since the start of planned development in India, policy documents have reiterated the need for external assistance to bridge the gap between domestic savings and investment requirements. Multilateral and bilateral agencies have provided both loans and grants. The World Bank (WB) extends assistance through its concessional lending window, the International Development Agency (IDA), as well as semi-concessional lending through the International Bank for Reconstruction and Development (IBRD). Assistance from the Asian Development Bank (ADB) is also semi-concessional. These form the principal sources of multilateral external assistance to India. The significant bilateral sources include Japan, Germany and the UK.

Pressure on the government for additional support for developmental programmes is frequently met with the response that there are not enough funds. However, the recent report by Comptroller & Auditor General (CAG) provides a startling picture of the non-commitment and lethargy of the government.[1] On 31 March 2008, unutilised committed external assistance amounted to US$17,295 million. The government failed to spend this money that international donors allocated to it.

Over 35% of unutilised external assistance was for urban development. Sectors such as agriculture, the environment and forestry, power, water supply and sanitation, and water resources have unused external aid amounting to US$5,192 million. The health sector has not been able to utilise US$1,067 million that donors have committed for various projects. This is in spite of the need for large funds to provide minimum health facilities especially in rural areas.[2]

The government has to pay donors commitment charges on the undrawn sums. In 2007-08 the Indian government paid US$27.5 million in commitment charges. These charges are intended to incentivise governments to use their foreign assistance as specified in the donor-government contract. This points to continued inadequate planning by the government.

Failing to meet development goals

The Directive Principles of States' Policy – the 'conscience' of the Constitution – explicitly says that the State shall endeavour to: provide adequate means of livelihood; reorganise the economic system to avoid concentration of wealth in a few hands; make effective provisions for securing the right to work, education and public assistance in case of unemployment, old age, sickness and disablement; and promote the education and economic interests of working people.

However, Parliament and the State legislative assemblies have failed to generate enough resources to finance the programmes needed to achieve development goals. Public spending on

Table: Unutilised Committed External Assistance and Commitment Charges

Year	Unutilised Committed External Assistance (Million USD)	Commitment Charges ('000 USD)				
		ADB	France	Germany	IBRD	Total
2000-01	12,615	664,100	13,262	9,332	1,289,396	1,976,092
2001-02	13,866	630,699	10,806	37,331	1,701,512	2,380,348
2002-03	14,929	1,299,220	9,333	46,664	1,945,146	3,300,363
2003-04	14,298	1,877,852	982	441,588	2,255,093	4,575,515
2004-05	15,166	2,215,306	0	101,678	5,793,196	8,110,180
2005-06	13,977	2,623,983	0	91,363	4,562,744	7,278,089
2006-07	16,829	2,925,579	0	94,801	3,881,451	6,901,831
2007-08	17,295	3,072,447	0	84,486	2,960,454	6,117,387

Note: Conversion rate from Indian Rupees to US$: 1 Rupee = .02216 US$ (as on 12.05.2010)
Source: CAG Report (2008-09, Union Audit, Civil)

health and education in India, as a proportion of gross domestic product (GDP), is less than the levels in other Asian countries. The Kothari Commission of 1968 recommended that India spend at least 6% of GDP on education. However, public spending on education has been less than 3% of GDP. This, in itself, shows the gap between rhetoric and reality in so far as the commitment of the government towards implementing constitutional directives is concerned.

One of the most disturbing features of external aid in recent years has been the inclusion of strong terms and conditions regarding utilisation of funds which limits the autonomy of the authority entrusted with the responsibility to deliver services. According to Kapur and Webb, "even if conditionality is interpreted narrowly, its burden on borrowers has grown significantly. The average number of criteria for a sample of 25 countries having a program with the International Monetary Fund (IMF) in 1999, with programs initiated between 1997 and 1999, is 26. This compares to about six in the 1970s and ten in the 1980s." A study by Mosley, et al on the WB's policy lending demonstrated that there is no discernible relation between the intensity of conditionality and success in implementation of promised reforms. Development assistance is most effective if it is managed, coordinated and used in the context of national priorities.

Many externally-aided social sector programmes have absolutely no relation with the needs of the region. This leads to indifferent government behaviour on effective implementation, monitoring and evaluation. Further, donors often call for the creation of alternative mechanisms for project implementation which leads to duplication of tasks and waste of resources. For example, under "Education for All" (Sarva Siksha Abhiyan), two bodies were created for monitoring and evaluation of performance that duplicate the activities of the existing system of school inspectors. Avoiding parallel administrative arrangements including donor-created autonomous project units and dual budgeting systems is essential for effective use of aid.

Skewing aid allocation

Another problem is the concentration of aided projects in relatively developed areas. In keeping with current notions of "effective aid", developed country donors are increasingly directing aid to only a few 'reform-minded' Indian states, neglecting the poorest states with weak economic management. This virtually amounts to punishing the poor for the failures of their rulers.[3] The shift of resources to a few reform-oriented states like Andhra Pradesh, Karnataka, Orissa and Gujarat may open up considerable business opportunities for corporations from the donor countries. Both Andhra Pradesh and Orissa, in particular, have ambitious plans to privatise the power sector and the UK's Department for International Development (DFID) has already committed some US$130 million to power sector reforms in both states.

Aid is also often made available for objectives which have nothing to do with development. India has obtained aid for defence equipment from countries like the US, UK, France and Germany which want to support their own defence industry. It is ironic that global peace is a stated objective of all countries yet aid is offered to poorer countries for the purchase of weapons.

Different ministries often compete for the approved grants, resulting in inefficient allocation of scarce financial resources. Given the lack of resources to finance the massive needs, there should be a prioritisation of expenditure plans to maximise developmental outcomes. However politicians, to increase their chances of re-election, indulge in rent-seeking and lobbying for more funds to finance popular schemes. The Ministry of Railways provides an apt case – the Railway Minister in India tends to announce more trains for their own state so as to garner votes and win in the next assembly elections.

There are no clear guidelines and mechanisms to scrutinise the disbursed funds. A major proportion of the funds are routed directly to programme implementing agencies, bypassing the legislature. Since the government changed its policy on external aid in 2003, it has permitted donor agencies to give grants to NGOs if needed. Utilisation of funds is also not scrutinised by the legislature. Inter-ministerial competition of resources as well as proliferation of projects and public service posts must be avoided if aid is to lead to development effectiveness. To make external aid more effective, entire grants should be channelled to government budgets (the consolidated fund) which in turn should be allocated to different ministries on the basis of their demand for grants which will be scrutinised in the legislature. This would ensure proper monitoring of fund utilisation.

The need for good governance and participation in India

Lack of ownership of external aid operations by the government and top-down planning with very limited stakeholder involvement are detrimental to development effectiveness. For development to be sustainable over the long term, recipient governments must exercise effective ownership over the development process, including over aid. It is fundamental that they do this in full consultation with and with full accountability to their citizens, including the poor. In particular they must draw up national development strategies with wide participation of citizens through broad consultation.

The Directive Principles of States' Policy reflect the consensus on the necessity for state action to facilitate the transfer and distribution of power to the citizens, stating that: "democracy will become real when in practice there is sharing of power and responsibility by all sections of the people."[4]

Yet peoples' participation is lacking in various stages of policy and programme formulation, implementation, auditing, and evaluation.

Civil society represents and shapes the aspiration of the people. Civil society organisations play an active role in setting priorities and making known the needs of the most vulnerable people. Hence the scope for participation of civil society in public discussions and programmes is key. Yet civil society organisations have only had a limited role in policy formulation and implementation in India.

CSOs have a definite and distinct role to play in ensuring government accountability to the people and financial transparency. To do this, they must be able to scrutinise budget reports and independently review them. They must be able to debate and influence budget policy and be able to hold the government to account. The media must also engage in this. Citizens must be in a position to influence public policy and to hold the government to account.

All these elements work together. The scrutiny of public information (including fiscal and financial) by the legislature and by civil society can only take place if there is transparency. Released information is only of value if it is effectively scrutinised by the people and by civil society organisations. The legislature and civil society have a very similar function – one is responsible for shaping public policy and for holding government directly to account, while the other performs this role indirectly.

Conclusions

Many variables influence aid effectiveness including macroeconomic policy, institutional frameworks and political stability. However good governance is essential. Intra-government as well as intra-donor coordination and coordination among government, donors and civil society are vital to ensure good governance and to produce optimal results from external assistance. Governance supports a society in which people can expand their choices, promotes freedom from poverty, deprivation, fear and violence, and sustains the environment and women's advancement.

In India there is a fairly opaque mechanism for the allocation and disbursement of aid. The allocation of foreign funds across sectors is determined on the political whims of the finance ministry rather than any economic reasoning or deliberation in the parliament. Neither the expenditure from external accounts nor disbursement of funds to foreign countries is even discussed in parliament. India is now also itself becoming an aid donor – allocating substantial sums to African and South Asian countries without any proper debate.

The government of India is paying financial penalties for not using approved external aid. This shows that the government is not committed to uplift the poor people for whom the funds are intended. Donors need to improve the way they deliver aid, but aid recipient countries are also equally responsible for the sparse and inequitable impact of aid on development outcomes.

Endnotes

1 Union Audit, Civil, 2008-09.

2 CAG Report; 2008-09, Union Audit, Civil.

3 Binu, 1999.

4 See: www.lawmin.nic.in/ncrwc/finalreport/v1ch3.

Bibliography

Binu S Thomas (1999): Foreign Aid Adjusts to New Market realities; Action Aid

CAG Report: (Union Audit, Civil, 2008-09)

Eveline Herfkens and Mandeep Bains (OECD 2008): Reaching Our Development Goals: Why Does Aid Effectiveness Matter?

India News Online (2003): End of India's dependence on foreign aid: Does it reflect success of Economic Reforms? July 14, 2003.

Kapur, Devesh, and Richard Webb (2000): Governance-Related Conditionalities of the International Financial Institutions (New York and Geneva: UNCTAD, G-24 Discussion Paper Series 6); 2000.

Kavaljit Singh (2003): Aid and Good Governance (A Discussion Paper for The Reality of Aid).

Mosley et al. (2000): Aid, Poverty Reduction and the 'New Conditionality'; The Economic Journal, 114 (June), F217–F243; 2000.

Ministry of Law, GoI (2002): Report of the National Commission to Review of the Working of the Constitution; available on web: lawmin.nic.in/ncrwc/finalreport/v1ch3

Rob Jenkins and Anne Marie Goetz: Constraints on Civil-Society's Capacity to Curb Corruption: Lessons from the Indian Experience

UCLG Position Paper (2009): Aid Effectiveness and Local Government: Understanding the link between governance and development

Positioning Environmental Equity at the Heart of Development Effectiveness

Suranjan Kudithuwakku, Green Movement of Sri Lanka

Introduction

All life forms try to find safer, more stable and more comfortable environments. Human attempts to do so are often described as "development". Thus development is intrinsically bound up with the environment. Unfortunately when individuals communities, villages, towns, cities, nations or organisations all try to find better ways of living, clashes of perspective and interest occur between groups and also between the economy and nature.

Over the last 400 years, the greedy few have ruthlessly leveraged the sciences for exploitation, integrated greed into the very idea of civilisation, and used the powers of finance and government to legitimise efforts to break the fine balance of nature. A very small group of richer individuals and nations are destroying a majority of the world's human and natural resources. However, the importance of the natural environment to the sustainable development of all people is increasingly recognised. The environment is now mentioned in every policy forum and every business stratagem. There have been hundreds of conferences held, thousands of documents published, millions of dollars spent and billions of kilograms of carbon emitted in a scramble to find ways out of the food, energy, climate and financial crises. However, policy makers are still in a quandary.

To those impoverished and marginalised by development aggression, the efforts to solve these problems within existing development paradigms is irrelevant or a cause for anger. The small farmers, small-scale fishermen and pastoralists who form the majority of the world's population depend directly on the balance of nature. Thus, for the world's majority, the environment must be at the crux of any effective development model, and vice versa.

Successful actions of the Green Movement of Sri Lanka Inc.

The Green Movement of Sri Lanka Inc (GMSL) sees a way to reverse this trend of overexploiting the natural environment. However, it is unrealistic to expect a complete balance between the social, economic and environmental aspects of life on earth. What we can achieve is a broad awareness of the interplay of these factors and how they affect long-term stability. The Green Movement works for universal recognition that preserving and enhancing the inter-relationships between economic, community and environmental development will lead to sustainability and harmony as an outcome. Its work starts with the conservation and management of natural resources. GMSL has developed systems of regenerative development and pushed for environmental equity to be factored into effective development paradigms. Our efforts have sometimes succeeded and sometimes failed depending on the strength and aggression of opposing forces and outside dependencies.

The Green Movement has focused on:

- Grassroots support based on the true environmental, conservation and regeneration requirements of communities as identified in their own plans;
- Promoting alternative systems for environmentally sensitive, community-centred planning and implementation;
- Leveraging communities and the media advocacy to government to resist, slow or neutralise development aggression; and
- Monitoring aid partnerships and the overall aid architecture.

These issues are examined in turn.

Grassroots support as identified in citizens' own plans

The GMSL has provided grassroots support to communities based on their own plans. This has addressed communities' true environmental, conservation and regeneration requirements. GMSL has not sought solutions to communities' difficulties from textbook theories on sustainable development or the expertise of consultants with dollar signs in their eyes. Rather it has sought the truth, to paraphrase a Sri Lankan philosopher, "where people are tilling the earth, where they are building an irrigation canal; under the terrible effects of the burning midday sun, the torrential downpour and the destructive power of a wave".

An example is the rebuilding of the village of Kalametiya following the tsumani in 2004. At Kalametiya, GMSL worked to bring a shattered fishing community back to its feet and to strengthen livelihoods in the face of climate instability. It aimed to revamp the entire Hathagala area to be better and stronger than it was in the pre-tsunami era. It worked for weeks with the communities to determine exactly what they required and continued to work within process-control systems where the community could, and often did, outvote the GMSL, the donors and other external agencies.

The GMSL engaged in a multi-sector, multi-party intervention that included emergency relief, village dwelling construction, water and sanitation work, agriculture and livestock enhancement for host and target communities. It also addressed recovery and enhancement of villagers' fishing livelihoods and the empowerment of women and youth through skills development. Efforts also targeted conservation of an adjacent bird sanctuary, sustainable tourism, education for children and conservation of environments.

One might expect such a complete intervention to cost millions. However, because ownership of the development was vested in the communities, many internal synergies were leveraged and made the whole exercise a triumph in the effective use of aid for development. The total expenditure was just 1% of the money that was thrown into this area by various donor agencies. A substantial percentage of the required funds came from a fishing community in Maine, United States of America (USA) which engaged in micro-scale fund raising activities like selling lemonade and toffee.

These grassroots support efforts prove that communities taking ownership of their own development futures can have astonishingly better results than agenda-driven external action. The GMSL intervention at Kalametiya was hailed by the Disaster Management Centre and the then Minister for Disaster Management and Human Rights as the best post-tsunami rehabilitation effort undertaken in Sri Lanka.

Alternative systems for environmentally sensitive, community-centred planning and implementation

In the aftermath of the tsunami, the gross mismanagement of disaster situations and the urgency with which disaster management should be prioritized has become clear. GMSL embarked on a strategy to completely revamp the disaster management policy and infrastructure in Sri Lanka. It pushed for reform of the system from a top-heavy, official-driven, immovable behemoth to a system that mainstreams community strengths in preparing for and recovering from disasters. This community-centric system should fit within a national framework geared for long-term preparedness and adaptation, with the infrastructure required for quick response.

Between 2006 and 2008, GMSL embarked on a process of preparing community-centric, gendered disaster-preparedness plans which were tested to provide grassroots proofing of efficacy. They worked with the people and key players to identify weaknesses in the existing laws on disaster management and to formulate a set of reasons and recommendations for policy and legislative change. They succeeded in building up a groundswell that forced the government to approve the recommendations.

The new bill will be a first in providing policy that adequately reflects community needs while ensuring that post-disaster assistance is owned by these communities, is adequate for their own development futures, and is relevant to their long-term health and well-being. Crucial for this exercise is that the policy includes the form in which external assistance is to be provided, who can provide it, and who will be the recipient. GMSL will continue to lobby the government to implement the proposed changes.

Leveraging the media and advocacy to government against development aggression

The Green Movement has frequently mobilised grassroots resistance to development aggression and lobbied for high quality environment and community safeguards. This work has, for example, pushed for environment and community safeguards on large-scale international financial institution (IFI) projects. GMSL worked for ten years to ensure that IFI projects are properly planned and preceded by true community participation. It fought to make sure the IFIs and their contractors are constantly aware of watchdog action and monitoring by GMSL, and that communities and individuals are brought together by the movement.

Strategies included increasing the awareness and capacity of affected or victimised communities on how to stand up for their rights by engaging government bodies, the IFIs and the legal system. GMSL conducted district, provincial and national campaigns to strengthen policies against aggressive development. It leveraged media coverage to highlight core concerns such as the privatisation of natural resources.

GMSL also engaged in large-scale networking to influence the IFIs. It worked to create a groundswell of support at local, regional and international levels for establishing firm safeguards and quick grievance handling procedures for the protection of the environment and the rights of affected communities.

The World Bank (WB) and other IFIs are signatories to the Paris Declaration (PD) and so should reflect real country needs in their plans for Sri Lanka. GMSL ensured that water privatisation was prevented no less than 12 times in the past 19 years. Its campaigns also stopped the Protected Area Management Project, obtained adequate compensation for development victims of the Southern Transport Development Project, and pushed officials to take great care in the Upper Watershed Management Project. An outcome of these actions was that the WB, in planning its new Forest Management Project, included a genuine engagement of CSOs in the formulation stages. The IFIs now recognise in principle that conditionality-driven and tied aid are bad ways to provide development assistance.

Monitoring aid partnerships and the aid architecture

The IFIs' moves to work in the PD framework have resulted in the government balking at taking loans from them. Sri Lanka has increasingly turned to bilateral loans from emerging economies such as Iran, India and China to fund development activities. These donors want to increase their influence and the government is happy that citizens do not know the details of the debt being taken on. This may undermine many of the safeguards that CSOs have fought for. With no transparency requirements, individuals or governments may use these funds with impunity. One government minister, speaking at the South Asia Colloquium on CSO involvement in Development, said: "The World Bank gives us 50 million dollars and a one hour lecture while Iran gives us 500 million dollars and asks no questions."

There is a lack of safeguards on the environmental and cultural impacts of these loans. They also increase national debt which ordinary citizens will end up paying for through increased costs of living and taxes. These loans are obtained outside the Paris Declaration framework and render concepts such as "the role of CSOs in development" or "development effectiveness" rather meaningless. GMSL is currently working locally and internationally to rein in these donors. However the countries providing these loans are themselves in the throes of political and social turmoil and thus their long-term negative impact could be lower than currently seems likely.

Challenges and considerations for the future

After 400 years of colonisation, traditional Sri Lankan culture has been greatly muddied by strong, concerted and planned external influence and the advent of mass-marketing media and globalisation. This has resulted in a people unable to reconcile external emotional and social inputs with traditional sensibilities. There has been a rapid deterioration of community bonding and culture with a negative impact on the traditional livelihoods and culture of a large segment of the population. A quarter of a century of development aggression has broken the fabric of Sri Lanka's agro-cultural and fisheries-based society. Large-scale hydropower schemes, highways and other large-scale transportation and energy projects have resulted in a huge percentage of farmers going below the poverty line, the breaking up of communities, increasing crime, disempowering of women and young people, and driving some victims to commit suicide.

In addition, the protracted war that spanned roughly the same quarter century has resulted in: a massive drop in foreign investment; international compromise for short-term political gain; large-scale destruction of livelihood infrastructure; and loss of income. Additionally, global food, oil and financial crises have had a negative effect on development. Over the past two years a determined push by the government to eradicate terrorism has brought results although there are concerns about human rights violations and about dictatorial actions by the government. Riding on a wave of massive public support due to the successful military action, there is a grave danger that the government will resist efforts to ensure equity.

Action for better foreign assistance will need to be adjusted to factor in the current threats and dangers. These strategies will include non-threatening dialogue and engagement of government officials and institutions, high quality diplomacy, multi-party action across sectors and facilitation of links between all parties. In early 2010, G20 governments and aid agencies approached Sri Lanka and offered large-scale post-conflict rehabilitation. If their interventions follow established patterns of previous (bad) aid delivery it may result in the sort of post-disaster "development disaster" that occurred after the Asian tsunami of 2004.

For the Northern and Eastern region of Sri Lanka that has experienced the worst of the war, there are the following significant threats:

1. Large-scale land grabbing for mega-projects, since many tracts have been abandoned by those who lived there;
2. High-speed "development" that aims to increase profit of donors at the expense of community lives and needs;
3. Destruction of cultural systems;
4. Enforced fracture and breaking apart of communities;
5. High risk for core community members such as women, youth and children;
6. New donor partners entering without understanding the realities of communities on the ground; and
7. No macro-model for the environmentally sensitive re-establishment of infrastructure to enable communities to mainstream their socioeconomic activities into national priorities.

The role of CSOs as watchdogs of development therefore needs to become even more significant in the next few years. Strong advocacy will be needed with governments and aid agencies based on global principles such as the PD and related approaches on development effectiveness as suggested by civil society groups.

Opportunities for the future

The Green Movement has a great advantage is its ability to work with all sectors within creative frameworks that constantly bend and change given the new realities that present themselves. In a world increasingly suspicious of ideology and dogma, few activists, thinkers and public figures have been able to remove themselves from their own firmly held views to expand their horizons and change their views on issues such as aid. The movement's next push must be based on bringing together multiple thought processes, world views and realities. Its action is based on ensuring mutual respect and regard for many different points of view. Its existence will be determined, and its presence as a development player vindicated, by the extent to which it is able to integrate diversity over the next decade.

In this context, the movement sees opportunities to:

- Work with policy makers to re-define the parameters by which "development" and "growth" are measured. The government wants to change official measures of success, growth and development to better reflect peoples' satisfaction, while playing down economic production and growth.

- Provoke a paradigm shift amongst development actors to recognise the high quality of traditional livelihoods and ensure safety and equity for those who practice them.

- Provide, through grassroots mobilisation, alternative systems of developing the North and East of the country that are based on environmental sensitivity, while lobbying the government to resist external aid partnerships that have little regard for the environment.

- Work with the government to change core policy on agriculture, fisheries, disaster management, health and energy towards non-exploitative, regenerative, minimal resource utilisation.

Much of the damage done by the greedy few in the developed world to environments and livelihoods in the global South is irreversible. Current efforts to tackle environmental challenges are inadequate because they remain within the existing development paradigm. It will never be possible to achieve full equity between people and between conflicting economic, environmental and social concerns. However, there is significant scope, as demonstrated by the work of the Green Movement of Sri Lanka, to use community-centric policies and a genuine prioritisation of environmental regeneration as an alternative development model.

Environmental and Social Impact of the San Roque Dam

Arnold Padilla, IBON Foundation

Introduction

In October 2009, during a major typhoon, the San Roque dam released excess water that submerged 90% of the province of Pangasinan in northern Philippines. The flooding forced more than 30,000 people from their homes, killed at least 64 people, and destroyed around PhP4.9 billion (US$102.9 million[1]) worth of crops and properties.[2] It devastated the livelihoods and ancestral domains of indigenous communities and farmers, expropriating 4,000 hectares of land from 2,500 families and displacing 3,000 gold-panners.

The dam is a controversial mega-infrastructure project funded by the Japan Bank for International Cooperation (JBIC). Peasant and indigenous communities, local and international non-government organisations (NGOs), and some local government officials raised warnings about massive floods from the San Roque dam more than a decade ago. Their warnings were disregarded.

The San Roque dam project illustrates the fundamental weakness of "aid effectiveness" as articulated in the Paris Declaration (PD). Under the PD, "mutual accountability" is reserved for the relationship between JBIC and the Philippine government. However the Philippine government circumvented domestic environmental and social safeguards, violating its "domestic accountability". People's organisations (POs) and NGOs tried to supply JBIC with more accurate information and feedback from the affected communities. However, even as JBIC fulfilled its commitment to the Philippine government the many issues raised by communities were set aside.

Now the people are demanding accountability.[3] The provincial government of Pangasinan is filing a class action suit against the dam's operators – the state-owned National Power Corporation (Napocor) and the Japanese consortium San Roque Power Corporation (SRPC).[4] It also wants the San Roque dam decommissioned. As the funder, JBIC should be jointly responsible for the disastrous consequences of the project and yet it has been let off the hook.

Construction of the dam[5]

The SRPC built the dam under a build-operate-transfer agreement with Napocor. The project, including the power and irrigation components, cost more than US$1.1 billion. JBIC provided US$400 million in official development assistance (ODA) loans to Napocor and, together with Japanese private banks, loaned a further US$500 million to SRPC.

Construction of the dam and installation of its power facilities started in May 1998 and was completed in May 2003. JBIC, the national government, and private companies continued despite the serious warnings from local communities. By January 2005 the financing for the dam's construction and its power facilities had been fully disbursed. JBIC however did not fulfill its pledge to finance the San Roque dam's irrigation component. This work is ongoing and now called the Agno River Integrated Irrigation Project (ARIIP). Financing for ARIIP, projected to cost PhP11.2 billion (around US$235.1 million), is now expected to come from a US$88 million China Export-Import Bank loan and from the national government.

The dam stands about 200 meters tall, 1.13 km long and impounds a reservoir of about 12.8 km^2 in the province of Pangasinan, nearly 200 kilometres north of Manila. The dam is used for: electricity generation (345 megawatts, producing approximately 1,000 gigawatt hours per year); irrigation for 12,000 hectares of farmlands in Pangasinan; flood control; and water quality improvements.

Napocor and SRPC signed a 25-year Power Purchase Agreement (PPA) in 2003. Under this agreement Napocor pays a fixed monthly amount of about US$10 million to SRPC for capacity and operating fees even when no power is produced. This controversial deal made both electricity rates more expensive and SRPC the most profitable power company in the Philippines.[6] The project added US$400 million, plus interest payments, to the country's debt burden. Furthermore, quarrying activity for dam materials destroyed communal irrigation systems along the Agno River banks, reducing crop production, and construction was surrounded in controversy when village official and farmer-leader Jose Doton, a chief figure in the anti-dam campaign, was assassinated in 2006.

Guidelines and safeguards

At the time of the San Roque dam construction, JBIC did not have explicit guidelines for the social and environmental considerations of the projects it funds.[7] However Japan had national laws to guide the conduct of JBIC-funded projects in recipient countries. These include a basic environmental law, enacted in 1993, as well as an environmental impact assessment law, passed in 1997. The basic environmental law specified the "necessity of conserving the environment in Southern countries" while the environmental impact assessment law stipulated "the importance of conducting an environmental impact assessment in advance of projects".[8]

Consistent with these policies, when the Philippine government, through Napocor, secured the US$400 million loan from JBIC in 1999, the Japanese funding institution set out four major preconditions[9]:

1. To confirm the number of people to be displaced in the reservoir area and secure their consent;
2. To conduct surveys to confirm the number of project-affected people and carry out consultations with them;
3. To secure remedies for all affected people (including the proper consideration for the indigenous people); and
4. To establish a monitoring system for the environmental and social issues.

Legislation in the Philippines also requires the proper conduct of an environmental and social impact assessment before any project can be implemented. Infrastructure projects, especially those as large as the San Roque dam, are required to undergo an environmental impact assessment (EIA). Section 11 of the 1996 Official Development Act[10] clearly states that ODA projects in the country are not exempt from the need to receive an Environmental Compliance Certificate, or other such certificates and clearances.[11] Project proponents are asked to produce a scientific assessment of the social impact and recommend concrete measures to mitigate any harsh social effects of their project.

According to Republic Act 8371 (2006) [12] and the Indigenous People's Right Act (IPRA) of 1997, proponents of projects affecting ancestral lands of indigenous peoples are required to get their free prior informed consent (FPIC). FPIC, as defined by the IPRA, means that the consensus of all members of the indigenous community must be "determined in accordance with their customary laws and practices, free from any external manipulation, interference and coercion, and obtained after fully disclosing the intent and scope of the activity, in a language and process understandable to the community".

The IPRA further adds that indigenous peoples have the right to stay in their territory and shall not be relocated without their free and prior informed consent, even in cases when relocation is considered necessary as an exceptional measure. It also states that indigenous peoples have the right to participate fully at all levels of decision-making in matters which may affect their rights, lives, and destinies through procedures determined by them. This provision aims to ensure that the indigenous people can exercise their right to determine and decide their own priorities for development.

Violations galore

As soon as the indigenous Ibaloi people learned of the San Roque project in 1995, they immediately raised their concerns with the government. They pressed their case through consultations, legal appeals, and petition letters – but JBIC, the SRPC, and Napocor ignored these concerns. Napocor implied that farmers had no choice but to be relocated because San Roque was a national project. The affected people were made to sign forms written in English stating their agreement to be relocated; this process is questionable because most of them do not understand English.[13]

The country's Department of Environment and Natural Resources (DENR) issued an Environmental Compliance Certificate despite the fact that the FPIC of the indigenous people and consent of the affected farmers were not secured by the project proponents. The Cordillera People's Alliance (CPA), an alliance of indigenous groups in northern Philippines, and its allied organisations also contend that the findings of the EIA and an Environmental Feasibility Study for the San Roque dam were never rigorously cross-checked by the DENR. Similarly, the CPA found that the process of seeking local councils' approval started only after dam construction began, in violation of the Philippines Local Government Code.

Local authority approvals were never obtained by Napocor and SRPC as required by law. Indeed, amid allegations of bribes and political favours, endorsements came instead from provincial governors of Pangasinan and Benguet and the municipal mayor and vice-mayor of Itogon, none of whom have the authority to approve such projects. The DENR has justified its actions by pointing to the "flagship project" status of the San Roque dam.

Throughout the construction of the San Roque dam project (1995-2002), people's organisations in the Cordillera region and the province of Pangasinan, with the support of Friends of the Earth Japan and the United Church of Japan, actively engaged the JBIC, SRPC, Napocor, and the Philippine government. JBIC representatives in the Philippines were aware of the social and environmental issues being raised by the people's organisations and the NGOs but claimed they could no longer stop the project because JBIC had already committed their finance.[14]

The SRPC and Napocor promised affected communities: (1) fair compensation for lost or damaged properties and livelihood resources; (2) resettlement for those displaced from the project site; (3) restoration or even improvement of livelihood conditions; and (4) social and economic development.[15] These promises represent obligations in accordance with national laws and JBIC's guidelines.

However, later independent studies and evaluation of the social conditions of the dam-affected communities showed that these obligations were not being fulfilled. Hozue Hatae of Friends of the Earth Japan noted that the social conditions of the affected people have deteriorated. The livelihood programs initiated by Napocor in 1997 and later continued by the SRPC have failed to restore the livelihoods that the people had from agriculture and gold-panning before the San Roque dam was built. In one resettlement site, for instance, Hatae reported than more than a quarter of the resettled families have either sold or rented their houses, just seven years after being relocated, due to the lack of reliable economic opportunities.[16]

A 2001 report by the Office of the Presidential Assistant on Indigenous People's Affairs confirmed that the FPIC of the Ibaloi people was not observed and secured for the San Roque dam. This report found that consultations were conducted only after the project was already underway.[17] For instance the survey to determine the number of affected gold panners, a JBIC precondition for its US$400 million loan to Napocor, was conducted only in 1999 and 2001or well after construction of the dam started. As a result, many gold panners had already moved away and Napocor's delayed survey listed only 319 gold panners entitled to compensation. About 3,000 gold panners in the area then protested to demand just and immediate compensation.[18]

No accountability without democratic participation

The democratic participation of all stakeholders at all stages of planning, execution and follow-up is key to the development effectiveness of aid. The democratic participation of marginalised people is premised on the principle that political, economic, social, and cultural human rights must determine the direction of the ODA program or project. Democratic participation helps ensure the accountability of donors to the people affected by their funding.

Antonio Tujan, chairperson of the Reality of Aid network (ROA), has said: "In the end, development effectiveness is about achieving democratic development, which is also premised on human rights. International aid partners will only be able to sustainably reduce poverty through the process of democratic development where the poor themselves are active in claiming their civil and political rights and becoming the subjects of their development."

The case of the San Roque dam is the opposite of this democratic process. It was forced upon the people, and implemented by the proponents without clear consent from the affected communities. Project proponents have tried to reduce the number of people entitled to compensation and have continually contended that the project was not covered by the IPRA because the contract was signed before the law came into effect.[19]

The lack of democratic participation and accountability makes the San Roque dam an illegitimate project, made more deplorable by its social and environmental consequences. For those directly displaced and impoverished by its construction, and those who were displaced by the subsequent flooding, the San Roque dam was a needless, destructive infrastructure project. Communities in the area did not even benefit from the electricity produced by the dam. The town of San Manuel in Pangasinan, which hosts the San Roque dam, for instance, has been using solar power to energise public areas and vital installations since 2006 because the electricity SRPC produces is too expensive.[20]

Indeed, only SRPC and JBIC as well as the construction firms clearly gained from it – SRPC from the profits it has been reaping from the dam's hydropower facilities, United States (US)-based contractor Raytheon Engineers & Constructors from payments received for constructing the dam, and JBIC from the debt and interest payments that it has been collecting from the Filipino people.

JBIC cannot claim that it did not know that serious issues such as the lack of consent from affected communities affected the San Roque dam project. At the minimum, it could have suspended funding until all issues had been resolved but it never set up mechanisms to make its own safeguards operational on the ground. For instance, it relied only on the reports of the SRPC and Napocor. It did not provide channels for independent reports and feedback from affected communities nor from national and international NGOs monitoring the project. Indeed, there are no clear-cut procedures or reliable grievance mechanisms within the JBIC bureaucracy that affected communities can turn to.

JBIC officials exhibited a "willingness" to engage the stakeholders in dialogue and receive their complaints, but JBIC argued that it was merely a "loan provider" and as such it is not its duty but the proponents' to conduct an environmental and social impact assessment. After the San Roque project was completed, JBIC abandoned the affected communities it had displaced. JBIC is supposed to conduct regular monitoring of the resettled people but has merely relied on information and reports from the SRPC and Napocor.[21]

Conclusions: Making democratic ownership and accountability work for development effectiveness

Campaigners for aid reform argue that it must be set within the broad framework of "development effectiveness". This means ensuring "full accountability, ownership by the poor and their countries and aligned to their priorities".[22] Aid must be equitable and focused on social and economic justice for people living in poverty. It must respect, protect and fulfill international human rights standards and affirm the role of impoverished and marginalised populations as central actors and owners of the development process.

Local ownership and mutual accountability, for instance, must include non-state actors like POs and NGOs in discussions and decision-making. This is starting to be recognised officially, for example in the Accra Agenda for Action (AAA). Non-state actors can enrich and deepen the dialogue between donors and recipient governments by providing additional information and perspectives. At the same time, they can also reinforce domestic accountability – the accountability of the government to its people. Communities should be empowered to influence funders' decisions or even stop project implementation.

The Philippine government and donors such as JBIC must practice more social responsibility and greater accountability in the projects they undertake. Safeguards – both at national level, in countries such as the Philippines, and at the donor level – need to be strengthened and implemented to avoid a repeat of disastrous projects such as the San Roque dam. Environmental and social impact assessments must become functional mechanisms to help democratise the ODA regime.

Environmental and social impact assessments must involve the meaningful participation of all key stakeholders, especially affected communities. This should start with a participatory needs assessment that takes into consideration national development goals and local context. The full range of policy, program or project options that address those needs -- along with social and environmental implications and safeguard measures – should be presented to all stakeholders for consideration and negotiation.

Only options agreed through such a democratic process should be pursued. Before project implementation there must also be independent verification of the plan's compliance with safeguards and agreements. The Philippines' ODA Act, for instance, may be amended to explicitly require such independent verification by civil society groups and representatives of affected communities before any compliance certificate can be issued to project proponents. Finally, a participatory review process must be set up to monitor project operation together with mechanisms for the redress of stakeholders' grievances.

To make this possible, donors must play a proactive role and deepen engagement with non-government actors, especially affected communities. The reason for this is because, in a country such as the Philippines, the government has its own interests that are not always shared by the affected people. In the case of the San Roque dam, the Ramos, Estrada, and Arroyo administrations pushed the project in the context of programs promoting foreign investments and energy sector privatisation – an agenda that did not match the development needs of the small farmers in Pangasinan and the Ibaloi in Itogon, Benguet, or the majority of the Filipino people for that matter.

It is, of course, too naïve to assume that donors such as JBIC are neutral and can be expected to act judiciously on their own. JBIC, for instance, promotes the interests of Japan and Japanese corporations first and foremost. Strong and uncompromising popular mobilisation is needed to ensure that local peoples' interests are not undermined in foreign donor-funded projects. Protracted and laborious processes can yield victories. The struggle of the Cordillera people against the San Roque dam, for instance, contributed to the introduction of explicit JBIC guidelines on environmental and social issues in 2003. These guidelines are far from ideal and violations still occur.[23] They nevertheless represent concrete gains in the people's continuing struggle to make ODA funders and implementers accountable and ODA resources truly beneficial. The people must build on such achievements and go further to push for the full democratisation of the ODA regime.

Endnotes

1 Foreign exchange rate used: US$1 = PhP47.64 which is the 2009 average based on figures from the Bangko Sentral ng Pilipinas (Central Bank of the Philippines or BSP); Retrieved from http://www.bsp.gov.ph

2 San Roque dam releasing higher volumes of water (2009, Oct. 10). *ABS-CBN News*. Retrieved from http://www.abs-cbnnews.com

3 Cardiñoza, G. (2010, Jan. 20). More cases readied vs. San Roque dam operator. *Inquirer.net*. Retrieved from http://newsinfo.inquirer.net

4 Formed of two equal partners: Marubeni Corp. and Kansai Electric Power Co. Ltd.

5 Sources:

Sagun, D. (2010). *Pangasinenses thank GMA for integrated irrigation system*. Retrieved March 31, 2010 from http://www.pia.gov.ph

BusinessWorld. (2009). *Top 1000 corporations in the Philippines*

San Roque multipurpose project. (2006). Retrieved March 31, 2010 from http://www.sanroquedam.ph

Hatae, H. (2006). *San Roque dam project, Philippines*. Retrieved from http://www.hlrn.org

Lema, K. (2003, May 30). Arroyo launches $1.2-B San Roque dam project. *BusinessWorld online*. Retrieved from http://www.bworld.com.ph

Ramo, L. (2006, June 4-10). Jose Doton: people's champion vs. San Roque dam. *Bulatlat, 6(17)*. Retrieved from http://www.bulatlat.com

Japan's ODA: development aid or profit? (2001). *IBON Facts & Figures*, 14

White, W. (2000). *A review of the Power Purchase Agreement between the Republic of the Philippines National Power Corporation and a consortium constituting the San Roque Power Corporation concerning the construction and operation of the San Roque Multipurpose Project*. Retrieved from http://www.internationalrivers.org

6 In 2008 it posted a net income of PhP4.71 billion (around US$98.87 million).

7 L. Gimenez, personal communication, 8 Apr 2010

8 Yamaguchi, H. (2003). Whose sustainable development? An analysis of Japanese foreign aid policy. *Bulletin of Science, Technology & Society*, *23(4)*, 302-310. doi: 10.1177/0270467603256089

9 Hatae, H. (2006)

10 Republic Act No. 8182. (1996): http://www.chanrobles.com

11 Cordillera People's Alliance, et. al. (2001). *The San Roque dam: an updated primer*

12 Republic Act No. 8371. (2006): http://www.chanrobles.com

13 Hatae, H. (2006)

14 L. Gimenez,(2010)

15 Cordillera People's Alliance, et. al. (2001).

16 Hatae, H. (2006)

17 Carling, J. and Friends of the Earth – Japan. (n.d.). *Overview paper: Japan Bank for International Cooperation (JBIC) Guidelines for Confirmation of Environment and Social Considerations: Its implications on indigenous peoples*. Retrieved from http://regionalcentrebangkok.undp.or.ph

18 Hatae, H. (2006)

19 L. Gimenez,(2010)

20 Sotelo, Y. (2009, Oct. 25). Host of San Roque dam a solar power user all along. *Inquirer.net.* Retrieved from http://newsinfo.inquirer.net

21 L. Gimenez,(2010)

22 Tujan, T. (2008). *Development effectiveness: claiming rights and achieving development*. Retrieved from http://www.ccic.ca

23 Carling, J. and Friends of the Earth – Japan. (n.d.)

Chapter 3

Aid Architecture in Support of Development Effectiveness

INTRODUCTION

The structural problems in and between the institutions involved in allocating and spending aid money are analysed in this chapter. The aid system which has grown over the past few decades has many inefficiencies and perverse incentives which frustrate sensible planning and delivery of aid programmes on the ground. These must be changed if individual officials are to be enabled to use aid to empower local groups to change lives for the better.

Akongbowa Bramwell Amadasun reviews several of the important international mechanisms which channel aid to Africa. He finds that the many instruments developed outside Africa are ineffective because they have design, accountability and ownership flaws. These criticisms apply to International Monetary Fund (IMF) programmes, debt relief and also budget support. Despite some changes in the way that the IMF and other international agencies operate – for example linking their interventions to Poverty Reduction Strategies – their fundamental way of working remains to pressure governments to take certain actions even at the expense of citizens' views.

Amadasun suggests that new mechanisms that originate in Africa, for Africa, stand a better chance of enabling decisions that empower and support large numbers of impoverished people. These mechanisms include the Pan-African Parliament (PAP) and the African Peer Review Mechanism (APRM). However these institutions are nascent and have yet to fulfill their full potential. To reach their potential these African bodies must develop authority to scrutinise the interventions of the international financial institutions (IFIs). These bodies will have to overcome several challenges. These include improving who is selected to represent African citizens, increasing public awareness and discussion of the bodies, and developing an independent source of financing for their own operations. If they overcome these challenges the PAP and APRM may be able to prevent international agencies from imposing policies and pressures from outside the region and enable a flourishing of democracy from below.

Edward Ssenyange also analyses the aid system that has grown since the Second World War through decisions taken by bodies such as the G8. He emphasises that the rich countries repeatedly fail to implement their side of the bargain. The vast majority of them have failed to provide the levels of aid funding they promised, in contrast with their ability to mobilise over US$4 trillion in a few weeks to bail out their banks following the international financial and economic crisis. Furthermore the costs of conditionalities, such as trade liberalisation, privatisation, fiscal austerity and state retrenchment, have far exceeded all the external assistance received.

In particular, aid is increasingly being used to promote a trade liberalisation agenda; the rich countries continue to subsidise their agricultural production and exports, flooding African markets with cheap food stuffs at the cost of local production. Similar challenges result from moves by donor projects to use aid to support their own security and foreign policy agendas as well as from illicit capital flight, much of it facilitated by international companies operating in Africa.

An appropriate governance framework and focus on rural and agricultural development as a basis for social transformation should be at the centre of development strategies. African countries should avoid a rapid integration into the world economy without increasing the value-added of their industries and exports. South-South cooperation can help African countries take advantage of technologies appropriate for their industrialisation.

Lois Woestman analyses two key elements of official aid effectiveness practices: division of labour and harmonisation. She assesses these processes which are intended to reduce transactions costs and enable more money to reach the people on the ground who need it. Woestman examines whether aid effectiveness processes have helped European Union (EU) donors meet their commitments to promote gender equality and women's empowerment.

She finds that EU donor harmonisation has prioritised technical mapping exercises rather than the effects on development outcomes such as gender equality. These processes have focused on sectors rather than on policy commitments, excluding cross-cutting issues. When they consider gender at all, EU donor harmonisation processes aim to meet the MDGs which have a narrow definition of gender equality. Harmonisation processes have also tended to be donor-driven rather than based on Southern country policy priorities.

EU harmonisation efforts have marginalised Southern country governments and civil society groups. Europe needs to unequivocally advocate a people-focused development model with gender equality as a central pillar. Efforts need to be based on the highest common denominator of the EU's international commitments on gender equality in order to have a strong link with development effectiveness.

Bodo Ellmers assesses the role of public procurement in determining the impact of aid. A substantial share of public procurement in developing countries is funded through ODA. Public procurement has largely been liberalised over the last three decades with an emphasis on least-cost market approaches. This tendency has begun to reverse with public procurement becoming a key element of governments' attempts to stimulate their economies and address climate change.

Case studies in Namibia, Ghana and Uganda show that social and environmental components of procurement are rarely taken into account in current public financial management (PFM) support programmes. There is evidence that procurement reforms have been used to lever open markets for foreign companies. Certainly, too few development contracts are won by developing country companies even where aid is formally untied.

The Paris Declaration commits governments to assess and improve the transparency, accountability and performance of country procurement systems. Donors agreed to avoid parallel procurement and further untie aid. Since the Paris Declaration was signed there has been a surge in donor funding for public finance management. Donors argue that governments should prioritise putting in place a simple cost-efficient procurement system without additional objectives. Instead of this restrictive approach, development effectiveness principles should be introduced in all procurement related to development cooperation.

Current official processes on aid effectiveness have only scratched the surface of the transformation in systems and mindsets that will be needed to bring about real national ownership and citizen-led foreign aid. The current patchwork of institutions and initiatives causes confusion and prevents genuine bottom-up planning and control of funding. This undermines aid's effectiveness on its own account and has pernicious effects on national governance and planning mechanisms. International and regional commitments and mechanisms are available to help citizens uphold their rights. The articulation between institutions at local, national, regional and global levels will have to be changed to enable effective and equitable development from below.

The Potential Roles of African Union Mechanisms in Aid Accountability and Effectiveness

Akongbowa Bramwell Amadasun, African Forum and Network on Debt and Development

Introduction

In the last two decades, Africa has assumed an unusual prominence on the agenda of international institutions and summits. International declarations include the Millennium Development Goals (MDGs) and the New Economic Partnership for Africa's Development (NEPAD) where a host of facilities, programmes and instruments or packages have been announced to try to implement these initiatives. Most of these instruments were not designed in Africa and lack Africa's ownership and inputs. They have mainly enabled aid donors to expand Africa's belt tightening and have compounded Africa's unsustainable debt crisis. This has worsened poverty, deprivation and hunger.[1] Aid must be made more effective by enhancing accountability and democratic participation by African citizens.

Three major instruments are especially important for aid effectiveness in Africa. They are the International Monetary Fund's (IMF) Poverty Reduction and Growth Facility (PRGF) and Policy Support Instrument (PSI), the Heavily Indebted Poor Countries (HIPC) debt relief initiative and Budget Support (BS) funding that is provided by several development agencies.

These instruments are currently ineffective development tools in Africa due to several accountability and democratic ownership deficits.[2] New mechanisms that originate from Africa – including the Pan-African Parliament (PAP) and the African Peer Review Mechanism (ARPM) – may provide better opportunities for African ownership and citizen-led foreign aid.[3] This paper assesses the potential role for the PAP and the APRM in the context of other mechanisms, and proposes more intensive use of African participatory and democratic structures in aid administration.

International development finance mechanisms

Aside from traditional aid projects and programmes, the international community has introduced several new development finance instruments including general budget support, debt relief, and the IMF's PRGF and PSI.

Budget support refers to donors channelling international funds through recipient governments' national budgets rather than to specific sectors or projects. This aims to strengthen national systems and management capabilities. The European Commission (EC), World Bank (WB) and other official development agencies channel finance through budget support.[4] Budget support, however, often involves a control culture in which donors interfere with the whole policy framework of beneficiary countries, imposing complex policy conditions and performance targets in the name of poverty alleviation.[5] This has occurred for example in Uganda and Tanzania.

Heavily-indebted poor countries can access debt reduction in exchange for committing to adjustment programmes defined by the WB and IMF.[6] Accessing debt relief involves going through hoops in a piecemeal fashion, with progress largely determined by the prevailing political will among G7 official creditors rather than through transparent negotiations between creditors and debtors. This has made the policy towards the policy objective of a "robust exit" from the burden of unsustainable debt elusive.[7]

The IMF launched the PRGF ten years ago as its mechanism for funding low-income countries. Governments must produce a Poverty Reduction Strategy Paper (PRSP) if they want to access PRGF funding. However, the IMF has not been proactive in assisting governments to broaden the participatory process of preparing PRSPs. The IMF has also been unable to inform a debate with other relevant institutions including bilateral donors. Many of the Strategy Papers have not focused on country-specific characteristics and circumstances, as protests in Uganda have for instance shown. There has been too much emphasis on demonstrable short-term increases in social expenditures to the exclusion of a medium-term budgetary outlook. Thus PRSPs' results have so far fallen well short of expectations.[8]

The IMF introduced the Policy Support Instrument in 2005. It is designed to assist low-income countries that do not want IMF financial assistance but need the Fund's advice, monitoring and endorsement of their economic policies. Approval by the IMF's Executive Board signals IMF endorsement of the country's policies to donors, multilateral development banks and markets.[9] The PSI is little different from the previous controversial aid and structural adjustment programmes. The conditionality demanded by the IMF varies little from previous practice. So far the PSI has been introduced in only six African countries. The IMF maintains a dogged insistence on low deficit ceilings and inflation rates at the expense of growth and provision of basic infrastructures and services to citizens of subscribing countries. African citizens lack ownership and democratic participation in the decision to access the PSI.

These programmes or instruments are potentially important for transferring finance between the wealthier nations and African states. They currently appear ineffective, however, largely because official bodies do not realise that ownership should mean citizen control, not just government control.[10]

African mechanisms to deepen ownership

At the same time African governments have introduced two promising mechanisms. African scholars contend that the Pan-African Parliament (PAP) and the Africa Peer Review Mechanism (APRM) have the capacity to deepen ownership and improve African stakeholder participation in originating, formulating, implementing and monitoring development programmes.[11]

The PAP is a major institution of the African Union (AU), established under the Union's constitutive act. It aims to provide a platform for Africans – including grassroots organisations – to be more involved in discussions and decision making on problems and challenges facing the African continent. The Parliament provides a platform to demand that African governments deliver on promises by investigating poor management at both national and continental levels.

However several commentators are sceptical about the ability of the PAP to intervene in critical economic governance, including over foreign aid and international development finance. Ayashe Kajee considers the PAP's actions to date as indicating that it is a mere talking shop lacking the tools to challenge the political and economic governance transgressions which have fuelled poverty, conflicts, hunger and underdevelopment.[12] The PAP's deliberations and actions fall short of its claimed oversight roles to safeguard democracy.

The PAP has failed to clarify the extent to which nations should be held accountable to the supranational parliament. There is insufficient democratic participation of both citizens and national parliamentarians in the decision making, implementation, monitoring and evaluation of official development policy instruments and programmes. The PAP has also done too little to call on national parliaments to urge their government to uphold and demonstrate their sustained commitments to transparent, accountable and effective management of global and continental programmes. Surprisingly, the PAP has also done little to urge African governments to sign up to the APRM.

The APRM has the potential to help break the cycle of pandemic political and economic indiscipline on the African continent. It can help countries accept appropriate benchmarks and instruments for political, social, economic, and institutional conduct. The APRM represents a major reform instrument for the conduct of good governance.

When acceding to the APRM, member states must satisfy a number of democratic self-assessment, monitoring, transparency, accountability and stakeholder participatory standards. These good governance and institutional process standards also cover how to manage development aid through participation by all stakeholders and national democratic ownership. They can face sanction under the APRM if they do not meet these. This places the burden of compliance on members.

International development finance institutions determine the social, political and economic performance of African countries. The ARPM should have an oversight function over conditionalities of international financial institutions (IFI) with a view to realign conditions with the regional interest. Although neither the PAP nor APRM have convening power (political or financial) derived from elections or control of armed forces, they can make a difference through stakeholder participation. Stakeholder engagement should involve capacity-building, creating avenues for information flow, and active engagement.

The APRM is however criticised on many fronts. Specifically, it is accused of being a product of the Washington Consensus and merely repackaged to look home-grown. The issue here is that APRM represents a post-Washington Consensus instrument and the strategic kernel of NEPAD that provides a framework for re-engineering and re-positioning Africa's development agenda in a new strategic partnership with Northern countries. This was conceived at the height of a post-Cold War neoliberal orthodoxy. Consequently, its conceptual trappings or influence draws largely from the Organisation for Economic Cooperation and Development (OECD) model of Economic Peer Review Mechanism (EPRM) and Policy Framework (PFI). Thus the APRM is largely regarded as a neoliberal instrument for the continued ownership and tight control of foreign aid and development finance to Africa, as well as for tightening the grip of Northern economic interests on the continent. It is also highly ambitious and difficult to implement.[13]

PAP/APRM also appears toothless with respect to human rights and governmental transparency in corrupt and dictatorial African regimes. These include: Zimbabwe, that has been ruled by Robert Mugabe's dictatorship since independence; the corrupt regime of oil-rich Gabon that has been ruled by Omar Bongo's dynasty; Libya, that has been under the dictatorship of Mummer Kaddafi for over 30 years; and Equatorial Guinea, Angola and Sudan, that have been ruled by African dictators Teodoro Obiang, Eduardo dos Santo and Omar Bashir. The APRM has not reviewed these governments and the APRM and PAP are both conspicuously silent on the widely reported abuses of human rights, lack of governmental transparency and dictatorship of these regimes. Their failure to challenge governance transgressions means that these transgressions are tacitly backed by many African governments.

Constraints and questions

The PAP and the APRM both face constraints on their ability to intervene in the management of foreign aid and development finance in Africa.[14] These constraints include the following:

- The mechanism by which people are selected to represent their nation's citizens in the PAP is questionable – they are either selected through a patronage network or come from countries that are one-party states.
- Most of the parliamentarians selected lack technical expertise in international finance or political economy.
- The PAP and APRM do not have independent sources of funding outside the funds contributed by AU member states and therefore lack the courage to challenge governments or aid donors.
- These agencies lack the institutional and functional autonomy to explore strategic and critical governance issues.
- Too few Africans know about the PAP and APRM.
- Neither the PAP nor the APRM have the capacity to organize multi-stakeholder meetings on important governance issues or on international finance instruments.

The constraints of the PAP and APRM raise several questions. These include:

- How can the PAP and APRM be made more independent of individual African governments?
- How can African states be prevented from overriding PAP and APRM investigations and reports?
- How can sustainable incentive structures be put in place for the PAP and APRM to mobilize citizens' ownership and participation in their own mechanisms as well as in discussions on development assistance?
- How can the PAP and APRM engage a process of debate and negotiations between African citizens and between national, regional and local parliaments to compare approaches to foreign aid, donor coordination and aid ownership?
- To what extent are the PAP and APRM able to assess the strengths and weaknesses of stakeholders' participation in official aid facilities and instruments and able to make recommendations for improvement?
- How can the PAP and APRM assess and consult with government officials, parliamentarians, political parties representatives, civil society organisations (CSO) and others to ascertain if the programmes of IFIs reflect the true situation on the ground and citizens' wishes?

Being rigorous in answering these questions will ensure a more thoughtful approach to building an accountable and vibrant PAP and APRM within the context of effective development aid/finance governance in the African continent. The PRGF, BS, PSI and other donor-supported programmes should be consistent with the overall strategy and mandate of PAP and APRM. The PAP and APRM interventions in Africa's development aid/finance should also ensure the following:

- Guarantee national ownership and participation of citizens (or stakeholders).
- Promote an environment for capacity-building.
- Ensure sustainability and reduce poverty.
- Enable a more meaningful and focused partnership between recipient governments, donors and stakeholders, increase the understanding by all stakeholders of African government policy aspirations, and provide a better and more transparent platform for dialogue.

In addition, interventions should also encourage members of parliament and the APRM to report on how far their government has ensured national ownership and participation of their citizens, civil societies and national parliament in accessing, implementing monitoring and evaluation of development assistance.

Conclusion

The PAP and APRM are relatively new and there is as yet little empirical evidence on their effectiveness. However they represent what may be the start of a gradual transfer of political sovereignty from national oversight institutions to regional political oversight institutions.

The implications of this arrangement for continental governance and stability and the effectiveness of development aid/finance are of wide and long-term social, political and economic importance. If this power shift is to take place it will require that national parliaments surrender some of their sovereignty to the supranational parliament and peer review agencies. This requires a consistent relationship between supranational parliaments and national democratic mechanisms.

The PAP and APRM should ensure that the PRGF, PSI, budget support and other donor-supported programmes help rather than hinder the economic, social and political development and stability of the region. In addition, their policies and programmes should be consistent with the PAP and APRM mandates. Their interventions should: guarantee national ownership and citizens' participation; promote an environment for capacity building; ensure sustainability and reduce poverty; and ensure better and more meaningful and focused partnerships between donors and recipient states.

The PAP and APRM should be able to prevent international agencies from destabilising economic and political pressures and manipulations within the union by obstinate and corrupt governments, as well as by neoliberal instruments policies/programmes and institutions.

African leaders owe a duty to their citizens to put accountable, transparent and participatory mechanisms in place, and to relate to the IFIs and other official donors on the basis of integrity, mutual respect and ownership. In countries where conditions are bad, the PAP and APRM should recommend how to move forward. It is only under such conditions that the continental mechanisms can provide a basis for intervention in situations considered at variance with the principles of the PAP and the APRM. In addition, the PAP and APRM should be made up of a panel of eminent persons selected through a credible election process.

Donor, IMF and WB policies and programmes have deepened the democratic deficit in Africa. The PAP and APRM could help counter this tendency by fostering a culture of representation, accountability and ownership, including of internationally-funded programmes.

The PAP and APRM should support foreign finance institutions only if they perceive that they are meeting the interest of Africa. The PAP and APRM can help guard against non-transparent and non-participatory policy processes and outcomes. The PAP and APRM should try to depoliticise external interventions in Africa as a matter of justice and because democratic and local support acrucial conditions for the effectiveness of policies and programmes.

Endnotes

1 Johannes Hoffmann, Fight Against Poverty by Sustainable Development, in Globalisation and African Self Determination: What is Our Future? Obiora F. Ike (Ed). Enugu: CIDJAP Publications, 2004, pp.139-137. And Henry Kaufman, International Lender of Last Resort: Discussion, In Rethinking the International Monetary System, Jane Sneddon Little and Glovanni P. Olivei: Boston: Federal Reserve Bank of Boston, 1999, pp. 198-201.

2 Patricia Adams, Odious Debts: Loose lending, corruption, and the Third World's Environmental Legacy. London: Probe International, 1991, pp.39-87. And Afrodad, The Legitimacy of External Debts: The case of the Democratic Republic of Congo. Harare: Afrodad, 2005, pp.4-12.

3 Dirk Willeem te velde, Economic Policies in G-20 and African Countries During the Global Financial Crisis: who is the Apprentice, who is the Master? Draft, 23, prepared for AERC Conference or Rethinking African Economic Police Nairobi, Kenya, December 2009.

4 Hadziyiannakis, Yannis and Mylonakis John, The Budget Support Instrument New Paradigm: Can it Finance Ownership in Development Assistance? International Research Journal of Finance and Economics, Issues, 2006. http://www.eurojournals.com/finance.htm.

5 Hadziyiannakis, Yannis and Mylonakis John, the Budget Support Instrument New Paradigm: Can it Finance in Development Assistance? International Research Journal of Finance and Economics, Issues, 2006. http://www.eurojournals.com/finance.htm.

6 IMF Fact Sheet; Debt Relief Under Heavily Indebted Poor Countries (HIPC) Initiative, 2008. http://www.imf.org/external/np/exr/facts/hipc.htm.

7 Northover, Henry: Key Note Address at the International Policy on New Sovereign Debt Restructuring Mechanism Organized by Inwent of Germany, February 21-22, 2003. Devilish Details, briefing on MDRI Implementation, Eurodad, 2005.

8 Kumar, Ramesh C, Poverty Reduction and the Poverty Reduction at the IMF: Carving a New Path or losing its way? The Centre for International Governance Innovation Working Paper No. 18, February 2008.

9 IMF Fact Sheet, The Policy Support Instrument, November, 2008.

10 Kumar, Ramesh C, Poverty Reduction and the Poverty Reduction at the IMF: Carving a New Path or losing its way? The Centre for International Governance Innovation Working Paper No. 18, February 2008. Fazioi, Antonio, Globalisation, Economic Progress and Poverty Reduction, In Globalisation and African Self-

Determination: what is Our Future? Obiora F. Ike (Ed). Enugu CIDJAP Publications, 2004, pp.63-78.

11 Opoku, Eric Albert, Effective Stakeholders Participation in the APRM Process for the Promotion of Democratic Governance: A Case Study of Ghana. Oslo: United Nations Development Programme Oslo Governance Centre Fellowship Programme, 2006. Kajee, Ayeshe, Adding Beef to Africa's Parliament, Development Cooperation International Journal, Volume 32, July 2005.

12 Kajee, Ayeshe, Op. Cit, 2005.

13 African Forum and Network for Debt and Development; "NEPAD and AU a Partnership Out of Africa";. AFRODAD,2004, pp.78-100.

14 Akongbowa Bramwell Amadasun, Building Development Capable States in Sub-Sahara Africa: PAP and APRM as Credible Tools for Good Governance, State Accountability Prevention of State Failure, in Democracy, Leadership and Accountability in Post-Colonial Africa: Challenges and Opportunities, Tony Edoh and Terhemba Wuam (Ed). Markurdi: Aboki Publishers, 2009, pp.489-490.

The Reality of Aid Partnerships in Africa

Edward Ssenyange, Uganda Debt Network

Introduction

International aid donors view development effectiveness as a matter of redefining governance and conditionality, complemented by capacity-building. Too little attention is given to reforming the aid architecture for Africa. This article analyses the status quo and proposes changes to the international aid system, including aid for trade, as well as complementary measures on trade liberalisation and capital flight.

The aid system

The international aid system emerged after the Second World War, when the United States of America (USA) used aid funds to help rebuild Europe. During the Cold War era, from the 1960s to the 1980s, foreign aid was often used to support ally states in the developing world rather than to support global ideals of effective development and good governance.

After the end of the Cold War in 1990, the focus of official aid was directed towards promoting development. In 2000 the main focus was defined as achieving the United Nations (UN) Millennium Development Goals (MDGs). These cover crucial development issues such as poverty, primary school education, gender inequality, child mortality, HIV/AIDs and other diseases.

Financing the achievement of the MDGs in poor countries like Uganda has been discussed at several UN conferences. In March 2002 in Monterrey, Mexico, three key sources of development financing were identified: official development assistance (ODA); debt relief; and foreign direct investment (FDI).[1]

In 2005, G8 governments agreed on two channels of development financing for MDGs namely: doubling aid to Africa to US$50 billion per year by 2010; and cancelling 100% of the debt that some countries owed to the International Monetary Fund (IMF), World Bank (WB) and African Development Bank (AfDB).[2] Due to these efforts, ODA flows to developing countries increased.

However there is international consensus that African countries will not achieve most of the MDGs by 2015. One of the key reasons is the failure of developed countries to honour their repeated commitments to more and better aid, even as the developed countries mobilised over US$4 trillion in a matter of a few weeks to rescue their economies in the wake of the international financial and economic crisis. Another stumbling block is the global economic and financial crisis which curtails the flow of finance and undermines the prices of raw materials, the major content of Africa's exports.

The reality of aid flows to Africa

ODA flows to Africa comprise, to a large extent, emergency relief for natural disasters such as droughts and earthquakes, humanitarian assistance for refugees and internally-displaced persons, and debt relief. The real new development funding that flows to Africa is a small component of overall ODA flows. Furthermore, much aid is tied to the purchase of donor country goods and services, including the procurement of overpriced goods and services, obsolete equipment and inappropriate technology.[3]

Aid with conditionalities cannot play a key role in stimulating an economy and is instead a burden. The costs of conditionalities, such as trade liberalisation, privatisation, fiscal austerity and state retrenchment, have far exceeded all the external assistance received. These conditionalities have been implemented by the Government of Uganda and the negative social economic impact has retarded the economy and harmed peoples' livelihoods. These aid conditions were implemented in Uganda during the 1990s with adverse effects on livelihoods and the economy. Unemployment and poverty levels rose. Economic sectors were distorted at all levels, including the rural economy where the cooperative mode of production was suddenly dropped.

It is estimated that aid conditionalities cost Africa about US$1.6 billion per annum and that only one-third of the aid promised by Organisation for Economic Cooperation and Development (OECD) countries is real aid, with two-thirds returning to donor countries in the form of contracts, debt repayments and costs for refugees and students in donor countries.[4]

Furthermore, there exists a gap between donor commitments and actual delivery. According to an Oxfam International report, the European Development Fund has, since 1975, never disbursed more than 43% of aid promised to the African, Caribbean and Pacific Group of States.[5]

The reality of Aid for Trade

A new challenge in recent years is the Aid for Trade agenda which aims to transform ODA into an instrument for trade liberalisation. The European Union (EU), USA and international financial institutions (IFIs) contend that the solution for Africa is more trade-oriented policies. Trade-related policies, such as free trade agreements in compliance with World Trade Organisation (WTO) rules and export-led growth strategies, are becoming a key factor in determining aid allocations.[6]

However, key trade liberalisation advocates, several of whom are OECD countries and major donors to Africa, have a two-faced approach. They subsidise their food producing sectors at six times the magnitude of aid to poor countries. Furthermore, they flood Africa's markets with cheap subsidised food and other products which destroy domestic production and hence increase dependence on imports. These are paid for with new aid from these same countries and institutions.[7]

Uganda, for example, receives donor support to implement HIV/AIDS interventions but procures the Anti-Retro Viral (ARV) drugs from donor countries. This is despite the fact that Uganda has invested in an ARV factory that is reputed to be the most technically advanced of its nature in Eastern and Southern Africa so far.

An outright liberalisation/free trade policy will continue to inflict heavy costs on African countries because they are still net exporters of raw and semi-processed materials. These face deteriorating terms of trade on the international market.[8]

According to a Christian Aid report, trade liberalisation is responsible for huge terms of trade losses incurred by African countries and has caused increased dependence on external financing.[9] Trade liberalisation has proven costly to Africa and is estimated to have cost African countries a staggering US$272 billion between 1980 and 2000. The purchasing power of African country exports to manufactured goods declined by 37% between 1980 and 1990, while real commodity prices excluding oil fell by more than 45% during the same period and by 25% from 1997 to 2001.[10]

With trade liberalisation, Africa's share of exports and imports continues to decline dangerously.

One example of the bad effects of free trade in Uganda is the biscuit industry. Until August 2008 this supported 2,000 jobs. Then the market was distorted by cheap biscuit imports from India and China. Ugandan consumers were swayed by the cheap biscuit imports, local production quickly fell by 40%, and 25% of employees were laid off. The cement industry in Uganda was similarly affected.

Likewise, in Nigeria, rice imports undermined domestic production and the country became the world's largest importer of rice. For Nigeria, the challenge of attaining self-sufficiency lies in improving the quality and competitiveness of domestic rice.[11]

It is prudent for African countries to advance in value-added production and in manufacturing before embracing free trade Economic Partnership Agreements (EPAs).

An aggravating scenario is the current international terrorism agenda which has caused the USA to tend to the militarise aid. An African Command (AFRICOM) has been launched and a substantial part of United States Agency for International Development Aid (USAID) aid will prioritise security-related projects over the achievement of MDGs. This will definitely have an adverse effect on the development effectiveness of aid in Africa.

Another challenge to achieving the MDGs and effective development is the failure of developing countries to reach appropriate agreements with FDI companies and allowing corporations to escape taxation, make little or no public investments, and even engage in capital flight of huge magnitudes. Even the Commission for Africa acknowledges that tens of billions of dollars are stolen from Africa, helped by the complicity of western banking and financial systems (UNCTAD, 2006). UNCTAD (1998) states that if the illegal wealth held abroad were repatriated, gross capital formation in Africa would be three times higher than it currently is and even eliminate the need for foreign aid.

There has also been a failure to effectively mobilise remittances from Africa's expatriates abroad (UNCTAD, 2007). Minimum estimates show that current official minimum remittances by African expatriates to their countries are 2.5% of gross domestic product (GDP). With better utilisation, official and unofficial remittances could be an important source of international development finance, making a significant contribution to GDP.

Achieving development effectiveness in Africa

The realisation by all development partners that aid was not likely to achieve the MDGs and was actually imposing huge costs on developing countries contributed significantly to the emergence of an international aid effectiveness movement from the late 1990s. Donor countries have been working with each other, and with developing countries, to harmonize their work and thus improve the impact of aid.

The aid effectiveness movement gathered momentum at the 2002 International Conference on Financing for Development in Monterrey, Mexico. With the Monterrey Consensus, the 2005 Paris Declaration and the 2008 Accra Agenda for Action (AAA), donors and developing countries are apparently on the right track in realising the principles required for aid effectiveness such as ownership, alignment, harmonisation, managing for results and mutual accountability.

African countries and Uganda in particular are still a long way from achieving a quality social infrastructure. This is lacking in areas such as formal and technical education, health, social security, disaster preparedness, housing, energy, communications and transport, environmental sustainability, and research and development. The finance and economic infrastructure is also still underdeveloped. Development finance could have more of an impact if it was designed to appropriately target these development drivers.

Promoting a governance framework is a vital aspect of achieving development effectiveness and includes the development of appropriate democratic institutions that prioritize rights, community participation, social accountability, peace, rule of law, conflict resolution and security.

Despite immense exploitation, Africa still has immense resources in the form of its people, minerals, land, water, forests, and potential regional markets. It is essential that these potentials are harnessed for the benefit of Africa through regional cooperation approaches.

Rural and agricultural development must be at the centre of development strategies focusing on the social transformation from a low-productivity economy to achieve a higher-productivity economy. New strategies should embrace modern agricultural production technologies, the economics of comparative advantage and agri-business, and agrarian reforms. These developments would all lead to a shift from subsistence modes of production to larger-scale strategic production.[12]

Finally, a good understanding of global economics and implications for Africa is essential to drive Africa's economy in a positive direction. Economic managers in Africa have to know how to negotiate for Africa's interests. Embracing full-scale free trade is not going to help Africa but rather will exacerbate a huge net transfer of resources out of the continent.[13]

There is also a need to strengthen South-South cooperation to take advantage of the vast resources and technology at the disposal of the countries of the global South. Some of these countries have managed to develop technologies for their economies which would be very appropriate for Africa's industrialisation. These Southern countries could be very useful development partners in this regard.[14]

Conclusions

Since the commencement of the international aid and development effectiveness agendas, development partners have not done enough to reform the aid architecture for Africa. They need to focus on supporting the drivers of development on the continent: socioeconomic infrastructures; governance framework; regional and South-South cooperation; modernisation of agriculture; and the capacity of economic managers.

ODA flows have to be redirected towards the drivers of socioeconomic development in Africa because much aid is flowing to emergency relief, humanitarian assistance and debt relief which do not directly impact on aid and development effectiveness.

Africa should also look beyond aid. Africa economic managers and trade experts need to identify opportunities that will lead to enhanced self reliance. Africa should gain from trade in value-added exports, and economic managers in Africa should not underestimate returns from mobilizing remittances from African expatriates abroad.

Endnotes

1 European Union, (2008) 'Draft Council Conclusions on Guidelines for EU Participation in the International Conference on Financing for Development', Doha, 29th November - 2nd December 2008, Brussels, 3rd November.

2 Action Aid (2005) Real Aid: An Agenda for Making Aid Work, London, Action Aid.

3 Oxfam International (2006) 'Unequal Partners: How EU – ACP Economic Partnership Agreements (EPAs) could harm the Development Prospects of many of the World's Poorest Countries,' Oxfam Briefing Paper, London, September. Oxfam International (2007) 'The World is still waiting'. Broken G8 Promises are Costing Millions of Lives,' Oxfam Briefing Paper, London, May. Oxfam International (2008) 'If not now, when?', Oxfam Briefing Note, London, November.

4 Oxfam International, 2007, 2008, op. cit..

5 Ibid.

6 Amin Samir (2005) Afrique, Exclusion Programme ou Renaissance? Paris,

7 Oxfam International (2006) 'Unequal Partners: How EU – ACP Economic Partnership Agreements (EPAs) could harm the Development Prospects of many of the World's Poorest Countries,' Oxfam Briefing Paper, London, September.

8 UNCTAD (2005) Economic Development in Africa: Doubling Aid: Make the 'Big Push' Work, New York and Geneva, United Nations.

9 Christian Aid (2008) Death and Taxes: The True Toll of Tax Dodging, London, Christian Aid.

10 Christian Aid (2005) The Economics of Failure: The Real Costs of "Free Trade" for Poor Countries, London, Christian Aid; UNCTAD (2006) Economic Development in Africa. Rethinking the Role of Foreign Investments, New York and Geneva, United Nations.

11 Chuma Ezedinma (2004), Impact of Trade on Domestic Rice Production and the challenge of Self-sufficiency in Nigeria. International Institute of Tropical Agriculture P.M.B 5320, Ibadan, Nigeria.

12 Dembele, D. M. (2005) 'Is Aid the Answer?' Alliance Magazine, September Economic Commission for Africa (ECA) (2008) Africa Economic Report 2008, New York, ECA.

13 Ibid.

14 Ibid.

Development Effectiveness? EU Donor Division of Labour and Gender Equality in Southern Countries

Lois Woestman, Women in Development Europe Network

Introduction

Gender equality has long been central to European Union (EU) donor and Southern governments' development policies, at least on paper. They have agreed that, as the majority of the poor in Southern countries are women and girls, tackling gender inequalities is vital for eradicating poverty.[1] It is also a moral imperative and a question of justice. Governments have signed a series of international conventions and policy documents expressing their commitment to gender equality. These include the Beijing Platform for Action, the Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW), and the Millennium Development Goals (MDGs). EU donors have also committed themselves to implement the EC *Communication on Gender Equality and Women's Empowerment in Development Cooperation*, and the recently released *EU Action Plan on Gender Equality and Women's Empowerment in External Relations* (GAP). However, implementation of these gender commitments by both donor and Southern governments has been inadequate.

Donor harmonisation has the potential to improve fulfilment of these commitments. This article discusses four reasons why this potential has not been met.

Firstly, EU donor harmonisation has to date focused on technical matters, such as mapping donor activities and defining comparative advantages and roles, rather than on the effects of these changes for development outcomes, such as human rights and gender equality. Secondly, in the process they have focused on sectors rather than on policy commitments, tending to exclude consideration of issues such as gender equality which are seen as cross-cutting. Thirdly, when they do consider gender policy commitments, instead of focusing on meeting the array of their policy commitments mentioned above, EU donor harmonisation processes aim to meet the MDGs. The MDGs are based on a narrow definition of gender equality which reinforces traditional gender roles rather than challenge the underlying power structures that create them. Finally, harmonisation processes have tended to be donor-driven, rather than based on Southern country policy priorities, including many of those mentioned above.

These can and should be changed to tackle gender inequalities and promote genuinely effective development. In fostering "ownership" in the harmonisation process, donors need to ensure that they strike a balance between government and non-governmental actors. Southern civil society organisations (CSOs), including women's organizations, as well as government actors, need to be supported to play their role in ensuring that donor and Southern governments' gender commitments are realised.

The harmonisation agenda and gender equality

In some Southern countries, as many as 20 donors can operate in the same sector, each with their own programming and reporting requirements and conditionalities. Such fragmentation of efforts is inefficient and results in high transaction costs for both donor and Southern governments.

In the Paris Declaration on Aid Effectiveness (PD) and the Accra Agenda for Action (AAA), donors committed to enhance their aid effectiveness through, amongst other things, improved division of labour (DoL). Donors should be able to achieve more for less money by avoiding duplication and instead complementing each other's work.

There is potential to improve gender equality in Southern countries through this process of harmonisation under the aid effectiveness agenda. Rather than multiple and disjointed efforts, donors could develop coherent, strategic and connected plans to ensure that gender inequalities are tackled effectively.

However, gender equality advocates have found that harmonisation is not achieving its potential for tackling gender inequalities. In response to the PD and in the run-up to the AAA, they identified four major concerns for gender equality in the way that harmonisation is being implemented by EU donors.[2] These are set out below as they are outstanding concerns.

Firstly, critics note that EU donor division of labour tends to be regarded by donors as a technical and non-political process. To date, donors have focused on the means of aid allocation rather than on development outcomes such as human rights and gender equality. Most work on DoL amongst donors has simply mapped donor activities and clarified donor comparative advantages and roles.

Secondly, their ability to implement gender equality has not been high on the agenda. In fact, the division of labour and harmonisation agendas can lead to the marginalisation of gender equality and women's empowerment. This is because division of labour efforts are currently organised around sectors – such as agriculture, transport, or health – rather than around development policy goals. Most donors and Southern governments define gender equality as a cross-cutting issue, which means it does not fit easily within such sector-focused harmonisation efforts. There are few dedicated efforts to achieve division of labour specifically around gender equality. Gender issues may therefore fall between sectors and become sidelined.

Thirdly, when they do talk about development outcomes, the stated aims of harmonisation efforts are to meeting the MDGs. These constitute a narrow definition of development and of gender equity. The MDGs contain a much narrower understanding of gender inequality than the rest of the agreements and documents mentioned above. Therefore, an approach based solely on the MDGs reinforces traditional gender roles rather than challenges underlying power structures that create gender equality.

Finally, harmonisation efforts to date often focus on donors coming together to discuss their aid agendas and priorities. This strengthens a donor-driven approach, and reduces the "ownership" of Southern countries of harmonisation processes. In fostering "ownership", donors need to ensure that a balance is struck between governmental and non-governmental actor input. Southern CSOs, including women's organisations, need to be supported to play their role in ensuring that donor and Southern governments' gender commitments are realised.

EU division of labour efforts

The European Commission (EC), and to a lesser degree EU member states, have been playing a lead role in the global donor division of labour agenda. EU donors have begun to reorganise which of them are present and active in different Southern countries and sectors, and to harmonise their procedures.

When the European Commission and the EU Member States in the OECD Development Assistance Committee (DAC) agreed to the principle of harmonisation among donors, it was considered especially urgent given the foreseen scaling up of aid. However, the global economic crisis has changed the tone of division of labour discussions toward how to do more, or better, with less aid.

The EU Code of Conduct of Member States' Division of Labour in Development Policies (CoC) was passed in 2007. The CoC is based on eleven principles designed to "reduce the administrative formalities, to use the funds where they are most needed, to pool aid and to share the work to deliver more, better and faster aid". The first five principles address the DoL of EU donors within Southern countries. (**See Box 1**)

The 2009 EU *Operational Framework on Aid Effectiveness* reconfirmed DoL as a key aid effectiveness strategy for EU member states by promoting the EU *Fast Track Initiative on Division of Labour and Complementarity*.[3] This "aims to support a selected group of partner countries in the process of implementing in-country DoL".[4]

The European Commission also issued an EU *Toolkit for Implementation of Complementarity and Division of Labour in Development Policy*.[5] The Toolkit is intended to be a practical guide for in-country DoL. There are three main steps:

1. Assess the current situation
2. Donor self-assessments and decisions about lead donors
3. Joint analyses and donor response based on proposed division of labour

Box 1: EU Code of Conduct of Member States' Division of Labour in Development Policies

- Each EU donor is to work in a maximum of three sectors per partner country (division of labour is not required for general budget support and assistance to non-state actors and research).
- Ensure involvement of at least one EU donor with appropriate competence in every sector relevant for poverty reduction, and limit the number of active EU donors per sector to a maximum of five.
- Redeploy funds programmed for other sectors on the basis of negotiations with Southern country authorities.
- Support the establishment of lead donor arrangements in all priority sectors.
- Delegate to other donors authority to administer funding in certain sectors.

Gender: Lost in harmonisation?

Donor mappings

As part of situation assessments, the Toolkit recommends that current and projected aid flows to Southern countries, and across sectors within them, be mapped. This can be used as a basis for donors and government planning and negotiations. By the end of 2009, donor mappings had been carried out in almost all (24 of the 27) fast-track and other countries for which there was information in the second Fast Track Initiative monitoring report.[6]

To be consistent with their gender equality commitments, mappings of funds earmarked for gender equality and funds for activities which have a clear gender equality component should be part of these processes. No mapping should be considered complete without them. EU donors should support gender-responsive budgeting efforts already underway, and the introduction of them where they are not yet in process, to help track funding. Such mappings should ideally be carried out by government and CSO actors in tandem.

Consultations

The Toolkit suggests that Southern governments be consulted in the initial phase of donor harmonization. The Toolkit and CoC insist that Southern governments should lead harmonisation processes. The focus to date on donor self-assessments of comparative advantage and definition of roles, and donor in-fighting about them, however, has reinforced Southern countries' impression that harmonisation is donor-driven. Moreover, the Fast Track monitoring reports show that Southern governments have hesitated to take the lead because of lack of management capacities, fear of losing donor funding or influence over its re-programming, and concern about donors "ganging up" on them.

Southern governments should be assured that the amount of their development assistance will not be cut if they take the lead role in harmonisation processes. EU donors should consult and support CSOs, including women's groups, to participate in harmonisation processes.

Donor assessments and lead donor choices

The Toolkit also recommends that EU donors carry out self-assessments to identify their comparative advantages, use these to reduce the number of sectors they work in, and decide who will be the lead donor in each sector. The second Fast Track monitoring report showed that, by the end of 2009, donors had carried out comparative advantage self-assessments in only eight of the 28 partner countries for which there was evidence available. Only a few of these had peer or Southern government – much less CSO – involvement.

At country level, donors sometimes developed an assessment tool. The EU 2010 Aid Effectiveness Annual Report mentions that nine EU member states took part in a joint programming exercise during the mid-term review of the EC's development cooperation instruments.[7] These processes led to the drafting of a complete country strategy, including shared donor response, in 11 Southern countries. However, there is no commonly agreed framework to determine donors' comparative advantages.

Jointly agreed definitions of sectors – the basis for donor DoL revisions – were still missing in more than half of the reviewed countries. And yet lead donor arrangements were made in 18 countries.

This means that choices of lead donor were not based on relative comparative advantages but on other considerations. Lead roles also varied. There seems to be a consensus that lead donors are to function as the main liaison of EU donors with the partner government, including representing donors in policy dialogues. Yet beyond this there is a lack of common understanding as to what this means in practice. Little reprogramming across sectors had taken place.

The Aid Effectiveness Annual Progress Report 2010 claims that all but four EU donors have carried out comparative advantage assessments. It argues that "practical results are being achieved through cooperation in sector involvement, and by establishing EU thematic platforms". However, it does not provide details. It also documents that, in many of the countries, EU donors continue to work in more than three sectors, concluding that "this shows there is still room for improvement".

The second Fast Track monitoring report mentions that "cross-cutting issues are taken into account" in 15 of the 27 countries for which there was information. Gender equality is considered one of these issues. These are "covered in the respective agreements or by specifically assigning lead donors for some of the cross-cutting issues". It does not say how EU donors are dividing up gender equality work or whether a "lead donor" responsible for gender equality has been chosen. These gaps reinforce the concern that donor gender equality commitments are being lost in harmonisation processes because they are not the focus of any single plan of action such as those developed for sectors.

Southern governments and Southern CSOs should both be supported to develop their own criteria for donor comparative advantage, and propose which donors they would like to work with and on what. Women's groups' assessments of donors' records vis-à-vis gender equality should be part of these assessments. DoL revisions should then also be based on these. This broadened inclusion of stakeholders would enhance 'ownership' of what has been a donor-driven process, and help Southern governments as well as donors focus on their gender equality commitments.

The GAP proposes that a single donor, with supporting donors, be chosen as lead for gender equality work. This is a step in the right direction. Lead gender equality donors for the country must be charged with ensuring coherence not only with the MDGs, but also with Beijing, CEDAW and EC gender equality policies and procedures, and implementing them via this network. Criteria would need to be developed to ensure that these donors demonstrate sufficient competence and commitment.

However, lead donors on issues not defined as sectors may likely face challenges well-known to gender mainstreaming actors: too many responsibilities, and too little authority and money to go along with them. Country lead donors must ensure that gender equality work is given the primacy of place that donor and Southern country governments assign it in their commitments. Sufficient funds need to be ensured for this work.

Joint and gender analyses

The Toolkit recommends that country context analyses be jointly drafted by donors and Southern governments be left until after aid mappings and donor assessments and re-assignments of roles have been carried out. This leaves consideration of donor and government gender equality commitments and implementation track records until after donors propose DoL revisions.

The connection between DoL and broader development goals is meant to be made in joint country context analyses but, if carried out after donor DoL has been reorganised, these analyses are done too late. A joint country context analysis should be the starting, not the end, point of DoL revisions. This would help focus DoL on gender equality commitments and explain why they have not been realised.

Joint country analyses, sector gender analyses, gender audits, assessments and evaluations, gender-responsive poverty and social impact assessments should be carried out in the initial stage of donor DoL revisions. Analyses should make specific links between gender equality and harmonisation efforts – and indicators should be attached to them. These could usefully be linked to Beijing and CEDAW processes.

Donors and governments, with CSO input, should ensure that gender equality is prominent in Joint Assistance Strategies. CSOs should be integrated into these processes. Donor-government coordination groups on gender equality could play a role here. The transformation of donor-government coordination groups on gender equality from information sharing platforms to influential actors in development planning would help.

Monitor and evaluate

Donors and Southern governments rightly argue that it is difficult to distinguish the effects of different aid effectiveness measures. This is essential to gauge if and how the new aid modalities are having the affects they are assumed – and often asserted – to have. However, the Toolkit does not mention monitoring and evaluation. No monitoring/evaluation criteria have been developed to connect harmonisation and development effectiveness goals – including on gender equality.

Assessments in the Fast Track Initiative reports and the Aid Effectiveness Annual Progress Report are mostly focused on the CoC principles. They feature the number of donor assessments, lead donors identified, reprogramming under way, etc. The only exception is a section entitled "measuring impact" in the second Fast Track monitoring report. Donor field and partner government staff were asked to express their opinion on the contribution of DoL to development effectiveness. Approximately 30% claimed none at all, 55% a small effect, and 15% a medium effect – none reported a "high" effect.

Moreover, the Fast Track Initiative reports note that to date harmonisation has increased, not decreased, transaction costs for donors and party country governments alike through its reporting requirements.

Broader criteria beyond the narrowly-defined CoC technocratic indicators must be developed to monitor and evaluate the development effectiveness of donor harmonisation.

The evaluation of 'reprogramming' in the annual Fast Track Monitoring and EU Aid Effectiveness reports should identify shifts in gender equality programming. This could be deduced in part from the gender-specific statistics provided in donor mappings. Donor support for gender budgeting processes would facilitate the elaboration/ checking of such statistics. The reports should compare the effects of these programme shifts against progress made toward meeting Beijing and CEDAW commitments by donors and Southern countries alike.

Conclusions

The new aid effectiveness modalities have introduced a new round of policy commitments and procedures. Pre-existing commitments and tools should also still be implemented. However, in focusing on the newer modalities, most donors and Southern governments are paying less attention to these previous commitments.

EU donor division of labour and harmonisation efforts have progressed slowly and represent a missed opportunity. If these processes were implemented with a broader definition of development effectiveness in mind, then it could improve EU donors' fairly dismal track record in implementing commitments to gender equality in Southern countries.

As implemented to date, harmonisation carries the possibility that the policies of the least progressive donors, or most limited progress indicators, may be used as the lowest common denominator shared by all collaborating donors – or gender equality may disappear altogether.

EU donor harmonisation policies, implementation and monitoring efforts need to ensure coherence between harmonisation and gender equality commitments beyond the MDGs.[8] Efforts need to be based on the highest common denominator of the EU development cooperation gender equality policy commitments and the Beijing and CEDAW commitments of all actors. If they are, the harmonisation agenda will have a much stronger link with development effectiveness.

Furthermore, EU harmonisation efforts have marginalised Southern country governments and, even more so, civil society groups. Ownership has therefore remained minimal. And they have given mixed messages: social policy objectives of equality, fair distribution and social security on the one hand, neoliberal leaning economic policies on the other. EU donors and politicians need to take a strong and unified stance in debates and processes on development models. Europe needs to unequivocally advocate a people-focused development model with gender equality as a central pillar. Donor harmonisation efforts will remain stymied as long as they are embedded in a model of development which generates and perpetuates gender inequality.

Endnotes

1 Countries receiving EU donor assistance are referred to here as "Southern", in line with the use of the term "global South".

2 AWID, WIDE, FEMNET and DAWN *Brief Issue Paper on Harmonisation and Gender Equality,* prepared for the Accra High Level Forum 3, as input into the roundtable "Harmonising and doing business differently at the country level - rationalising aid delivery, division of labour". www.awid.org/.../download/.../Brief%20Issue%20Paper%20Harmonisation%20vfinal-1.pdf

3 European Commission (2009) *Operational Framework on Aid Effectiveness,* http://www.consilium.europa.eu/eudocs/cms_Data/docs/pressdata/en/gena/111263.pdf

4 Fast Track Monitoring Report, 2009. http://www.dev-practitioners.eu/fileadmin/Redaktion/GroupsFolders/Division_of_Labour/Report_DoL_Monitoring_Update.pdf

5 European Commission (2009) *EU Toolkit for the Implementation of Complementarity and Division of Labour in Development Policy* (http://capacity4dev.ec.europa.eu/eu-toolkit-implementation-complementarity-and-division-labour-development-policy)

6 EU Technical Seminar on Aid Effectiveness (30.11.2009) *Second Monitoring Report of the EU Fast Track Inititiative on Division of Labour and Complementarity (*see Annex 3 of document found at http://www.oecd.org/dataoecd/21/50/44729615.pdf

7 European Commission (2010) Aid Effectiveness – Annual Progress Report 2010, http://www.reliefweb.int/rw/lib.nsf/db900sid/SNAA-85696C/$file/SEC_2010_0422_COM_2010_0159_EN.pdf

8 The DAC 2009 *Gender Equality, Women's Empowerment and the Paris Declaration on Aid Effectiveness: Issues Brief 5: Managing for Gender Equality Results on Partner Countries* has concrete examples of gender equality-oriented aid effectiveness activities.

References

AWID, WIDE, FEMNET and DAWN *Brief Issue Paper on Harmonisation and Gender Equality,* prepared for the Accra High Level Forum 3, as input into the roundtable "Harmonising and doing business differently at the country level - rationalising aid delivery, division of labour". www.awid.org/.../download/.../Brief%20Issue%20Paper%20Harmonisation%20vfinal-1.pdf

DAC 2009 *Gender Equality, Women's Empowerment and the Paris Declaration on Aid Effectiveness: Issues Brief 5: Managing for Gender Equality Results on Partner Countries*

European Commission (2007) *Communication on Gender Equality and Women's Empowerment in Development Cooperation.(*http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CELEX:52007DC0100:EN:HTML)

European Commission (2007) *EU Code of Conduct of Member States' Division of Labour in Development Policies,* available at http://www.aideffectiveness.org/media/k2/attachments/EU_Code_of_Conduct_on_Division_of_Labour.pdf

European Commission (2009) *Operational Framework on Aid Effectiveness,* http://www.consilium.europa.eu/eudocs/cms_Data/docs/pressdata/en/gena/111263.pdf

European Commission (2009) *EU Toolkit for the Implementation of Complementarity and Division of Labour in Development Policy* (http://capacity4dev.ec.europa.eu/eu-toolkit-implementation-complementarity-and-division-labour-development-policy)

EU Technical Seminar on Division of Labour and Complementarity (30.1.2009) *Monitoring Report: EU Fast Track Inititative on Division of Labour and Complementarity* www.dev-practitioners.eu/.../Division_of_Labour/Report_DoL_Monitoring_Update.pdf

European Commission (2010) Aid Effectiveness – Annual Progress Report 2010, http://www.reliefweb.int/rw/lib.nsf/db900sid/SNAA-85696C/$file/SEC_2010_0422_COM_2010_0159_EN.pdf

European Commission (2010) Staff Working Document: *EU Plan of Action on Gender Equality and Women's Empowerment in Development: 2010-2015*. http://ec.europa.eu/development/icenter/repository/SEC_2010_265_gender_action_plan_EN.pdf

Reforming Public Procurement Systems for Development Effectiveness

Bodo Ellmers*, European Network on Debt and Development

Introduction

Public procurement constitutes a substantial share of gross domestic product (GDP) in all developing countries, and the largest share of government spending excluding wages. In the European Union (EU) in 2009, just 0.44% of gross national income (GNI) was provided as official development assistance (ODA), whilst public procurement accounted for 16%. For developing countries, public procurement is estimated at between 15% and 20% of GDP.

Budget support and programme-based approaches are increasingly used under the current aid effectiveness agenda, so a substantial share of public procurement in developing countries is funded through ODA. Both the Paris Declaration (PD) and the Accra Agenda for Action (AAA) assert that using country procurement systems increases the effectiveness of aid. Procurement practices have become an on-going topic for dialogue between donor and recipient governments.

Due to its economic significance, public procurement has enormous developmental, distributional, social and environmental impacts. The procurement policies and practices of both aid agencies and recipient country governments therefore need to be monitored. Until the 1980s, targeted public procurement was used in many countries as an integral part of development strategies – with varying success – in particular under import-substitution strategies in Latin America.

However, the surge of neoliberalism from the 1980s saw the international financial institutions (IFIs) imposing policies on developing countries. These included attempts to reduce interventionism and transform public procurement into a neutral act of purchase by governments.

Yet the strategic – not just administrative – function of public procurement is becoming a key element of governments' attempts to address climate change and the depletion of natural resources. In countries with severe income inequality, procurement is seen as a tool to improve social justice. The global economic crisis which started in 2008 revived procurement as a developmental instrument when governments began to inject economic stimulus funds into affected sectors to maintain productive capacities, jobs and income.

Procurement is rules-based and embedded in a policy framework which can differ from country to country. However it should always respect international rules and norms, including the International Labour Organisation (ILO) core labour standards and the United Nations (UN) Universal Declaration of Human Rights, Millennium Declaration and Millennium Development Goals (MDGs) as well as UN declarations on social development, women and sustainable development.

The vast majority of the world's nations have endorsed and/or ratified these international commitments so they should be reflected in national policy frameworks and in key

* Sylvi Rzepka provided valuable research assistance.

strategic government functions such as public procurement. In particular, key activities of international cooperation such as ODA should mirror these principles and be targeted towards their objectives.

This article outlines a framework for procurement to be development-effective. It goes on to analyse to what extent this framework is currently mirrored in development cooperation activities in the field of procurement.

Development-effective procurement

ODA is largely considered to be a North-to-South financial flow provided by rich countries to fill the capital gaps poor countries face when trying to boost development and fight poverty. The Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) databases contain very detailed information on how much ODA each donor provides, to which recipient, and in which sector. However, it is procurement at a later stage of the project cycle which decides which economic actors enjoy the profits of the contracts available.

The development effectiveness of ODA is not limited to the eventual output of a project, such as of a road or a school. It is also positively correlated to the share of ODA that flows to economic actors from developing countries in the creation of those outputs. Capital provided to local actors is injected directly into the recipient country's economy, increases turnover and profits for the firms contracted, and creates jobs and income for the people employed. Moreover, developing country suppliers are much more likely than foreign ones to spend their income and profits within the country, thus creating positive economic cycles.

Many governments have identified and used public procurement as a policy tool for advancing social, ethical and human rights goals, for mitigating regional, social or ethnic disparities, or for promoting decent work. McCrudden points out that historical examples from the North include England's late 19th century attempts to do away with sweat shops through targeted procurement, and the extensive use of public procurement for job creation under the New Deal in the United States of America (USA) of the 1930s.[1] He argues that the shortcomings of other regulatory methods and the political limits to seeing public contracting as simply a commercial activity speak in favour of using procurement as a socioeconomic policy tool.

Modern examples can be seen in post-apartheid states such as South Africa and Namibia, where public procurement has been used as an integral part of Black Economic Empowerment policies aimed at previously ethnically-disadvantaged groups.[2] The impact of ODA on poverty eradication should be higher the more contracts are awarded to actors from less developed regions or the poorest people. [3] Indicators for measuring the poverty eradication results of procurement are the number of decent jobs created for previously unemployed people, or the income increase for people who previously lived below the poverty line.

Environmental performance is becoming the next big thing in public procurement. Even from a pure economic and cost-efficiency perspective, it is widely accepted that bodies undertaking procurement need to assess the life-cycle costs of a product. While a car that consumes larger amounts of fuel might cost less to buy, the higher running costs may make it more expensive in the long-run. In public procurement, however, it is also important to consider the external costs which are ultimately borne by the public. Environmentally harmful products will have greater public costs in terms of pollution clean-up or the climate change adaptation and mitigation measures.

Beyond cost-efficiency considerations, the potential of green public procurement to transform the economy to a sustainable growth path is acknowledged. The European Commission (EC), for example, states that: "Public procurement can shape production and consumption trends and a significant demand from public authorities for 'greener' goods will create or enlarge markets for environmentally friendly products and services. By doing so, it will also provide incentives for companies to develop environmental technologies."[4]

Reforming procurement systems under the aid effectiveness agenda

The PD commits to establish mutually agreed frameworks for assessing the transparency, accountability and performance of country procurement systems (CPS). Partner countries committed to lead on procurement system reforms, and donors pledged to assist partners in strengthening CPS. Donors also agreed to avoid parallel procurement and make continuous progress in further untying aid.[5]

ODA disbursements for public financial management (PFM) have increased more than three-fold since the PD was signed in 2005 and reached US$644.5 million in 2008.[6] Most recipient countries have PFM support programmes funded by foreign donors. Lack of capacity, technical skills and accountability are usually the main constraints identified (by donors) when designing programmes for strengthening PFM and procurement systems.

Three recent Eurodad case studies conducted in Namibia, Ghana and Uganda show little indication that the knowledge transferred and capacities built consider development effectiveness principles.[7] The procurement system reforms implemented have largely followed the recommendations of donor-driven official procurement system assessments. Modules for strengthening the social or environmental components of procurement are rarely taken into account in current PFM support programmes.

The most influential assessment tools are the World Bank's (WB) Country Procurement Assessment Report (CPAR) and the Public Expenditure and Financial Accountability (PEFA) assessment, formally a joint venture by WB, International Monetary Fund (IMF), the EC and a number of bilateral donors. A third tool is the Methodology for Assessment of Procurement Systems (MAPS), which was developed for the Paris Monitoring Survey by the OECD-DAC Task Force on Procurement, a part of the OECD-hosted Working Party on Aid Effectiveness.

There have only been a few examples of developing country governments assessing their own procurement systems. Thus, donors, in particular multilateral development banks, have obtained an enormous influence on how developing countries spend their public funds. Yet most public money is not raised through ODA but through taxes, tariffs or levies contributed by their own citizens. In aid-dependent countries, and especially in countries which participated in the Heavily Indebted Poor Countries (HIPC) debt relief initiatives, the influence of externally imposed assessments in shaping procurement system reforms is particularly high.

Procurement policies or practices of open and competitive bidding are taught as best practice.

This is ostensibly this is to reduce corruption and favouritism which remain serious challenges and lead to inefficiencies and suboptimal outcomes in public service delivery. This is why the use of additional criteria than simply cost-efficiency tend to reduce the score of the assessed country, and may lead to donors cutting aid or disbursing less as budget support.

MAPS, for example, clearly states that: "the legal framework should make open competitive tendering the default method of procurement… The decision criteria for award should be based on awarding to the lowest price evaluated tender… Vague criteria (e.g. award to the tender most convenient to the interest of the state) are not acceptable." [8] It only looks favourably on: "programs to help build capacity among private companies, including for small businesses and training to help new entries into the public procurement marketplace".

Most citizens, however, would think that ensuring public monies are spent in the public interest is exactly what public service officers are supposed to do – as long as the public interest is clearly defined. Furthermore, donors and in particular multilateral development banks reveal a somewhat hidden free trade agenda when promoting liberalisation of procurement policies through training and capacity building.

An unpublished WB paper outlines the main aims of procurement reform support as to: "contribute significantly to the trade objectives, through greater openness. By adopting Bank-equivalent policies for all public procurement, countries will be less likely to use such procurement inappropriately for purposes of domestic protection... The Bank aims to ensure that there is a fair and level playing field for foreign firms to participate under procurement processes that are expected to attract international competition." [9]

The Bank's attempts to align developing country systems to its own systems fundamentally violates the ownership principle, the main aid effectiveness principle of the PD. Public procurement has been discussed within the World Trade Organisation (WTO) negotiations, and developing countries have resisted the economically advantaged nations' proposals to liberalise, highlighting the need to keep public procurement as a strategic economic policy tool.

Modules for strengthening the social or environmental components of procurement are rarely taken into account in current PFM support programmes. A donor representative interviewed by Eurodad in Uganda stressed the need to not overload the reform agenda, saying "maybe it is not the right time to be so sophisticated, the system needs to be robust first".[10] Yet this is a missed opportunity. As Sadikin argued in a case study on sustainable procurement in Indonesia: "Weaknesses of Indonesian public procurement … could also be seen as opportunity, since a conventional procurement system can be developed in parallel with sustainable procurement."[11]

It is hard to understand why donors provide huge amounts of ODA for developing "robust" procurement systems while leaving reform towards development effective procurement systems for a second round of reforms in future.

Using country procurement systems

Donors not only committed to strengthening CPS under the PD but also to using them to a maximum extent. This aims to strengthen governance in recipient countries and to put developing countries in the driver's seat. Using CPS also provides a solution for the harmonisation challenge. Donors' own procurement regulations differ, creating significant technical and bureaucratic barriers to successfully bidding for tenders. These are particularly important for small and medium enterprises (SMEs).

In the AAA, donors are obliged to use CPS as the first option. In cases when they procure through parallel implementation units, donors should promote local and regional procurement to allow local and regional firms to compete. Donors also committed to untie aid to a maximum extent and respect international agreements on corporate social responsibility.[12]

The constraints for scaling-up the use of CPS are often be found on the donor side of the development cooperation equation, a fact that is insufficiently addressed by the current aid effectiveness agenda. In some cases, donor legislation may be in conflict with developing country legislation for development effective procurement. The US Millennium Challenge Corporation's rules mean that it cannot use the CPS due to preferential treatment clauses in the Namibian Tender Board Act for local firms as well as for firms owned by previously disadvantaged groups.[13]

Much progress has been made with regards to untying aid in the follow-up to the 2001 DAC Recommendations of Untying Aid to the Least Developed Countries; however challenges remain particularly in the fields of food aid and technical assistance.[14] The US government faces legal constraints to untying food aid.[15] Technical assistance consultancies tend to be provided in kind or solely sourced from donor countries' pools of pre-qualified professionals.[16]

Despite donors committing to use CPS as the first option and not to establish new parallel project implementation units, parallel procurement by donors remains quite persistent. Assessing the results of procurement is a challenge since donors are not obliged to report on contract awards in a systematic way that allows assessment of the development effectiveness of donor's parallel procurement. However, the Danish Institute for International Studies analysed a sample of 327 aid contract awards and found that 201, or 61.5%, were awarded to firms in the donor country that provided the ODA. A further 24 went to other DAC countries' firms, and only 102 to firms from developing countries in which development projects are actually implemented. [17]

These results clearly demonstrate that donors still intentionally or unintentionally favour their own firms when procuring goods and services even now that most aid is formally untied. There is still a lack in transparency in tendering; tenders often come with pre-qualification criteria which Southern firms can hardly meet, and project sizes may often be too big for SMEs from Least Developed Countries. Since companies from developing countries still remain largely excluded, the full potential developmental impact of ODA is reduced. A large share of ODA is actually not an inflow to developing countries but a roundflow – funds that flow from Northern budgets to Northern firms.

Furthermore, Eurodad's case studies found that the UN is almost an exception in using social or environmental criteria to influence parallel procurement on the ground. The UN is "increasingly attentive to promoting environmentally and socially sustainable development through its procurement" and two-thirds of UN agencies are reporting on sustainability in procurement.[18] The German Bank for Reconstruction (KfW) also expects that contractors respect the ILO conventions ratified by the country in which a project is implemented. KFW officials do not, however, systematically monitor compliance.

Procurement policies in the North

Comparing procurement policies of donors at headquarters and in the field reveals that they use double standards. Most donors apply social and environmental considerations in their own procurement policies that they would not and do not accept in developing countries. For example, most donors have clear gender balance targets for their own staff – but gender considerations do not play a role when consultancies are procured in the field.

The WB prints its World Development Reports on environmentally-friendly, certified paper. This paper is not the cheapest nor of better quality than cheaper alternatives. Still, the WB has decided that this paper represents the best value for money by taking into account other factors such as the external environmental costs and maybe its own reputation. Thus the WB preaches a different value for money interpretation in the field than the one it practices at home in Washington.

The EU has acknowledged that its non-aid policies can have a significant impact on development and poverty eradication in regions outside Europe. Since 2005, it has had a political framework on Policy Coherence for Development that states: "ODA must be complemented by other financial sources. Harnessing the development potential of these additional financial flows depends on efforts by developing countries and by their external partners such as the EU to design development friendly policy frameworks." [19]

The EU's own public procurement is such a source. Public procurement accounts for 16% of GNI in the EU or almost 40 times the amount provided by EU member states as ODA. Reforms in the EU's procurement policies and practices could have a much larger impact on development effectiveness than the ODA it provides. However, the twelve areas the EU has identified for development policy coherence do not include public procurement. Initial attempts are being made to green public procurement in the EU and thereby reduce the EU's environmental impact, but revamping the EU's public procurement to maximize its developmental impact has yet to started. EU governments and institutions need to do their homework to find ways to increase the share of goods and services that it procures from providers based in developing countries.

Conclusions

Public procurement is a central element in governments' policy toolbox to promote development effectiveness – not just economic development but also social equity, environmental sustainability and human rights.

The aid effectiveness agenda has pushed for public procurement reform. However, the assessment tools for public procurement systems neglect the social and environmental components of procurement. The reform path promoted by donors and multilateral development banks emphasise further liberalisation and a value-for-money definition that ignores the developmental, social and environmental impact of public procurement.

Furthermore, through their advice and assistance to procurement reforms, foreign donors and development banks influence how public funds in developing countries are spent far beyond the small share they contribute through budget support and other ODA. This is a serious threat to recipient countries' sovereignty and is counterproductive to the aims of the PD and AAA.

To exploit the full potential of public procurement for development, the principles of development effectiveness need to be mainstreamed in all procurement-related dimensions of development cooperation. To make public procurement work for development, these principles need to be fully implemented in the public procurement policies of both developing and developed countries.

Endnotes

1 McCrudden, Christopher (2009): Buying social justice: using public procurement to advance social, ethical and human rights goals, in: 2008 Annual Statistical Report on United Nations Procurement. Sustainable procurement supplement, (New York): UNOPS; p.9-10.

2 Eurodad Namibia study (2010): "Targeting Development. Procurement, tied aid and the use of country systems in Namibia"; p. 21.

3 Chinnock, Jeffery / Sarah Collinson (1999): Purchasing Power. Aid untying, targeted procurement and poverty reduction; London: ActionAid UK.

4 Commission of the European Communities (2008): Public procurement for a better environment, COM (2008) 400 final, Brussels: European Commission

5 PD § 19-31.

6 OECD-DAC CRS database.

7 Eurodad Ghana study (2010): For whose gain? Procurement, tied aid and the use of country systems in Ghana; Eurodad Uganda study (due 2010): Procurement, tied aid and the use of country systems in Uganda Eurodad Namibia study (2010): "Targeting Development. Procurement, tied aid and the use of country systems in Namibia".

8 OECD (2010): Methodology for Assessing Procurement Systems (MAPS), Paris: OECD.

9 World Bank (2009): Use of Country Procurement Systems in Bank-supported Operations. Proposed piloting program, Board Document R2008-0036/1, Washington DC: World Bank (unpublished)

10 Eurodad Uganda study (2010).

11 Sadikin, Susy Rizki (2009): Sustainable Procurement in Indonesia, in: 2008 Annual Statistical Report on United Nations Procurement. Sustainable procurement supplement, (New York): UNOPS; p. 16-17

12 AAA § 15, 18.

13 Eurodad Namibia study (2010).

14 Clay, Edward J., Matthew Geddes and Luisa Natali (2009): Untying Aid: Is it working? An Evaluation of the Implementation of the Paris Declaration and of the 2001 DAC Recommendation of Untying ODA to the LDCs, Copenhagen: Danish Institute for International Studies.

15 Southern Aid effectiveness Commission (2010): Towards more effective aid. Report of the Southern Aid Effectiveness Commission; Brussels/Manila: Eurodad/ Reality of Aid.

16 ActionAid International (2006). Real Aid 2. Making Technical Assistance Work. Johannesburg: ActionAid International.

17 Clay/Geddes/Natali (2010).

18 United Nations (2009): 2008 Annual Statistics Report on United Nations Procurement; UNOPS

19 Commission of the European Communities (2009): Policy Coherence for Development - Establishing the policy framework for a whole–of–the-Union approach, COM (2009) 458 final, Brussels: European Commission.

Chapter 4
Global Aid Trends and OECD Reports

Crisis Management: An Analysis of Global Aid Trends

Brian Tomlinson, Reality of Aid Network Management Committee

Summary Messages

Section A: Governments missing their aid quantity targets

With just five years remaining to realize the Millennium Development Goals (MDGs), donor aid performance has stalled. Official aid levels in 2010 are expected to fall far short of the pledges made in 2005. If all donors had honored their long-standing commitment to provide 0.7% of their gross national income (GNI), aid in 2009 would have been US$272 billion, providing significant resources for the poorest countries to achieve goals in health, education, and environmental sustainability.

1. **Official development assistance (ODA) was US$119.6 billion in 2009**, down from its record level of US$122.3 billion in 2008. Several governments even significantly reduced their ODA in 2009 such as Germany, Italy, Ireland and Austria.

2. **ODA performance as a proportion of gross national income (GNI) rose to 0.31% in 2009**, increasing very slightly between 2008 and 2009 only because of a 3.5% decline in collective donor GNI. If GNI had grown at the same average rate of previous years, donors would have had to produce US$9.2 billion in extra aid to hit this 0.31% level.

3. **ODA falls far short of commitments.** All donor governments, except the United States (US), are committed to the longstanding 0.7% ODA/GNI United Nations (UN) target and in 2005 most donors made additional pledges for 2010. Several major donors are however far off-track to meet their 2010 pledges, and total Development Assistance Committee (DAC) ODA will fall about US$20 billion short of the US$145 billion that would have resulted from implementing donors' 2005 commitments.

4. **"Real ODA" is less than half the United Nations (UN) target ODA level.** "Real ODA" is an estimate of ODA available for allocation to development and humanitarian assistance. It is calculated by subtracting debt cancellation and the costs of spending on Southern refugees and on students arriving in donor countries from reported ODA. Reality of Aid estimates 2009 "real ODA" at US$112.7 billion, which is only 0.29% of donors' GNI or performance far removed from the UN target of 0.7%.

5. **Aid commitments are affordable despite the economic crisis.** In 2008, the amount of aid was equivalent to just 1.8% of total donor government revenues which was below the 2% level in 1990. Aid per donor country citizen was only US$118. With political will, donor commitments are affordable.

Section B: The Quality of Donors' Aid Performance

Despite commitments made in the Paris Declaration on Aid Effectiveness and the

2008 Accra Agenda for Action (AAA), donor performance in targeting human development goals, gender equality and the poorest countries in Africa has improved only marginally since 2005. In their actual aid allocations and practices, donors are giving only slightly increased priority to poverty reduction and strengthening the rights of the poor. They are still largely failing to transfer leadership on aid to developing country partners. Donors are only beginning to understand the importance of changing a highly unequal aid architecture, and have not yet tabled any proposals for reform. They also have yet to agree to meet their obligations to finance climate change with resources additional to aid and to reduce Northern-driven technical assistance and policy conditions.

1. **Donors have generated only modest new aid resources for human development goals and foreign policy concerns have driven donor aid increases since 2000.** At the Millennium Summit in 2000 governments pledged "to spare no effort" to reduce poverty. Yet only 42% of new aid dollars (above the level reached in 2000) has been spent on human development goals. The remainder has been allocated to increased support for debt cancellation, support for refugees in donor countries, and to Iraq and Afghanistan in support of foreign policy objectives.

2. **Aid has largely failed to prioritise global public goods and the MDGs.** Since the Millennium Summit in 2000, aid has largely failed to focus on public goods such as education, health, food security, and poverty reduction. Reality of Aid's proxy indicator for aid commitments to the MDGs, measured as a percentage of sector-allocated aid, has hardly changed since 1995.

3. **Bilateral humanitarian assistance continues to grow as a proportion of "real aid".** Bilateral humanitarian assistance amounted to 8.3% of "real aid" in 2008, from a low of 2.1% in 1990 and then 4.5% in 2000, with increasing amounts of humanitarian assistance directed to Sub-Saharan Africa. Donors must demonstrate "good humanitarian donorship" in the allocations and practices in responding to humanitarian emergencies.

4. **Gender equality remains largely invisible in donor aid activities.** Only 4.1% of official aid funding goes to activities where gender equality is stated as a "principal objective", with a mere US$2.1 billion in such spending reported by DAC donors for 2007 and 2008. Also, support to organizations and institutions working on women's equality amounted to only US$411 million out of total ODA of US$122 billion.

5. **Donor-driven technical assistance remains a primary aid modality.** Donor-directed technical assistance continues to make up at least one-third of all DAC bilateral aid. Donors should respect country ownership and reduce this. Technical assistance should be Southern-led, utilise Southern technical skills and strengthen Southern-determined capacity needs.

6. **Donors will short-change Sub-Saharan Africa by at least US$14 billion compared to their pledges for 2010.** Donor governments have reneged on their 2005 Gleneagles commitment to provide an additional US$25 billion a year to Sub-Saharan Africa by 2010. By 2010, total donor aid to Sub-Saharan Africa is expected to be only US$36 billion against a target of US$50 billion.

7. **Most donors are reneging on a pledge that financing for climate change must**

be additional to ODA. Donors must reaffirm that all financing for climate change adaptation and mitigation will be additional to their obligation to provide 0.7% of their GNI for ODA. In Cancun in December 2010, donors should commit US$100 billion annually in public financing for adaptation to climate change. This money must be channelled via a global Climate Change Fund that operates democratically under the authority of the UN Framework Convention on Climate Change's Conference of Parties. Climate change financing must focus on the most vulnerable, particularly women, taking account of international human rights standards as well as of development effectiveness principles.

8. **Donors have not improved country ownership and leadership on bilateral aid.** Despite strong donor rhetoric to give priority to country ownership and leadership on aid decisions, less than 45% of bilateral aid was available for programming at the country level in 2008. This counts aid minus funds that remain under donor control (i.e., debt cancellation, Northern-driven technical assistance, etc.).

9. **Slow progress in untying bilateral aid.** Most donor governments have reported that they have untied their bilateral aid from their national contractors – yet informal tying of aid to donor country contractors is prevalent and remains a common practice.

10. **Donors continue to impose policy conditionality.** Donors continue to determine policies in aid-dependent poor countries particularly through requirements for compliance with International Monetary Fund (IMF) and World Bank (WB) program conditions. This undermines the rights of poor and marginalised populations. Reality of Aid calls for an end to policy conditionality and supports an approach to policy dialogue and mutual aid agreements based on shared obligations derived from international human rights law.

11. **Aid architecture reforms are urgently needed.** The number of channels of official donor ODA has dramatically increased, alongside growing financial flows from Southern country donors and civil society organizations. This has significantly increased transaction costs for recipient governments and further reduced the potential for citizens in the poorest countries to achieve real democratic ownership in support of local and country-determined priorities.

Section A: Governments missing their aid quantity targets

In 2000 all governments vowed at the United Nations (UN) Millennium Summit to "spare no effort to free our fellow men, women and children from the abject and dehumanising conditions of extreme poverty". Aid in 2009 was more than double aid levels in 2000, but still far below the US$272 billion that would represent donors meeting the UN target of 0.7% of gross national income (GNI).

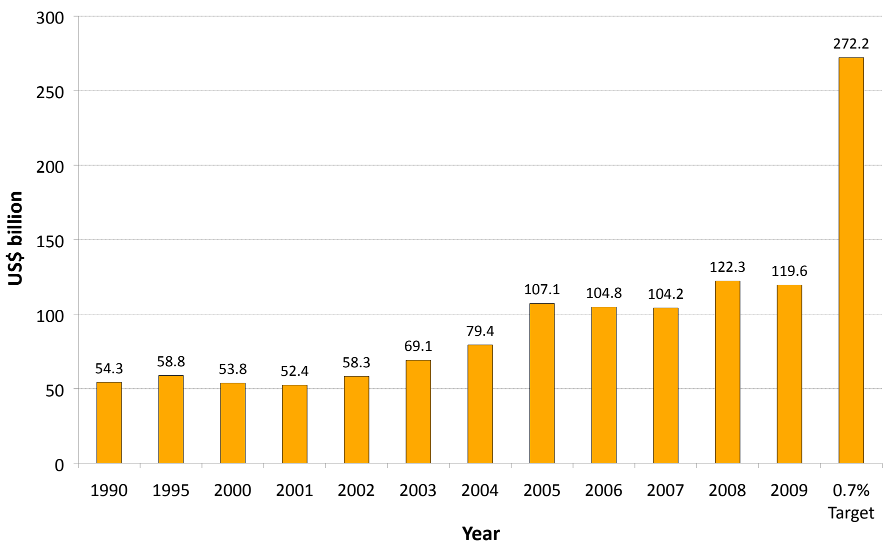
After a significant increase to a record US$122.3 billion in 2008, official development assistance (ODA) declined to US$119.6 billion in 2009. These figures are spelled out by the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD). (**See Chart 1**) ODA performance against donors' GNI remains weak. The ratio of ODA to GNI rose to 0.31% in 2009 but this is still not even half of the UN target. (**See Chart 2**) This is a significant improvement over the low of 0.22% in 2000 but remains lower than the level of 0.33% in 1990, the base year for the Millennium Development Goals (MDGs), and of 0.32% in 2005.

Aid from the United States (US), the world's largest donor government, increased by nearly US$2 billion in current dollars to US$28.7 billion. Other major donors however reduced their aid significantly – Germany by more than 14%, Italy by 32% and Austria by 33%. European Union (EU) ODA as a whole fell by more than 5% in current dollars, from US$71.0 billion in 2008 to US$67.1 billion in 2009. The ratio of EU ODA to GNI is at 0.44% and the EU is now very unlikely to achieve its collective target of 0.56% by 2010. Although a number of EU countries, notably the United Kingdom (UK) and perhaps Spain, continue to increase their aid and are on track to meet their performance goals.[1]

"Real aid" rose slightly in 2009 – defined by Reality of Aid as reported ODA minus debt cancellation and the costs of spending on Southern refugees and on students arriving in donor countries. Official OECD DAC reporting rules allow donors to report the full value of debt cancellation in the year that it is cancelled.[2] Civil society organisations (CSOs) have campaigned for full and unconditional debt cancellation for more than two decades. The long term value of debt cancellation for heavily indebted countries is incalculable. Indeed, donors promised at the 2002 UN Financing for Development Conference to make debt cancellation additional to ODA.[3] However, in practice developing countries only reap a small benefit each year in forgone principal and interest payments.

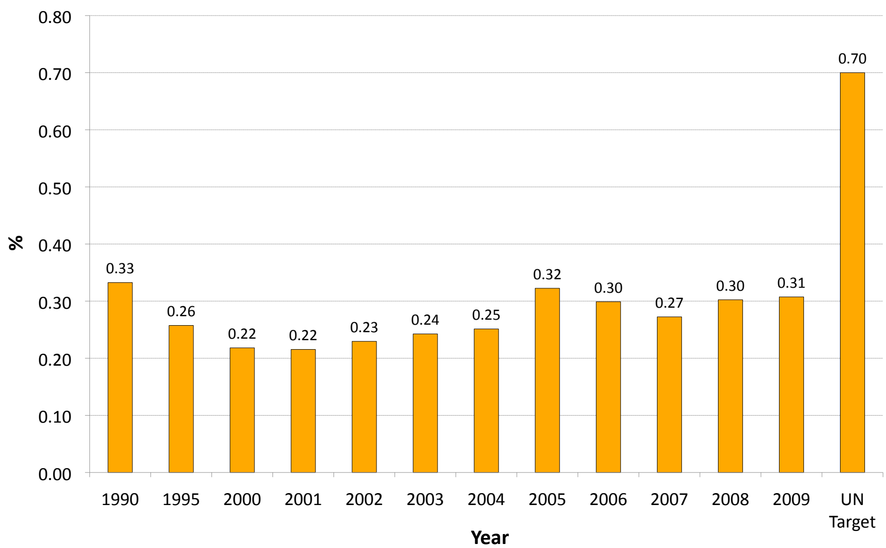
Several donors also continue to provide ODA in the form of concessional loans, further deepening the long term debt of already heavily indebted countries. Many bilateral donors provide all

Chart 1: DAC Donor ODA, 1990-2009 (US$ billion, current US dollars)



Source: DAC1 Dataset Official and Private Flows

Chart 2 : DAC Donor ODA, 1990-2009 (% of DAC Gross National Income)



Source: DAC1 Dataset Official and Private Flows

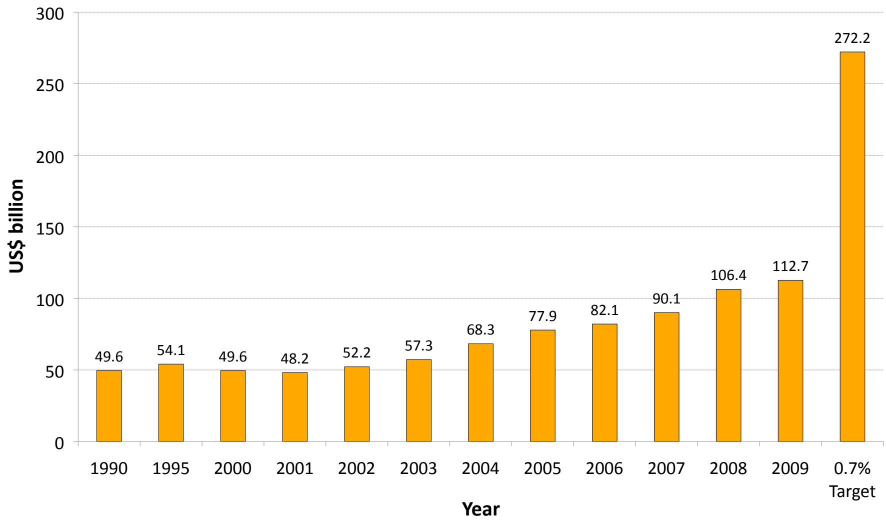
their ODA as grants. But in 2008 DAC and multilateral donors still cumulatively provided a total of US$16.9 billion (2007 constant dollars) in ODA loans. This is a marked increase from the eight-year annual average of US$10.4 billion from 2000 to 2007. The DAC preliminary analysis of 2009 aid suggests that aid in the form of loans increased by 20% in that year. The highest levels of bilateral ODA loans in 2008 were provided by Japan (US$9.1 billion), France (US$3.3 billion) and Germany (US$2.1 billion), all of which increased this form of financial transfer considerably compared to previous years. The WB's International Development Association (IDA) window provided US$8.6 billion in loans and the European Commission (EC) another US$2.3 billion. Developing countries continue to face a heavy burden of interest and principal payments from previous loans. They paid bilateral donors US$3.4 billion in 2008, with a cumulative total of more than US$27 billion in payments since 2000.[4]

The DAC rules also allow donors to count as ODA their support for refugees for their first year of residence in donor countries, as well as an estimate for the education infrastructure costs associated with developing country students studying in donor countries.

While these three areas of government spending are all legitimate and valued in their own right, the Reality of Aid Network and many other CSOs do not consider these to be legitimate ODA expenditures. The calculation of "real aid" discounts these three components and represents dollars that were available for aid transfers to developing countries.[5]

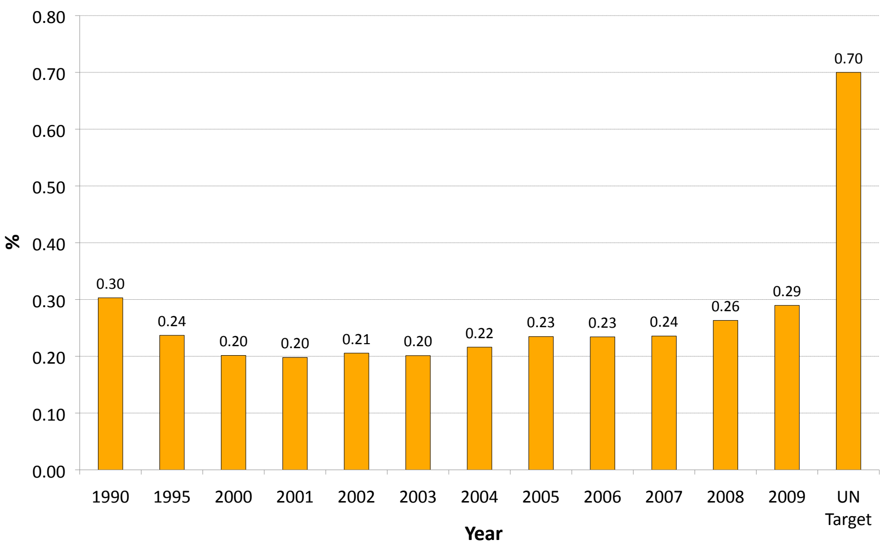
"Real aid" was US$112.7 billion in 2009 or a 5.9% increase from 2008. (**See Chart 3**) "Real aid" was equivalent to 0.29% of donor GNI in 2009. This was a modest improvement from the average of 0.23% in the period 2005-2007 when there were very large amounts of debt cancellation included in ODA. (**See Chart 4**)

Chart 3: DAC Donor "Real ODA", 1990-2009 (US$ billion, current US dollars)



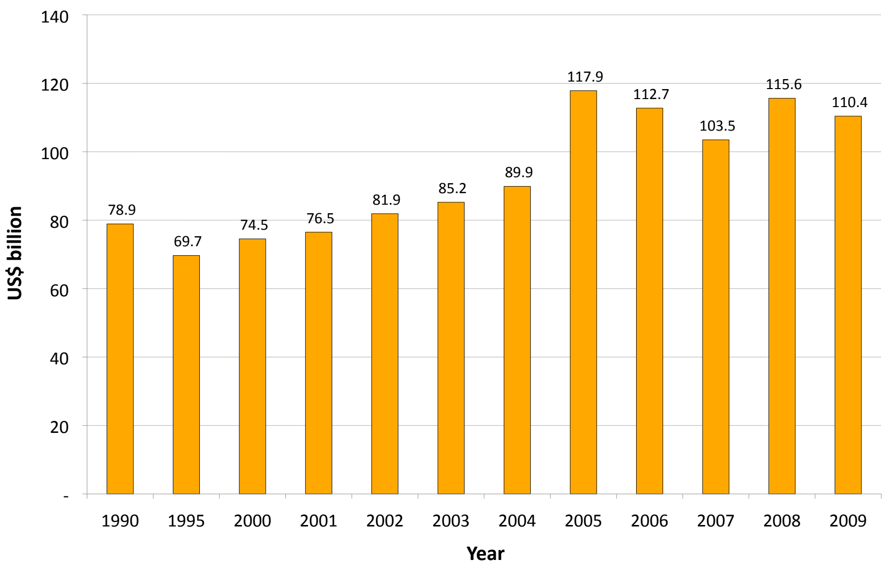
Note: "Real ODA" removes debt cancellation and costs of refugees and students in donor countries
Source: Reality of Aid estimates on data from DAC1 Dataset Official and Private Flows

Chart 4: DAC Donor "Real ODA", 1990-2009 (% of DAC Gross National Income)



Source: Reality of Aid estimates on data from DAC1 Dataset Official and Private Flows

Chart 5: DAC Donor ODA, 1990-2009 (US$ billion, constant 2007 US dollars)



Source: DAC1 Dataset Official and Private Flows

When comparing ODA levels of different years, it is important to take account of the impact of inflation and US dollar exchange rates. The DAC has produced "deflators" for each year relative to 2007 – that is, the amount of goods and services that could be purchased with the aid level in these years if the US dollar was at its same value as in 2007. When 2009 ODA performance is examined in constant 2007 US dollars, Reality of Aid notes the following:

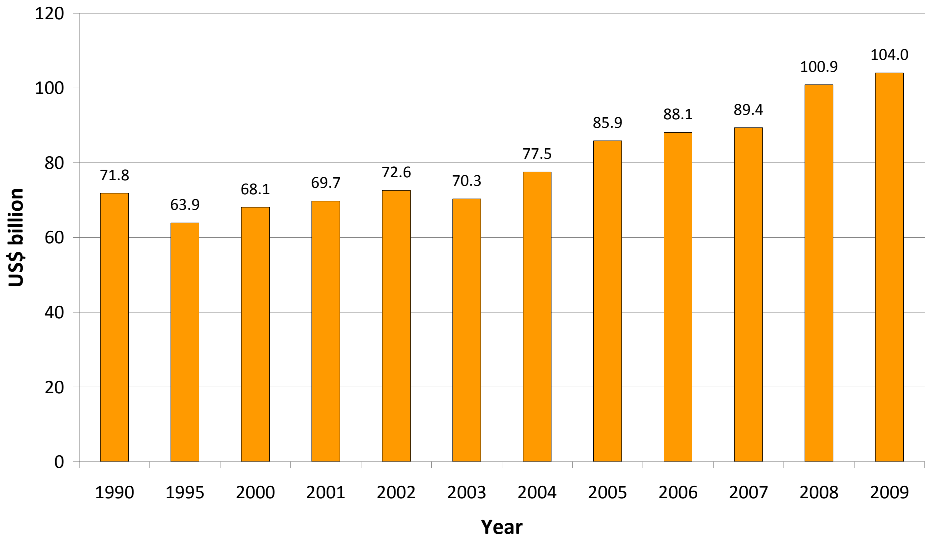
- Total DAC donor ODA in 2009 was 4.5% less than in 2008.[6] (**See Chart 5**)
- "Real ODA" increased by 53% between 2000 and 2009. (**See Chart 6**)

In summary, donors made significant progress in overall ODA levels during the last decade, including on "real aid". However the increases have not kept pace with needs nor with pledges. In 2005 many governments, mostly European, committed to improve their ODA performance and set ODA/GNI ratio targets for 2010 and 2015. Proportional aid levels have been sustained in 2009 although aid volume increases have been affected by the reduced economic growth in richer countries. Nominal economic growth was negative 3.5% in 2009. If, for example, growth had instead been maintained at the previous annual average of 5% and assuming the same donor performance ratios, ODA in 2009 would have been approximately US$9.2 billion higher.

1. Expected ODA for 2010 falls far short of 2005 Gleneagles commitments.

At the Accra High Level Forum in September 2008, donors agreed to increase the medium-term predictability of aid by providing developing countries with "regular and timely information on their rolling three- to five-year forward expenditure and/or implementation plans".[7] The predictability of expected aid resources is essential for developing country governments to be able to plan annual budgetary expenditures. This in turn requires donor governments to meet their stated public goals for aid increases.[8]

Chart 6: DAC Donor "Real ODA",1990-2009 (US$ billion, constant 2007 US dollars)



Source: Reality of Aid estimates on data from DAC1 Dataset Official and Private Flows

What did donors promise at the 2005 Gleneagles G7 Summit? Already, five out of twenty-two DAC donors provide more in aid than the UN goal of 0.7% of their GNI: Norway, Sweden, Denmark, Netherlands and Luxembourg.[9] An additional five European donors committed to achieve the UN goal on or before 2015: Belgium, France, Ireland, Spain and the United Kingdom. Another five European donors committed to raise aid to 0.51% of their GNI by 2010: Austria, Finland, Germany, Italy, and Portugal. Greece deferred its 0.51% target to 2012.

Australia targets 0.50% by 2015 with an interim target of 0.37% in 2010. Canada has a target to double "international assistance" by 2010, with the DAC estimating that this will be 0.33% of Canada's GNI in that year. As a candidate, US President Barack Obama promised to double US aid to US$50 billion by 2012. This has now been postponed to the second presidential term and the 2010 US federal budget will increase foreign assistance by 10%, with proposals for the 2011 budget outlining further significant increases.[10] The DAC estimated that if donor governments were on track with their 2010 commitments ODA would be US$145 billion (in 2008 dollars) or 0.36% of GNI.[11]

How have the commitments been affected by the global financial crisis? Even prior to the financial crisis, several donors were already far off-track in achieving their 2005 commitments. In early 2010 the European Commission stated that 14 out of 27 EU donors cut ODA in 2009, and that they expect 17 out of the 27 to fail to meet their 2010 targets. The DAC estimates that several major donors will fall well short of their targeted performance including Austria, Germany, Italy and France.[12] (**See Table 1**)

At the 2009 Ministerial Meeting of DAC, donors pledged to maintain their aid commitments irrespective of the impact of the financial crisis

Table 1: Post-Finance Crisis Changes in DAC Donor ODA for 2009 and 2010

Donor	2008 ODA		2009 ODA (Preliminary)		DAC 2010 ODA Projection	Target Ratio for 2010
	% of GNI	US$ million	% of GNI	US$ million	% of GNI	% of GNI
European Union (EU) Members						
Austria	0.43	1,714	0.30	1,146	0.37	0.51
Belgium	0.48	2,386	0.55	2,601	0.70	0.70
Denmark	0.82	2,803	0.88	2,810	0.83	0.80
Finland	0.44	1,166	0.54	1,286	0.56	0.70
France	0.39	10,908	0.46	12,431	0.46	0.61
Germany	0.38	13,981	0.35	11,982	0.40	0.51
Greece	0.21	703	0.19	607	0.21	0.51
Ireland	0.59	1,328	0.54	1,000	0.52	0.60
Italy	0.22	4,861	0.16	3,314	0.20	0.51
Luxembourg	0.97	415	1.01	403	1.00	1.00
Netherlands	0.80	6,993	0.82	6,425	0.80	0.80
Portugal	0.27	620	0.23	507	0.34	0.51
Spain	0.45	6,861	0.46	6,571	0.51	0.59
Sweden	0.98	4,732	1.12	4,546	1.01	1.00
United Kingdom	0.43	11,500	0.52	11,505	0.60	0.59
Non-EU Members						
Australia	0.32	2,954	0.29	2,761	0.35	0.36
Canada	0.32	4,785	0.30	4,013	0.33	0.33
Japan	0.19	9,579	0.18	9,480	0.18	0.22
New Zealand	0.30	348	0.29	313	0.32	0.28
Norway	0.88	3,963	1.06	4,086	1.00	1.00
Switzerland	0.42	2,038	0.47	2,305	0.47	0.41
United States	0.19	26,842	0.20	28,665	0.19	0.18
South Korea	0.09	802	0.10	816		
Total DAC	**0.30**	**122,296**	**0.31**	**119,573**	**0.32**	**0.36**

Source: DAC Statistics and DAC, "DAC Members' Commitment and Performance: Summary Table of OECD Secretariat Projections [2010]", February 15, 2010 and DAC, "Net Official Development Assistance in 2009, Preliminary Data for 2009", April 14, 2010.

on their economies and government revenue but these pledges have been disregarded. Other countries such as Belgium and Spain were considered "on target" by the DAC but their 2009 performance now makes this seem unlikely.

According to the DAC's April 2010 analysis, DAC donors as a group will fall some US$20 billion short of their 2005 Gleneagles commitment to increase aid by US$50 billion between 2005 and 2010.[13] The DAC projects that Africa will receive only about US$11 billion of the US$25 billion a year in aid increases that it was promised. Based on OECD projections for donor GNI, and on estimates by Reality of Aid and the DAC, total ODA for 2010 will be approximately US$126 billion. If GNI had grown by 5% per year in 2009 and 2010, and if donors had met their 2010 commitments, ODA should be at some US$160 billion in 2010. The DAC's 2010 *Development Cooperation Report* recommends that future aid commitments include specified year-on-year increases to improve predictability and accountability.[14]

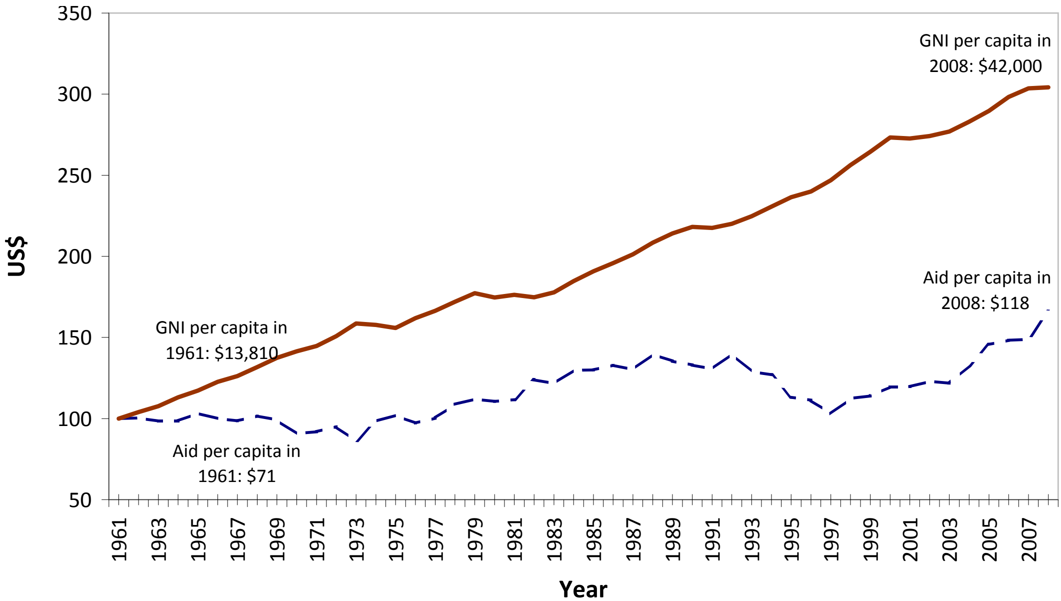
2. Aid commitments are affordable despite the economic crisis.

From the last quarter of 2008, people across the globe have been severely affected by the most severe and pervasive economic crisis since the Great Depression. No donor country has been spared the consequences of a systemic failure to regulate and supervise banks and financial markets in the US and Europe. Most donor countries had negative economic growth in 2009, according to the OECD. Industrial countries have countered the downturn by spending trillions of dollars in rescue packages. The Brookings Institute suggests that the world will be 7.2% poorer in 2013, in terms of global economic output, than suggested by a pre-crisis five-year economic outlook.[15]

The poorest countries in the South are the victims and not the culprits of this financial crisis. They have been severely affected through lower trade and investment volumes, volatile commodity prices, and falling remittances from migrants living in donor countries. These crisis effects have compounded systemic crises of endemic poverty, worsening food security and the ecological consequences of climate change. Long after Northern economies recover, the poorest developing countries will still be dealing with the impacts on their vulnerable populations. Women are among the worst affected given their significant roles in agriculture, export zone manufacturing, and service sectors.

Donor governments clearly have strong moral and ethical obligations to meet their aid commitments. But do these worsening economic conditions affect donor governments' capacity to honor them? Some severely affected donor countries such as the UK look likely to honor their commitments. As a proxy for the ability to pay, the Reality of Aid has been tracking the long term trend in aid and GNI per capita growth in donor countries in its bi-annual Reports. There is a widening gap between wealth in donor countries and per capita aid allocations, particularly since the early 1990s. (**See Figure 1**) Reality of Aid notes that:

Figure 1: The Growing Gap Between Donor Wealth and "Real Aid", 1961-2008
(GNI per capita and real aid per capita, 1961=100, constant 2007 US dollars)



Source: Reality of Aid

- Donor GNI per capita grew by some US$600 per year between 1961 and 2008 (from US$13,810 to US$42,000), while aid per donor country inhabitant increased by just US$1 per year over the same period (from US$71 to US$118).
- Donor GNI per capita grew by US$28,200 or more than 200% over the last 48 years, while aid per capita has grown by only US$47 or 66%.
- Aid per capita as a percentage of GNI per capita has dropped from 0.5% in 1961 to less than 0.3% in 2008.

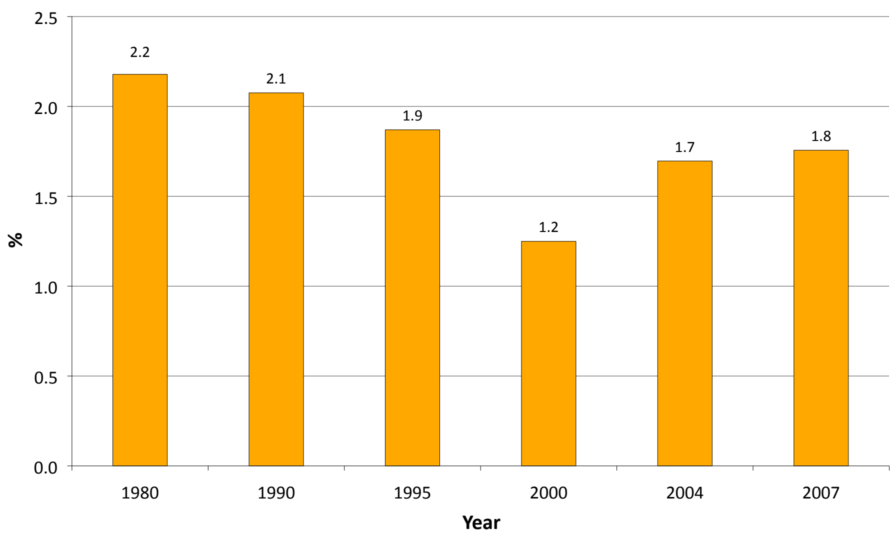
Another important measure of current capacity and political will to meet commitments is the trend in aid as a proportion of government revenue. (**See Chart 7**) In 2007, "real aid" was 1.8% of government revenue which was well above the low of 1.2% in 2000 but still lower than the 2.2% level in 1980 and 2.1% in 1990. If government revenues in 2009 fall by 3.5% below its 2007 level and if "real aid" remains at 2008 levels of US$100 billion, the ratio increases marginally to 2% which is still less than the 2.1% in 1990.

Public opinion in many donor countries remains strongly encouraging for governments to implement their commitments. For example, a Eurobarometer public opinion poll in June 2009 found that 90% of Europeans still believe that development is important, more than 70% agree that the EU should keep its promises, and 24% agree to increase aid beyond what has been promised.[16]

3. Foreign policy concerns have driven donor aid increases since 2000, with only modest new resources available for human development goals.

At the beginning of the last decade, the international community vowed in the Millennium Declaration to "spare no effort" to realise human rights and reduce poverty. The value of aid in

Chart 7: Real Aid as a Percentage of DAC Donor Federal Tax Revenue, 1980-2007 (%)



Note: Aid is net of debt relief grants and support for refugees in donor countries
Source: OECD Statistical Reports on Tax Revenues

2007 dollars increased by 55% between 2000 and 2008, from US$74.6 billion to US$115.6 billion. By 2008 donor governments had cumulatively disbursed US$265.6 billion additional aid dollars above what they had allocated in 2000.[17] But not all of these new aid dollars should count towards the Millennium commitment to human rights for poor and marginalised people. This is the case for increased aid spending since 2000 on debt cancellation grants, support for refugees and students, and allocations based on foreign policy interests of donor governments to Iraq, Afghanistan and Pakistan. (**See Table 2**)

Nevertheless there have been some improvements recently. In 2006, only 28% of new aid dollars each year from the year 2000 were available for the MDGs – but this increased to 42% by 2008 because of aid increases and less amounts going to debt cancellation. Debt relief grants over the period 2000-2009 totaled US$91.3 billion, accounting for 10.5% of all new aid disbursements of US$870.9 billion. The share of debt relief in ODA peaked at 23.3% in 2005, before falling to 9.0% in 2008 and then 2.1% in 2009. (**See Chart 8**)

The country allocation of ODA has also been skewed by post 9/11 'war on terror' foreign policy, particularly to Iraq, Afghanistan and Pakistan. The proportion of ODA (excluding debt cancellation) allocated to these three countries has markedly increased since 2001, peaking at 13.5% in 2005 and still remaining at 7.7% in 2008. (**See Chart 9**) From 2000 to 2008 a cumulative total of US$46.2 billion, or 17% of all new aid resources since 2000, were devoted to these three countries. This was primarily driven by the foreign policy interests of the key donors involved in the wars.

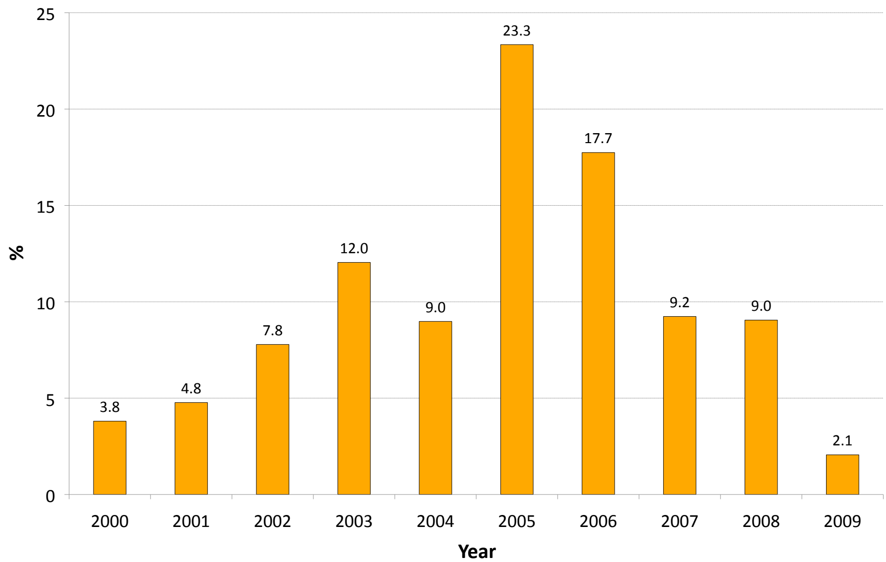
The allocation breakdown of the US$265.6 billion in new aid dollars includes increased support for refugees in donor countries (US$3.9 billion), for support to developing country students studying in donor countries (US$7.8 billion) and for additional humanitarian assistance (US$25.5 billion). (**See Table 2**) Almost 60% of additional

Table 2: Allocation of New Aid Dollars, 2000-2008 (US$ billion, constant 2007 dollars)

Total Net New Aid Dollars since 2000		**265.6**
Minus:		
Non-Aid Items		82.1
Of which:		
Additional Debt Cancellation	70.4	
Additional Support for Refugees	3.9	
Additional Imputed Student Costs	7.8	
Additional Humanitarian Assistance		25.5
Additional to Pakistan, Afghanistan & Iraq		46.2
New aid dollars for potential use in poverty reduction / MDGs and other development programs over 8 years		**111.8**
Percentage of Total New Aid Resources (%)		**42.1**

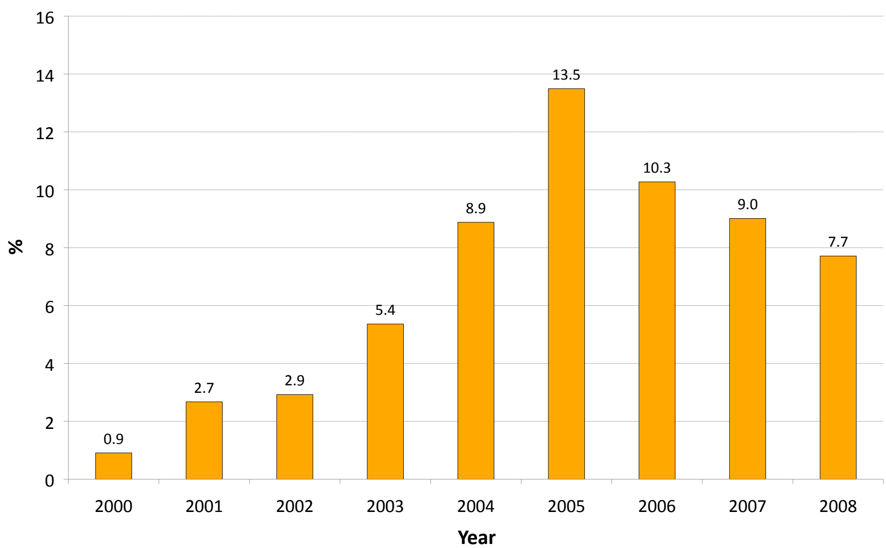
Source: Reality of Aid calculations based on DAC1 Dataset and DAC2 Dataset, 2000 to 2008, constant 2007 US dollars. New aid resources in each of these years are compared to aid levels in 2000. Similarly, the deductions made from total new aid resources are compared to levels in 2000.

Chart 8: Debt Relief Grants as a Percentage of ODA, 2000-2009 (%)



Source: DAC1 Dataset Official and Private Flows

Chart 9: Aid to Afghanistan, Iraq and Pakistan as a Percentage of Total "Real ODA", 2000-2008 (%)



Source: Reality of Aid estimates on data from DAC2a Dataset aid programmed since 2000 has gone towards donor foreign policy interests in Iraq, Afghanistan, and Pakistan and to increases in debt relief grants, plus support for students and refugees in donor countries. Increased debt relief grants in ODA between 2000 and 2008 amounted to US$70.4 billion, some 26.5% of all new aid disbursements in these years. Debt cancellation is often strongly linked to donor foreign policy interests – for instance, fully 70% of debt grants in these eight years were for Iraq, Nigeria, Pakistan and Afghanistan (US$48.9 billion). Overall, too few new aid dollars have been made available for more effective investment in poverty reduction and achieving the MDGs.

Section B: Aid allocation, aid quality and development effectiveness

Donors have committed to improve aid effectiveness, prioritise poverty reduction, strengthen the rights of the poor, and transfer leadership to developing country institutions. What has their record been on delivering these?

1. Aid allocation to poverty reduction priorities has not grown substantially since 1995.

The introduction of the Millennium Goals in 2000 has had a profound impact on donor discourse for aid as well as on stated poverty reduction strategies in many developing countries.[18] But has the increased availability of aid dollars, particularly since 2007, amounted to a concerted effort to reduce poverty and achieve the MDGs? Donors unfortunately do not track the allocation of aid to specific goals.

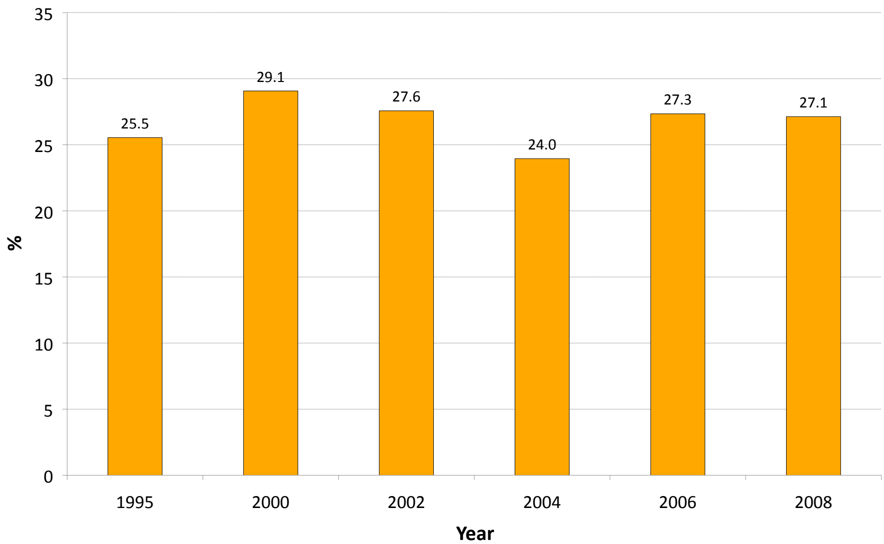
Reality of Aid, however, has created a proxy indicator to track donor support for the MDGs which demonstrates that the percentage of sector-allocated ODA going towards the MDGs actually increased very little from 25.5% in 1995 to 27.1% in 2008. [19] (**See Chart 10**). The absolute amount of aid allocated to MDG-related sectors grew by 87% since 2000 (measured in constant 2007 dollars) – with most of the increases occurring since 2005 – but the increase in its share is negligible because total aid has also grown significantly during this period.

Accordingly, there is no evidence that donors have lived up to their commitment in the Millennium Declaration to “spare no effort” by devoting an increasing proportion of their aid dollars to tackle the MDGs. It is therefore not surprising that most MDGs remain elusive in most developing countries, particularly in Sub-Saharan Africa.

The 2009 *Millennium Development Goals Report* suggests that progress has been made on many of the targets as set against their 1990 benchmark.[20] Poverty levels have fallen from 50% of total developing country population to 25% in 2005. The international community is on track to achieve a halving of the proportion of people in extreme poverty by 2015. But the Report also points out that this means that the number of people living in extreme poverty has fallen only from 1.8 billion in 1990 to 1.4 billion in 2005, with the likely prospect that between 55 million and 90 million have been added to those living on less than $1.25 a day since the onset of the 2008/09 financial crisis.[21] The number of hungry people rose with the 2008 food price increases. On gender equality the report points out that “since the mid-1990s, most developing countries have experienced a major reduction in donor funding for family planning on a per woman basis, despite the undeniable contribution of such programs to maternal and child health”.[22]

Sub-Saharan Africa is still the region where the least progress is being made. The number of people living in extreme poverty there has increased

Chart 10: Percentage of Sector Allocated ODA Going to MDGs, 1995-2008 (%)



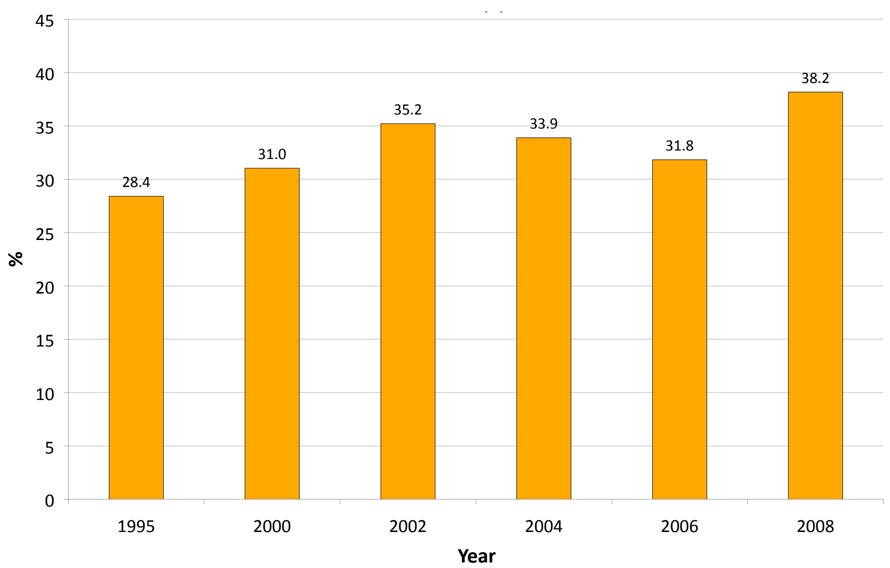
Source: Reality of Aid estimates on data on aid commitments (in current dollars) from DAC Creditor Reporting System

from 300 million in 1990 to over 380 million in 2005, and the poverty rate remains above 50%.[23] More than 64% of employed people in this region lived on less than $1.25 a day, compared to 44% in Southern Asia and 8% in Latin America.[24] In 2005, donors committed to double aid to Africa by 2010. However the DAC reported in April 2010 that donors delivered only US$11 billion in new aid in 2010 – not US$25 billion as promised in 2005. Still, donors have improved their emphasis on MDGs in Sub-Saharan Africa since 2000, and particularly in 2008. According to the Reality of Aid MDG proxy indicator, the share of sector-allocated aid to Sub-Saharan Africa going to MDGs increased from 31% in 2000 to 38.2% in 2008. (**See Chart 11**)

The 2009 MDG report suggests that modest progress has been made on several MDG targets. These include universal primary education, gender parity in education, and women's political representation. However many CSOs and academics suggest that such country, regional or global level average statistics mask unequal outcomes for some groups of people who may be increasingly poor.

CSOs have also criticised the MDGs for omitting social inequality, and lacking significant goals for women's rights and gender equality. The 2009 MDG report recognises these limitations, with the UN Under Secretary for Economic and Social Affairs suggesting that "achieving the MDGs will also require targeting areas and population groups that have clearly been left behind – rural communities, the poorest households and ethnic minorities, all of whom will have a hand in shaping our common future".[25] Former Irish president Mary Robinson has challenged governments coming to the September 2010 UN Development Summit on the MDGs to acknowledge the importance of a human rights and justice

Chart 11: Percentage of Sector Allocated ODA Going to MDGs in Sub-Saharan Africa, 1995-2008 (%)



Source: Reality of Aid estimates on data on aid commitments (in current dollars) from DAC Creditor Reporting System

framework for current and future development strategies, bridging the gap between the MDGs and human rights.[26] In assessing progress on the MDGs for poverty reduction and the rights of poor and vulnerable populations. It is therefore essential to look closely at several sectors and assess donor commitments to gender equality.

Basic Health

According to the DAC Creditor Reporting System, donor support for basic health, population and reproductive health has shown the highest increase in aid commitments. These sectors increased their share of sector-allocated aid from 7.1% in 2000 to 11.2% in 2008. The increase from US$3.5 billion in 2000 to US$11.9 billion in 2008 represents a constant (2007) dollar increase of more than 215%.

A study by the University of Washington suggests that the four-fold increase in aid for health contributed to a 28% reduction in the child mortality rate in developing countries between 1990 and 2008 and to giving more than three million people access to anti-retroviral treatment. The study calculates that overall "development assistance for health" reached US$21.8 billion in 2007 – a figure that includes significant amounts from private foundations, such as the Bill & Melinda Gates Foundation, and private US-based NGOs.[27] The share of health assistance provided by official bilateral agencies in turn decreased from 47% in 1990 to 27% in 2007, while the share of UN agencies declined from 32% in 1990 to 14% in 2007. In contrast, the 2007 share of the Global Fund and the Global Alliance for Vaccines and Immunization (GAVI) was 8%, that of the Bill & Melinda Gates Foundation was 4% and US-based NGOs was 25%.[28 29]

Every human being has a right to health and health is in turn a measure of social justice and equity. People living in the poorest countries still have very limited opportunity to claim this right. A 2009 report by a High Level Taskforce, co-chaired by UK prime minister Gordon Brown and WB president Robert Zoellick, called for an additional US$10 billion to be spent per year on health in poor countries. The report documented that low-income countries spend only US$25 per capita on health, of which US$10 is paid by the patients themselves and only US$6 is provided by development assistance.[30] The report also highlighted a serious imbalance in health development assistance with more than 50% directed to infectious disease, mostly HIV/AIDS, and less than 20% to basic health care services, nutrition and infrastructure.[31]

A high proportion of increased assistance for health has come through the creation of dedicated (infectious disease-specific) initiatives such as the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund), GAVI and bilateral initiatives such as the US President's Emergency Plan for AIDS Relief (PEPFAR). These initiatives have increasingly come to recognise the need to invest in strengthening health systems. This is necessary to avoid situations such as in Uganda where high quality treatment for HIV/AIDs is increasingly available for free even as clinics across the street lack the basics for treating a wide range of common diseases. Uganda's health budget of US$112 million is dwarfed by donor earmarked spending for HIV/AIDs of US$167 million.[32] Recently, US Secretary of State Clinton announced a six-year investment of US$63 billion in PEPFAR, while stressing that these funds will be available for training health workers, basic health clinics and other health infrastructure essential to an effective health system in the poorest countries.[33] Similarly, Prime Minister Brown announced in 2009 the expansion of the International Finance Facility on Immunization, explicitly acknowledging that GAVI, the WB and the Global Fund will earmark a proportion of funding for broader health activities.[34]

Basic Education

Aid to basic education doubled between 2000 and 2008 (in constant 2007 dollars) and reached US$2.2 billion. However in recent years increases in funding have stagnated and new commitments declined by one-third between 2007 and 2008. Progress since 2002 has been strong; enrolment in primary school increased 40 million by 2008 and school fees have been abolished in many African countries. [35]

Enrolment increases in Sub-Saharan Africa however have been at the expense of a low quality education, particularly affecting children of the poor who cannot afford alternatives. The African Child Poverty Forum reports that pupil-teacher ratios in Africa average 43:1, with some countries having ratios far above the average (Congo 83:1; Chad 69:1). In contrast, the global average for this ratio is 25:1.[36] Many countries in Africa lack the basic infrastructure to deliver quality education. This is not helped by donor support that is too often uncoordinated, fragmented and driven by immediate priorities, with some donors continuing to bypass national systems and strategies in many countries.[37] The WB-based Fast Track Initiative, which was to guarantee resources for countries with credible national education strategies, has cumbersome procedures and long delays in disbursements.

Agriculture

The UN Food and Agriculture Organisation (FAO) highlighted how the food crisis and the economic crisis combined to increase the number of hungry people by 100 million worldwide. There are now more than one billion undernourished people which is more than at any time since 1970.[38] In many countries, the loss of income due to the economic crisis is compounded by continued high food prices in local markets. The poor have been forced to cut back on health and education spending and also on consumption of nutritious food. Three-quarters of the world's hungry are the rural poor, and many of these people are highly vulnerable to climate change impacts on their food production.

According to a 2009 DAC study, donor assistance for agriculture (including multilateral aid) grew from US$5.1 billion in 2002-2003 to US$6.2 billion in 2006-2007 (in constant 2007 prices).[39] But donor agriculture investments at best held steady as a percentage of sector-allocated aid. In historical terms the trend is dramatically downwards: the percentage of such sector-allocated aid fell from a high of 17% in the mid-1980s, to 13% in the mid-1990s, and to 6% in 2006-2007.

DAC bilateral aid to agriculture in the period 2006-2007, the most recent data, amounted to US$3.8 billion or only 6% of sector-allocated aid. Three donors – the US, Japan and France – accounted for almost 90% of this bilateral aid. Some 17% of the US allocation went to drug eradication programs in Afghanistan. The least developed countries and other low-income countries received two-thirds of total aid to agriculture in 2006/07. But more than 38% of this was in the form of concessional loans from Japan, Germany and multilateral development banks.[40]

The G8 countries, meeting in their annual Summit in Italy in July 2009, pledged to reverse "the tendency of decreasing official development aid and national financing to agriculture". They launched a US$20 billion L'Aquila Food Security Initiative, which they expect will be committed to and then allocated over three years. The new US administration promised US$3.5 billion in food security aid at the Summit. According to the DAC Report on aid to agriculture, in 2006/07 donors allocated US$11.9 billion to a broad definition of food security-related sectors.[41]

In a follow-up to the L'Aquila commitment, G20 countries meeting in Pittsburgh in September 2009 called on the WB to develop a new "trust fund" in support of the Food Security Initiative. The WB pledged US$1.5 billion to this trust fund – called the Global Agriculture and Food Security Program (GAFSP) – but it is unclear if donor commitments toward the US$20 billion will be additional money.[42] Many CSOs are concerned that these funds will promote an expansion of high-input, high-technology "green revolution" large-scale agriculture to the detriment of millions of impoverished small-scale farmers and the rural poor. As in the health sector, new aid actors such as the Bill & Melinda Gates Foundation have been investing hundreds of millions of dollars into the controversial Alliance for a Green Revolution in Africa (AGRA), building partnerships with major official donors and African governments.[43] The GAFSP was launched in April 2010 with an initial US$880 million, including a commitment by the Gates Foundation of US$30 million alongside Canada (US$230 million) and the US (US$475 million).[44]

Aid for Trade

The OECD argues that "aid for trade is needed now more than ever, to provide much needed additional stimulus, avert the worst consequences of the economic downturn, while addressing underlying vulnerabilities to get the enabling environment for growth right – assisting producers in partner countries to effectively participate and compete in local, regional and international markets". [45] In the wake of the failure of the Doha Round of multilateral trade negotiations, donors pledged to increase their "aid for trade" at the Hong Kong WTO Ministerial in 2005.

The DAC's measure of "aid for trade" is dubious. Over US$25.4 billion was counted as aid for trade in 2007, and an average of US$21.1 billion in the period 2002-2005.[46] These figures include support for "trade policy and regulation"

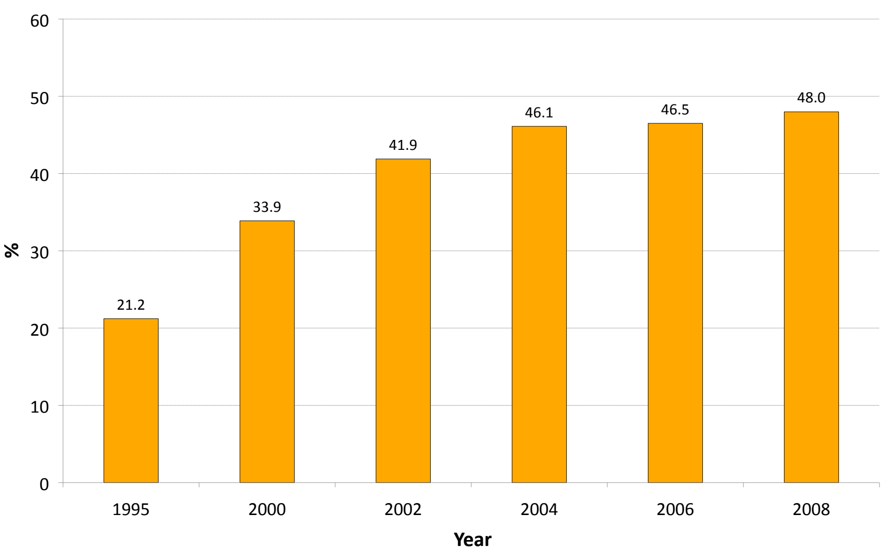
(US$685.3 million in 2007), and also all aid to "economic infrastructure" (US$13.7 billion) and "building productive capacity" (US$11.1 billion) which includes all aid to agriculture, industry, and banking and financial services. The DAC statistics on aid for trade are therefore a gross exaggeration and meaningless measure of aid that is supposed to target producers including informal and formal sector and their linkages with local, regional and international markets.

2. Bilateral Humanitarian Assistance continues to grow as a proportion of "real aid".

In 2008, bilateral humanitarian assistance reached US$8.8 billion from US$6.3 billion in 2007.[47] Since 2000 an increasing proportion of bilateral humanitarian assistance has been directed to Sub-Saharan Africa, rising from about one-third to slightly less than half by 2008. (**See Chart 12**) As a proportion of "real aid" to this region, humanitarian assistance has grown from 9.1% in 2000 to 16.0% in 2008, which is however down from the peak of 18.8% in 2005. Six countries accounted for 47% of all bilateral humanitarian assistance in 2008 – Afghanistan, Iraq, Sudan, the Democratic Republic of the Congo, Ethiopia, and Somalia.

Humanitarian assistance is coming from more diverse sources. Non-DAC governments disbursed an estimated US$1.1 billion in humanitarian assistance in 2008 including significant amounts from Arab states, Turkey, China and India (mainly via the World Food Program). The top three recipients for non-DAC humanitarian assistance in 2008 were China, Yemen and the Palestinian Territories.[48] NGOs (including the Red Cross and Red Crescent Movement) also disbursed US$4.9 billion humanitarian aid in 2007. Of this, US$2.6 billion was raised from non-governmental sources such as the public and corporations.[49] Another recent annual independent report on humanitarian assistance put the amount spent from all sources by international NGOs (INGOs) at US$5.7

Chart 12: Bilateral Humanitarian Assistance to Sub-Saharan Africa as a Percentage of Total Bilateral Human Assistance, 1995-2008 (%)



Source: DAC1 Dataset Official and Private Flows billion, with more than US$1.7 billion accounted for by just six INGOs. The study also pointed out that INGOs account for the majority of humanitarian workers in the field – with about 250 organisations employing 113,000 staff in humanitarian work, with 95% being nationals of the host country.[50]

There is considerable overlap between country priorities for humanitarian assistance and donor support for countries with sustained and extreme conflict.[51] In 2008, there were ten countries in extreme conflict which were allocated a total of US$13.8 billion (not including debt cancellation), up from US$11.9 billion in 2006. Some 22% of this US$13.8 billion aid in 2008 was for humanitarian assistance. Aid to extreme conflict-affected countries was 12.3% of total non-debt aid in 2008. While still higher than 9.3% of total non-debt aid in 2000, this is down from more than 20% in 2006. These ten countries accounted for more than a third of total humanitarian assistance in 2008.

3. Gender equality remains largely invisible in donor aid activities.

In the 2008 Accra Agenda for Action (AAA), donors and developing country governments affirmed that "gender equality, respect for human rights, and environmental sustainability are cornerstones for achieving enduring impact on the lives and potential of poor women, men, and children." They committed to ensure that their "development policies and programs are designed and implemented in ways consistent with their agreed international commitments on gender equality". Many donors, such as DFID, CIDA, SIDA or NORAD, have robust long-standing policies purportedly guiding the implementation of this commitment as an essential condition for realising development goals.

Remarkably little is known about the degree to which donors are implementing their policies. Fifteen years after the Fourth World Conference on Women in Beijing in 1995, there are still no statistical tables on gender equality in the DAC's annual *International Cooperation Report*. A DAC-based Network on Gender Equality (GENDERNET) brings together like-minded donors and some CSOs to track a gender equality "marker" for aid commitments. GENDERNET, whose own future is uncertain in a planned restructuring of the DAC, has produced excellent overviews of "best practices" in connecting gender equality, women's empowerment and aid effectiveness. Yet despite several high profile conferences there are still no gender-specific indicators for donor and government commitments made in the Paris Declaration and the AAA.

The DAC Creditor Report System includes a "gender only" policy objective for development activities against which donors report. Donors reported spending US$10.1 billion against this policy objective in 2008, up from US$3.3 billion in 2006 and US$5.8 billion in 2007. Much of this apparent increase is the result of large donors like the US and France reporting their aid commitments for this policy objective for the first time – although other donors which had been reporting such commitments even before also recorded a 65% increase between 2007 and 2008. In 2008, the "gender only" policy objective commitments were 8.6% of total ODA commitments which is up from 6.5% in 2007.

An analysis of GENDERNET's "gender marker" tracking gives grounds for concern about the degree to which increased reported funding may mask a retreat from supporting gender equality actions. The marker has been in place since 2004 to track aid commitments to gender equality for DAC donors reporting on their bilateral aid. In 2007/08 all donors except

Ireland, Portugal and the US reported.[52] This gender marker unfortunately has a very broad definition: an aid activity can be counted if it has either gender equality as a "principal objective" or a "significant objective". Gender equality as a "principal objective" must be "an explicit objective of the activity and fundamental in its design", while gender equality as a "significant objective" has gender equality as "an important, but secondary, objective of the activity".[53]

The "significant objective" category then provides wide scope for overestimating the degree of attention to gender equality in donor programs. The degree to which funding has increased for activities with gender equality as a principal objective however may be a better indicator of the quality of mainstreaming, as this will depend on continued pressures on donors, governments and CSOs to address gender equality concerns in all of their aid activities.

For the 19 donors reporting, the DAC's GENDERNET reported in 2007/08 that US$15 billion was committed to projects that targeted gender equality – representing 30.2% of sector-allocated aid for these years.[54] However of this US$15 billion, 86% were marked as activities where gender equality was stated as a "significant objective" only and not a "principal objective". A mere US$2.1 billion were for activities marking gender equality as the "principal objective" or an almost insignificant 4.1% of sector-allocated aid.[55] The GENDERNET report for 2007/08 also identifies, for the first time, US$411 million for "support to women's equality organizations and institutions"; this accounts for less than 3% of all gender equality focused aid and for 20% of aid identifying gender equality as a "principal objective".[56]

Increases in support for gender equality are in part due to the creation of gender equality-specific funds by several major donors. These include the Dutch MDG3 Fund, SIDA's Global Program for Gender Equality and the UNIFEM Fund for Gender Equality supported by the Spanish Government. These special funds were expected to grow further in 2009.[57] Furthermore, in September 2009, the UN General Assembly adopted a resolution to create a new women's agency consolidating the work of the four existing gender bodies in the UN system. CSOs are calling for US$1 billion to launch this new agency.[58]

Donors have been promoting "mainstreaming" gender equality in all their programming. This involves ensuring that gender perspectives and the goal of gender equality are pro-actively taken into account in policy development, research, advocacy/dialogue, legislation, resource allocation, and planning, implementation and monitoring of programs and projects. There is evidence that many donors have improved their emphasis on gender equality, while others such as Canada have seemingly backtracked on progressive policies.[59]

4. Donor-driven technical assistance remains a primary aid modality.

Technical cooperation (TC, or technical assistance) that aims to provide expertise or capacity building continues to be a very significant proportion of donors' bilateral aid. Reality of Aid estimates US$22 billion in "free-standing technical cooperation" in 2008, compared to US$16.2 billion in 2000 (in constant 2007 dollars). Not included in these figures are DAC CRS estimates of an additional US$1 billion for technical assistance in 2007 that is integrated into investment projects and sector programs.

Technical assistance has been slightly declining over the past eight years from a peak of 43.6% of bilateral aid in 2003 to around one-third (32.7%) in 2008, according to Reality of Aid estimates. (**See**

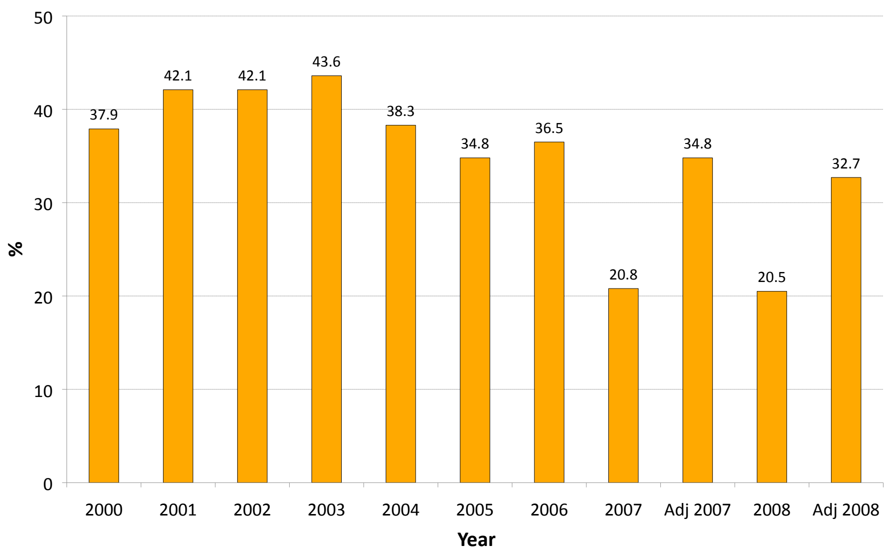
Chart 13) Official DAC statistics however suggest a much steeper decline to less than 21% in 2007 and 2008 because the US inexplicably reported a sharp decline in its technical cooperation – from an annual average of US$8.5 billion up to 2006, down to a mere US$720 million in 2007 and 2008.[60] The Reality of Aid estimated a more realistic trend in technical assistance by adding the average of reported US technical cooperation between 2004 and 2006.

In the lead-up to Accra, both CSOs and developing country governments called for ambitious reforms to ensure that 100% of technical assistance is "demand-driven" by developing country aid recipients and effective for capacity development. The AAA calls for developing countries and donors to "jointly select and manage technical cooperation" and states that donors' support for capacity development should be demand-driven to support country ownership. However governments at the Accra High Level Forum did not agree on any specific and measurable actions on this area. There are no detailed proposals for how donors will ensure that all technical assistance is demand-driven and based on country needs.[61]

The one requirement that was agreed in the Paris Declaration on aid effectiveness is that donors seek to coordinate their technical assistance. In 2008, donors claimed that more than 60% of their technical cooperation with 31 surveyed developing countries was already "coordinated" with other donors.[62] Caution is required in interpreting this figure as "some donors include as 'coordinated' any technical cooperation agreed with government or any assistance within a large program managed by a multilateral donor".[63]

The focus of the Paris Declaration indicator on coordination largely ignores the more serious challenges in Northern-driven technical assistance for realising real country ownership of

Chart 13: Technical Assistance as a Percentage of DAC Bilateral "Real Aid", 2000-2008 (%)



Note: Adjusted 2007 and 2008 sets US technical assistance at the average level for 2004 to 2006.
Source: Reality of Aid estimates on data from DAC Statistical Table DAC1

aid programs. A recent review of the literature on Southern perspectives on technical cooperation highlighted very few examples of "demand-led" Southern-led technical assistance.[64] The Working Party's review of aid untying pointed out that "most donors try to influence project implementation, through long-term technical assistance or management consultants from their home country".[65] Singh comments that:

> "[The] domination of TCIs [technical cooperation initiatives] by expatriates can … raise problems, among them donor credibility. This often happens when donors prescribe cuts in government expenditure and insist upon greater equity in distributing resources, but send in consultants who are paid 20 to 30 times the national salary…. Expatriate consultants not only seem to take jobs from nationals, but often have their own ideas of how things should be done that clash with the way their hosts would like them done. This creates friction … and often raises the question of ownership..."[66]

Issues of capacity development and aid relationship management are real and complex. Yet developing country governments, CSOs and multilateral organisations (notably UNDP) have already put forward clear recommendations over the past decade, but which donors largely ignore in practice.[67] These recommendations include that:

- Developing country counterparts should play a leading role in identifying capacity needs;
- Clear priority should be given to national and regional consultants whenever these are available;
- Donors should encourage and enable South-South technical cooperation wherever possible; and
- When international consultants are engaged, the terms of reference should prioritise cultural awareness, strong interpersonal and communications skills, as well as technical qualifications.

5. Donors will be short at least US$14 billion to meet their pledge to double aid to Sub-Saharan Africa by 2010.

At Gleneagles in 2005, the major DAC donors committed to double aid to Sub-Saharan Africa from US$25 billion to US$50 billion a year by 2010, dedicating half of all new aid increases to the sub-continent. In April 2010, the DAC predicted that donors will only be halfway to this target of providing US$25 billion in new money with donors likely providing only US$11 billion additional aid in 2010 – or a shortfall of US$14 billion. This is "due in large part to the under-performance of some European donors".[68] Between 2005 and 2009, "real ODA" actually increased by US$35 billion a year (not US$50 billion) although Africa did not receive half of this increase. In 2008, three years after Gleneagles and the last year for which detailed ODA statistics are available, aid to Sub-Saharan Africa was only US$29.6 billion in current dollars.

Certainly, the value of aid to Sub-Saharan Africa has been increasing in recent years. Aid to Sub-Saharan Africa increased by 47.5% between 2004 (US$15.1 billion) and 2008 (US$22.2 billion), in constant 2007 dollars and excluding the large debt cancellation grants in the period 2004 to 2006. (**See Chart 14**) But compared to other regions, the proportion of donor aid to Sub-Saharan Africa has changed at a much slower pace – largely due to the large donor allocations for Afghanistan, Iraq and Pakistan in Asia in recent years. (**See Chart 15**)

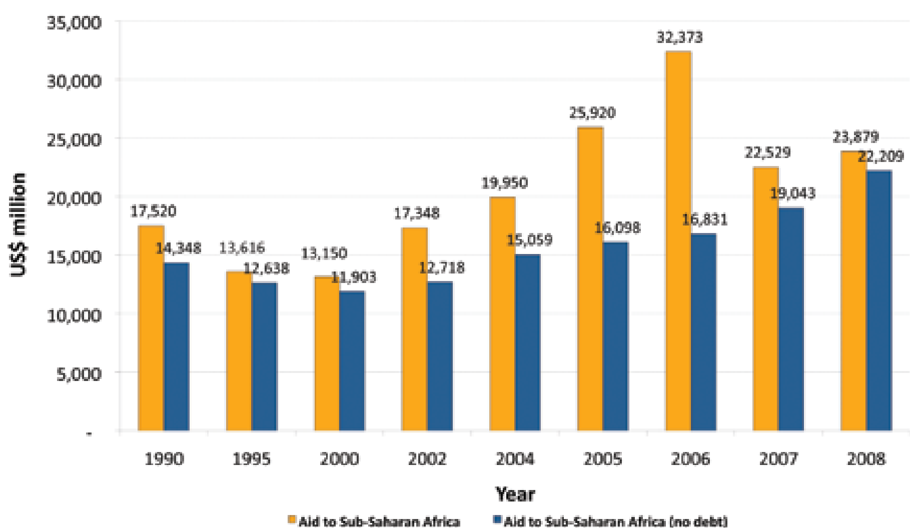
Donors are focusing their aid on fewer and fewer countries with several African countries in danger of being the "forgotten ones".[69] In the AAA, donors and developing countries committed to "work together … on country-led division of labour" in which there will be "dialogue on international division of labour across countries by June 2009" and "work to address the issue of countries that receive insufficient aid". Aid is currently allocated in a highly unequal basis across Sub-Saharan Africa. In 2008, excluding debt cancellation, 58% of DAC aid went to only 10 out of 48 African countries (and 37% to just five countries).

6. Donors are reneging on a pledge that financing for climate change would be additional to ODA.

In its 2008 global report, Reality of Aid joined other CSOs in calling for "increased donor financing for climate change adaptation … channelled through equitable North/South mechanisms based within the 1992 United Nations Framework Convention on Climate Change (UNFCCC) … additional to the donors' commitment to reach the 0.7% aid target for ODA". Years of unfulfilled aid promises made financing a crucial issue in the lead-up to the December 2009 Copenhagen Conference which was to set in place a post-2010 Climate Change Agreement. Environment and development CSOs pressed for government finance to meet urgent adaptation and mitigation needs. Estimates for climate adaptation financing alone between 2010 and 2050 range from US$75 to US$100 billion per year. CSOs called on donors to prioritise addressing the impact of climate change on the billions of poorest and most vulnerable people who bear no responsibility for the climate crisis.[70]

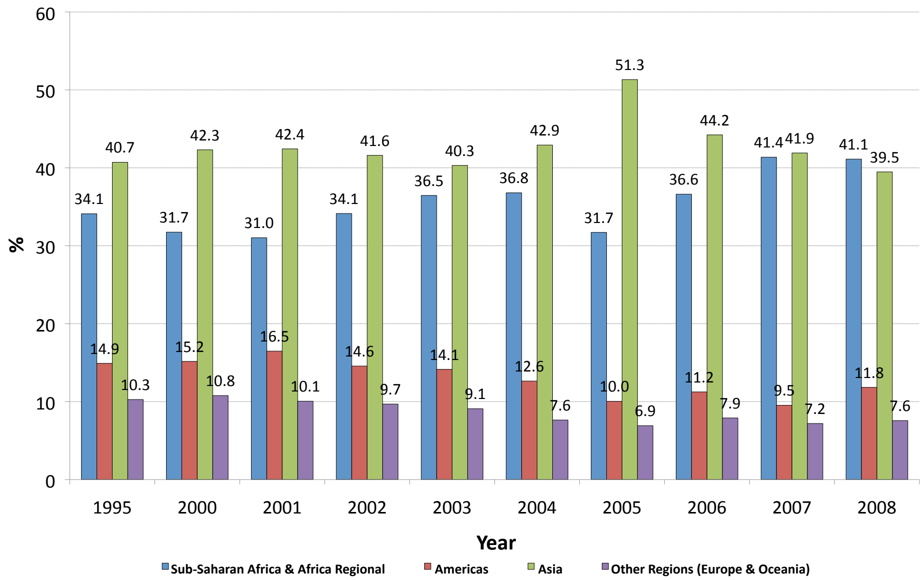
Climate finance must be additional to existing ODA commitments – otherwise scarce ODA dollars will be diverted from current development priorities. The 2008 Bali Action Plan, a roadmap for a new climate change treaty, reiterates donor pledges in the 1992 Framework Convention

Chart 14: ODA to Sub-Saharan Africa, 1990-2008 (US$ million, constant 2007 dollars)



Source: DAC Dataset by Region

Chart 15: Geographic Distribution of Regionally Allocated ODA (no debt), 1995-2008 (%)



Note: Net ODA disbursements, excluding debt cancellation
Source: DAC Dataset by Region

and says that climate change finance must be "measurable, reportable, and verifiable" and also "new and additional, not taking the place of previous commitments of foreign aid (official development assistance)".[71]

The Copenhagen Conference ended with failure to create consensus, not least on the essential issues of developed country responsibility and commitments for climate change financing. The "Copenhagen Accord" was a last minute agreement drafted in closed side-rooms by heads of states from the US, China, India, and Brazil and a few other countries in the dying hours of the Conference. Other countries complained that it was drawn up in an inadequate and undemocratic manner yet, nonetheless, 120 have now signed. Many developing countries qualified that they signed on with the understanding that any future agreement must be reached by consensus, including all countries, and within the UN Framework Convention.

Prior to the Copenhagen Conference, donor financing for climate change has been very modest and highly fragmented into many separate funding windows, some of which were developed under the aegis of the WB's Climate Investment Funds and heavily criticised by CSOs and developing country governments. An Adaptation Fund with more equitable governance established under the UNFCCC is expected to raise only $300 million by 2012 through the Clean Development Mechanism credits. Two additional funds under the UNFCCC – the Least Developed Countries Fund and the Special Climate Change Fund – have pledges amounting to less than US$300 million as of December 2010.[72] In contrast, Climate Investment Funds organised under the governance of the WB has attracted US$6.3 billion in donor funds.[73]

The Copenhagen Accord acknowledged the importance of ramping up finance for climate change with a "fast start" commitment to bring together US$30 billion as "new and additional resources" for the period 2010 to 2012. It goes on to commit developed countries to the goal of mobilising US$100 billion in annual financing by 2020 "from a wide variety of sources, public and private, bilateral and multilateral, including innovative sources of finance".[74] While public finance will remain an essential part of post-2012 climate change resources, proposals for "alternative finance" range from a tax on financial transactions, a levy on greenhouse gas emissions from shipping and aviation, to a special allocation by the IMF of Special Drawing Rights (an IMF basket of currencies).

To date, commitments towards the fast track US$30 billion are already at approximately US$24 billion provided by eight donors, all with their own terms and conditions, and with most of it directed via WB funding windows.[75] Much of this finance remains highly uncertain. Japan, for example, is providing US$15 billion, but "on the condition that [a] successful political accord is achieved at COP15 [the 2010 Cancun Conference of the Parties] that is a fair and effective framework with participation of all major emitting countries and agreement of their ambitious targets".[76] For other donors, the situation is as with the UK whose US$800 million pledge annually is a mix of new and old funds already disbursed to the WB and which has opted to include these commitments as part of their annual ODA. The UK government has said that only climate change financing after 2013 will be over and above ODA at 0.7% of GNI.[77] There is also growing concern that donors have been communicating that access to these "quick start" resources will be available only to developing countries that have signed the controversial "Copenhagen Accord".[78]

In 2010 the DAC will implement an "Adaptation Marker" for donor ODA activity reporting to the DAC's Creditor Reporting System. An earlier "Rio Marker" was implemented in 1998 to track mitigation financing with bilateral ODA resources following the Rio Treaties in the early 1990s. According to the DAC, donors reported US$3.9 billion in bilateral aid commitments for climate change mitigation in 2007 despite pledges to use non-aid resources for these treaty obligations. The adaptation marker should enable improved transparency about the use of aid funds for climate change purposes but may also encourage diversion of existing aid resources towards these purposes.

The DAC *International Cooperation Report 2010* has a chapter dedicated to "incorporate adaptation into development co-operation policies from the local and project level up to the national level". Yet, this chapter fails to even mention the question of "additionality" and the impact of high levels of adaptation financing on current aid priorities.[79] These could be significant. A recent study by the Overseas Development Institute (ODI), commissioned by the ONE Campaign, estimates the potential impact of a large-scale use of ODA resources for climate change. It concludes that without additionality of climate finance, "increased climate finance activities might lead to less aid flows to Sub-Saharan Africa and lower aid flows to sectors such as education, health or aid for trade, thereby putting development efforts in jeopardy". Without additional resources aid priorities would shift by necessity to agriculture, coastal areas and the water sector.[80]

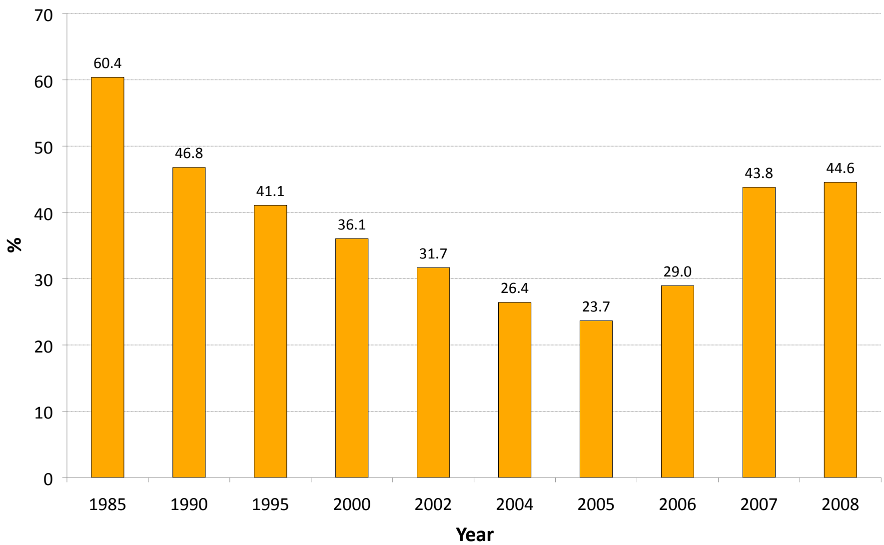
Some CSOs have also developed perspectives on the overlap between sustainable development goals and efforts to adapt to climate change impacts facing poor and vulnerable populations.[81] Key principles for development effectiveness are relevant: strengthening capacities for vulnerable populations to claim their rights, inclusion and "democratic country ownership" of domestic plans for adaptation and mitigation, avoidance of multiple channels for resource delivery and thousands of stand-alone projects in favour of a UNFCC global fund and country-based programmatic approaches, and strong democratic accountability to beneficiary populations.

7. Donors fail to advance on improving country ownership and leadership in bilateral aid.

In recent years the DAC has produced data on Country Programmable Aid. This shows how much bilateral ODA "developing countries are free to allocate, or program, in accordance with their development priorities".[82] The DAC calculated that US$55.6 billion or 57% of bilateral ODA was bilateral country programmable aid in 2007, up from 47% in 2005.[83] The DAC calculates that US$19.7 billion or 78% of gross multilateral aid was country programmable in 2007. But it warns that this figure underestimates multilateral administration costs and does not account for repayments of capital and interest on multilateral loans.[84]

Reality of Aid finds that the DAC systematically overestimates country programmable assistance. Reality of Aid calculates that only 44.6% of bilateral aid in 2008 was actually available to developing country partners for programming against their own priorities. (**See Chart 16**) This performance has reversed the declining trend in the period 2000 to 2006, but still remains well below the DAC's calculation of 57% for 2007 and the experience for aid through the 1980s. Reality of Aid's figures differ from the DAC's because Reality of Aid

Chart 16: Reality of Aid's "Country Programme Aid" as a Percentage of Bilateral Aid, 1985-2008 (%)



Note: Reality of Aid Calculation: Bilateral Aid less Debt Cancellation, Refugee Costs, Administration, Support to NGOs, Humanitarian Assistance, 80% of Technical Assistance
Source: Reality of Aid

estimates that at least 80% of technical assistance is still Northern-directed and -determined and that aid tied to Northern contractors should also not be included in the measure.

8. Bilateral aid remains tied to provider country contractors, despite claims to the contrary.

At the 2008 Accra High Level Forum, donors agreed to a modest commitment to "elaborate individual plans to further untie their aid to the maximum extent".[85] To date, 13 donors have provided their plans.[86] There is however evidence that a considerable proportion of bilateral aid remains tied through informal means and agreements to exclude certain types of bilateral aid from consideration. In its 2010 annual *Development Cooperation Report*, the DAC stated that "the share of aid still going to donor country suppliers is a cause for concern" and, among those that have untied their aid, "the high share of aid that still goes to domestic suppliers is [also] a cause for concern".[87]

Donor governments have reported significant progress on untying aid in recent years. Discounting debt cancellation, the DAC records that tied aid as a whole has dropped from 22% in 2000 to less than 15% in 2008 (including both tied and partially tied aid).[88] The US, which has had consistently high levels of tied aid, started reporting the tying status of its aid in 2006. However, the figures provided to the DAC mask a continued donor practice of allocating their aid in ways that benefit donor country suppliers.

The DAC tied aid reporting requirements do not include technical assistance or food aid. Technical assistance averaged 38% of net bilateral aid between 2000 and 2008, amounting to an estimated US$22.1 billion in 2008. The US continues to tie its food aid and is the only country doing so. US food aid amounted to US$2.6 billion in 2008.[89]

The US reported 57% of its 2007 bilateral aid as tied. This is partly because Congress has passed a law making it impossible for the US to participate in program-based pooled funding arrangements with other donors. In contrast, several donors such as the UK and Norway have policies that commit them to formally untying 100% of their bilateral aid. Canada, Spain and Korea have also announced their intention to fully untie their aid.

A recent OECD evaluation of five donors that have largely untied their aid has however shown that companies registered in donor countries continue to receive many contracts even after formal aid untying.[90] The study reported for example that of 54 aid contracts examined from the UK, 88% of these (by value) were still awarded to UK companies in 2007. Of the 327 contract examined across the DAC, 60% by value were awarded in the donor's own country.[91]

Untying aid gives more choice to developing country counterparts and provides greater positive impact through local procurement of goods and services. It should stimulate developing country enterprises and take advantage of local expertise. While there were some differences between countries examined in the OECD study, the use of country systems by donors is very weak in aid-dependent countries. While donor aid contracts are mostly subject to competitive tendering, donors do little to strengthen local suppliers' access to aid resources.[92]

De facto untying was found to be strongest when donors adopted programmatic and pooling aid modalities, "combined with efforts to use and strengthen partner capacities in financial management and procurement". But project aid was still predominant in the surveyed countries such that "in most investment projects the primary or head contracts and most of the TC components are still procured in the donor country, even if procurement is channeled through recipient systems".[93] Donors have a long way to go to honor their commitment at Accra to "promote the use of local and regional procurement by ensuring that their procurement procedures are transparent and allow local and regional firms to compete".[94]

9. Donors continue to impose conditionality in aid relationships.

In the lead-up to the 2008 Accra High Level Forum, CSOs and developing country governments highlighted the continuation of donor policy conditionality. This was undermining the Paris Declaration commitment to "country ownership" and compromising developing country governments' democratic accountability to their citizens. CSOs demanded that donors agree in Accra to "set time-bound and measurable targets … to reduce the burden of conditionality by 2010 so that aid agreements are based on mutually agreed objectives". [95]

Under pressure from the WB the AAA contained a largely vacuous proposition "to review, document and disseminate good practices on conditionality with a view to reinforcing country ownership and other Paris Declaration Principles". Signatory governments agreed to work with developing countries to "agree on a limited set of mutually agreed conditions based on national development strategies".[96] In Accra donors also agreed to make public all conditions linked to aid disbursements. Countries such as the UK, Holland and Norway have recently distanced themselves from use of economic policy conditions.

Yet research by Eurodad suggests that each WB operation has an average of 37 conditions and that conditions in more than 70% of these operations relate to sensitive policy reforms for privatization and further economic liberalization. Similar research on the IMF concluded that the institution had not managed to decrease the number of structural conditions attached to its development lending, many of which still include privatisation and liberalisation conditions. The Eurodad Report quotes the IMF's own Independent Evaluation Office in its finding that "the Fund dramatically increased both the number of structural conditions and their intrusiveness in recipient countries' domestic affairs".[97]

Indirect conditionality is also unchecked as the financial institutions and donors insist on measurable "benchmarks" for their aid. The WB's Country Policy and Institutional Assessment (CPIA) tool acts as a filter for all donors, measuring the policies of recipient countries and their eligibility for aid. The CPIA has been roundly criticised by CSOs and developing country governments. In 2009 the WB's Independent Evaluation Group (IEG) called for a complete overhaul of the CPIA, a review of every indicator, and the abolition of the index, stating that "the literature offers only mixed evidence regarding the relevance of the content of CPIA for aid effectiveness broadly defined".[98] In another study, the IEG found that the WB systematically failed to assess the impact of its advice on poor people.[99]

The WB and IMF still exercise significant power in the aid system as budget support and sector programs in the poorest countries insist on compliance with WB/IMF programs. General Budget Support according to the DAC has grown from an average of US$210 million per year in the period 2000 to 2003, to more than US$4 billion in 2008. This amount does not include multi-donor sector budget support programs in health, agriculture or education. The DAC's survey of indicators for donor commitments made in the Paris Declaration include Program-Based Approaches (PBAs), a much broader and somewhat indistinct category for delivery of aid than budget support but nevertheless still often governed by joint donor conditionality. Donors reported US$19.8 billion in PBAs in 54 developing countries amounting to 44% of total aid disbursed.

The 2008-2009 financial crisis has further increased the influence of the multilateral banks and of the IMF. G20 governments further empowered the IMF by channelling additional balance of payments support for crisis-affected countries through it. They also called for an increased capital base for the WB and the regional development banks. CSOs point to the hypocrisy of promoting fiscal stimulus for Northern countries while continuing to "advise" developing countries to reduce deficits and restrain public expenditures. The IMF insisted, for example, that Pakistan reduce its fiscal deficit from 7.4% of gross domestic product (GDP) to 4.2% by lowering public expenditure, gradually eliminating energy subsidies, raising electricity tariffs by 18% and eliminating tax exemptions.[100]

10. Reforms to create a more effective and more democratic aid architecture are urgently needed.

The DAC's 2010 *International Cooperation Report* agrees that "the current architecture and institutional set-up of development institutions must be changed". The Report goes on to suggest that "this will require a better focus on poor countries and people as the beneficiaries; simplified organisational structures, instruments and procedures; greater synergy and coherence among bilateral and multilateral assistance; and a more effective division of labour among institutions".[101]

Reforms in official aid architecture are indeed urgently needed. There has been a proliferation of international organisations involved in delivering ODA. A 2009 DAC Report on multilateral aid counted 263 international organisations which are ODA-eligible, up from 47 in 1960, and they continue to grow in numbers. The Report points out that 20 new organisations were added between 2000 and 2006, particularly in the health sector. Over 100 of these 263 international organisations managed less than US$20 million each. On the other hand, five accounted for two-thirds of the US$43 billion managed by these 263 organisations.[102]

The proliferation of funding windows for health-related investments has also come under increased criticism for creating an increasing "anarchy" for developing country governments and other health partners.[103] The 2008 AAA addressed the proliferation of vertical funds with donors and governments calling on "all global funds to support country ownership, to align and harmonise their assistance proactively, and to make good use of mutual accountability frameworks". In contemplating new vertical funds "donors will ensure that existing channels for aid delivery are used and, if necessary, strengthened before creating separate new channels that risk further fragmentation and complicate co-ordination at country level". Others have suggested that health-related funds must focus on developing country-level capacities in favor of health systems strengthening, support country mechanisms with predictable funding, reduce complex application and reporting burden from multiple channels, and use indicators relevant to health systems strengthening rather than disease outcomes, tailored to country capacities and situations.[104]

The transaction costs for developing country counterparts from these 263 organisations are compounded by requirements of at least 56 official bilateral agencies. Bilateral proliferation and fragmentation has also grown exponentially with the use of "trust funds". The WB currently manages more than 1,000 Trust Funds with earmarked resources provided by bilateral donors. These WB Trust Funds – each with specific purposes, criteria and governance – cumulatively spent US$28.5 billion in 2009. Bilateral donors continue to create similar trust funds, earmarked funds and special accounts within the UNDP, UNICEF and the regional development banks.[105] Bilateral donors are often driven to set up such funding mechanisms by internal pressures to reduce their management costs – but they seem to have little overall strategy or consideration for recipient transaction costs caused by such fragmentation.

The OECD Development Centre has calculated that there were at least 93,517 distinct bilateral projects being implemented in developing countries in 2007. Their research demonstrates that donor interventions are most fragmented in the social sectors such as education, health, and support for civil society and government. Based on 2007 CRS disbursement data, the study counted 4,162 bilateral donor projects in Iraq, 2,409 in Mozambique, 2,110 in Uganda, 1,601 in Tanzania, 1,763 in Vietnam.[106]

There are already an estimated 19 global funds related to climate change with mandates that touch the interests of developing countries, with new climate finance mechanisms launched at an average rate of one every six months.[107]

The aid architecture is becoming even more complex as aid flows from countries that are not members of the DAC and from private foundations and voluntary organisations grow in significance. (**See Chart 17**) Based on UNDP data, Reality of Aid has estimated ODA equivalent flows from 25 Southern countries who were not DAC members to be approximately US$15 billion in 2008. South-South ODA has grown quickly and is roughly 13% of "real ODA" from DAC donors in 2008. More than 40% of this aid is provided by Arab countries, particularly Saudi Arabia. Aid from China, judged on DAC ODA criteria, is estimated at more than US$2 billion in 2008.[108]

CSOs were recognised in the AAA as development actors in their own right. One of their growing roles is as a donor. In 2008, the DAC reported that "grants by private voluntary agencies" (i.e. CSOs) amounted to US$23.7 billion, up from US$14.7 billion in 2006. There are no systematic reporting mechanisms for CSOs in donor countries, nor at the DAC, and therefore these amounts are imputed by the various DAC donors in their annual reports to the DAC. Research by the pre-Accra Advisory Group on Civil Society and Aid Effectiveness suggests that this is an underestimation of these grants. At the minimum, CSOs have contributed up to US$25 billion in development cooperation in 2008.[109] Recognising their responsibilities as development actors, CSOs are currently engaging in an exercise to strengthen their effectiveness and accountability based on CSO-determined principles for development effectiveness.[110]

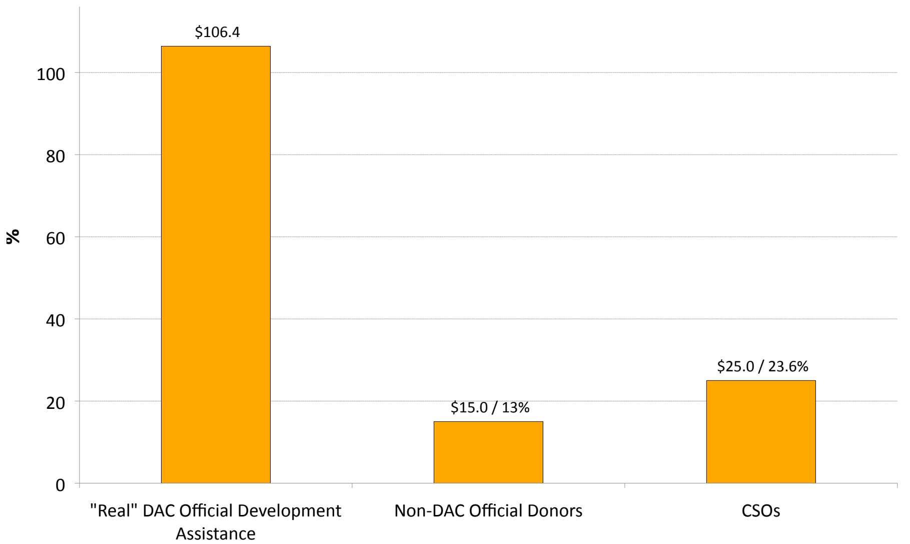
Foundations also spend significant sums of money in developing countries. The Gates Foundation alone provided US$2.3 billion in international grants in 2008. There are no comprehensive statistics available for all foundations.

The military is also directly determining and delivering ODA in conflict areas. In Afghanistan, the US military has "made the rapid delivery of government services, including education, health care and job programs a central part of [their] strategy".[111] Prior to the Obama presidency, the US military was reported to be delivering 22% of US ODA, up from 3.5% in 1998.[112] At a special North Atlantic Treaty Organisation (NATO) seminar in March 2010, NATO's Secretary General stated: "We need to open up the way we plan and run our operations to include the indispensable civilian expertise – from rule of law to alternative livelihoods; from public health to cultural aspects and education. And we should also include the gender aspect and enhance the engagement of women in the prevention and resolution of conflict."[113]

CSOs, human rights organisations, and UN representatives on the ground have strongly rejected this confusion of actors in humanitarian assistance and an approach by the military that makes development a tactic of war.

The current unequal, fragmented and ineffective architecture for delivering financing for development is being challenged by both developing country governments and by CSOs worldwide, including those in the Reality of Aid network. It is no longer acceptable that the governance and terms for development cooperation continue to be de facto controlled by DAC donors – which they exercise through their significant command over aid decisions at the country level, their engagement with each other in the DAC itself, and their dominance of the Working Party on Aid Effectiveness agenda. CSOs are calling for more equitable multilateral structures for determining global policies and practices that will ground aid relationships in international human rights standards and a vision of development cooperation that goes beyond issues in aid delivery processes to focus on development effectiveness and concepts of solidarity and partnership.[114]

Chart 17: Estimates of Aid by Selected Aid Actors, 2008 (US$ billion, % of DAC "Real ODA")



Source: Reality of Aid estimates on data from DAC and UNDP

Endnotes

1 DAC, "Development aid rose in 2009 and most donors will meet 2010 aid targets", April 14, 2010, accessed April 27, 2010 at http://www.oecd.org/document/11/0,3343,en_2649_34487_44981579_1_1_1_1,00.html.See also Bodo Ellmers, "Official Development Assistance 2009: Poverty on the up as EU aid falls", Eurodad, April 14, 2010, access April 27, 2010 at http://www.eurodad.org/whatsnew/articles.aspx?id=4082.

2 Donors periodically revise what is counted as ODA. Recently several donors sought to include costs associated with the military aspects of mandated peacekeeping activities, but the DAC failed to reach consensus on the inclusion of these expenditures. See the DAC's Is It ODA? [November 2008] at http://www.oecd.org/dataoecd/21/21/34086975.pdf.

3 At the 2002 Financing for Development Summit in Monterrey creditor countries promised "to take steps to ensure that resources provided for debt relief do not detract from ODA resources intended to be available for developing countries". (Monterrey Consensus para 51). Nevertheless almost all donors continued the practice of including the full value of debt cancellation in ODA.

4 Figures in 2007 constant dollars. All data taken from DAC analysis.

5 Starting in 2006, the DAC began to make its own, similar, calculations of "Country Programmable Aid", i.e. ODA available for development programming by donors and developing country partners. Country Programmable Aid discounts debt cancellation, refugee costs and imputed student costs, but also humanitarian aid, NGO funding and administrative costs. See OECD DAC, Scaling Up: Aid Fragmentation, Aid Allocation and Aid Predictability, page 7, May 2008, accessed February 2010, at http://www.oecd.org/dataoecd/37/20/40636926.pdf.

6 Note that the author has recalculated an approximation of 2009 ODA in 2007 dollars from available information. The preliminary report for 2009 by the DAC provides a calculation of 2009 ODA in 2008 dollars.

7 Accra Agenda for Action, para 26.

8 See the DAC table of commitments reproduced in the 2008 Reality of Aid Global Report, page 204.

9 Beginning in January 2010 Korea joined the DAC and is included in DAC statistics for 2009, making 23 DAC donors.

10 See Jim Lobe and Eli Clifton, "Obama Calls for More Development, Counterinsurgency Aid", Inter Press Service (IPS), February 1, 2010. See also Kimberly Darter (Interaction), "The Reality and Uncertainties of US Foreign Assistance Reform", in the 2010 Reality of Aid Report. In another report it was noted that the vast majority of the increases sought for 2011 FY will be for strategic interests in Iraq, Afghanistan and Pakistan, with US$7.7 billion to support programs in these countries. M.D. Kellerhals, "Africa: Global US Assistance is Strategically Focused", AllAfrica, March 3, 2010.

11 2009 DAC Report on Aid Predictability, OECD, June 2009, pp 33 – 34.

12 OECD, DAC, "DAC Members' Commitments and Performance: Summary Table of OECD DAC Secretariat Projections", February 15, 2010, Updated in DAC, "Development aid rose in 2009 and most donors will meet 2010 aid targets [sic]", April 4, 2010, accessed April 27, 2010 at www.oecd.org/document/11/0,3343,en_2649_34487_44981579_1_1_1_1,00.html.

13 OECD DAC, "Donor mixed aid performance for 2010 sparks concern", February 15, 2010, accessed March 2010 at www.oecd.org/document/20/0,3343,en_2649_34447_44617556_1_1_1_37413,00.html. See also the DAC table for donor performance in 2004 dollars at www.oecd.org/dataoecd/20/19/44607047.pdf.

14 OECD DAC, Development Cooperation Report 2010, April 2010, page 26.

15 See Laurence Chandy, Geoffrey Gertz and Johannes Linn, "Tracking the Global Financial Crisis: An Analysis of the IMF's World Economic Outlook", Wolfensohn Centre for Development, May 2009.

16 Eurobarometer, "Development Aid in Times of Economic Turmoil", Special Eurobarometer 318, commissioned by the Directorate General for Development, October 2009.

17 2008 is the last year for which detailed statistics are available in the DAC Creditor Reporting System at the time of writing.

18 See Richard Manning, "The Impact and Design of the MDGs: Some Reflections", IDS Bulletin 41 (1): 7-14, 2010.

19 This Reality of Aid proxy is based on DAC sector codes for basic education, basic health, population and

reproductive health, water supply and sanitation, agriculture, development food aid and food security and general environmental protection, which are closely related to some key MDG goals. "Sector-allocated ODA" is total ODA less debt cancellation, support for refugees, support for NGOs and aid unallocated to sectors in the DAC sector coding database.

20 United Nations, The Millennium Development Goals Report 2009, New York: United Nations, 2009, accessed February 2010 at http://www.un.org/millenniumgoals/pdf/MDG_Report_2009_ENG.pdf.

21 Ibid., p. 4.

22 Ibid., p. 4.

23 Ibid., p. 7.

24 Ibid., p. 8.

25 Ibid., p. 5.

26 Mary Robinson, "The MDG-Human Rights Nexus to 2015 and Beyond", IDS Bulletin 41 (1): 80-82, 2010.

27 Institute for Health Metrics and Evaluation, Financing Global Health 2009: Tracking Development Assistance for Health, University of Washington, 2009, Chapter 2, accessed February 2010 at www.healthmetricsandevaluation.org/resources/policyreports/2009/financing_global_health_0709.html.

28 The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) and Global Alliance for Vaccines and Immunization (GAVI).

29 Institute for Health Metrics and Evaluation, op.cit., p. 19-20. These numbers are likely an underestimate for the Bill & Melinda Gates Foundation, as they do not track the origins of funds provided by other sources like the Global Fund, to which the Foundation makes significant contributions.

30 Task force on Innovative International Financing for Health Systems, "More money for health, and more health for the money", 2009, p. 6, accessed February 2010 at www.internationalhealthpartnership.net/pdf/IHP%20Update%2013/Taskforce/Johansbourg/Final%20Taskforce%20Report.pdf. This Report was published by the International Health Partnership, which was established in 2007 to bring together donors, developing country governments and civil society organisations "to scale-up coverage and use of health services in order to deliver improved health outcomes against the health-related MDGs and universal access commitments".

31 These findings were also documented in the medical journal The Lancet: Nirmala Ravishankar et al, "Financing of global health: tracking development assistance for health from 1990 to 2007", Volume 373, June 20, 2009, pp 2113 – 2124. Of US$14.5 billion in health assistance that could be tracked in 2007, they determined that more than one third, US$5.1 billion was for HIV/AIDS, compared to US$0.7 billion for tuberculosis, US$0.8 billion for malaria and US$0.9 billion for health-sector support.

32 Alex Smith, "Experts want African aid funds channeled away from HIV", The Observer, October 25, 2009.

33 Mead Over, "Clinton Stresses the Need to Re-Balance Health Assistance Away from AIDS Treatment", Centre for Global Development, Global Health Policy Blog, January 8, 2010, accessed January 26, 2010.

34 Andrew Jack, "Funding spur for global health" Financial Times, September 21, 2009.

35 See a research report by Oxfam, Katie Malouf, "Resourcing Global Education", Oxfam Internaitonal, January 19, 2010, accessed February 2010 at http://www.oxfam.org/sites/www.oxfam.org/files/resourcing-global-education.pdf.

36 ACPF, Child Poverty in Africa: An Overview, Addis Ababa, 2008, page 29.

37 Malouf, op. cit.

38 FAO, The State of Food Insecurity in the World 2009, "Key Messages", Rome, 2009, accessed February 2010 at ftp://ftp.fao.org/docrep/fao/012/i0876e/i0876e00.pdf.

39 See OECD DAC, "Measuring Aid to Agriculture", November 2009, accessed February 2010 at www.oecd.org/dataoecd/54/38/44116307.pdf.

40 OECD DAC, "Measuring Aid to Agriculture", ibid.

41 Ibid. These sectors include1) agriculture, forestry, fishing, 2) rural development, 3) developmental food aid, and emergency food aid. Emergency food aid totaled US$2.2 billion of the US$11.9 billion.

42 Bretton Woods Project, "Farming furore: Bank launches new agriculture fund", Betton Woods Update, No. 69, January – February 2010, page 5, accessed at www.brettonwoodsproject.org/art-565915.

43 See Eric Holt-Gimenez, Miguel A. Altieri, and Peter Rosset, "Ten Reasons Why the Rockefeller and the Bill and Melinda Gates Foundations' Alliance for Another Green Revolution Will Not Solve the Problems of Poverty and Hunger in Sub-Saharan Africa", Food First Policy Brief #12, October 2006, accessed at http://www.foodfirst.org/files/pdf/PB12%2010%20Reasons%20Gates%20Rockefeller%20-%20English.pdf.

44 See Press Release, US Department of Treasury, April 22, 2010, at http://treasury.gov/press/releases/tg654.htm.

45 OECD DAC, Aid for Trade at a Glance 2009: Maintaining Momentum, 2009, page13, accessible at http://www.wto.org/english/tratop_e/devel_e/a4t_e/global_review09_e.htm.

46 Ibid.

47 This section uses the DAC1 Statistical tables, which sets out bilateral humanitarian assistance. For a more comprehensive picture of humanitarian assistance, which attempts to impute and include multilateral humanitarian assistance, see Development Initiatives, Global Humanitarian Assistance Report 2009, accessible at http://globalhumanitarianassistance.org/analyses-and-reports/gha-reports/summary-gha-report-2009, with an update published February 2010, at http://globalhumanitarianassistance.org/analyses-and-reports/gha-reports/gha-update-february-2010.For 2007, DI estimated total official humanitarian assistance at US$8.7 billion and more than US10 billion in 2008.

48 See Development Initiatives, op. cit., Chapter 5 for an extensive discussion of the role of non-DAC donors in humanitarian assistance from which these numbers have been drawn.

49 Ibid., Chapter 6.

50 Paul Harvey et al, The State of the Humanitarian System: Assessing Performance and Progress: A Pilot Study, ALNAP (Overseas Development Institute), January 2010, pages 19 – 20, accessed March 2010 at http://www.reliefweb.int/rw/lib.nsf/db900sid/ASAZ-829FLP/$file/ALNAP_Jan2010.pdf?openelement.The six organizations are CARE, Catholic Relief Services, MSF, Oxfam, Save the Children, and World Vision International.

51 In the 2008 Report Reality of Aid began to measure the amount of aid disbursed to countries in conflict, which were defined as those countries where conflict had resulted in more than 100,000 casualties since its inception. The list of countries in from the annual Project Ploughshare Report on Armed Conflict Report for 2009 (see www.ploughshares.ca.). For 2008 the countries include Afghanistan, Iraq, Algeria, Burundi, DRC, Palestinian Administered Areas, Philippines, Uganda, Somalia and Sudan.

52 See OECD-DAC Secretariat, Aid in Support of Gender Equality and Women's Empowerment, Statistics based on DAC Members' reporting on the Gender Equality Policy Marker, 2007 – 2008, Paris, March 2010, accessed February 2010 at http://www.oecd.org/dataoecd/40/7/42759705.pdf. France only began reporting in 2008.

53 Ibid., p 4.

54 Note that GENDERNET does not address the discrepancy with the DAC Creditor System policy objective "gender only" described above.

55 Ibid., p. 4.

56 See "World Aid Trends" in the Reality of Aid 2008 Report, pages 210 – 211.

57 See AWID, "Where is the Money for Women's Rights? Select 2009 Research Highlights and Trends", AWID Friday File, February 12, 2010, based on a forthcoming AWID publication, Context and Trends Influencing the Funding Landscape for Gender Equality and Women's Organizations & Movements.

58 Ibid.

59 See Informal CSO Working Group on Women's Rights [Canada], "Strengthening Canada's International Leadership in Promoting Gender Equality: A Civil Society Response to the Evaluation of CIDA's 1999 Gender Equality Policy", September 2009, accessed February 2010 at http://ccic.ca/_files/en/what_we_do/002_gender_cida_analysis_cso_response.pdf. and also Brian Tomlinson, "Promoting Ownership and Gender Equality", in the Reality of Aid 2002 Report.

60 This low amount is not consistent with the United States report for 2007 of a total of US$1.8 billion in technical assistance in only the 31 countries surveyed by the DAC's 2008 Survey on Monitoring the Paris Declaration (Table B-4). See footnote 55.

61 See Better Aid, "An assessment of the Accra Agenda for Action from a civil society perspective", page 8, accessed February 2010 at http://betteraid.org/index2.php?option=com_content&do_pdf=1&id=248.

62 OECD Development Cooperation Directorate, 2008 Survey on Monitoring the Paris Declaration: Effective Aid by 2010? What will it Take, Volume 1, Table B-4, page 89, accessed February 2010 at http://www.aideffectiveness.org/media/k2/attachments/Full_2008_Survey_EN.pdf.

63 Ibid., page 42.

64 See Zoe Scott, "Southern Perspectives on Technical Cooperation: An Analytical Review and Annotated Bibliography", Governance and Social Development Resource Centre, July 2009, accessed February 2010 at http://capacity4dev.ec.europa.eu/southern-perspectives-technical-cooperation.

65 Untying Aid Summary, op. cit., page8.

66 Quoted in Zoe Scott, op. cit., page 7.

67 See Zoe Scott, op. cit., for a summary of southern concerns and recommendations. The European Union have recently developed guidelines and a tool for assessing EU technical assistance to make it "more effective". The criteria include 1) fit the context; 2) demonstrate clear commitment and adequate ownership from partners; 3) be harmonised and sustainability of benefits considered; 4) link to results and expected outcomes; and 5) have appropriate programme implementation arrangements. There is no mention of giving preference to southern technical resources or strengthening south/south technical cooperation. See http://capacity4dev.ec.europa.eu/tc-quality-assessment-grid.

68 DAC, "Donors' mixed aid performance for 2010 sparks concern", February 17, 2010, accessed April 2010 at http://www.oecd.org/document/20/0,3343,en_2649_34447_44617556_1_1_1_37413,00.html.

69 Canada for examples has reduced the number of African countries among its top 20 priority countries from 14 to 7. See also Andrew Rogerson and Suzanne Steensen, "Aid Orphans: Whose Responsibility?", OECD Development Co-operation Directorate, October 2009, accessed April 2010 at http://www.oecd.org/dataoecd/14/34/43853485.pdf. This report suggests that almost all the 25 identified under-funded countries are in Africa and these 25 countries are under-funded at approximately US$11 billion, representing 25% of Country Programmable Aid outside of Africa.

70 This section does not address the global politics of climate change, including the complex range of international cooperation issues linking climate change and support for development paths in which poor and vulnerable people improve their capacities to claim their human rights and strengthen their livelihoods. For more in-depth perspectives from the Reality of Aid Network on these issues see Reality of Aid, "Climate Funds and Development", Reality Check, December 2009, and Reality of Aid, "Financing Climate Change Mitigation, Adaptation and Sustainable Development", Reality Check, April 2009, accessible at www.realityofaid.org.

71 UNFCCC, Bali Action Plan, accessed April 27, 2010 at http://unfccc.int/files/meetings/cop_13/application/pdf/cp_bali_action.pdf.

72 Oxfam International, Beyond Aid, Ensuring that adaptation to climate change works for the poor, September 2009, page 11, accessed April 27, 2010 at http://www.oxfam.org/sites/www.oxfam.org/files/bp_132_beyond_aid_en_0.pdf.

73 See "Pledges to Climate Investment Funds", January 2010 at http://www.climateinvestmentfunds.org/cif/sites/climateinvestmentfunds.org/files/CIF%20Pledging%20table%20as%20of%201-31-10_revised.pdf.

74 Copenhagen Accord, page XX, accessed April 27, 2010 at http://unfccc.int/resource/docs/2009/cop15/eng/l07.pdf.

75 See World Resources Institute, "Summary of Climate Finance Pledges Put Forward by Developed Countries", March 4, 2010, accessed April 27, 2010, at http://pdf.wri.org/climate_finance_pledges_2010-03-04.pdf.

76 World Resources Institute, op. cit., page 2.

77 "Climate fund 'recycled' from existing aid budget, UK government admits", Guardian, January 25, 2010, accessed at http://www.guardian.co.uk/environment/2010/jan/25/climate-aid-uk-funding.

78 Suzanne Glodenberg, "US denies climate aid to countries opposing Copenhagen Accord", The Guardian, April 9, 2010, accessed April 27, 2010 at http://www.guardian.co.uk/environment/2010/apr/09/us-climate-aid.

79 OECD DAC, Development Cooperation Report 2010, April 2010, pp. 65 – 74.

80 Jessica Brown, Nicola Cantore, Dirk Willem te Velde, "Climate financing and Development: Friends or foes?", Overseas Development Institute (commissioned by The ONE Campaign), January 2010, page 1, accessed April 27, 2010 at http://www.odi.org.uk/resources/details.asp?id=4724&title=climate-financing-oda.

81 See for example, Brian Tomlinson, "Adaptation Financing for Climate Change: Taking account of CSO perspectives for aid reform", in Reality Check, December 2009 accessible at http://www.realityofaid.org/publications/index/content/Reality%20Check/view/category/pubsecid/12. See also Oxfam International, op.cit.

82 OECD DAC, Development Cooperation Report 2009, page 37 – 38. This amount is calculated by the DAC as total bilateral aid less: debt forgiveness grants, humanitarian and food aid, core funding to NGOs, imputed student costs, refugees in donor countries, aid not from main agencies (some donors), and donor administrative costs.

83 OECD DAC, 2009 DAC Report on Aid Predictability: Survey on Donors' Spending Plans, 2009 – 2011, 2009, pages 10 – 11, accessed February 2010 at http://www.oecd.org/dataoecd/46/19/43161677.pdf.

84 Ibid., page 12.

85 Accra Agenda for Action, para 18.

86 See a review of these plans in OECD DAC, "Implementing the 2001 DAC Recommendation on Untying Aid: 2010 Report", DCD/DAC (2010)16/REV1, March 2010, pages 15-21, accessed at http://www.olis.oecd.org/olis/2010doc.nsf/ENGDIRCORPLOOK/NT00000FC2/$FILE/JT03281036.PDF.

87 OECD DAC, Development Cooperation Report 2010, April 2010, pages 16 and 23, accessible at http://www.oecd.org/document/62/0,3343,en_2649_34447_42195902_1_1_1_1,00.html. In a review of 3,442 reported contracts to the DAC in 2008 for LDCs, the DAC Secretariat found that on 8.2% (by value) were awarded in LDCs. See OECD DAC, 2010 Report (note 87), page 14.

88 OECD DAC, Development Cooperation Report 2010, April 2010, tables 23 and 24.

89 See USAID Responds to Global Food Crisis, May 22, 2009, accessed February 2010 at http://www.usaid.gov/our_work/humanitarian_assistance/foodcrisis/.

90 Edward Clay, Matthew Geddes and Luisa Natali, Aid Untying: Is it Working Synthesis Report, Summary. Overseas Development Institute, 2009, p 6-7, accessed February 2010 at http://www.oecd.org/dataoecd/13/20/44549932.pdf. The full report is at http://www.oecd.org/dataoecd/51/35/44375975.pdf.

91 Aid Untying, op.cit., page 17.

92 The study found that many donors are risk adverse; they choose to set contract terms that developing country firms are unable to meet because of scale; and developing country firms often lack the information and technical skill to prepare bids.

93 Untying Aid Summary, op.cit., page 8.

94 Accra Agenda for Action, para 18c.

95 CSO Parallel Forum, "CSO Statement in Accra", September 1, 2008, accessible at www.betteraid.org.For an excellent discussion of the issues in conditionality see AWID, Conditionalities Undermine the Right to Development: an analysis based on a women's and human rights perspective, Coordinated by Cecilia Alemany and Graciela Dede, 2008 and its "Introduction: Women's rights organizations' positions on conditionalities and Aid Effectiveness" by Cecilia Alemany, accessible at http://www.awid.org/Issues-and-Analysis/Library/Conditionalities-Undermine-the-Right-to-Development.

96 Accra Agenda for Action, para 25c and 25a.

97 Eurodad, "Conditionality versus Ownership: A Resolvable Paradox?", Powerpoint Presentation, Cairo, January 2008 and Nuria Molina and Javier Pereira, Critical Conditions, The IMF maintains its grip on low-income countries", April 2008, accessible at www.eurodad.org/uploadedFiles/Whats_New/Reports/Critical_conditions.pdf.

98 Bretton Woods Project, "IEG Calls for Overhaul of World Bank's Lending Criteria", Update #69, February 2010, accessed March 2010 at www.brettonwoodsproject.org/art-565918.

99 Independent Evaluation Group, World Bank, "Analyzing the Effects of Policy Reforms on the Poor", 2010, accessed March 2010 at http://siteresources.worldbank.org/PSIAEXT/Resources/psia_full.pdf.

100 Third World Network, "The IMF's Financial Crisis Loans: No Change in Conditionalities", March 11, 2009.

101 OECD DAC, International Cooperation Report 2010, op. cit., page 30.

102 OECD DAC, 2008 DAC Report on Multilateral Aid: Summary, OECD, 2009, pages 4-5, accessed April 27, 2010, at http://www.oecd.org/dataoecd/5/41/42991007.pdf. The five are the European Community, the World Bank International

Development Association, the Global Fund on HIV/AIDS, Malaria and Tuberculosis, the Asian and African Development Banks.

103 See David Fidler, "Architecture amidst Anarchy: Global Health's Quest for Governance", Global Health Governance, Volume 1, No 1, January 2007. See also EURODAD, "Global Vertical Programs, A Tale of too many funds", Reality Check, July 2008, accessed at Reality of Aid, http://realityofaid.org/downloads/realitycheck_jul2008.pdf.

104 Editorial, "The GAVI, the Global Fund, and World Bank Joint Funding Platform", The Lancet, Volume 357, No 9701, November 7, 2009, pp. 1595 – 1596.

105 Numbers are from research by Alex Wilks for "Towards accountable, equitable and effective climate adaptation funding", March 2010 draft prepared for ActionAid and Eurodad.

106 Emmanuel Frot and Javier Santiso, "Crushed Aid: Fragmentation in Sectoral Aid", OECD Development Centre, January 2010, accessed April 27, 2010 at http://www.oecd.org/dataoecd/0/37/44341102.pdf.

107 Alex Wilks, op. cit., quoting research by the World Wide Fund for Nature and the Heinrich Böll Stiftung.

108 See The Reality of Aid Management Committee, "South-South Development Cooperation: A Challenge to the aid system?", in The Reality of Aid, Special Report on South-South Cooperation 2010, pages 5 – 8, accessed April 27, 2010 at http://www.realityofaid.org/roareports/index/secid/373/part/3. Penny Davies, "A Review of the Roles and Activities of New Development Partners", CFP Working Paper Series No. 4, February 2010, mimeo. There are serious methodological issues in estimating South South cooperation when comparing it to DAC ODA as the definitions of ODA accepted by the DAC are not accepted by developing country donors. The UNDP studies have been the best effort to examine south-south financial flows in detail to impute an amount for each donor based on the equivalent of the DAC definition for ODA. But levels of development finance from countries such as China are considerably larger than what is reported here.

109 See OECD DAC, Development Cooperation Report 2010, op. cit., Table 13.

110 See the work of the Open Forum on CSO Development Effectiveness at www.cso-effectiveness.org.

111 Rod Nordland, "U.N. Rejects 'Militarization' of Afghan Aid", New York Times, February 18, 2010.

112 Interaction, "The US Military's Expanding Role in Foreign Assistance", Policy Brief, November 2008, accessed April 27, 2010 at http://www.interaction.org/sites/default/files/1/POLICY%20REPORTS/FOREIGN%20ASSISTANCE%20BRIEFING%20BOOK/Sec14_InterAction_Foreign_Assistance_Briefing_Book.pdf.

113 Gloria Martinez, "Impossible bedfellows: civil-military cooperation through NATO eyes", Open Democracy, April 16, 2010, accessed April 27, 2010 at http://www.opendemocracy.net/opensecurity/gloria-martinez/impossible-bedfellows-civil-military-cooperation-through-natos-eyes.

114 See Better Aid, "Development Cooperation, Not Just Aid: Key Issues, Accra, Seoul and Beyond", January 2010, pages 4-5, accessed April 27, 2010 at www.betteraid.org.

Meeting Commitments in Uncertain Times: The New Government's Approach to Aid

Australian Council for International Development

Overview

- Total aid for 2009/10 was $3,819 million[1] or 0.34% of gross national income (GNI) – this represented a 5.6% increase in real terms from the 2008/09 figure.
- Australia has renewed its commitment for official development assistance (ODA) to reach 0.5% of GNI by 2015/16, but this will require significant increases in the medium-term.
- The government has confirmed that the Pacific and Asian regions will remain the focus of Australia's aid expenditure. However it increased aid to Africa by 42.5% between 2008/09 and 2009/10, and further increases are expected.
- Governance remains the main focus of the aid budget, yet education is the flagship sector for Australia's ODA.
- The government has committed to improve relations with non-government organisations (NGOs), notably through specific Partnership Arrangements. Funding to NGOs as a proportion of ODA increased from 5% in 2006 to around 8% in 2008/09. However, only $188 million of the $315 for NGO funding went to NGOs in Australia in 2008/09 (4.9% of ODA).
- Australia currently spends 46% of ODA on technical advisory assistance, twice the Organisation for Economic Cooperation and Development (OECD) average.

Renewed commitment to aid

The 2008 Reality of Aid report highlighted official development assistance (ODA) as a key policy issue in the Australian Federal election. In 2007, the newly elected Australian Labor Party (ALP) reiterated its pre-election commitment to spending 0.5% of gross national income (GNI) on aid by 2015 – a commitment which was recently matched by the opposition Liberal Party of Australia.[2]

Recognising that 0.7% of GNI is the internationally agreed target for aid spending, the Parliamentary Secretary for international development assistance reflected that: "Some people wanted us to go further and adopt a target of 0.7% but my judgment was that 0.5% was as much as we could handle while guaranteeing efficiency and effectiveness."[3]

Australia's commitment to increased ODA during a global financial crisis was welcomed by the Australian aid sector. Yet Australia continues to provide less than the Organisation for Economic Cooperation and Development (OECD) average contribution – 0.48% of GNI in 2008.[4] The aid budget for 2009/10 was just 0.34% of GNI. Although this represented a real increase of 5.6% to $3,819 million from the 2008/09 figure of $3,660 million,[5] the government was unable to meet its original target of 0.35% for 2009/10.

Revised forward estimates in the 2009/10 budget highlight that significant increases in aid spending will be required in the medium-term to meet the target of 0.5% by 2015/16. ODA is only forecast to increase to 0.35% in 2010/11, 0.37% in 2011/12 and 0.4% in 2012/13. In dollar terms, the 2015/16 target will require almost doubling aid expenditure.

Shaping the aid program

The 2009 Australian Labor Party National Platform outlined broad ideas for Labor's aid program aspirations, including returning "Australia to a place of leadership in international development assistance". [6] A number of policy documents have outlined aspects of AusAID's reform agenda, including a Reform Agenda for 2015.[7]

However, in general, the government has been relatively slow in revealing a clear direction for its aid program to replace the overarching policy framework of the previous government's 2006 White Paper on Australia's Overseas Aid.[8] The White Paper framed the aid program's core objective as assisting "developing countries to reduce poverty and achieve sustainable development in line with Australia's national interest".

Nevertheless, the 2009/10 Aid Budget Ministerial Policy Statement has recently confirmed five core principles of the aid program: the centrality of the Millennium Development Goals (MDGs) as a guiding framework; the power of economic growth; continued Asia-Pacific focus accompanied by increased engagement with South Asia and Africa; the power of education; and a commitment to aid effectiveness.[9]

The government has acknowledged significant public support for overseas aid and emphasised a commitment to contributing a fair share to address poverty as "a good international citizen". This commitment is, however, placed in a framework of national security and foreign policy priorities at a time of global financial downturn.

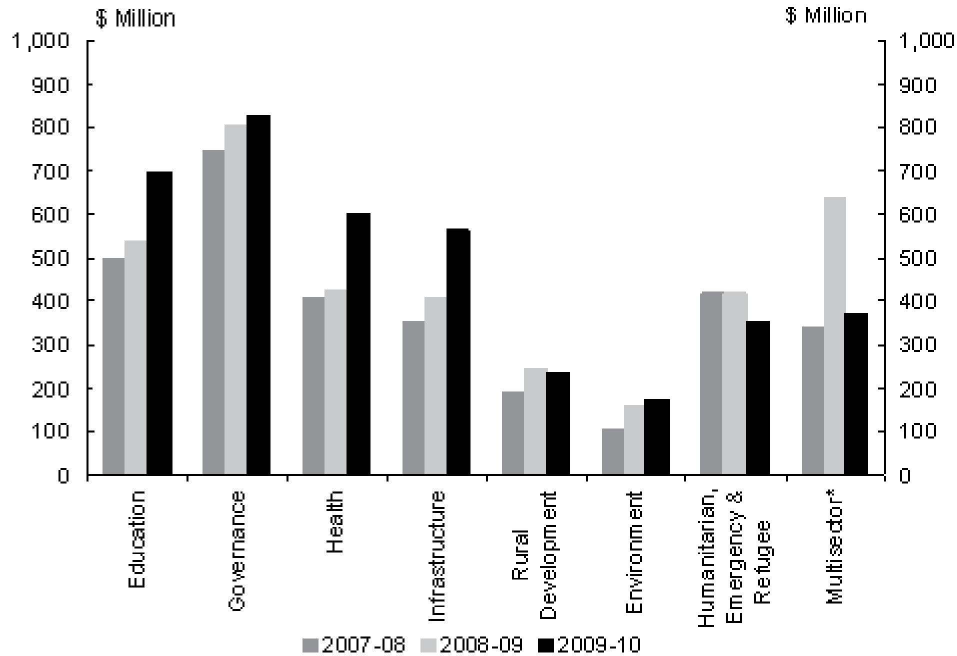
Priority areas

Governance remains the main focus of the aid budget. (**See Figure 1**) Yet education is the flagship sector for Australia's ODA and will become the largest component of the aid program in coming years. Scholarships for study in Australia constituted 11-12% of the aid budget in 2007. However questions have been raised about the overall impact of the program on capacity development. The OECD noted for example that "Despite their importance, scholarships are not closely connected with the aid programme and their impact is not documented. While being responsive to government needs, Australia could promote a more systematic approach linking scholarships and capacity development."[10]

Climate change mitigation and adaptation is also likely to receive increased aid support. However the government has recently indicated that this financing will come from current aid budgets. This contradicts international agreements on the additionality of such finance and will limit the government's total commitment to the effects of climate change on those living in poverty. Other themes of Australian aid include health and humanitarian activities.

The government has confirmed that the Pacific and Asian regions will remain the focus of Australia's

Figure 1: Estimated Breakdown of Australian ODA by Sector as Identified in the 2009/10 Aid Budget (AUS$ million)



Source: Figure reproduced from "Australia's International Development Assistance Program Budget: A Good International Citizen", Statement by the Minister for Foreign Affairs and Parliamentary Secretary for International Development Assistance, 12 May 2009.

aid expenditure. However it increased aid to Africa by 42.5% between 2008/09 and 2009/10, and further increases are expected. The opposition Liberal Party has criticised the significant increase in Australian aid to Africa as a means of strengthening the government's bid for a temporary seat on the United Nations (UN) Security Council; although the government has denied these claims.[11]

Although Australian NGOs have welcomed the potential to partner with AusAID in Africa, the recent extension of the aid program into Africa and Latin America highlights the need for a clearer overarching policy framework for optimal development outcomes. The Australian government is a relatively new and small donor in the region and this geographic expansion should not lead to any fragmentation of the aid program.

Partnerships

The OECD Development Assistance Committee (DAC) Peer Review of the Australian Aid Program recommended the establishment of a new framework to engage in a more collaborative way with key NGOs.[12] The government has made welcome efforts to enhance relationships with the community sector, for example agreeing Partnership Arrangements between AusAID and the Australian Council for International Development.[13]

Initiatives such as the government's proposed Civil Society Framework will provide a more consistent whole-of-AusAID basis for engaging with civil society across the aid program so that NGOs are more consistently included in key policy discussions and consultations in line with the Accra Agenda for Action (AAA). Ensuring that the partnership approach becomes standard business practice across AusAID will however take time. AusAID's current evaluation of its engagement with civil society organisations in developing partner countries should improve understanding about how donors can support civil society to contribute to development.

Funding to NGOs as a proportion of ODA increased from 5% in 2006 to an estimated 8% or $315 million in 2008/09.[14] However this includes non-Australian NGO funding; only $188 million was distributed to NGOs in Australia in 2008/09, equating to 4.9% of ODA. Core NGO funding has been increased and recent initiatives like the AusAID-NGO partnership agreements have provided larger NGOs with funding agreements to achieve mutually agreed development outcomes.

However, there remains some concern among Australian NGOs that the partnership approach needs to be better supported by greater funding opportunities. NGO components of some large new programs remain very small and a more consistent approach to NGO engagement in country strategy development and general consultations should be applied.

AusAID's forthcoming Performance Report 2007/09 of Australian Non-Government Organisation and Community Engagement Programs found that Australian NGOs were highly effective and had a sustainable impact on alleviating poverty and were achieving outcomes in a cost effective manner in line with government priorities. The organizations that adhere to the government's stringent NGO accreditation standards and have demonstrated effectiveness should be better supported.

Aid Effectiveness

Meeting Australia's 0.5% of GNI target by 2015/16 will rapidly transform AusAID, likely elevating it into the top ten government spending agencies. This will result in far greater political scrutiny of the aid program and is likely to make aid effectiveness a much more politically sensitive issue.

The Office for Development Effectiveness (ODE), established by the previous government, aims to monitor the quality and evaluate the impact of Australian development assistance. The current government will support the ODE to strengthen evidence-based policy and decision-making through the Annual Review of Development Effectiveness (ARDE).

AusAID's Reform Agenda is aiming to benefit from: the utilisation of different aid modalities; the establishment of stakeholder partnerships; greater use of technical assistance; improved overall management; and greater focus on outcomes to manage Australia's growing aid program.[15]

However, the Australian National Audit Office (ANAO) has recently highlighted significant ongoing challenges:[16]

- The need for improved internal management and staff capacity;
- Completion of country program strategies;
- A more consistent approach to using partner government systems;
- Improved transparency via consistent classification of administration and departmental expenses;

- Strengthened performance assessment; and
- Continued improvement in monitoring and evaluation.

The report also highlighted concerns about the level of expenditure for technical advisory assistance provided to recipient governments. Australia currently spends 46% of ODA on such assistance, twice the OECD average.

Conclusions

The 2008 OECD DAC peer review of the Australian Aid program was generally positive, commending Australia's: commitment to poverty reduction and the MDGs; operations in fragile states; emphasis on capacity building; commitment to operations in Africa; and increased support for multilateral organisations. Australian NGOs have further welcomed the government's renewed commitment to increase ODA by 2015/16 and its partnership approach to NGOs.

However, it will be important to clarify the government's overarching policy framework to address key improvements for aid effectiveness. This is particularly important where the Australian government is a new and emerging donor. Of central significance will be the increased political scrutiny of aid spending and the need to demonstrate that development assistance is having a real impact.

Endnotes

1 All figures are in Australian dollars (AUS$). For comparison, the exchange rate is some US$1:AUS$1.12 as of end-August 2010.

2 Liberal Party of Australia (2010), *Abbott Doorstop with Hockey*; http://www.liberal.org.au/news.php?Id=4666

3 The Hon Bob McMullan MP (2009), *Speech to the Australian Institute of International Affairs*, 24 March 2009

4 USAID (2009), *DAC Members' Net Official Development Assistance in 2008*, U.S Official Development Assistance Database, http://usoda.eads.usaidallnet.gov/docs/dcr/chart01.pdf

5 Australian Council for International Development (2009), ACFID *Analysis: Aid Budget 2009-10, http://www.acfid.asn.au/resources/docs_resources/docs_papers/Budget%20Analysis%202009-10.pdf*

6 Australian Labor Party (2009), *National Platform and Constitution*. http://www.alp.org.au/our-platform

7 AusAID (2009), *Building on the 2010 Blueprint: A Reform Agenda for 2015*, http://ausaid.gov.au/publications/pdf/Building_on_2010Blueprint_public%20version%20final.pdf

8 AusAID (2006), *Australian Aid: Promoting Growth and Stability,* Commonwealth of Australia, http://ausaid.gov.au/publications/whitepaper/index.html

9 Australian Government (2010), *Budget: Australia's International Development Assistance Program: A Good International Citizen,* Commonwealth of Australia, http://www.budget.gov.au/200910/content/ministerial_statements/ausaid/html/ms_ausaid.htm

10 *OECD DAC Peer Review of Australia*, Paris, (2009), p 110

11 Australian Financial Review (2010), African Aid not Linked to UN Seat Bid, John Kerin, 23 February 2010.

12 *OECD DAC Peer Review of Australia, 2009*

13 Access the AusAID-ACFID Partnership Agreement at http://www.ausaid.gov.au/publications/pdf/AusAIDACFIDPartnershipAgreementsigned240309.pdf

14 OECD *DAC Peer Review of Australia,* 2009, pg 43

15 AusAID (2009), *Building on the 2010 Blueprint: A Reform Agenda for 2015*

16 Australian National Audit Office (2009), *AusAID's Management of the Expending Aid Program*, Audit report No.15, Canberra, Commonwealth of Australia

Wait and See: Initial Commitments to be Implemented?

Ineke Adriaens, 11.11.11 – Coalition of the Flemish North-South Movement

Overview

- In 2009, Belgian official development assistance (ODA) was €1,863 million or 0.55% of gross national income (GNI).
- This represented an increase of 12.6% in real terms from €1,654 million in 2008, which was only 0.48% of GNI.
- However, without debt cancellation and spending on refugees and students, "real ODA" was 0.50% of GNI, up from 0.37% in 2007.
- The amount of ODA spent by the Development Cooperation Department was 67% in 2009, slightly higher than in 2008 (66%), but up from 2007 (59%).
- The budget for 2010 plans Belgian ODA to get close to the target 0.7% of GNI.
- Belgium now finances a maximum of two sectors per partner country, except for the Central African countries.
- A high percentage of Belgian aid is untied, although not state-to-state loans or interest subsidies (neither of which are under the Department for Development Cooperation).
- In May 2009, the Belgian government and non-government organisations (NGOs) signed an agreement on the effectiveness of Belgium's federal development cooperation.

Increasing aid budgets

Belgian aid levels have fluctuated since 2002, when the Belgian parliament passed a law committing the government to reach the 0.7% official development assistance (ODA)/gross national income (GNI) target in 2010. Since 2008, however, the Belgian government has made real efforts to systematically increase ODA levels. (**See Table 1**) The ODA/GNI ratio was 0.55% in 2009, up significantly from 0.43% in 2007 but lower than the 0.60% reached in 2003, and only just back above the 2005 level of 0.53%.

Meanwhile Belgium's genuine aid – or total aid after deducting spending on debt cancellation and on refugees and students – was 0.50% in 2009. (**See Table 1**) This was up from 0.43% in 2008 and 0.37% in 2007, from just 0.31% in 2002, and also higher than the previous peak of 0.40% in 2005.

Not all Belgian ODA spending falls under the responsibility of the Department of Development Cooperation. Belgian non-government organisations (NGOs) have always demanded that the department's share be increased. In any case, there was an increase in aid spending by the department itself from €848 million in 2007 to nearly €1.1 billion in 2008, which increased the department's share in total ODA from 59% to 66%.

In the planned budget for 2009, the government reaffirmed its efforts and commitment to reach the intermediate goal for that year of 0.6% of GNI. The budget of the department of development cooperation increased by an amount similar to

Table 1: Belgian Aid Levels, 2002-2010

Year	Total ODA (€ million)	Spent by Development Cooperation Department (% of total ODA)	Total aid (ODA/GNI ratio)	"Real aid" (ODA/GNI ratio)
2002	1 090	66%	0.43%	0.31%
2003	1 604	46%	0.60%	0.32%
2004	1 178	58%	0.41%	0.36%
2005	1 571	54%	0.53%	0.40%
2006	1 573	53%	0.50%	0.38%
2007	1 425	59%	0.43%	0.37%
2008	1 654	66%	0.48%	0.43%
2009	1 863	67%	0.55%	0.50%
2010	2 393*	59%*	0.70%*	0.55%*

** Estimates according to Belgian budget for 2010*

the previous year, and reached a planned total of €1.36 billion. Nevertheless these ODA projections proved too optimistic. A massive debt cancellation for the Democratic Republic of Congo (€290 million) was included but did not happen because the country did not reach its Heavily Indebted Poor Countries (HIPC) completion point. In the end, the total 2009 ODA figure was 0.55% of GNI instead of the budgeted 0.6%.

According to the latest budget, Belgium's ODA level will increase to very close to the 0.7% goal in 2010. A further €96 million increase of the Department of Development Cooperation's budget has been programmed. This would mean an increase from €848 million to €1.4 billion over a period of just three years.

NGOs watching the budgets closely

Belgian NGOs congratulate the government on its effort to increase the budget especially in these times of crisis and budget deficits. However it remains to be seen whether Belgium will actually achieve the 0.7% in 2010. The economy is growing a little faster than predicted so the proportion of GNI may be lower than forecast. The federal government also appears to have overestimated the aid to be spent by regional and local governments by approximately €40 million.

Belgium continues to count debt cancellations, refugee costs and costs for foreign students in its ODA figures, as most donors do. A large debt cancellation of €409 million is part of the 2010 ODA budget, including the above-mentioned €290 million of debt cancellation for the Democratic Republic of Congo initially budgeted for 2009. The achievement of 0.7% in 2010 depends heavily on these debt cancellations.

The real challenge for the Belgian government will be to retain an ODA/GNI ratio of 0.7% in 2011 and the following years when all major debt cancellation packages will have been exhausted. A new and large increase in the budget of the Department of Development Cooperation will be needed in 2011 for Belgium's successful attainment of 0.7% to not remain only a one-off achievement.

The Belgian law on development cooperation

In 1999, Belgian development cooperation went through some fundamental reforms such as the creation of the Belgian Technical Cooperation, the agency responsible for policy implementation, and the adoption of a Law on International Cooperation. In December 2007, the Minister of Development Cooperation announced that the law needed to be revised to fill gaps, for example in humanitarian aid, and to adapt the law to the new international aid effectiveness framework.

Consultations on revisions in the law were held in Parliament with several stakeholders, including NGOs, from March to June 2008. A new draft bill was prepared incorporating many points stressed by NGOs including the importance of decent work alongside gender, children's rights and climate and environment issues. However, the bill had not yet been discussed by Parliament when the Belgian government fell in April 2010. NGOs hope that the two years of work on the new bill will not have been in vain.

Action plans and aid effectiveness

In June 2007, Belgium released the "Plan on Harmonisation and Alignment" (PHA), focusing on the Paris Declaration (PD). There is a tendency towards stronger geographical and sectoral concentration. Belgium finances a maximum of two sectors per partner country, except for the Central African countries. A better division of labour by delegated cooperation is also being explored. A high percentage of Belgian aid is untied; however, state-to-state loans (under the Ministry of Finance and the Department of Foreign Trade) and interest subsidies (under the Department of Foreign Trade) are still tied. There is as yet no detailed implementation plan for the Accra Agenda for Action (AAA).[1]

Dialogue with CSOs

The PHA refers to national ownership as defined in the PD, but does not refer to democratic ownership or to civil society. Yet dialogue with non-state actors has intensified in recent years. NGOs have become more involved in preparing official Indicative Cooperation Programmes outlining the cooperation with a partner country for the next four years. Results have varied, however, underlining the importance of true dialogue rather than attempts to align NGOs to government policies.

On 4 May 2009, representatives of the Belgian government and NGOs signed an agreement on the effectiveness of Belgium's federal development cooperation. The NGO sector entered into a debate with the government under the condition that the government's effectiveness would also be discussed and that the debate would be all-encompassing. The NGO sector made its own commitments on implementation of the PD, while the government made pledges on aid effectiveness and policy coherence for development.[2]

Decent work as an indicator for social justice

In October 2008, Belgian NGOs and trade unions joined together in a two-year national awareness raising and advocacy campaign for decent work.[3] The demands of the campaign are for guaranteed social rights for everyone worldwide and regulation of the private sector. These basic human rights, included in several international declarations such as the Millennium Development Goals (MDGs) should be integrated into national and international policies.

A sub-target of MDG 1 is to "achieve full and productive employment and decent work for all, including women and young people". The indicators on this include the growth rate of gross domestic product (GDP) per person employed and the proportion of employed people living below $1 (PPP) per day. Belgium already has to report progress on these decent work indicators in its annual report to Parliament. The 2007 MDG report mentioned the importance of jobs for young people. However there was no mention of decent work in the 2008 MDG report.

The Belgian Parliament has adopted a resolution urging the government to live up to social and ecological criteria and standards in its national and international policies. It also demands binding regulation of enterprises with regard to labour standards. It remains to be seen how this will be implemented.

Development policy coherence

Belgium has improved on aid effectiveness and intensified its dialogue with civil society. Yet NGOs warn that the technocratic focus of Belgian development cooperation on aid effectiveness must not distract attention from policy coherence for development (PCD). Ensuring coherence between development cooperation and policy decisions in other fields affecting developing countries remains a major challenge.

There is too little political commitment by the Belgian government on PCD. The agreement between the Minister for Development Cooperation and NGOs clearly states that guaranteeing PCD is the task of the whole of government, yet implementation has hardly started. One problem is that the agreement is not binding and was signed only by the Minister of Development Cooperation at the time and not on behalf of the whole government. The legal and institutional framework for PCD is weak.

Including a reference to the principle of PCD in a legal framework or in a revised law on international cooperation would constitute significant progress. Belgium should strengthen inter-ministerial information and coordination mechanisms and between different levels of government to ensure better efficiency and effectiveness of efforts to promote positive development results.

Endnotes

1 A two-pager of the Belgian government on implementing the Accra Agenda for Action (February 2010) is available at http://www.oecd.org/dataoecd/13/53/44708146.pdf.

2 The complete agreement is to be found at http://www.dgci.be/documents/ngo/Akkoord_Minister_ngo_04-05-2009.pdf (Dutch version) and at http://www.dgci.be/documents/ngo/Accord_Ministre_ONG_04-05-2009.pdf (French version).

3 See also www.waardigwerk.be and www.travaildecent.be

Declining Aid Performance as Government Freezes ODA

Brian Tomlinson, Canadian Council for International Cooperation

Overview

- Canadian official development assistance (ODA) for 2010 is estimated by the Canadian Council for International Cooperation (CCIC) to be Cdn$5,250 million or 0.33% of gross national income (GNI).
- This puts Canada 18th among the 22 Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) donors (ahead of only Greece, Italy, the United States and Japan).
- This CCIC estimate includes the federal budget's International Assistance Envelope as well as non-budgetary items that can be included in ODA according to OECD DAC criteria.
- The government had a policy of increasing "International Assistance" – of which ODA is the largest component – by 8% per year but in March 2010 announced the budget for Canadian aid would be capped indefinitely at the level set out in the 2010/11 Federal Budget: Cdn$5 billion. It might be reduced based on year-by-year assessments.[1]
- Without ODA increases in real terms, Canada's generosity will decline to approximately only 0.28% of GNI by 2014/15.
- The government has increased funding for middle-income Latin American countries and reduced the number of African countries from 14 to just seven. By 2010/11 the Canadian International Development Agency (CIDA) will spend 80% of its bilateral money in 20 "countries of focus".

Canadian Council for International Cooperation (CCIC) has criticised the government's lack of leadership in a year when it has hosted the G8 and G20 leaders meetings. The government will probably meet its modest commitment to double Canadian "international assistance" between 2001 and 2010. However, "international assistance" includes several areas of spending that are not allowed under the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee's (DAC) ODA criteria, such as contributions to Africa Union peacekeeping forces in Darfur. Therefore Canada will still be far off the United Nations (UN) ODA target of 0.7%. CCIC has been calling for a ten-year plan to reach this target, which would require an average annual increase of 14% to the ODA budget.

International aid-effectiveness commitments

The Canadian International Development Agency (CIDA) submitted a Canadian Action Plan for implementing the commitments of the Accra Agenda for Action (AAA) on aid effectiveness to the OECD DAC. The Minister for International Cooperation approved this plan in mid-2009, but it was still on CIDA's public web site in March 2010.[2] Nor was there any consultation with other Canadian development actors during its preparation.

The Action Plan highlights the importance of the five Paris Declaration (PD) principles and the AAA and asserts that "CIDA has made aid effectiveness and accountability for development results a hallmark of its performance agenda". However, it mostly comprises previous government commitments, some of them unrelated to the AAA. It elaborates its own seven goals for aid effectiveness: focus; efficiency; accountability; predictability; alignment; inclusive partnerships; and fragile states. It does not cover the full AAA even though the government statement in Accra accepted *all* its paragraphs and made specific commitments.

Many of the Action Plan's specific commitments derive from recent Canadian domestic political debates on directions for Canadian ODA, referencing the PD or the AAA only where relevant to these directions.[3] The plan largely ignores the 2008 Canadian ODA Accountability Act which states that each ODA disbursement must reduce poverty, take account of the perspectives of the poor, and be consistent with international human rights standards.[4] (See CCIC article in Chapter 1) The only reference to gender equality, for example, is inexplicably as a qualifying comment to integrated strategies for strengthening "state-building" in fragile states. The Plan fails to make the link between:

a. Gender equality, respect for human rights and environmental sustainability as important indicators of development effectiveness in the AAA; and
b. The government's obligations under the ODA Accountability Act to take account of international human rights standards in determining Canadian aid disbursements.

The government's first Report to Parliament on its implementation of the ODA Accountability Act, submitted in September 2009, had many flaws.[5] It failed to explain how ministers in each government department were assessing whether the Act's three required standards for aid spending had been met, or whether and how ministers had consulted and weighed the views of civil society organisations (CSOs), developing country governments and multilateral organisations as required. Nor did it set out its rationale for calculating ODA under the terms of the Act.

Targeting aid

The Conservative government kept a Liberal promise to double international assistance to Africa between 2003 and 2008 and to double overall assistance by 2010. However, new aid priorities – such as the focus on maternal and child health announced at the 2010 G8 Summit – are expected to divert what is now a capped budget from African and other programmes. This is likely to result in a decline in commitments to the poorest countries in Africa.

In 2009 the government announced that by 2010/11 CIDA will spend 80% of its bilateral money in 20 "countries of focus".[6] (In Canada, "bilateral country programs" do not formally include CIDA funds supporting Canadian CSO development programming.) In replacing the 20 long-term programming countries and five fragile countries in conflict set out by the Liberal Government in 2005, there was no consultation with African counterparts, nor with Canadian development actors. The Conservative government has increased funding for middle-income Latin American countries and reduced the number of African countries from fourteen to just seven.

Canada had for many years focused on 30 countries for its bilateral assistance. There is no evidence that an increasingly narrow focus on a few countries has resulted in improved development outcomes.[7] In fact, it may be increasing Canada's influence on country policies, potentially undermining country ownership.

The government has also announced that CIDA will focus its programming in three thematic areas: food security; sustainable economic growth; and children and youth. While there were preliminary consultations with development stakeholders, this approach ignores Canada's commitment to "country ownership" in the AAA.[8] In April 2010, eight months after the consultations, strategies for food security and children and youth were finally published on CIDA's web site, whilst no such strategy had yet been made available for sustainable economic growth. CIDA's planning process for these narrow thematic areas ignores Canada's commitment to "country ownership" in the AAA, where paragraph 17(a) says:

> "Developing countries will lead in determining the optimal roles of donors in supporting their development efforts at national, regional and sectoral levels. Donors will respect developing countries' priorities, ensuring that new arrangements on the division of labour will not result in individual developing countries receiving less aid."

Country ownership and participation

Canada fully untied food aid with immediate effect in 2008. The Action Plan on AAA implementation highlights the welcome announcement that all Canadian aid will be fully untied by 2012/13. The Plan says that Canada will limit program conditions to those based on the partner's country's national development strategy and will make public any conditions linked to disbursement. However, there has been no further elaboration of the coverage and terms for untying Canadian aid and the ways in which CIDA could ensure that benefits truly accrue to developing country partners.[9] Furthermore, there is so far no evidence of such transparency for Canadian aid conditions.

In 2009, CIDA set out a *Policy on Program-Based Approaches* (PBAs) but had not published this policy by Spring 2010. The policy asserts that "program-based approaches represent a shift in style of aid delivery to one more closely integrated with a recipient country's national management and financial systems". It sets out an unproven assumption that PBAs "increase democratic governance through strengthening institutional capacity and accountability to citizens or constituencies". The policy also mentions that "positive trends" in government transparency, accountability, rule of law, human rights and inclusive political dialogue create an "opportunity for effective engagement". However it offers no specific guidance on how such trends will be assessed, nor does it refer to international human rights standards as a reference point as required by the ODA Accountability Act.

Canada has a number of budget support programs in Africa and elsewhere. However, Canada's policy on PBAs clearly states that budget support will be considered when "a viable macro-economic and fiscal framework [exists] as assessed by the International Monetary Fund and/or the World Bank." There is no evidence that CIDA assesses whether citizens' organisations or national parliaments have been substantially consulted on these macro-economic and fiscal frameworks or on national development strategies, as required by the AAA.

Technical assistance is another tool through which donors tie their aid to their own domestic interests and to informal donor conditions or benchmarks. Unfortunately, the Action Plan suggests that Canada will ensure that technical assistance is "coordinated with that of other donors," not developing country partners.

The Action Plan does commit CIDA to "engage in multi-stakeholder efforts to strengthen the role of civil society in development by promoting a more favourable environment, improved models of donor support, and increased CSO effectiveness and accountability". However, it does not explicitly recognize civil society organisations as development actors in their own right. Furthermore, the policy of focusing on a narrow list of countries and themes could seriously undermine the contribution and effectiveness of Canadian CSOs.

There are still no transparent policies guiding CIDA's strategies and funding modalities for its support to CSOs. It has not even been able to identify modest resources to support CSO-led processes on CSO development effectiveness and CSO participation in Working Party preparations for the November 2011 Seoul High Level Forum on Aid Effectiveness.[10] Implementation of policies for country and thematic focus, too narrowly applied in the context of CIDA's uniquely responsive programs, could seriously undermine as development actors "in their own right".

Indeed, CIDA's recent actions – such as the seemingly politically motivated defunding of Kairos, the Canadian ecumenical coalition of church-based development organisations – have raised grave concerns about the integrity of aid decision-making. Members of Parliament have asked the government questions about the role of CSOs in policy dialogue and advocacy.

Conclusion

CCIC has published a comprehensive report on the implementation of the Canadian ODA Accountability Act: A Time to Act.[11] It makes specific proposals for future directions for Canadian aid based on human rights standards. Their implementation could substantially renew the stature of Canada as an innovative donor that is committed to deepening the effectiveness of aid by focusing on the needs and rights of people living in poverty.

Endnotes

1 Government of Canada, *Budget 2010*, page 142, accessed March 2010 at http://www.budget.gc.ca/2010/home-accueil-eng.html.

2 As of March 2010, *CIDA's Aid Effectiveness Action Plan, 2009-2012* was only accessible on the OECD DAC site: http://www.oecd.org/dataoecd/54/14/44682125.pdf.

3 Stephen Brown, "Aid Effectiveness and the Framing of New Canadian Aid Initiatives", in D Bratt and CJ Kukucha, eds. Readings in Canadian Foreign Policy: Classic Debates and New Ideas. Second Edition. Oxford University Press, forthcoming.

4 The Act is available at http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUImages/ODAA/$file/oda-report-2008-2009.pdf. CCIC has published a report on the implementation of the Act. See CCIC, *A Time to Act: Implementing the Canadian ODA Accountability Act*, April 2010: http://www.ccic.ca/what_we_do/aid_liability_act_e.php.

5 CIDA, "Report to Parliament on the Government of Canada's Official Development Assistance, 2009-10", September 2009, accessed March 2010 at http://www.acdi-cida.gc.ca/INET/IMAGES.NSF/vLUImages/ODAA/$file/oda-report-2008-2009.pdf.

6 The 20 countries are Bolivia, Colombia, Haiti, Honduras, Peru, the Caribbean Region, Afghanistan, Bangladesh, Indonesia, Pakistan, Vietnam, West Bank and Gaza, Ethiopia, Ghana, Mali, Mozambique, Senegal, Sudan, Tanzania, and Ukraine.

7 Stephen Brown, op. cit., pages 9-10.

8 AAA, paragraph 17(a).

9 See the discussion of the experience of fully untying aid by other donors in the Global Aid Trends chapter in this Report.

10 See Background and the Report of the Canadian Open Forum Consultation on CSO Development Effectiveness at http://www.ccic.ca/what_we_do/osc_e.php.

11 CCIC, *A Time to Act*, op. cit.

Diminishing Danish Aid?

Laust Leth Gregersen, CONCORD-Danmark

Overview

- The 2009 official development assistance (ODA) level was 0.88% of gross national income (GNI), which has been maintained for almost a decade. However, the Danish government announced **€**310 million in aid cuts from 2011. This means that Denmark has abandoned its commitment to maintain the ODA level "also in time of crisis".
- Danish headline 2010 ODA figures conceal 7.5% of inflated aid comprising debt relief, climate financing and costs for receiving refugees in Denmark.
- The policy on climate aid shows an alarming gap between words and action as the government fails to deliver promised new and additional funds to help developing countries tackle human-induced climate change.
- Danish development assistance generally has a strong focus on creating better living conditions for the world's poor, although increasing emphasis on national security interests undermines aid quality.
- Much effort is being invested in implementing the Paris Declaration but Denmark is reluctant to use budget support and about 80% of all large project contracts are awarded to national companies.
- Gender is a key priority in Danish aid and is mainstreamed into all development programmes.

Aid Quantity

Denmark has provided a continuously high level of aid. In 2009 it was at 0.88% of gross national income (GNI) – a level maintained over the last decade. Development assistance was even higher in the previous ten years, amounting to 1% of GNI. Until very recently the Danish position was that donor countries should maintain "the economic level of ODA – also at a time of crisis".[1] ODA was therefore increased in 2010 to maintain the level of aid as a percentage of GNI. However, the Danish government announced €310 million in aid cuts from 2011. This regrettably means that Denmark has failed to uphold its commitment to maintain the ODA level despite the crisis. Denmark may fall behind as a global front-runner with its aid likely to be around 0.7% of GNI in 2013.

The impressive Danish 2009 figures actually also contain inflated aid, namely debt relief, climate financing and costs for receiving refugees in Denmark.[2] (**See Table 1**)

Table 1: Overview of Danish Development Assistance, 2009

Item	Amount (€ million)	% of ODA
Total ODA reported	2,213	100%
Of which:		
Debt relief	64	
Climate financing	67	
Refugee costs in Denmark	31	
Total Aid Inflation	162	7.5 %
Total "Real Aid"	2,091	92.5 %

Climate financing

Danish policy on climate aid is characterized by an alarming gap between words and action. The Danish government has repeatedly stressed the need for new and additional funds to help developing countries tackle human-induced climate change. In its priorities for development assistance for 2009 the government thus committed to increase climate initiatives "within a growing economic frame for development assistance".[3] And, leading up to the COP-15 conference in Copenhagen, the Danish Prime Minister wrote:

> "A global agreement needs to focus on reducing emissions and help the poorest countries adapt to unavoidable climate change. [Hence] funding for efforts in developing countries is also a very important part of an agreement."[4]

Despite this, no decision on new funding for climate assistance has yet been taken. Conversely, the government is now shirking its commitments. A special budgetary allocation for climate change initiatives has been created which will increase annually by €13.5 million until 2012 when it will amount to €67 million. Denmark thus plans to spend €160 million on climate change over a five-year period without increasing the level of total ODA.

The Danish development minister and the minister for environment recently announced "Denmark as one of the first countries in the world that puts action behind the Copenhagen agreement from climate summit (COP15)", with reference to the €160 million climate allocation.[5] However, as this money is not new or additional the statement undermines Denmark's credibility in the ongoing negations over a binding climate agreement following the the failure of COP15 in Copenhagen.

On top of the climate allocation, the Danish government also uses ODA for climate financing that it does not label as such. Half of the costs for the 2009 COP15, amounting to €30 million, was thus covered by the ODA budget. Another indicator of Denmark's increasing expenditures on climate-related aid is its aid spending classified under the so-called 'Rio marker', which grew by 14% from 2006 to 2008. In 2008 Denmark reported €154 million of Rio-marked ODA, which is approximately 8% of total Danish development assistance.[6]

The Danish government should take immediate action to deliver the promised new and additional climate funds.

Aid Quality

Danish development aid has long distinguished itself by its clear focus on creating better living conditions for the world's poor. Historically, Danish foreign policy and development aid has been designed to pursue a cooperative world order based on strong international institutions. This "Active Multilateralism" approach prevailed through the 1990s until the change of government in 2001 and Denmark's engagement in the war on terror brought an end to this regime. Denmark's increasing emphasis on national security interests threatens to weaken the poverty eradication focus of its aid.

National security: A new Danish aid priority

Since 2001, major changes have taken place in Danish international actions and economic priorities. The defence budget has increased by 50%, mainly due to military operations in Iraq and Afghanistan.[7] During the same period, development assistance stagnated at 0.8% of GNI and much effort has been invested in making aid contribute to Denmark's national security.

The Danish foreign policy strategy, *Denmark's International Efforts,* adopted in 2003, clearly places development assistance as an element in overall foreign policy:

> "It is crucial for efficiency of the international effort that all the foreign policy instruments are jointly integrated and that resources are focused on the most highly prioritised areas. [Hence], the Government will break 'box thinking' in the international politics and adapt the Danish international efforts in light of the significant changes in the international society."[8]

This approach implies that the poverty focus of Denmark's development assistance may be weakened if aid is considered a useful instrument for security policy objectives that are given high priority in certain cases. Danish aid is particularly being used in relation to military operations in Afghanistan which is now a top recipient of Danish aid. Moreover, the Danish Parliament has recently agreed to provide ODA funds for an initiative under Denmark's defence policy.

The trend of using Danish aid for national security purposes is likely to be reinforced in Denmark's new development strategy which will set the framework for Danish aid policy in this decade. The draft strategy clearly states that aid policy "goes hand in hand with safeguarding Danish self-interests" and is "part of Denmark's foreign and security policy".[9]

This approach jeopardises the quality of Danish aid. Development policy is about fighting poverty and the needs of world's poor must never be subordinated to other political aims. Policies designed on the basis of Danish self-interest compromise these objectives and undermine democratic ownership in recipient countries. Hence Danish NGOs call on the government to maintain its poverty focus and return to the more cooperative approach that characterised the active multilateralism of the 1990s.[10]

Implementation of the Paris Declaration on aid effectiveness

The Paris Declaration has had a significant impact on Danish bilateral development assistance and much effort is being invested in implementing the Paris agenda. However Denmark is reluctant to use budget support, although this is a key instrument in creating ownership in recipient countries. In 2007 Denmark only provided 4.4% of bilateral aid as general budget support, and current signals from the government do not indicate that this percentage will increase.[11]

Formally, Denmark's aid is almost entirely untied. The only tied budget line in Danish ODA is the so-called 'mixed credits' – interest-free loans to finance equipment and related technical assistance for projects in developing countries.[12] In practice, however, about 80% of all large project contracts are awarded to national companies.[13]

Gender is a key priority in Danish aid and is mainstreamed into all development programmes. The government has officially stated that it will work to ensure that women's rights are a key issue on the agenda of the Millennium Development Goal (MDG) Review in September.

Aid transparency in Denmark is generally high. Yet consultation with civil society needs to be improved, especially on key strategies.

Endnotes

1 *Danish Government's for Danish Development Assistance*, August 2009, pp. 3.

2 Figures are based one the official budget overview from August 2009; OECD DAC figures released April 14th and Parliament Inquiry MPU 461.

3 *Danish Government's priorities for Danish Development Assistance 2009-2013*, August 2008, pp. 4.

4 *Danish Premier Minister, Lars Løkke Rasmussen in the 92 Group's Newsletter nr. 61*, September 2009, pp. 2.

5 *"Invitation COP15 fra ord til handling",* Danish Government, Press release April 2010.

6 Creditor Reporting System, *OECD*: http://stats.oecd.org/index.aspx.

7 *Syv notater om Danmarks ny udviklingspolitik*, The Danish NGO-forum, November 2009.

8 *Danmarks internationale indsats – nye udfordringer i en verden i forandring,* Government of Denmark 2003, pp. 4.

9 *Frihed fra fattigdom – frihed til forandring: Udvikling 2.0,* Government of Denmark, March 2010, pp. 1ff.

10 *Syv notater om Danmarks ny udviklingspolitik*, The Danish NGO-forum, November 2009.

11 "*Guidelines for the Provision of Budget Support",* Danish Ministry of Foreign Affairs 2007.

12 *Danish Government's Strategy for Danish Development Assistance*, August 2009.

13 "*Untying Aid: Is It Working?",* Organisation for Economic Cooperation and Development (2009)

Towards European Commission Development Effectiveness and Policy Coherence

Louisa Vogiazides, with the assistance of Visa Tuominen and Hélène Debbari, Eurostep

Overview

- In 2008, European Commission (EC) aid disbursements amounted to €11 billion (US$14 billion). €9 billion or 83% of this was official development assistance (ODA).
- 41% of EC net disbursements were allocated to 61 Least-Developed Countries and other low-income countries.
- In 2008, Development Assistance Committee (DAC) European Union (EU) Member States gave 0.42% of their combined gross national income (GNI) in aid. This was a slight increase from the 0.39% of GNI in 2007; however, when debt relief is deducted they provided only 0.38% of GNI.
- In 2008, the EC spent €393.59 billion of its aid on agriculture (3.5%), €378 million (3.4%) on basic health, €147.5 million (1.3%) on basic education and €118 million (1%) on water supply and sanitation.
- Budget support represented 39% of all EC aid commitments in 2008.
- Following the Lisbon Treaty, a European Union External Action Service is being created.

The European Union (EU) prides itself as collectively the largest aid donor, providing nearly 60% of the world's ODA, and as a leader on the aid effectiveness agenda. Yet there is no room for complacency when it comes to implementation as there are significant problems with the European Commission's (EC) approach to civil society participation, recipient government ownership, budget support decision-making, and gender planning.

The 27 EU Member States provide finance to the EC to spend on development – described as 'EC aid' in this chapter. They also fund development assistance directly. (See other articles in this chapter) The combined aid from both the EC and the EU Member States is described here as 'EU aid'.

Insufficient inclusion of CSOs in developing countries

Ownership and participation are core principles of EU development policy, underlined in the European Consensus for Development, the Paris Declaration on Aid Effectiveness and the Cotonou Partnership Agreement. The mid-term reviews of Country Strategy Papers (CSPs) in African, Caribbean and Pacific (ACP) countries, however, highlighted once again the need for improvement in the area of transparency and democratic ownership of EC aid.

In some countries there has been progress towards a periodic consultation and dialogue with civil society organisations (CSOs), but important further steps are required to ensure an effective engagement with civil society in programming and reviewing EC aid in a systematic, transparent, on-going and inclusive way.

A serious impediment to effective CSO participation is the lack of timely information that would allow CSOs to properly prepare for the discussions. In Benin, CSOs were informed by email about a consultation workshop at 7 o'clock of the evening before it started.[1] In countries such as Uganda, Ethiopia, Rwanda and Burkina Faso, CSOs highlighted that it was civil society partners in the North, rather than EC delegations, who were most proactive in providing key documentation to Southern partners in preparation for the mid-term review.[2]

CSOs also question the results of their engagement. In many instances, they felt the consultation process did not give them enough room to raise their concerns and contribute with sufficient substance. Some consultation processes were more of an information session rather than a proper exchange of views. For example, CEFONG, the Malian NGO platform, reported that "the debates during a workshop on the mid-term review of the CSP remained very general and did not allow a real questioning of the priorities defined in the CSP".[3] The Beninese platform CFRONG also deplored the insufficient assistance allocated to key sectors of healthcare, education and agriculture, and demanded that changes in priorities, notably on infrastructure, must be clearly justified.[4]

The EC therefore needs to show continued commitment and provide financial support to develop and implement a culture of CSO engagement. It should also ensure that officials report back to civil society on the results of engagement. When proposals made by CSOs are not taken into account, the EC should provide a written explanation of the reasons.

The EC should also promote the involvement of the European Parliament, national parliaments in developing countries and the ACP-EU Joint Parliamentary Assembly in adopting and reviewing strategy papers.

Assessing eligibility for budget support

The proportion of EC aid being channelled through budget support in partner countries is increasing. Budget support commitments represented 39% (€3.86 billion) of total commitments from the EC development budget and the European Development Fund (EDF) in 2008.[5] In that year the EC approved new budget support operations under the 10th EDF in 22 ACP states, including seven Millennium Development Goal (MDG) contracts. MDG contracts are a form of long-term budget support directed towards MDG-based outcomes. In principle they improve aid predictability and make better planning possible.

The EC regards budget support as an efficient way of delivering aid to countries with a good governance record. The use of country systems can reduce administrative costs and induce country ownership by the partner government. However it does not necessarily imply increased ownership by national parliaments and citizens. The EC should therefore promote mechanisms to enable national parliaments and civil society to take part in the definition of public policies and monitor budget expenditures.

The EC has defined three main eligibility conditions for budget support: a country should have a poverty reduction plan, it should work towards improving public finance management, and it should aim for macro-economic stability. However the assessment of recipient countries' eligibility remains patchy, as indicated by a November 2009 report from the European Court of Auditors. In a further report the Court of Auditors also points out that general budget support has not made a significant contribution to improving health services in the region. In addition, although sector budget support programmes are likely to significantly improve health services, the Commission has rarely used these types of programmes in Sub-Saharan Africa.[6]

The Court underlines that to provide budget support EC officials should provide "a structured and formalized demonstration that the recipient countries have a relevant reform programme".[7] This should include democratic reforms, respect for human rights, the establishment of a public finance management that is sufficiently transparent, accountable and effective, and support for the inclusion of civil society in decision making.

Budget support can induce ownership and reduce administrative costs in the right circumstances. EC decision-making needs to be more transparent, which could be achieved by introducing improved indicators for measuring the impacts of budget support as put forward by the Court of Auditors and in Reality of Aid's 2008 report.

Action on gender equality

In June 2010 the European Council adopted an 'EU Action Plan on Gender Equality and Women's Empowerment in Development' for the period 2010-2015.[8] This aims to accelerate the achievement of the MDGs, in particular on gender equality and maternal health, and contribute to other international goals related to gender equality. It calls for political and policy dialogue, gender mainstreaming, and other specific actions. The plan suggests that the EU hold political meetings with its partner countries or regional organisations to assess progress on the issue. The Action Plan also suggests setting up gender databases and calls for a stronger involvement of civil society. However, the Action Plan lacks clear indications on funding allocations to secure its implementation. Political will and financial resources are necessary to put the Plan into practice.

Institutional changes following the Lisbon Treaty

After eight years of preparation and negotiation, the EU's Lisbon Treaty came into force in December 2009. This introduces some significant changes in the way in which the EU seeks to manage its role in the world. With the establishment of a High Representative for Foreign Affairs and Security Policy and the establishment of a European diplomatic service (European External Action Service, or EEAS) to support the High Representative, the treaty's aim is to make the EU a more effective player on the world stage.

The process of initiating the new system has been difficult. The Commission, Member States and the European Parliament disputed the specific role of the EEAS and what functions would be transferred from the Commission. Control over the EU development budget was at the centre of the debate. The European Parliament sought to ensure adequate levels of democratic scrutiny, including a role for the Parliament itself in overseeing the implementation of the Common Foreign and Security Policy (CFSP). The likely agreement between the institutions includes such a role for the European Parliament.

NGOs and others also questioned whether the EEAS initial proposals adhered to the letter and spirit of the Lisbon treaty, which emphasises that poverty reduction must be an objective of all EU external actions. This proposal mixed development with diplomatic functions of the EEAS, risking the effectiveness of both policy areas as securing Europe's own interests abroad do not always coincide with development policy objectives. Experiences at national level suggest that when development and foreign policy are in contradiction the latter tends to dominate.

The proposal to put control of the development budget in the EEAS alongside foreign policy runs the risk that development budgets will be used to support Europe's interests in the world rather than development strategies identified in developing countries. Therefore sufficient capacity, checks and balances are needed to ensure that different policy instruments are elaborated according to their respective objectives. There are changes in the role of EU delegation as a result of the new treaties. As delegations of the Union, in contrast to their past role as representations of the European Commission, they take on the role of representing the political interests of the EU. This means that they will take on the role that EU Presidency country embassies had in the past which may increase consistency in the EU's representation. It also has the potential to strengthen the implementation of the EU's commitments to increased coordination of the Commission and member states development activities in a country, and to the donor division of labour that has so far proved quite difficult to achieve.

The EEAS is expected to be established at the end of 2010, and become fully operational in 2012. Its personnel will be drawn from the Commission, with the transfer of entire departments from the Development and External Relations Directorates, as well as from the Council secretariat and from Member State diplomatic services.

Policy Coherence for Development

Policy Coherence for Development (PCD) means ensuring that the objectives and results of development policies are not undermined by other policies which impact developing countries, and that these other policies support development objectives. The Treaty of Lisbon gives a solid base to PCD by stating that the reduction and the eradication of poverty is the primary objective of the Union's development cooperation policy and that "[t]he Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries."

The EU therefore needs to consider developing countries when devising and implementing policies in areas such as agriculture, trade and finance. There are, however, numerous cases of incoherencies in the EU policies that affect development, notably Common Agricultural Policy subsidies that enable European farmers to undercut developing country producers. Europe's approach to PCD suffers a number of shortcomings. First, there is no binding obligation for the EU to ensure its policies do not have a negative impact on development. Second, there is a lack of evidence-based indicators for assessing policies' impact on development. Third, there is no complaint mechanism for addressing inconsistencies.

In its communication 'Policy Coherence for Development: Establishing the policy framework for a whole-of-the Union approach' and its second progress report on PCD of September 2009, the European Commission proposed to develop a result-oriented Work Programme for 2010-2013 with a pro-active engagement to promote PCD in five areas: (1) trade and finance, (2) climate change, (3) food security, (4) migration and (5) security.[9]

A non-binding own-initiative report on PCD by Franziska Keller, a Member of the European Parliament, presented a number of proposals on PCD. The report calls for additional and early impact assessment and for EU delegations to monitor the impact of EU policy at partner-country level. It also suggests that the EU Ombudsman could use its own-initiative powers to investigate complaints from citizens. These measures would significantly strengthen the accountability and effectiveness of PCD.

Conclusion: EU development cooperation in a changing world

The recent financial and economic crisis has emphasised the weaknesses in Europe's economic position in the world. The changes being introduced as part of the Lisbon Treaty are intended to unify and strengthen the EU's external representation. The Treaty indicates that this should prioritise poverty reduction. However the region's own economic difficulties mean that the EU may instead be tempted to use its external policies, funding streams and representatives increasingly to prioritise its own commercial interests.

Endnotes

1 Concord Cotonou Working Group, "Civil society involvement in the review of the 10th European Development Fund", February 2010. Available at: <http://www.acp-programming.eu/wcm/dmdocuments/CCWG_CSO_MTR_EDF10_20100210.pdf>

2 http://www.euroresources.org/fileadmin/user_upload/Fast_Facts/MTR_Fast_Fact.pdf

3 Concord Cotonou Working Group, "Civil society involvement in the review of the 10th European Development Fund", February 2010. Available at:<http://www.acp-programming.eu/wcm/dmdocuments/CCWG_CSO_MTR_EDF10_20100210.pdf>

4 http://www.coordinationsud.org/IMG/pdf/Recommandations_finales_de_la_Societe_civile_au_Benin.pdf

5 Europaid Annual report 2009. At: http://ec.europa.eu/europeaid/multimedia/publications/documents/annual-reports/europeaid_annual_report_2009_en.pdf>

6 EC Development Assistance to Health Services in Sub-Saharan Africa**,** European Court of Auditors, 2009. At: http://eca.europa.eu/portal/pls/portal/docs/1/2030233.PDF.

7 See: http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:C:2009:269:0257:0290:EN:PDF.

8 See:http://ec.europa.eu/development/icenter/repository/SEC_2010_265_gender_action_plan_EN.pdf.

9 See the Commission's Staff Working Document

Policy Coherence for Development Work Programme 2010- 2013: http://ec.europa.eu/development/icenter/repository/SEC_2010_0421_COM_2010_0159_EN.PDF.

Finnish Development Cooperation: A Shift Towards More Donor-Driven Aid?

Miia Toikka, KEPA

Overview

- The Finnish official development assistance (ODA) budget for 2010 is €966 million.
- Because its gross national income (GNI) is falling, Finland will exceed the European Union (EU) target of 0.51% in 2010.
- Forests, water and climate change are the main growth sectors of Finnish aid.
- A major part of climate financing pledges will be covered from ODA funds.
- The costs of refugees who are denied asylum have been provisionally introduced into the ODA figures.
- Another focus of development policy is trade and the private sector.
- Finland will now supply no more than 25% of aid to any country in the form of general budget support
- Finland has had eight long-term partner countries, but has now developed additional regional framework programmes for Africa, the Andes, South Caucasus and Central Asia, and the Western Balkans

Main aid developments

ODA growth was cut

The Finnish government budgeted €966 million as official development assistance (ODA) for 2010. The Finnish ODA budget is divided into 'actual' and 'other' development cooperation. The 'other' category includes administration costs, contributions to the European Union (EU) development budget and United Nations (UN) agencies, civilian crisis management, refugee costs etc.

The growth of Finnish ODA has slowed due to the financial crisis. Compared to the earlier budgetary framework decisions by the cabinet, the growth of funds for 'actual' development cooperation is nominal: only a €4 million increase over the 2009 budget, rather than the €50 million originally projected in the budgetary framework for 2010.

However, because the gross national income (GNI) is falling, Finland will exceed the EU target of 0.51% of GNI spent on aid in 2010. Nevertheless, the challenge of securing steady growth of ODA towards the 0.7 % target in 2015 has been left for the next government. Moreover, a major part of climate financing pledged by Finland in the Copenhagen conference in December 2009 will be covered from ODA funds, contrary to commitments made under the UN Framework Convention on Climate Change.

In terms of aid quality, the 2010 budget decision was also a setback as Finland included a larger amount of refugee costs in the ODA budget. Since 2000, Finland has only reported as ODA the expenses for the first 12 months of the refugees who have been settled in Finland (€26.6 million in 2009). The Ministry of the Interior has pushed for a change so that ODA figures include also costs of refugees who are denied asylum – although final acceptance of this will be made only after seeking clarification from Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC).

More debate on development policy – less access to information

There has been active debate on development policy in the parliament and in the media in the past two years. Both ODA levels and the contents of development cooperation have been under public scrutiny.

At the same time, however, it has become more difficult for non-government organisations (NGOs) and parliamentarians to obtain information about development policy implementation and discuss its details. Important decisions, such as on the use of budget support, have been made without wider consultation. Country strategies for Finland's main partner countries, defining the aid sectors and instruments for the next three years, were also written without proper consultation of the recipient countries or civil society and Parliament in Finland.

Focus on the environment

The 2007 Development Policy emphasises environmentally sustainable development. Forests, water and climate change are the main growth sectors of Finnish aid. Other aspects of sustainable development, especially the social dimension, have received less attention.

Development Policy Guidelines for both the Forest Sector and the Environment, and an International Strategy for Finland's Water Sector were agreed in 2009. The proportion of aid related to these sectors is set to grow in all Finland's long-term partner countries over the next few years.[1] Virtually all new initiatives at country level are within this new thematic focus. New forest sector programmes have been initiated in seven countries.[2]

The focus on the environment, forests and other natural resources has been justified by stating that these are "areas where Finnish expertise and experience can be best used to support partner countries' own development programmes".[3] The argumentation is related to the current government seeking to go further in implementing the concept of Finland's 'added value'.

Focus on the private sector

Another focus theme of the 2007 Development Policy is trade and private sector development. Since 2003, Finland has combined the ministerial portfolios of Trade and Development. In 2008, the Ministry produced an Aid for Trade Action Plan and a Guide on Exporting to Finland promoted developing country imports to Finland. It also set Finland's import policy objectives in 2009.

In Zambia, Finland has started a new private sector development support programme and in several other countries Finland intends to direct its support more towards the private sector. The target group of the local cooperation funds administered by the Finnish embassies in developing countries has also recently been widened to include private enterprises.

The Ministry has taken steps to increase the role of the Finnish business sector in development cooperation, forming clusters of Finnish firms and institutions working on the priority themes. A business partnership programme started in 2006 (Finnpartnership) and other new funding instruments have been introduced such as the Institutional Cooperation Instrument. New private equity export credit funds are being explored.

The Ministry of Employment and the Economy has for the first time introduced its own strategy on development policy to promote economic cooperation between Finland and developing countries.

Finnish aid from development effectiveness perspective

Finland is committed to the aid effectiveness agenda as defined in the Paris Declaration (PD) and the Accra Agenda for Action (AAA). NGOs go further by using the term 'development effectiveness' to emphasise that aid delivery must make a difference on poverty and inequality. This approach puts the poor and marginalised populations as the fundamental concern and owners of development assistance.

Increasing the share of general budget support and programme-based approaches is generally seen as a central means of improving aid effectiveness. In Finnish development cooperation, however, the number of projects is on the increase while the proportion of programmatic aid is decreasing. The government has recently taken a position to limit general budget support to 25% of aid to any partner country and to shift focus from general budget support to sector budget support.[4] Among NGOs this has raised questions of Finland's commitment to the Accra agenda in practice.

New openings

The Development Policy of 2007 has resulted in a number of new projects and programmes at both country and regional levels as well as new funding instruments. The Ministry states that the Paris and Accra principles are observed in the implementation and claims that projects can also be part of a programmatic approach. However, this lays a heavy burden on the aid administration and NGOs are concerned about increased fragmentation of development policy implementation.

The government also seems to have overturned the objective of concentrating Finnish aid in a smaller number of long-term partner countries. It has introduced thematic cooperation which focuses on "sectors of specific importance to Finland" usually on a regional basis. The Ministry has formulated new regional framework programmes for Africa, the Andes, South Caucasus and Central Asia, as well as Western Balkans.

Equality and human rights getting less attention

The proportion of Finnish support directed to the social sector, including education and health, is diminishing. The Minister has commented that social sector projects are best suited for NGOs to deliver.[5]

As with its predecessors, the 2007 Development Policy identifies gender equality, the rights of women and vulnerable groups (children, disabled, ethnic minorities, indigenous peoples) and combating HIV/AIDS as cross-cutting themes. However, there are virtually no mechanisms in place to ensure that the themes are integrated into Finnish aid programmes.

A recent evaluation concluded that mainstreaming of these issues is not implemented well at the programme level.[6] Support for gender equality has fallen, with less financing of specific women's rights and gender equality programmes, and the human rights based approach is little applied. Since the evaluation, the Ministry has started to develop mechanisms to improve on the integration of cross-cutting themes.

Conclusions

The current Development Policy Programme of the Finnish government introduced notable changes when introduced in October 2007. NGOs welcome the increased focus on issues such as food security, rural development, natural resources and environmental sustainability, which are key issues for development.

However, there are major concerns about the emphasis on Finnish expertise and Finnish business interests, and the growing number of projects at the expense of budget support. These trends seem to represent a shift to more donor-driven aid and may increase aid fragmentation and weaken predictability. There are also concerns about the neglect of social equality and empowerment objectives.

An approach focused on economic growth fails to tackle the central fact that control over natural resources is based on existing inequalities. Finland's own experience is of equality and inclusive societal institutions driving economic development. This experience could be a crucial part of Finland's added value and a solid basis for promoting development that benefits the poorest and tackles inequalities.

Endnotes

1 Ethiopia, Kenya, Mozambique, Nepal, Nicaragua, Tanzania, Vietnam, Zambia

2 Indonesia, Laos, Kenya, Mozambique, Nepal, Nicaragua, Vietnam

3 Development Policy Programme 2007, p. 17. http://formin.finland.fi/public/download.aspx?ID=24014&GUID={41C62727-0F60-4794-B744-F40E9460D79F}

4 Yleinen budjettituki ja sektorituki osana Suomen kahdenvälistä ohjelmaperustaista kehitysyhteistyötä, at:

http://formin.finland.fi/public/download.aspx?ID=53481&GUID=%7b5DEE166C-A473-46E9-861C-430B8915818C%7.d.

THIS PUBLICATION IS ALSO AVAILABLE IN ENGLISH:

General Budget Support and Sector Budget Support in Finland's Programme-based Development Cooperation, at: http://www.formin.fi/public/default.aspx?contentid=187236&nodeid=15453&contentlan=2&culture=en-US

5 Speech by Minister Paavo Väyrynen, 11 June 2008.

6 The Cross-cutting Themes in the Finnish Development Cooperation. Evaluation Report 2008:6. Ministry for Foreign Affairs of Finland.

France Failing to Meet Commitments

Katia Herrgott, Coordination Sud

Overview

- France increased its aid level by 17% in 2009, reaching €8,458 million or 0.44% of gross national income (GNI).
- This increase is due to the rise in debt cancellation, representing 12% of total official development assistance (ODA). Cancellation of Heavily Indebted Poor Countries Initiative (HIPC) debt largely writes off unpayable debts and makes very limited extra resources available in beneficiary countries. A significant share of the debts was generated by the French export credit agency to support French companies exporting to developing countries.
- France still reports as ODA large amounts of spending related to student costs (€605 million) and refugee costs (€224 million). These items represent 12% of ODA excluding debt relief in 2009.
- France also reports spending in French Overseas Territories as ODA. In 2009, these costs represent €381 million.
- Inflated aid increased by 14% in 2009 and represents 27% of overall ODA. France's genuine aid amounts to a meagre 0.33% of GNI.
- Since 2008, France has included air ticket levy revenues in its ODA figure. However, when French president Jacques Chirac launched this levy in 2006, he committed not to report it as ODA, to ensure that resources from this levy would be additional. In 2009, €153 million from the air ticket levy is reported as ODA.
- In June 2009, France has adopted a list of 14 priority countries, mainly Least Developed Countries. However, there is no financial programming of the resources needed to make it a real priority.
- A strategic framework for cooperation development is currently being prepared, for the first time. This strategy should clarify the objectives and means of the policy. Civil society organisations (CSOs) have been consulted on the strategy.

French commitments on ODA: A lack of credibility

In 2005, European (EU) Member States collectively committed to increase their aid to 0.7% of their gross domestic product (GDP) by 2015, with an interim target of 0.56% of GDP by 2010. France and the 14 other "old" Member States should each reach 0.51% in 2010. Officially, the government remains committed to meeting its targets. Nicolas Sarkozy never forgets to reaffirm the 2015 French aid commitment in his speeches, but he never mentions the interim 2010 target. The reason is that French aid will only reach between 0.44% and 0.48% of gross national income (GNI) in 2010, according to 2010 finance bill documentation.

This entails an official development assistance (ODA) financing gap of between €600 million and €1.3 billion in 2010 compared to the target.

To reach 0.7% in 2015, French ODA would need to increase by €2 billion each year from 2010 to 2015. Such an effort would require strong political will, which currently seems quite unlikely. To re-establish credibility on promised ODA targets, France should adopt a binding timetable for yearly ODA increases.

Table 1

(€ million)	2007	2008	2009
Budget plan announcements	9,181	8,772	9,549
(as % GNI)	0,50%	0,45%	0,47%
ODA as reported to the DAC	7,220	7,596	8,458
(as % GNI)	0,38%	0,39%	0,44%
Announcements/ reality gap	-1,961	-1,176	-1,091
Debt relief announcements	2,142	2,020	2,443
Actual debt relief	1,068	666	1,023
Announcements/ reality gap	-1,074	-1,354	-1,420

Transparency needs to be improved

A law adopted in 2006 slightly increased French aid transparency. The main French aid implementing agency has also adopted a new transparency policy. In 2009, for the first time, documents attached to the finance bill for 2010 gave two possible estimates of the 2010 ODA level, depending on debt relief levels. In previous years ODA forecasts were overestimated due to unrealistic expectations on debt relief.

Nonetheless, information sent to the parliament on ODA issues is still limited and reporting to the OECD Development Assistance Committee (DAC) should be made more transparent. Following DAC recommendations, France revised the way it reports spending on student costs. Student spending reported as ODA decreased in 2008 but it is still unclear how France estimates these costs and which spending it reports as ODA. It is also absolutely unclear what spending is reported as refugee costs. Clear and detailed information is often very difficult to find. Information is presented in different ways from one year to the next which prevents easy comparison and follow up.

Democratic ownership undermined by national interests

Coherence upside down: When migration control drives development cooperation

The French government increasingly uses aid to promote its geopolitical interests. In 2007 it created a ministry with responsibility for migration, integration, national identity and cooperative development (MIIIDS). This Ministry co-chairs the intergovernmental committee in charge of French aid policy, together with the Ministry of Foreign Affairs and the Finance Ministry. It is also a board member of the French Development Agency, which manages a growing part of ODA, and of other bodies involved in development cooperation. This allows the MIIIDS to weigh in on French development policy. Hence, migration issues are increasingly being included in ODA programmes.

Immigration is systematically mentioned in partnership framework documents (which are negotiated with recipient countries and define French aid priorities for five years). Immigration is not necessarily expressed as a conditionality to implement these documents, but is at least mentioned as an issue that should be taken into account in the partnership agreement. Bilateral ODA resources are being mobilized for the “concerted management of migratory flows and cooperative development". These agreements aim to limit migration by toughening border controls and repatriating undocumented migrants, while selecting the best qualified workers for French economic needs. Aid is used as an incentive for signing these agreements which leads in some cases to development policy being used for migration control objectives.

The target set by MIIIDS is to sign seven agreements every year between 2009 and 2011. So far, agreements have been signed with nine countries: Senegal, Gabon, Republic of Congo, Benin, Tunisia, Cape Verde, Burkina Faso, Cameroon and Mauritius. Agreements are under discussion with Mali, Egypt, Haiti, the Philippines, Guinea, Mauritania and the Democratic Republic of Congo. Mali has so far strongly resisted signing the agreement because remittances from Malian migrants to France are a very important source of funds for Mali.

Aid effectiveness in question: When aid doesn't aim at reducing poverty and inequality

France is increasing the amount of aid it disburses through loans rather than grants. In 2009 loans increased by 178% to €1,306 million, while the rest of bilateral aid (excluding inflated aid) is expected to decrease by 44%. The OECD DAC has recently warned that "France should also seek to maintain a high share of grants […] loans are not appropriate in all sectors and in all countries, and it is essential that the choice of the geographical and sectoral allocation of aid should not be instrument-driven to the detriment of poverty reduction goals." The government's shift from grants to loans has brought about the cancellation of 45 new social projects expected to start in 2009 in Sub-Saharan Africa.

Moreover, the French Secretary of State for Cooperation, Alain Joyandet, recently stated that funding a country was the best way to fly the French flag and exert influence which will allow French companies to win contracts.[1] He has also expressed concerns about French ODA to Tanzania which did not benefit a French company.[2] These statements are particularly worrying. France has committed to untie its ODA yet has started to shift its aid to private sector promotion. By the end of 2008 China, Egypt, Indonesia, Morocco and Pakistan represented 34% of ODA debts owned to France, mainly resulting from loans that supported French companies. In 2008, 51% of contracts awarded by the French Agency for Development went to French companies.

Gender and human rights: Still a major challenge for France

Gender issues remain a major challenge for French aid. In the last two years, some progress has been achieved. In 2007 the government approved a gender strategy and in December 2008 the Ministry of Foreign Affairs announced an action plan to promote gender issues in development cooperation for 2009, with €20m for gender projects. However, most of those resources are not new resources but re-allocated from on-going active projects which are branded as "gender" projects. Moreover, there are no specific resources allocated for gender issues in the 2010 ODA budget. Gender issues are slowly being taken up by government structures but there is still a lot to be done to fully support gender equality in all development cooperation fields.

In December 2008, the General Assembly of the United Nations (UN) adopted an Optional Protocol to the International Covenant on Economic, Social and Cultural Rights which gives the Committee on

Economic, Social and Cultural Rights competence to receive and consider complaints by individuals who allege that they are victims of a violation of any of the rights set forth in the Covenant. France was very active during negotiations of the Optional Protocol but has still not ratified it. The Optional Protocol cannot enter into force before being ratified by at least ten countries. It is therefore vital that France ratifies it urgently.

Conclusion

In the context of the Greek debt crisis and the slide of the Euro, budget cuts to reduce deficits are high on European governments' agendas. France has already announced measures to decrease its spending. In this context, it is very unlikely that France will meet its commitments.

The new strategic framework for development cooperation has a key role to play in order to improve the quality of French development aid. French NGOs have called on their government to ensure that the new strategic framework for development cooperation has a rights-based approach, includes a gender perspective and focuses on fighting poverty and inequality and incorporates three fundamental and binding principles: ownership, participation of all actors, and mutual accountability. For this strategic framework to be credible, they also ask the government to adopt a programming law setting annual milestones to increase genuine aid in order to meet the 0.7% target by 2015 at the latest.

Endnotes

1 "Aider directement un pays est le meilleur moyen d'y maintenir notre drapeau et d'y conserver une influence qui permette, ensuite, à nos entreprises de s'y développer", Le Figaro, 30th October 2009.

2 Interview made by Marianne Enault, *lejdd.fr*, 20 May 2008.

German Aid: Off-Target

Klaus Schilder, Terre des Hommes-Germany
Birgit Dederichs-Bain, Welthungerhilfe

Overview

- Germany's official aid levels dropped to 0.35% of gross national income (GNI) in 2009, the lowest level since 2004.
- The headline official development assistance (ODA) figure was US$11,982 million – 12% lower than the record figure of US$13,910 million in 2008.
- Although improving, Germany continues to inflate its ODA figures. Debt relief, imputed costs for students from developing countries and the costs for refugees during their first year of stay still account for around 9% of ODA.
- Significantly increased bilateral aid was more than outweighed by reduced debt relief in 2009, largely explaining the overall 12% decrease in ODA.
- Germany has announced a €256 million increase in ODA for 2010. German ODA/GNI for 2010 is thus projected to reach 0.40% of GNI – still a significant shortfall compared to international commitments.[1]
- The top five recipient countries – as in previous years – were Afghanistan, Serbia, Egypt, India and China.
- The percentage of funds allocated to Sub-Saharan Africa has increased from 27.7% in 2002 to around 50.0% in 2009.
- Support for Least Developed Countries was raised from €619 million in 2008 to a scheduled €827 million in 2009, accounting for 50.5% of total bilateral finance.

Germany is committed to increasing its aid effectiveness and democratic accountability. However, more support is needed for this process to help governments, parliaments and civil society alike to become more effective. There is still too much focus on prioritising division of labour alone.

Despite a record ODA figure, Germany will miss its 2010 target

Germany announced a total official development assistance (ODA) increase of €256 million in its 2010 budget forecast. This means €212 million of 'fresh' money, since €44 million had already been promised as part of the G8 initiative for food security. However, the government will still be breaking its international promise to spend 0.51% of gross national income (GNI) on aid in 2010. Nevertheless, the new government elected in September 2009 underlined its commitment to meet the European Union (EU) 0.7% target by 2015. This requires Germany to increase ODA by at least €1.7 billion annually.[2]

In 2009 debt relief, the imputed costs for students from developing countries, and the costs for refugees during their first year of stay inflated the level of German ODA by 9%. This leaves genuine aid levels at 0.32% of GNI. In the ranking of ODA donor countries, Germany takes third place in absolute figures. However, measured relative to its economic power, Germany drops to 13th place.

Towards 2015: Additional innovative financing needed

Germany has pledged to meet the 2015 ODA commitment in large part by mobilising innovative finance. A financial transaction tax (FTT) is currently supported by the German government, but only if adopted at the global level.[3] Non-government organisations (NGOs) are calling for at least half of the revenues from such a tax to be put towards climate change and development-related objectives.

Auctioning carbon emissions certificates is the other innovation.[4] The German government estimates that, in the period 2010-13, auctioning CO_2 emission certificates will provide roughly €900 million annually with a large share for climate adaptation in developing countries.[5] In 2009, about €230 million of the revenue from the sale of CO_2 emission certificates were earmarked towards such measures. Civil society calls for at least 50% of these funds to be spent in the poorest countries that are particularly vulnerable to the consequences of climate change.

Climate change causes additional costs for developing countries. External financing requirements are estimated to soon reach about €100 billion per year, or 0.3% of the GNI of Western industrialised nations. The fair share for Germany would result in an additional €7.6 billion (0.3% of its current GNI). The government therefore needs to move towards its 0.7% ODA/GNI target and additionally mobilise 0.3% of GNI for climate assistance. This combined 1% of GNI amount must be programmed into medium-term financial planning.[6]

Aid effectiveness: Human rights, social justice and democratic development

German development policy ascribes great importance to the promotion of human rights, poverty eradication and democratic development.[7] It is based on the principles of good governance and the rule of law, self determination, self-help capacities, and division of labour according to the principles of the Paris Declaration (PD).

1. Action plan for human rights

The 2008 'Development Policy Action Plan on Human Rights'[8] produced by Germany's Ministry for Economic Co-operation and Development (BMZ) is aimed at "continuing and scaling up the systematic orientation of our development policy to human rights".[9] The plan stipulates the targeted support of economic, social, cultural, civil and political rights and emphasises gender equality and the empowerment of women as well as the rights of the child. Germany has further "pledged systematically to implement all human rights and human rights principles in its sector and country strategies".[10]

The BMZ has developed country aid allocation criteria which include: poverty-oriented and sustainable policies; respect, protection and fulfilment of all human rights; democracy and rule of law; the effectiveness and transparency of states; and co-operation in international relations.[11] Yet the main recipient countries in 2009 include Afghanistan, Egypt and India, revealing that the criteria are obviously not the only deciding factors for allocation of funds. Civil society calls for a more systematic orientation towards improvements in the livelihood of disadvantaged people and the poorest.

2. Social Security

Germany's engagement in basic social protection is fairly new. German development policy now emphasises the need to improve the efficiency and effectiveness of social security systems to achieve implementation of the right to social protection, foster social justice and overcome the structural causes of poverty and social exclusion. It is directed particularly at "extremely poor households and the most at-risk groups, such as women, children, the elderly and people with disabilities".[12]

It has adopted a sector concept to improve delivery and cover a broad spectrum of life cycle, health, economic and natural risks.[13] Germany currently funds 50 social security projects in 30 countries, amounting to more than €100 million.[14] However, the German development ministry still lacks a strategic approach to building social security systems in partner countries.

Following recent changes in political leadership in the Ministry of Development, Germany will emphasise its economic interests more strongly in the future. Social security, renewable energy and energy efficiency are increasingly seen as opening doors to support Germany's export-driven economy by providing for more business opportunities in developing countries. The tendency seems to be towards stronger privatisation of social security or health systems – such as through public-private partnerships – which will threaten the delivery of services to those most in need. Civil society calls for improved access to basic social services for all, and the strengthening of public social security systems in partner countries.

3. Democratic development

Promoting democracy has for years been a priority of German development policy, which is committed to "implementing the principles of democracy and the rule of law."[15] Germany has also committed to democratic ownership as outlined in the Accra Agenda for Action (AAA).

The government's aid effectiveness action plan promises "a new culture of co-operation based on partnership commitments. Wherever possible this co-operation will make more systematic use of partner country structures and procedures in various areas such as public financial management and procurement, as well as monitoring and evaluation, and will be closely aligned with partner country policies and programmes."[16]

There is an on-going debate about whether budget support fosters democratic development. Many NGOs raise concerns that it will do little to benefit the poor in countries with weak governance structures and a lack of budgetary control or democratic oversight.[17] There is as yet no clear trend: In 2008, 2.5% of Germany's ODA went to budget support, in 2009 this increased to 6.48%. Programme-based approaches (PBA) accounted for 16.45% of German bilateral ODA in 2009, but the share is planned to drop to 10.2% in 2010. From an NGO perspective, Germany's budget support needs to strengthen ownership, increase democratic accountability and involve civil society better.

Endnotes

1 OECD/DAC (2010) DAC Members' Commitments and Performance: Summary Table of OECD Secretariat Projections, 15. February 2010.

2 Cf. Commission of the European Communities (2009): Commission Staff Working Document: Supporting developing countries in coping with the crisis. Brussels (SEC(2009) 444).

3 Chancellor Angela Merkel's press statement after the informal meeting of Heads of State or Government, Brussels, 17.9.2009.

4 BMZ press release, 16.12.2009.

5 See:www.bundesfinanzministerium.de/nn_4314/DE/Wirtschaft__und__Verwaltung/Finanz__und__Wirtschaftspolitik/Bundeshaushalt/240609__HH2010__Fragen.html#13.

6 Deutsche Welthungerhilfe / terre des hommes (2009): The Reality of Aid: Heading for Copenhagen. 17th report 2009. Bonn / Osnabrück.

7 Cf. BMZ (2008): Development Policy Action Plan on Human Rights 2008-2010. Berlin / Bonn, March 2008.

8 Ibid.

9 Ibid., p. 7.

10 Cf. BMZ (2008): Applying Human Rights in Practice. Fact Sheets on a Human-Rights Based Approach in Development Cooperation. Berlin / Bonn, December 2008, p. 3.

11 Cf. BMZ (2009b): Promotion of Good Governance in German Development Policy. Berlin / Bonn, February 2009, p. 24.

12 Cf. BMZ (2008c): Towards One World. Development Policy White Paper. Berlin / Bonn, June 2008, p. 54.

13 Ibid., p. 6. See also BMZ (2009a): Sektorkonzept Soziale Sicherung. Berlin / Bonn, July 2009.

14 Focal countries include Bolivia, Cambodia, China, Chile, El Salvador, Guinea, India, Indonesia, Kenya, the Philippines, Rwanda, Paraguay, Zambia, Tanzania, Thailand and Vietnam.

15 Cf. BMZ (2005): Promoting Democracy in German Development Policy. Supporting Political Reform Processes and Popular Participation. Berlin / Bonn, June 2005, p. 5.

16 Cf. BMZ (2009c): Plan of Operations for Implementing the Paris Declaration of 2005 and the Accra Agenda for Action of 2008 to Increase Aid Effectiveness. Berlin / Bonn, April 2009, p. 2.

17 For a thorough analysis of program-based approaches cf. Deutsche Welthungerhilfe / terre des hommes (2006): The Reality of Aid. 14th report 2005/2006. Bonn / Osnabrück., chapter 2.

New Effectiveness Policies, Less Aid to Spend

Olive Towey, Concern Worldwide

Overview

- The Irish official development assistance (ODA) budget fell from a planned €891 million in 2008 to just €671 million in 2010, a 24% contraction.
- The government commitment to spend 0.7% of gross national income (GNI) on aid has again been postponed to 2015.
- Aid cuts have forced development non-government organisations (NGOs) to close country offices and suspend programmes.
- An Irish Hunger Taskforce Report has led to detailed recommendations and a Hunger Unit in Irish Aid.
- In 2008, Irish Aid spent 21.4% of its money on Health, HIV & AIDS and 12.8% on Education.
- 2008/09 saw the publication of guidelines and policies on: Health and Education, Civil Society, Building Good Governance, General Budget Support and Environmental Policy.
- 2009 saw an Irish Aid Management Review which recommended greater integration of Irish Aid with the Department of Foreign Affairs.

Aid cuts

The past two years have seen a dramatic reversal of fortunes for the Irish economy. In 2008 and 2009, gross national product (GNP) declined by 3.1% and 7.5% respectively and the country entered recession for the first time since 1982. A range of measures were introduced to stabilise the economy. In this process Ireland's overseas aid budget was cut dramatically and disproportionately.

In 2008, the government planned to spend €891 million on overseas aid in 2009. Just two years later, the budget for 2010 is down to €671 million. This contraction of €220 million, or 24%, far exceeds the economic contraction which in GNP terms was 11.3%.[1] The 2010 budget also saw the government delay its target date for spending 0.7% of GNP as overseas aid from 2012 to 2015. This marked the second postponement of this promise.

The aid cuts have had an impact on people right across the developing world. As funding to development non-governmental organisations (NGOs) was cut, many were forced to close country offices and suspend programmes. Though efforts were made to protect the most vulnerable, the scale of the cuts meant that protection was limited. The cuts and the change in the target date for achieving 0.7% cast a long shadow over the ambitions set out in Ireland's 2006 White Paper on Irish Aid. Irish development NGOs now regard legislation as the only means to ensure delivery of the new commitment to reach the ODA target.

New aid policies and guidelines

A new minister for Overseas Development came into office in May 2008. Four months later, the Irish Hunger Taskforce delivered on its mandate "to examine the particular contribution that Ireland could make to tackling the root causes of hunger, especially in Africa".[2] This taskforce drew together national and international expertise, from within and beyond government and NGOs. It proposed recommendations to be taken up at Irish Aid, national and international levels. A Special Envoy for Hunger has been appointed and a Hunger Unit established in Irish Aid. A progress report is due in late 2010.

Alongside Ireland's commitment to the eradication of hunger, its focus on the social sectors is long-standing and honourable. The publication of *Irish Aid Policies on Health and Education* in the summer of 2008 reflect that commitment to and investment in the social sectors across Irish Aid's programmes. Irish Aid spending on Health, HIV & AIDS in 2008 was €138,193,000 (21.4% of aid) and on Education was €83,407,000 (12.8%).[3]

A new *Civil Society Policy*, published later that same year, provided clarity on the direction of Irish Aid support to civil society.[4] Drawn up in close consultation with development NGOs and discussed in a range of programme countries, the policy is intended to "support an enabling environment for civil society to organise and engage with government and its own broader constituencies and to support the role of civil society in promoting participation and good governance, in ensuring pro-poor service delivery and pro-poor growth and globally and nationally to build a constituency for development, human rights and social justice".

In November 2009, *Building Good Governance through Development Cooperation: Policy Orientations for Irish Aid* was published.[5] Governance is a cross-cutting theme for Irish Aid and is taken into account in the planning, implementation and evaluation of all interventions. This paper sets out how this should be done, the structures within Irish Aid to ensure it is done, and other policies which inform mainstreaming across the work of the programme.

The finalisation of its *Environment Policy for Sustainable Development* over the same period formalised Irish Aid's approach to another cross-cutting issue in seeking "to promote environmentally sustainable development that is consistent with the economic, social and environmental needs and priorities of people in developing countries and contributes to poverty reduction".[6]

General Budget Support Guidelines were also published in late 2009.[7] While budget support is an increasingly important instrument in the context of wider efforts to improve aid effectiveness, its effectiveness in tackling poverty is highly dependent on the existence of an environment conducive to that goal. The Guidelines describe the principles and practice which Ireland promotes both in its bilateral programmes and wider programme decision making at the European Union (EU) level.

2009 also saw the release of the *Irish Aid Management Review*.[8] Arising from the 2006 White Paper on Irish Aid, the review considered whether governance arrangements were adequate or whether a new model, such as the creation of an agency, was necessary to maximise the effectiveness of Irish Aid's programme. It concluded that Irish Aid should become more integrated within the

Department of Foreign Affairs. Since then, greater integration between political and development functions in delegations has taken place. The review also suggested a new advisory body and steering group were necessary.

Development Effectiveness

The 2009 Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) Peer Review commended the effectiveness of Ireland's aid programme, as well as its focus on the poorest countries and its emphasis on social sectors and emergency relief that directly affects poor people. The same review spoke of the ODA cuts and urged the government to "refrain from further budgetary action that would undermine [its] commitment".[9]

Despite the cuts and the blow to Ireland's leadership position on overseas aid, efforts were made to protect programme quality. Ireland's investment in improving its effectiveness is still considerable. At the international level, it co-chaired the Roundtable on Mutual Accountability at the High Level Forum on Aid Effectiveness in Accra, September 2008 and now leads the DAC mutual accountability task team. At field level, it has reduced its total number of missions from 32 in 2005 to 11 in 2007. In June 2008, it conducted an internal workshop to learn lessons and identify good practices in sector concentration and division of labour. The *Plan of Action to Implement Commitments under the Accra Agenda for Action* sets out the actions, deliverables and responsibilities underpinning Irish Aid implementation of the commitments made in Accra.[10]

Irish Aid views aid effectiveness as far more than a technocratic agenda and echoes development NGOs' call for development effectiveness, encompassing both the impact of development actors' actions as well as the promotion of sustainable change that addresses the root causes and symptoms of poverty, inequality and marginalisation.

To match this wider perspective, a 2009 report set out detailed recommendations for Irish advancement on policy coherence for development (PCD) and work is on-going to develop PCD indicators. The OECD Peer Review pointed to the need to address inconsistencies and potential policy conflicts among key government departments. The Inter-Departmental Committee on Development is responsible for ensuring those recommendations result in meaningful action.

Irish Aid considers its own effectiveness and the effectiveness of development NGOs as inextricably linked. Since the Accra Agenda for Action (AAA), dialogue between Irish Aid and Irish development NGOs has focused on development NGO effectiveness. This attention is welcome, as is Irish Aid's involvement in the multi-stakeholder forum which is working towards the implementation of the civil society clauses of the AAA. The challenge for both parties is to find an effective means of sharing and learning about progress on all sides to improve effectiveness. Irish Aid's openness to working with development NGOs to improve on Managing for Development Results is a good example of the kind of dialogue on that wider agenda which will be of mutual benefit.

Conclusions and recommendations

As the economic crisis continues, "doing more with less" is a repeated maxim. However, if Ireland is to be a true leader on international development it is also necessary to strive to "do more with more". Unless the pledged levels of ODA funding are delivered, it will be impossible to achieve the Millennium Development Goals. A legal underpinning of the new ODA target is required.

This would also provide the aid predictability which is necessary for Irish Aid and funded development NGOs to be accountable to beneficiaries in a sustained manner. Irish Aid's plan of action recognises this wider understanding of mutual accountability, going beyond government-to-government accountability and recognising the importance of accountability to beneficiaries.

Transparency also requires further efforts. There is still insufficient visibility of the impact or outcomes of aid and aid effectiveness work. The current Country Strategy Papers for Ethiopia, Timor Leste and Uganda are not available on the Irish Aid website, for example. Availability of aggregated and disaggregated data is variable. The absence of disaggregated gender data, for example, belies the priority given to gender analysis in Irish Aid policy and practice.

It is essential that Irish Aid and Irish development NGOs capture and communicate more effectively the work that is being done and the quality of that work. Public and political support for a stronger aid programme depends on demonstrating the effectiveness and impact of Ireland's actions and ambitions on the poorest and most vulnerable of our world.

Endnotes

1 2009 economic contraction cited in Central Bank & Financial Services Authority of Ireland, 2010 (April) Quarterly Bulletin.

2 Hunger Taskforce - Report to the Government of Ireland (2009), at: www.irishaid.gov.ie/uploads/hunger_task_force.pdf.

3 Irish Aid (2009) Irish Aid 2008 Annual Report. See also Irish Aid's health policy at: www.irishaid.gov.ie/Uploads/Health%20Policy.pdf and education policy, at: www.irishaid.gov.ie/Uploads/Education_policy_9.pdf.

4 Irish Aid, (2009). Civil Society Policy. At: www.irishaid.gov.ie/Uploads/Civil%20Society%20Policy.pdf.

5 Irish Aid (2009). Building Good Governance through Development Cooperation: Policy Orientations for Irish Aid www.irishaid.gov.ie/Uploads/Building%20Good%20Governance%20through%20Development%20Cooperation%20Policy.pdf.

6 Irish Aid (2009). Environment Policy for Sustainable Development. At: www.irishaid.gov.ie/Uploads/Environmental%20Policy.pdf.

7 Irish Aid (2009). General Budget Support Guidelines. At: www.irishaid.gov.ie/Uploads/General%20Budget%20Support%20Guidelines.pdf.

8 Irish Aid (2009). Irish Aid Management Review. At: www.irishaid.gov.ie/Uploads/Irish%20Aid%20Management%20Review.pdf.

9 OECD DAC (2009) Ireland Peer Review.

10 Irish Aid (2009) Plan of Action to Implement Commitments under the Accra Agenda for Action. At: www.oecd.org/dataoecd/21/38/44143357.pdf.

The Italian Paradox: New Aid Strategies, but Decreasing Public Investment

Iacopo Viciani, ActionAid

Overview

- The Italian government remains officially committed to international aid targets.
- The centre-right government elected in May 2008 cut Italy's official development assistance (ODA) by 56% in the Ministry of Foreign Affairs and by 34% on the whole.
- In 2008, Italy was one of the worst three performers on aid quantity in Europe, providing just 0.22% of gross domestic product (GDP). In 2009, Italy's ODA declined to 0.16% of gross national income (GNI), the worst in Europe.
- Italian ODA is expected to drop to 0.15% of GNI in 2010, when debt relief is discounted.
- Debt relief accounted for as much as 22% (US$6.5 billion) of total Italian aid between 2000 and 2008.
- Aid commitments to Sub-Saharan Africa equal only 18.5% of total bilateral aid (the pledge is at least 50%).
- Morocco, Afghanistan, Ethiopia, Lebanon and Mozambique have been the top five recipients of Italian aid since 2000.
- Italy's new three-year plan will halve the number of countries it supports by 2011.
- Italy is the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) donor with the highest multilateral share of aid (74%) in 2009.

Background

The current centre-right government – a coalition of Prime Minister Silvio Berlusconi's Freedom People Party and the Northern League – came to power in May 2008. Berlusconi made no reference to development co-operation in his party's electoral manifesto. The government's first budget in early 2009 cut Italy's international aid managed by the Ministry of Foreign Affairs by 56%. These were despite an October 2009 Eurobarometer opinion poll showing that 74% of Italians support meeting the 0.7% gross national income (GNI) aid target.

In 2009, Italian development co-operation was under double international spotlights with the Italian Presidency of the G8 and with the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) reviewing progress since its last assessment of the Italian co-operation system five years before.

At the G8 summit, Prime Minister Berlusconi reaffirmed his commitment to meeting aid pledges. He confirmed the US$159 million (€130 million) Italian contribution to the Global Fund to fight AIDS Tuberculosis and Malaria plus an additional US$37 million (€30 million). He also committed Italy to contribute around US$450 million over three years to the new G8 Aquila Food initiative.

Development co-operation officials announced zero-cost management reforms, mainly on aid effectiveness. This included many updated strategy papers – a national aid effectiveness plan, new sectoral guidelines and a multi-year strategy for development co-operation.

The Italian government's announcements on aid can be seen as a response to the campaign by aid advocates and the media in the weeks leading up to the Summit. The international media message was simple: Italy lacked the legitimacy to chair an African Summit session due to the grave cuts in aid approved by the new Berlusconi government.

Reality behind the rhetoric

The pledges helped mitigate international criticism, however it is not clear that they are actually translating into changed aid practices. The 2010 budget has not changed the 2009 direction. Net of debt cancellations, Italian official development assistance (ODA) is expected to decline as a proportion of GNI from 0.16% in 2009 – the lowest in Europe – to 0.15% in 2010 (when debt relief is discounted). In 2008, aid commitments to Sub-Saharan Africa decreased to only 18.5% of total bilateral aid, when the new three-year strategy pledged that they would reach at least 50%.

The aid budget reductions have mainly affected the Ministry of Foreign Affairs (MFA), while some resources were made available to the Ministry of the Economy and Finance to pay into its multilateral development bank and global fund commitments. Yet Italy's unmet contributions to multilaterals regional development funds are still around US$1.5 billion.

Even before the cuts, Italy was already, together with Greece and Portugal, one of the three worst performers on aid quantity in Europe, providing just 0.22% of gross domestic product (GDP) in 2008. Now it has been overtaken by Malta and Cyprus – two new European Union (EU) member states. The drastic 56% cut in the 2009 aid budget has mainly affected the MFA through which 20% of Italy's aid budget is managed. It reduced development allocations in the MFA to US$391 million (€321 million), their lowest level ever and even less than Italian NGOs collect privately.

Furthermore, debt cancellation – which does not result in the transfer of new resources to developing countries – accounted for as much as 22% (US$6.5 billion) of total Italian aid between 2000 and 2008. In 2008, Italian ODA/GNI net of debt relief amounted to only 0.16% from 0.22%.

Faced with limited budget appropriations and rapidly decreasing debt relief, the Italian government has been looking for other ways to boost its aid budget. New taxes have been regularly proposed for this purpose, including a migrant tax, a weapons tax and a plastic bottle tax, and a partial allocation of Value Added Tax, but none have been approved yet.

The 2010 OECD-DAC peer review and forecast report show that Italy is the main EU member state responsible for derailing the EU commitment to reach an average of 0.56% of GNI as aid by 2010. The peer review also highlighted the reluctance of Italian development co-operation to implement any significant change. The peer review restated the recommendations from its previous report in 2004 as most of them have not been implemented.

Destination of Italian ODA

Italy is the DAC donor with the highest multilateral share of aid (74% in 2009). Italy spreads its small amount of bilateral aid finance across a large number of countries. However in the last five years the Italian government has slightly reduced the number of countries to which it provides aid. Its new three-year plan indicates a further reduction from 88 countries now, down to 35 by 2011. The top 10 aid-recipient countries (not taking into account debt relief) have changed little since 2000, with Morocco, Afghanistan, Ethiopia, Lebanon and Mozambique always in the top five. Funding for Afghanistan and Lebanon is linked to Italy's deployment of military missions in these countries. When the missions were renewed both countries received extra funds on top of their regular development co-operation funding.

Between 2000 and 2004, Sub-Saharan Africa received almost half of Italian aid. The Mediterranean region was the second largest recipient. Since 2005 the quota of bilateral aid allocated to Sub-Saharan Africa has been reduced – to just 18.5% in 2008 – while that to the Mediterranean region has increased, contrary to the intentions outlined in the government's 2007-2010 development strategy.

Italian geographical allocations will be linked to immigration control objectives. A June 2009 government sponsored law favours co-operation with countries, such as Tunisia or Libya, that are willing to control migration. This law conflicts with the main objectives of Italian development co-operation legislation and risks further diluting the poverty focus.

The quality of aid management

Procedural complexity and lack of flexibility are long-standing problems in Italian development co-operation. The latest General Audit Office report makes clear that a lack of special accounting procedures for development co-operation activities is among the main obstacles to predictable and timely disbursement.

In late 2007, the Senate Committee on Foreign Affairs proposed new legislation to modernise the Italian aid institutional architecture which dates back 20 years. However, no agreement on the bill was reached during that legislature and the centre-right government is not likely to introduce comprehensive reforms. The Berlusconi government has not even appointed a new deputy minister for development co-operation, leaving this portfolio to be directly managed by the Minister of Foreign Affairs.

Italy is among the worst EU donors in tying aid to purchases from its companies. For instance, in 2005 Italy awarded the biggest concessional loan since 1992 to an Italian firm to build an electric-power tunnel in Ethiopia. The tunnel collapsed two weeks after its official opening in 2010.

The Italian international co-operation legislation requires that all concessional loans have to be tied unless special waivers for local purchases are issued. To comply with the 2001 and 2008 OECD-DAC recommendations on aid untying, permanent waivers have been instituted for heavily indebted poor countries and Least Developed Countries (LDCs). Nevertheless, according to the last DAC report on aid untying, in 2007 only 53% of Italian aid bilateral commitments to LDCs were untied, leaving Italy at the bottom of the DAC donors list.

Some management reforms and strategies for Italian development co-operation have gained momentum. In July 2009 the Steering Committee of Italian development co-operation officially approved the Italian Plan on Aid Effectiveness.

This is the first comprehensive politically-binding document attempting to translate international aid effectiveness commitments into internal actions. Plan implementation is likely to face resistance at headquarters as well as at field level, requiring continuous political leadership.

Civil society recommendations

Italian civil society organisations (CSOs) have welcomed the existence of an aid effectiveness plan, but are disappointed that it does not include ambitious targets on untying concessional loans and food aid. They are advocating for the government to act on priority recommendations from the DAC peer review report. These include: a binding plan to meet international ODA commitments by 2015; untying all aid; developing coherent and global participatory strategies involving all relevant ministries; and enhancing and streamlining evaluation processes. Further recommendations include re-launching the debate on a new legislative framework and developing a comprehensive public communication strategy around the rationale for and results of development co-operation.

Japanese Aid: In Transition After a Long Decline

Hayashi Akihito, Japan NGO Network for International Cooperation

Overview

- In fiscal year 2010, Japan will provide US$6.8 billion (¥618.7 billion) of official development assistance (ODA). The government has slashed the budget 11 years in a row, decreasing it to almost 50% of its 1997 peak.
- ODA was 0.18% of gross national income (GNI) in 2008. This places Japan 21st among the 22 Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) countries. It is almost impossible to reach the 0.7% GNI target by 2012.
- The Middle East, particularly Iraq and Afghanistan, has been the primary destination for Japanese ODA since 2008. Before 2007 most Japanese ODA was allocated to Asia.
- Grant aid was US$4.8 billion or 49.3% of total ODA expenditure in 2008. US$2.8 billion of this was distributed to debt relief.
- US$3 billion or 31.5% of total ODA was spent on technical cooperation.[1]
- The new Japanese government, led by the Democratic Party of Japan, has been making efforts to reform Japanese ODA but has not yet achieved significant results.

In the last two years Japan has hosted two big international conferences, changed governments, and announced a series of reforms on aid. These have the potential to change Japanese aid but results are as yet hard to see in aid statistics.

TICAD & Hokkaido G8 Summit

The Japanese government hosted two international conferences in 2008. For the Fourth Tokyo International Conference for African Development (TICAD IV), Japan invited African heads of state to discuss issues including development and climate change. Japan pledged to double its official development assistance (ODA) for African countries by 2012 and introduce policies that would increase the amount of Japanese private investment in Africa. There is so far little evidence that the Japanese ODA pledges at the conference have been implemented.

At the 2008 G8 Summit hosted by Japan, governments agreed to cut 50% of their carbon dioxide emissions by 2050. Non-government organisations (NGOs) strongly criticised this policy because it lacked a baseline, and the new Japanese government changed its policy in response. On the issue of development, G8 countries reaffirmed the Gleneagles commitment to increase ODA to Africa by US$25 billion a year by 2010 compared to 2004 levels but it has not produced a road map to achieve this goal.

The New JICA

Japanese aid delivery structures were reformed in October 2008. A new Japanese International Cooperation Agency (JICA) was born composed of three major ODA implementation organisations that were previously separate. They are JICA itself, the ODA division of the Japan Bank for International Cooperation (JBIC), and the grant aid division of the Ministry of Foreign Affairs (MFA). The reorganisation is intended to make Japanese ODA more coherent, transparent and responsive to the need of developing countries. Although the impact of this change is still unclear, some increased synergy between the three schemes is expected now that they are handled by one division.

Public support declines continuously

A survey carried out in March 2009 by the Association for Promotion of International Cooperation (APIC), a parastatal body established by the MFA, found that:

- 12.7% of the Japanese public said Japanese ODA should be increased;
- 32.3% considered that it should be kept at the current level;
- 32.3% favoured reduction of aid; and
- 22.6% did not know.

The number of people who favour a reduction of aid has doubled in the last decade. However 58.6% of the public surveyed thought that the amount of the Japanese ODA has increased in the last decade, when in fact it has decreased continuously. This shows that more work is needed to improve the Japanese public's understanding of ODA.

This opinion poll shows that the Japanese public wants to support ODA spending on poverty reduction (66.9%), health and medical services (50.7%), and infectious diseases (44.2%). There is less public support for promoting large-scale economic infrastructure (30.9%) which the Japanese government in fact prioritises.

Accra High Level Forum and OECD/DAC peer review

The Japanese government participated in the 2008 Accra High Level Forum (HLF) on aid effectiveness. The efforts of Japan and the US to block a good outcome were criticised by international civil society organisation (CSO) networks such as CONCORD and Better Aid.[2]

Japanese NGOs had three meetings with the government to talk about aid effectiveness before the Accra HLF, but the discussions were not fruitful.[3] After the HLF Japanese NGOs asked the government to set up a standing committee to discuss issues for the 4th HLF in 2011. The kick-off meeting was held in March 2010, after a considerable delay, but Japanese NGOs are expecting several meetings before the 4th HLF and a positive policy re-direction from the new Japanese government, for example on untying aid and emphasising democratic ownership.

In October 2009, the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) conducted a peer review on Japanese ODA. Using this as an opportunity, Japanese NGOs published several statements that pointed out the further necessity of reforming Japanese ODA. Recommendations included shifting the purpose of ODA from "the narrowly focused national interest" to "the poverty reduction to achieve the goals in Millennium Development Goals (MDGs)" and fostering involvement of civil society in Japanese ODA policymaking in both Japan and recipient countries.[4] Japanese NGOs had a session with OECD-DAC members where they tabled their statements. The result of the peer review will be released in May 2010.

National election and the change in government

In August 2009 the Democratic Party of Japan won the national election and became the ruling party for the first time. The Democratic Party focuses on aid for Afghanistan, climate change and NGOs in its foreign policy and has allocated resources to these areas in the 2010 budget. The government pledged US$5 billion to Afghanistan over the next five years although details are yet to be elaborated. On climate change the government declared a goal of reducing emissions to 25% below its 1990 level by 2020 and announced the "Hatoyama initiative" which supports developing countries financially and technically to cut emissions and prevent the damage caused by global warming.

The government set up the "Revitalization Unit", *Gyosei Sasshin Kaigi*, in September 2009 to review the budget, institutions and other public administrations. ODA was placed on the agenda and the Unit pointed out that some parts of the ODA budget were considered wasteful expenditures. That decision led the Ministry of Foreign Affairs (MoFA) to reduce the budgets for grant aid and for JICA.

Foreign Affairs minister Okada Katsuya also released a "300-day plan" to review the budget and structure of his ministry, in which ODA is also under review. The result is to be revealed in the summer of 2010.

The new government has reviewed the budget allocation for NGO support and increased it by about US$33 million (¥3 billion) in the 2010 budget. This is nearly 50% more than the previous year, although the amount is still below the average of DAC donors.

Conclusion

The government is currently reviewing the role of the ODA and reallocating its expenditures under the "300-day plan". Japanese aid could be spent differently in the near future. Japanese NGOs place high expectations on the reform of ODA which might reverse the downward trend and set up a more favourable enabling environment for NGOs. Minister Okada is actively proceeding with the reform to make ODA more effective and is showing a positive attitude to dialogue with NGOs. In fact, Minister Okada came to exchange opinions with NGOs in the NGO-MoFA regular meeting in April. However, the new framework of the ODA is yet to come. This is a crucial transitional period.

Endnotes

1 See the Japanese ODA white paper. http://www.mofa.go.jp/policy/oda/white/index.html.

2 CONCORD press release on the Accra HLF: www.concordeurope.org/Files/media/internetdocumentsENG/5_Press/1_Press_releases/0_Press_release_2008/Press-release-final-Accra-04-09-2008.doc. Better Aid press release on the Accra HLF: betteraid.org/index2.php?option=com_content&do_pdf=1&id=227.

3 See: www.janic.org/mt/img/activity/EnglishNGOMofa080514memo.pdf

www.janic.org/mt/img/activity/EnglishNGOMofa080718memo.pdf

4 See the statement by JANIC: http://www.janic.org/mt/pdf/Statement-toOECD.pdf; the statement by GCAP Japan: www.janic.org/mt/img/activity/DACPeerRevoewGCAPPaper2009.pdf; the statement by JNNE: www.janic.org/mt/img/activity/DACPeerReviewJNNE2009.pdf; the statement by JPF:

www.janic.org/mt/img/activity/DACPeerReviewJPFNGO2009.pdf.

Korea Joins the Big League with a Donor-centric Approach

Lee Tae Joo, ODA WATCH-Korea

Overview

- Korea became a new member of the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) on 1 January 2010.
- The Korean government pledged to triple official development assistance (ODA) volume from US$802 million (0.09% of gross national income, or GNI) in 2008 to US$3 billion (0.25% of GNI) by 2015.
- However ODA only increased by a fraction to US$816 million (0.10% of GNI) in 2009.
- It is expected that the ODA budget will be increased to US$1.12 billion (0.13% of GNI) in 2010.
- Korea's additional ODA is mainly in the form of loans and larger contributions to regional development banks and funds. Korea will also provide more contributions to various global funds such as the Agriculture and Food Security Fund.
- Korea gives aid to 30 partner countries through individual projects chosen by Korean agencies.
- Only 25% of Korean ODA is untied – compared to a DAC average of 85% in 2007.

Korean membership in the OECD-DAC

Korea joining the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) was a historic and symbolic event – it is the only former aid-recipient country in the DAC. Korea has experienced economic gains and social and cultural losses within a very short time period and bears a responsibility to share its unique development experiences in the provision of its ODA. Furthermore, Korean civil society organisations (CSOs) may be able to share valuable lessons with others in seeking truly effective development.

The Korean government has shown strong political will to raise public support to contribute to international development cooperation. It promised to triple ODA between 2008 and 2015. However, the reality of Korea's ODA performance has so far been disappointing. OECD-DAC statistics show that Korea only marginally increased ODA as a percentage of gross national income (GNI) between 2008 and 2009, from 0.09% to 0.10%. It is a long way from reaching its aid commitment of 0.25% of GNI by 2015.

The 2008 OECD Survey on Monitoring the Paris Declaration (PD) rates Korean ODA to be inefficient and ineffective, far behind the average level among donors. Korea's scores on some of the 12 PD indicators are:

- Use of country public financial management systems – 10%;
- Use of country procurement system – 5%
- Aid is more predictable – 19%
- Use of common arrangements or procedures – 1%
- Joint country analytic work – 0%

Donor-centrism in Korean ODA

As far as the Korean government is concerned, ODA serves as a soft-power instrument in acquiring the status of an advanced country. Aid policy is clearly linked with national interests and its objectives to obtain more influence in diplomacy, security and commerce and to secure oil and natural resources. Approaches to and distributions of ODA are highly donor-driven and do not support partnership or ownership.

Korea lacks a coherent and consolidated aid system. ODA administration is characterised by competition between ministries and agencies, dominated by the Ministry of Strategy and Finance (MOSF). MOSF is responsible for loans and contributions to the multilateral development banks as well as for scaling-up ODA volume and aid budget allocations. It stresses national interests, economic co-operation and aid-for-oil in executing ODA. Therefore the criteria to select partner countries are based on bilateral economic relations and co-operation on investment, trade and natural resources.

As much as 75% of Korean ODA is tied, compared to an average of only 15% in the DAC in 2007. Despite there being a DAC recommendation on untying ODA to the least developed countries from 2001, the untied ratio of Korean ODA to the Least Developed Countries (LDCs) is only 20% compared to 98% for the other DAC countries excluding Korea. Nevertheless, the Korean government has recognised its obligation as a DAC member to untie aid and has therefore adopted a long-term roadmap of untying ODA to the level of 75% of total aid and 90% of aid to LDCs and heavily indebted poor countries by 2015.

Furthermore, Korea does not have program approaches to achieve respect for human rights, sustainability, gender equity, and democratic ownership of the partner country. There are no overarching Country Assistance Strategies (CAS) agreed with partner countries based on high-level policy dialogue aid effectiveness principles or national plans and achievement of the Millennium Development Goals (MDGs). Korean aid is scattered across 30 partner countries via hundreds of individual projects chosen by Korean agencies and diplomats.

Pressure for reform

There are three major civil society networks work on international development cooperation in Korea. The Korea NGO Council for Overseas Cooperation (KCOC), established in 1999, is an association of 67 development non-government organisations (NGOs) implementing aid projects with the aim of eradicating poverty. The Korean NGO Network against Global Poverty, made up of 25 NGOs and associations, started the global white band campaign against poverty in association with Global Call to Action against Poverty (GCAP) in 2005. Finally, the Korean Civil Society Forum on International Cooperation (KoFID) was created in 2010 to prepare for the HLF-4 to be held in Seoul in 2011. It aims to include more development, advocacy, environmental, human rights and women's organisations, as well as relevant trade unions and foundations. KCOC, GCAP-Korea and KoFID are core networks representing civil society organisation (CSO) voices to the Korean government and to international CSO networks such as BetterAid.

These networks and their member organisations – such as ODA WATCH and People's Solidarity for Participatory Democracy – have stressed the need for more integrated and coherent aid policy. ODA WATCH, with TERRA and Mekong Watch, jointly evaluated Korea's country assistance program to Laos in 2010. Their assessment was that the overall development benefit for local people of the Korean Economic Development Cooperation Fund (EDCF) and many grants by Korea's International Cooperation Agency (KOICA) was dubious at best and sometimes negative. All the projects in Laos have been implemented in a relatively short period of time by Korean companies and Korean experts, using Korean goods and machinery.

Korean ODA lacks attention to ideas of local ownership, participation, empowerment, capacity building or sustainability. Korean CSOs have therefore argued strongly that the Korean government should:

1. Consolidate the fragmented aid system;
2. Move away from 'flying the flag' through individual projects and instead invest in people in the partner countries; and
3. Agree Country Assistance Strategies and priorities with partner countries for all Korean aid activities.

However, despite significant peer and civil society pressure, little has changed in real terms. In 2006 the government established the Committee for International Cooperation (CIDC) – chaired by the Prime Minister – to coordinate the fragmented aid system and review major ODA policies and mid-term and annual plans. Yet the new Korean Basic Law for International Development Cooperation, enacted in July 2010, has only institutionalised and reinforced the former highly fragmented ODA system. There is still no overall framework integrating each ministry and agency to make Korean ODA more effective, efficient and coherent. Furthermore, while the Korean government acknowledges the importance of CSOs' role in international development and wants to strengthen partnership with civil society, the portion of grants allocated to NGOs is still below 1% of the total national ODA budget, and policy dialogue with civil society on aid is relatively limited and formal.

Conclusions: Towards development alternatives

The rapidly rising ODA of emerging donors including Korea and China is attracting global attention. Many officials in these countries see ODA as a strategic tool for serving national interests and securing resources such as oil and minerals overseas. These new donor countries need to show whether they will follow the traditional approaches to development aid that are so criticised in both the North and the South, or follow genuine development alternatives.

There is a need to critically review the balance in aid relationships, including between the public and private sectors, and within South-South and South-North relationships. Official development assistance is currently too biased to bilateralism that gives priority to national interests. More effective, more multilateral, more cross-regional, more global and more humane approaches should be found. There should be a new comprehensive framework for international cooperation with a reshaping of aid partnerships.

The aid effectiveness agenda has become too technocratic and depoliticised to provide this new alternative. It is urgent to introduce the concept of development effectiveness to evaluate the comprehensive impact of aid with due consideration of development processes and outcomes on democracy, human rights, gender and the environment in partner countries. Korea's aid relationships should be rebalanced in favour of democratic participation and ownership, with much more local engagement. Principal elements of development effectiveness should be empowerment, justice, sustainability, equality and solidarity, sovereignty, self-reliance and autonomy in developing countries.

Too often, international development aid undermines traditional human relationships among families and communities in developing countries and leaves them in confusion and deadlock, sharpening the burden of poverty traps and dependency upon global markets. A new approach based on development effectiveness should work to promote traditional values of community and promote respect of human dignity and the sense of people's ownership of their destiny.

Dutch Aid: Risk of Cuts and Lower Priority to Health

Esmé Berkhout and Sasja Bökkerink, Oxfam Novib

Overview

- Since the late 1990s the Dutch government has been giving the equivalent of 0.8% of gross national product (GNP) on aid. It is among the few countries living up to the promise to spend at least 0.7% of national income on aid.
- In 2008, Dutch government spending on official development assistance (ODA) amounted to €4,850 million (US$6,000 million). This equals 0.8% of Dutch gross national income (GNI).
- In 2009, the government stuck to its commitment to spend 0.8% of national income on aid despite the economic crisis. Dutch ODA in 2009 slightly increased in relative terms compared to the previous year. However ODA in absolute terms declined to €4,571 million – less than the €5,127 million the government originally budgeted. Even if the government sticks to its commitment to spend 0.8% of national income on aid – which is by no means certain – aid levels will be lower than originally foreseen when the Dutch economy was growing more strongly.
- In 2008, Dutch ODA was inflated by at least €233 million (5%). The Dutch government spent €59 million of its aid budget on export credit debt cancellation and €174 million on refugees. Aid inflation is increasing. In 2009, spending on refugees is estimated at €247 million and spending on debt cancellation at €30 million. In 2010 the government expects to spend €300 million on debt cancellation and €262 million on refugees. These allocations represent 12% of ODA.
- A large share of Dutch ODA is channelled to civil society organisations (CSOs). In 2009 about one-third of Dutch aid consisted of bilateral aid (government to government), a quarter went to multilateral organisations, about 8% went to the private sector, and 23% to civil society. Part of this spending on civil society is directly channelled to Southern CSOs by the Dutch government and part is channelled through Dutch CSOs.
- The government claims that the 12% spending cut for 2010 will mainly paid for by cutting bilateral aid. The reality is that bilateral aid will go down by 6% and spending on export credit debt cancellation will go up by 6%.
- Historical ties still influence Dutch ODA allocation. In 2010 the biggest recipient of Dutch bilateral aid is Indonesia, and Surinam is at number six. Other top 10 recipients include Tanzania, Sudan, Ghana, Bangladesh, Mozambique, Mali, Zambia, Burkina Faso. More than half of bilateral aid goes to Sub-Saharan Africa.

Risk of budget cuts

In 2009 the Dutch government agreed not to abandon its commitment to spend 0.8% of national income on aid. Yet pressure to do so will emerge again in 2010. The results of the national elections in June are not known as of writing of this article. But it is clear that holding on to 0.8% will be difficult, as two of the major political parties want to cut aid by half, while the Christian Democrats would like to reduce aid to 0.7%. Most other political parties want to continue spending 0.8% of national income on aid.

The aid budget is clearly at risk, a risk compounded by the fact that – as in many other European countries – aid cynicism in the Netherlands is on the increase. These make the aid budget an easy target for overall budget cuts. The debate has regrettably not been very constructive. Rather than discussing ways to make aid more effective, publications such as Dambisa Moyo's 'Dead Aid' are being used by aid cynics to argue for aid cuts. Besides claiming that aid is ineffective, aid cynics also criticise the fact that the Dutch government has for years been giving much more aid than other countries.

The desire to cut aid levels is not only linked to a belief that aid is not working, but also to the need to cut overall spending. The government has announced needing to cut its overall budget by €29 billion or about 12% of total government spending budgeted for 2010. It is positive though that working groups tasked to come up with recommendations to reduce government spending in specific areas by 20% have concluded that cutting aid will impact negatively on the development results and will have an adverse impact on the international position of the Netherlands. If aid levels were to fall below the 0.7% this would even cause "big damage" to the reputation of the Netherlands abroad.

Aid effectiveness

The Dutch government has been taking forward the Paris Declaration on Aid Effectiveness (PD) and is playing a very active role in the Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) working party on the issue. Within the European Union (EU), it has pushed for an agreement on the code of conduct on complementarity and division of labour. In line with this code of conduct the Dutch government takes the lead in the process of addressing donor fragmentation in Mali and Mozambique. Also, the Netherlands ranks third on the Commitment to Development Index which looks beyond aid quantity and aid quality and includes trade, investment, migration, environment, security and technology.[1]

A focus on development results is very important to the Dutch government, and the government publishes a report on results every other year.[2] These reports are written in consultation with Dutch civil society organisations (CSOs). The report looks at bilateral, multilateral, and civilateral aid. While acknowledging the difficulty of attributing specific development results to Dutch interventions, the report gives an overview of input, output, outcomes and impact, focusing on the Millennium Development Goals (MDGs).

The Dutch government frequently stresses that aid should be demand-driven and that recipient countries should own the development process. The government understands the need for democratic ownership. Strengthening civil society and national parliaments in recipient countries is considered important to strengthen domestic accountability processes. Nonetheless, the government has been criticised by the Dutch parliament and non-government organisations (NGOs) for not genuinely implementing the concept of democratic ownership. The concept of ownership and democratic accountability has for instance been criticized by the evaluation service of the foreign ministry as "an empty formality".[3] A recent report of the Dutch Scientific Council to the Government even concludes that the way citizens are involved is often nothing but a technocratic exercise to formally legitimise the process.[4]

In January 2010, the Dutch Scientific Council to the government produced a report on development co-operation which generated a lot of debate and which will have a large impact on the future design of Dutch development policies. While the report includes many valuable insights and recommendations, in some areas the recommendations are less well-founded. A key recommendation of the report is for Dutch development aid to focus on economic growth and development instead of investing in health and education, arguing that this is the way to make people and countries self-reliant. Granted, economic growth is key to development and investing in economic development – and in particular small-scale livelihoods – is vital. But, first of all, growth will not help to reduce poverty unless it goes hand-in-hand with equality which is where a strong civil society can make a difference. And, secondly, economic growth requires healthy and educated citizens: investing in health and education therefore remains crucial. Focusing just on economic growth therefore does not make sense. Investing in social development and investing in a strong civil society is as important.

Gender and social and reproductive rights

The MDGs are a core guide to Dutch development policies. As part of its drive to help achieve these goals, one priority of the Dutch government is to focus on fragile states as these countries are most behind on the MDGs. Another priority is gender equality and in particular sexual and reproductive health and rights, an area where progress is slow.

The Dutch government addresses sexual and reproductive rights in dialogue with partner countries and supports United Nations (UN) agencies including the United Nations Fund for Population Activities (UNFPA), United Nations Children's Fund (UNICEF) and the World Health Organisation (WHO). The Netherlands also support NGOs and public-private partnerships working to increase access to sexual and reproductive rights services (complementing public services) and commodities (including the female condom). Furthermore, the Netherlands supports the Global Fund to fight HIV, TB and Malaria, whose mandate has been broadened to strengthening health systems and to contributing to reducing maternal mortality. In addition, the government has signed up to the International Health Partnership, which aims to improve aid effectiveness in the health sector.

2010 will see a review of progress on the MDGs and is expected to raise significant attention for MDG5 on maternal health. 2010 will be a year in which donors like the Netherlands have to take the initiative and demonstrate how aid quantity and quality for health – including sexual and reproductive health – will be further improved in order to achieve the MDGs, equity and health for all.

Endnotes

1 Commitment to Development Index, Center for Global Development, 2009.

2 Resultaten in Ontwikkeling, rapportage 2007-08. Ministerie van Buitenlandse Zaken, april 2009.

3 IOB evaluatie no. 308 februari 2008: Het Nederlandse Afrikabeleid 1998-2006.

4 Minder pretentie, meer ambitie. WRR, 2010, page 151.

The Reality of Aid in New Zealand, 2010

Pedram Pirnia, New Zealand Council for International Development

Overview

- There has been a steady increase in aid. In 2008/09, New Zealand's official development assistance (ODA) was US$342 million and is forecast to increase to US$355 million in 2009/10, US$373 million in 2010/11, US$391 million in 2011/12, and US$426 million in 2012/13. However, these increases are less than the rate of gross national income (GNI) growth.
- The New Zealand government has abandoned its pledge for ODA to reach 0.35% of GNI by 2010.
- New Zealand's aid agency, NZAID, has been turned into the International Development Group, a business unit in the Ministry of Foreign Affairs and Trade.
- The mandate of NZAID has shifted away from poverty eradication towards sustainable economic development.
- In 2008/09, 34% of New Zealand's ODA was directed through multilateral organisations and non-government organisations (NGOs). The biggest recipients were the World Bank (WB), Asian Development Bank (ADB), United Nations Development Programme (UNDP) and World Food Programme (WFP).[1]

Changes in ODA focus

In the 2004 Reality of Aid report, the article on New Zealand enthusiastically announced a new era in New Zealand's official development assistance (ODA) with the formation of NZAID as a semi-autonomous aid agency. It also spoke of the high degree of co-operation and consultation between the government and the non-government organisation (NGO) sector on aid policy. At that time, it was agreed that aid policy would focus on poverty and human rights. This unfortunately is no longer the case.

Without consultation, the new government elected in November 2008 removed NZAID's semi-autonomous status and moved it back under control of the Ministry of Foreign Affairs and Trade.[2] NZAID's mandate was changed "to ensure that ODA was closely aligned with and supported foreign policy priorities".[3] Nowhere in the process did the Minister make reference to the Millennium Development Goals (MDGs) and the contribution that New Zealand's ODA will make towards achieving them.

The strategic objective of NZAID has changed from "poverty eliminated through development partnerships" to that of "sustainable development in developing countries, in order to reduce poverty and contribute to a more secure, equitable and prosperous world." The new mandate will "seek to use objective measures like trade and tourism statistics as indicators of success or failure over time".[4]

Previously, the three cross-cutting themes for NZAID and New Zealand ODA policy were: human rights, gender and environmental sustainability. The new approach has replaced these themes with sustainable economic development and the Pacific.

NGOs involved in development overseas are saddened that the aid increase has slowed and that the government in New Zealand has revealed a lack of true commitment to good development. Efforts to achieve genuine partnerships have been abandoned. As stated in a major review "ODA asks partner governments; 'What are your needs and how can we help them?' Foreign Affairs asks: 'What are our needs and how can we advance them?'"[5]

Council for International Development (CID) members united to create a *Don't Corrupt Aid Campaign*. CID produced fact sheets emphasising the importance of maintaining the semi-autonomous status of NZAID but changes were still made without consultation with development experts or considering what is best for the development sector.

NGOs continued to challenge these changes, but the result has been the cancelling of government funding that supported engagement in public debate on development issues. Core funding for the CID of US$0.6 million was cancelled. This was followed by the cancellation of the US$18.5 million funding for NGO work through KOHA-PICD (Partnerships in International Community Development) and HAF (Humanitarian Action Fund).

New Zealand and Pacific partners

New Zealand NGOs involved in the development sector are currently being asked to reassess their programmes in light of the New Zealand government's new priorities and to focus more on assisting the sustainable economic development of Pacific Island partners.

The economic crisis has impacted the whole region negatively. The balance of trade in goods and services for key Pacific partners continues to decline. For example, Tonga has a deficit equivalent to 52% of gross domestic product (GDP), while Fiji, Vanuatu, Solomon Islands and Samoa have deficits ranging from 11% to 26% of their GDP.[6] The only exception is Papua New Guinea, which has a surplus equivalent to 16% of GDP as a result of massive investment in oil and gas extraction. Yet it still has the worst maternal mortality rates in the Pacific.

Advancement of the MDGs in the Pacific region is directly related to government effectiveness. Weak accountability mechanisms and high levels of corruption are major contributors to the lack of effective and transparent public expenditure and service delivery across most of the Pacific. Many civil society organisations (CSOs) in the Pacific report that they do not have adequate opportunities to comment on aid and development issues. There are also major concerns around gender equality and short-term resource management approaches, for example in fisheries and forestry.

The government's approach to civil society in Pacific countries has been to end funding for the Pacific Islands Association of NGOs after one year of a three-year commitment, and to cut funding to the secretariat for the Foundation for the Peoples of the South Pacific (FSPI), a regional NGO based in Fiji representing a network of 10 independent community-based organisations. One rationale for this cut was because FSPI ran a governance programme which "aimed at improving relationships between civil societies and governments".[7]

Rather, the government is promoting an extension to the Pacific Agreement on Closer Economic Relations (PACER). "PACER Plus is a proposed free trade and economic development agreement between New Zealand, Australia and Forum Island Countries, to operationalise the commitment to regional economic integration and trade liberalisation contained in the PACER."[8] Land reform is also being increasingly favoured, with advocates claiming that customary land tenure has hindered development in the Pacific region.

However, NGOs are concerned that changes are being pushed forward without adequate investigation of their long-term consequences. "Most of the Pacific governments and many NGOs are very nervous that the PACER Plus changes are being rushed through before the impacts are fully understood, and without adequate opportunity for consultation with civil society."[9] Meanwhile, land reform may have unintended consequences such as conflict or, as in the case of Samoa, changes to traditional socio-political systems.

There are major population movements out of Pacific Island states primarily as a response to development and environmental challenges. Remittances from internal and international migrants to family members at home are a major source of income for many Pacific countries, particularly in Polynesia, and total over US$400 million per year. "Second-generation migrants, however, are likely to send smaller amounts only on demand. Maintaining remittance flows at high levels therefore requires a steady flow of new migrants."[10]

The Recognised Seasonal Employers Scheme organised by the New Zealand Ministry of Labour has aimed to "assist employers in the horticulture and viticulture industries wanting to hire seasonal workers". "Priority is given to migrants coming from the Pacific, with the idea of encouraging a mutually beneficial relationship where employers have access to a secure labour supply and workers gain entrance into the New Zealand labour market."[11] Though not without teething problems, this scheme has nonetheless been welcomed by Pacific Island governments and has been generally seen as a success.

The government of New Zealand is also part-funding a project co-ordinator to identify all constraints towards lowering the costs of sending remittances home to Pacific countries. As a result, a regulation was approved in late September 2008 that encourages the financial sector to offer more efficient and effective products. A second phase of work is now focusing on financial education and awareness-raising programmes.[12] NZAID and AusAID are also co-funding a website to increase awareness of the money transfer options.

Westpac Bank introduced a new low-cost "remittance card" as a result of the September 2008 regulatory changes driven by the project. The remittance card won the *Sunday Star Times* award for best new product in its annual survey of New Zealand banks. The card won because "it is designed to meet the needs of people often overlooked by the financial sector… to break the stranglehold of exorbitant money transfer schemes that clip the ticket every time people send money back to families in the Pacific Islands, which often puts food on tables or helps rebuild after tropical storms."[13]

As part of the New Zealand government's Emergency Taskforce, the NGO Disaster Relief Forum (NDRF) provides an essential link between NGOs and other humanitarian actors in the

Pacific during an emergency in the region. This enables New Zealand's overall response to an event in the Pacific region to be coordinated and effective. The NDRF has expanded its work to reflect the growing importance placed on disaster risk reduction through group work, training and shared learning. The impact of the termination of the Humanitarian Action Fund on NGO capacity to undertake this work is not yet clear.

New Zealand and aid effectiveness

New Zealand is committed to the Accra Agenda for Action (AAA). However, 'management for results' and 'outcome reporting' are challenging. The New Zealand government has made several statements that criticise partner country governments in the Pacific region and question their ability to self-govern. This indicates a shift in the government's commitment from recipient-focused aid, towards a strong donor focus with undertones of conditionality.

Currently there is a lack of real consultation with CSOs when it comes to New Zealand ODA and there is poor communication in general between the government and development experts. Funding and decision-making processes lack transparency and development funds are being directed according to New Zealand government priorities and foreign policy interests.

The New Zealand government has a narrow focus on short-term projects which target economic growth or respond to lower tourism numbers in the Pacific, but do not cover the range of conditions needed for sustainable pro-poor growth. Sector wide approaches are useful but they should involve civil society and the private sector; there has also been an inadequate use of in-country advisers and local expertise.[14]

To ensure that New Zealand does not become too deeply involved in the internal functioning of the recipient country, it is essential that there is dialogue between the three main players in a country – the state, civil society and the market.[15] The engagement of development NGOs in the process is crucial;[16] it is not sustainable when a country becomes dependent on donor interventions and local actors are de-legitimised. More effort needs to be made by the New Zealand government in facilitating this coordination.

Finally, New Zealand's indicators for development effectiveness should be based on more than just the trade and tourism statistics of recipient countries. They should seek to include issues of justice and human rights which are central to development issues. This would contribute to attaining sustainable development that encompasses the social, cultural and economic well-being of all people.

Endnotes

1 NZAID (2009), Annual Report 2008-9. At: www.nzaid.govt.nz/library/docs/mfat-annual-report-2008-09.pdf.

2 Annual report for the New Zealand Ministry of Foreign Affairs and International Trade 2008/09.

3 Annual report for the New Zealand Ministry of Foreign Affairs and International Trade 2008/09 – page 6.

4 Speech given by the Minister of Foreign Affairs Hon Murray McCully - 1 May 2009.

5 "Towards Excellence in Aid Delivery – A Review of New Zealand's Official Development Assistance Programme" 2001. Joseph Grossman and Annette Lees.

6 World Bank – Emerging markets and the financial crises - East Asia and the Pacific Category - 30 October 2009.

7 Minister's statement, NZ Herald.com.nz – Friday March 6, 2010.

8 New Zealand Ministry of Foreign Affairs and Trade, undated. At: www.mfat.govt.nz/Foreign-Relations/Pacific/Trade/index.php.

9 New trading arrangements with Australia and New Zealand: What options for development? Briefing paper prepared by the Pacific Network on Globalisation. October 2009.

10 Asian Development Bank; http://www.adb.org/Documents/Reports/Remittances-Pacific/default.asp.

11 International Labour Organisation International Migration Programme, undated. At : www.ilo.org/dyn/migpractice/migmain.showPractice?p_lang=en&p_practice_id=48.

12 Annual Report 2008/09 Ministry of Foreign Affairs and Trade for the year ended 30 June 2009.

13 Ibid, p. 10.

14 OECD (2004) Accelerating Pro-Poor Growth through Support for Private Sector Development. At; www.oecd.org/dataoecd/53/21/34055384.pdf, p. 64.

15 Ibid., pp. 50-51.

16 Ibid., pp. 62-63.

In the Champions League?: Spain and the Challenges of More Efficient Aid

Deborah Itriago and Irene Milleiro, Intermón Oxfam

Overview

- Spanish spent €3,762 million on aid in 2008.[1] The real increase of Spain's official development assistance (ODA) in United States dollars was 24%, making Spain one of the countries that most increased its ODA between 2007 and 2008.[2]
- Spain's 2008 level was 0.45% of the country's gross national income (GNI), below its stated goal of 0.5%.[3]
- Spain contributed 58.5% of its ODA resources to multilateral organisations in 2008.[4] There are some positive steps but still many deficiencies in this component of Spanish aid.
- In 2008, Spanish bilateral debt relief operations rose to €236.7 million, equivalent to 5% of net ODA. Some 99.84% of the agreements on debt relief and restructuring were for operations in Iraq and Guatemala. These do not correspond to development aid priorities and cover debt that resulted from questionable financial operations.[5]
- Programmatic aid increased to 3.69% of net Spanish bilateral aid in 2008, double the proportion in 2007.[6] Bilateral sector budget support increased from €22.3 million in 2007 to €36.85 million in 2008.[7] €421.11 million of programmatic aid was spent via thematic multilateral funds.[8]
- Spanish humanitarian action made important advances in 2008.[9] The total of net humanitarian aid operations rose in 2008 to €395.9 million (8.31% of net ODA).[10]
- In 2008, Spain channelled over 30% of its gross ODA to less advanced countries and 32% of its bilateral aid (including thematic multilateral funds) to finance basic social services.

Spanish cooperation 2008-2009

2008 did not see any significant innovation in Spanish aid. Some progress was made on division of labour and humanitarian aid but the Spanish aid system still needs to be modernised to deliver the increased volume of aid resources in a way that complies with aid effectiveness principles.
Since the 2008 general election, aid targets were maintained and ratified repeatedly by the prime minister, government ministers and all parties represented in Parliament. The 2008 aid data largely support those commitments, but the economic crisis has already had a negative impact on aid levels. According to preliminary Organisation for Economic Cooperation and Development (OECD) information, Spanish net official development assistance (ODA) fell slightly from €4,761 million to €4,719 million between 2008 and 2009, below Spain's commitment of 0.50% of gross national income (GNI).[11] In May 2010, the Spanish government published a list of measures for reducing the public deficit including a cut of €800 million on development aid spread over 2010 and 2011.

Discussions have proceeded on implementing the aid effectiveness agenda. Spain, mainly through the General Directorate of Planning and Evaluation of Development Policy (DGPOLDE), is becoming involved in division of labour processes and the use of national systems. Interesting small advances are occurring in this regard in the field. In Bolivia, Spain and Denmark are together facilitating the division of labour among donors.[12]

These positive initiatives must be brought into a more structured strategy to guarantee their sustainability and coordination with the rest of the system. However, the government has yet to publish a full aid effectiveness strategy or plan.

Towards effective multilateralism

The new Master Plan for Spanish development cooperation maintains a clear position in favour of active, effective multilateralism. The government now needs to implement the multilateral strategy that was approved in 2008 to guarantee a clear orientation and public accountability to match the volume of finance involved. Intermón Oxfam estimates that the amount Spain dedicated to multilateral development bodies was over €2,785 million in 2008, a growth of 23.4% over the previous year at current prices. Such rapid growth risks dispersion of effort and difficulties in monitoring investments. The DGPOLDE and the Spanish Agency for International Development Cooperation (AECID) are making a significant effort to give a more strategic orientation to multilateral cooperation. There is much to do to ensure that the dozens of contributions are justified, aligned and duly scrutinised. This is particularly true in the context of the economic crisis as Spanish voters may be more concerned about practices whose impact or result is not easily communicable.

Predictability, transparency and accountability

Aid predictability is essential for partner countries to plan ahead. Reliable, multi-year agreements must be established, prioritising budget support and programmatic aid with commitments that grow each year.

Decentralisation of decision-making to recipient country level must also be pursued further. Dialogue with partner countries is crucial for defining cooperation priorities so it is essential to have country-level representation with sufficient capability and authority. To play their part in donor division of labour and delegated cooperation, officials in the field must have greater strategic autonomy and the ability to dialogue directly with partner countries, civil society groups and other donors. The headquarters must transfer its capacity for decision-making and representation to the field while building up its ability to give assistance, orientation and coherence to local actions.

For several years now, "transparency and accountability" have been endlessly repeated but with few significant advances in practice. It is still difficult to find up-to-date information on aid activity that is broken down by sectors, countries and instruments. Again, this is partly due to the lack of adequate trained personnel in the relevant departments. On occasion the AECID Technical Cooperation Offices themselves provide more information than the AECID headquarters.[13] There is a lack of joint vision and management to enable people to monitor cooperation activity.

It is essential to improve the publication of accounts, disseminate the successes of Spanish cooperation, and regularly offer information on the execution and performance of our ODA. This must be done in a way that is simple, educational and easy to understand, use and analyse. As well as producing raw data further evaluations of the results of Spanish assistance must be published. The 2008 *EU Aidwatch* report gave Spain one of its lowest ratings in this regard.[14]

The AECID is making some advances in management for results, evaluation and quality control which are essential for public support and accountability. Spain is part of a working group within the OECD Development Assistance

Committee (DAC) that seeks to adapt evaluation methods for results-based management, although for the moment it has not yet developed results-based management.

Structural changes in Spanish aid

Change in the Spanish aid system is occurring very slowly. This was the conclusion of the Cooperation Council in its report on the Annual Cooperation Plan 2009.[15] The Council, a multi-stakeholder body, formed by representatives of civil society, government and academia, found that "Spanish cooperation is dragged down by a notable asymmetry between the pace of resource growth over the last several years and that of the reform and strengthening of its institutional and management systems." The Council recommends that the government focus its attention on improving the "human, technical and management abilities of the system itself." AECID recently signed a new management contract that establishes a new structure and positions but this is just the tip of the iceberg. AECID and other participants in the system have significant changes to make. These include reforms in staff recruitment and management systems, instruments and initiatives, aid predictability, decentralisation, and transparency and accountability.

Key staffing reforms are still pending. Managers must increase their specialisation and professionalisation. Positions must be assigned based on merit and experience through open, transparent hiring processes. In the medium-term, a cadre of people following a structured career path in development cooperation should be created within the administration. In the meantime, mechanisms should be established to allow the administration to obtain the skills and experience it lacks by contracting specialised personnel. Until now, this work has been carried out by technical assistance, especially through the FIIAPP, a public foundation whose mandate is still unclear.[16]

Tradition and modernity continue to co-exist in Spanish cooperation. The AECID Management Contract is presented as a way to "foment programmatic aid as a cooperation modality" but there is still resistance to abandoning programs and projects which do not fit the Paris Declaration (PD) principles. There are still too many isolated programs and projects. Moreover, the aid budget for 2010 has exponentially increased the percentage of loans, with a new budget line of €555 million under the heading of "financial cooperation". The government favours reimbursable aid because it does not add to the public deficit. Spanish non-government organisations (NGOs) have, however, already voiced their concerns about the use of the excessive amount allocated to loans.

Distilling lessons from many peer review exercises, in 2008 the OECD-DAC confirmed these deficiencies in Spanish cooperation and adds some others.[17] The DAC report presents a series of proposals including:

a. Establishment of a suitable legal and political base for development cooperation;
b. Management of conflicting national interests;
c. Introduction of policy coherence mechanisms;
d. Tackling of institutional effort dispersion;
e. Promotion of collaboration among the units responsible for multilateral aid;
f. Prioritisation of fewer countries, fewer participants and fewer activities; and
g. Management for results, and performance of evaluations and quality control.

Spain must be especially careful to avoid the distortion of aid policies by other interests. This particularly applies to the promotion of our foreign investments (export credits or trade policies). The DAC has analysed this in detail, concluding that, "Although national interests are legitimate, if in the end they cause aid to lose its effectiveness they will bring about a failure."[18] However, Parliament recently passed a law that guarantees that public funds designated for the promotion of private commercial activities will not count as ODA – as it was the case in the past.

The DAC report says that Spain should establish "a clear mandate and set mechanisms that ensure that policies are evaluated based on their impact on the developing countries". This is one of the areas prioritised in the Master Plan but it is proving hard to put it into practice.

Multilateral aid is jointly managed by the ministries of finance and foreign affairs. This dual leadership of relations with multilateral financial and non-financial institutions and initiatives produces a diversity of political criteria and a lack of institutional coherence.

Through the European Union (EU) process on delegated cooperation and division of labour, Spain is concentrating its aid in fewer countries and in funding fewer recipients.[19] The DAC also recommends that Spain finance fewer activities, to greater effect. To do this, Spain needs to advance in promoting a more strategic programmatic focus with more efficient management.

As well as the central government, Spain has multiple bodies at regional and local level (one for each of the 17 Autonomous Regions plus many dependent from City Councils that provide aid, representing 13% of Spanish ODA in 2008). This can be a strength, as they are all committed to the aid agenda; but also a weakness, as institutional effort may be dispersed and division of labour hard to achieve**.** The need to rationalise bilateral aid structures to facilitate coherent action has been mentioned several times by the government but not fully addressed.

The recent announcement of cuts in ODA made by the central government for 2010 and 2011 has proven to have a "cascade effect", leading also to cuts in regional and local budgets, which will have a negative impact on NGO funding as well as on overall Spanish figures.

Promoted but not performing

Spain has received significant international recognition as a donor for its aid volume growth, its multilateral support, and its capacity for dialogue and negotiation. Spain is making a place for itself in different areas, driving some initiatives that open possibilities for influence that were unthinkable until recently. For example, in 2009 Spain participated in the G20 and G8 meetings for the first time in its history.

However, several weaknesses persist in the Spanish cooperation system. The advances that were included over a year ago in Spain's multilateral strategy are still awaiting implementation. Spanish officials cannot be content to simply occupy space – they must fill it with content, political support and action strategies. The role of Spain in the High Level Meeting on Food Safety in Madrid in the G20 meeting in London stood out positively, but delivery on the commitments there has yet to be seen.

Spain finds itself playing in the development cooperation Champions League, but with a uniform that is way too small. Swift, focused action is needed by the government to address these deficiencies before the end of the political term in 2012.

Endnotes

1 General Directorate of Planning and Evaluation of Development Policy (DGPOLDE). Report on Monitoring of the Annual International Cooperation Plan (PACI) 2008. Madrid, 2009.

2 Data corrected according to the information supplied by the PACI 2008 Monitoring and consultations with the DGPOLDE.

3 Goal formally established in the 2008 Annual Cooperation Plan; www.elmundo.es/elmundo/2008/01/03/solidaridad/1199352708.html.

4 According to Intermón Oxfam estimates based on the information provided by the DGPOLDE.

5 General Directorate of Planning and Evaluation of Development Policy (DGPOLDE). Report on Monitoring of the Annual International Cooperation Plan (PACI) 2008. Madrid, 2009.

6 According to Intermón Oxfam estimates based on the data provided in the PACI 2008 Monitoring (DGPOLDE, 2009).

7 Ibid.

8 See, for example, the One-UN Fund for Tanzania, details available at: www.undp.org/mdtf/one-un-funds/tanzania/overview.shtm (the authors last checked the site on December 9, 2009).

9 Additionally, Spain introduced a Humanitarian Action Sectoral Strategy and a Humanitarian Action Office in the heart of the Spanish Agency for International Development Cooperation while reducing the allocation of humanitarian funds to the Defence Ministry.

10 General Directorate of Planning and Evaluation of Development Policy (DGPOLDE). Report on Monitoring of the Annual International Cooperation Plan (PACI) 2008. Madrid, 2009.

11 See: www.oecd.org/document/20/0,3343,en_2649_34447_44617556_1_1_1_37413,00.html.

12 See Chapter 3 of the Informe la Realidad de Ayuda (“Aid Reality Report”): *Pastel para todos, del Norte al Sur*, Intermón Oxfam, Madrid, 2009, p 135.

13 In developing countries the TCOs represent Spanish cooperation. They are usually incorporated into the Spanish Embassy. The TCOs’ primary function is the direct execution of bilateral cooperation. The Master Plan 2009-2012 strengthens the TCOs’ roles in the distribution of Spanish aid in the field; programmatic aid above all.

14 No Time to Waste: European governments behind schedule on aid quantity and quality, CONCORD, 2008. At: http://goo.gl/nJUJ.

15 The Development Cooperation Council is the consulting body of the General State Administration on international development cooperation policy. Representatives of civil society and social cooperation agents participate in it together with representatives of the General State Administration. The Council reports to the Ministry of Foreign Affairs and Cooperation. Currently, within the Council three work groups have been created on migration and development, policy coherence and gender, as well as a planning commission.

16 A public foundation whose statutory mandate is the development of good governance of public administrations and policies in third countries and especially in Latin America.

17 Effective Aid Management. Twelve lessons from DAC peer reviews. OECD 2008. Our translation.

18 Ibid.

19 AECID currently has three cooperation processes that have been delegated: Mali, Cambodia and Peru.

Sweden: A High Performer with Worrying Indications

Peter Sörbom, for Diakonia and Forum Syd

Overview

- In 2009, Sweden reached the official development assistance (ODA) target of 1% of gross national income (GNI), spending 1.12% of GNI on ODA.
- The development assistance budget will drop from US$4.55 billion in 2009 to US$3.92 billion in 2010 as a result of the economic downturn.
- Climate change funding is not additional to Sweden's ODA.
- The private sector is taking on a growing role in aid delivery, with insufficient safeguards.
- Sweden has a policy on aid effectiveness, which includes pledges on conditionality.
- The government has cut some funding for civil society organisation (CSO) information and advocacy activities.
- Sweden has an ambitious policy on coherence for development, but there is insufficient independent monitoring.

The 1% target and poverty focus

Sweden has since 1975 been reporting an official development assistance (ODA) level exceeding the United Nations (UN) target of 0.7% of gross national income (GNI), and the country even committed to allocate 1% of GNI to aid for several years. In 2009, Sweden reached this impressive target and there is a commitment from the current government to maintain this ODA level in the future.

There is continued strong support for the 1% target among the Swedish population according to recent surveys. However, the ODA level has been debated regularly during the past two years and there are different views within the governing centre-right coalition about whether to keep the 1% target.[1] Furthermore, as a result of the economic downturn and its impact on Swedish growth, the development assistance budget will drop from US$4.55 billion in 2009 to US$3.92 billion in 2010. The Swedish currency has depreciated, leading to reduced spending power for Swedish aid.

The Swedish government has on several occasions expressed the opinion that ODA definitions should be more flexible. The political party of the Minister of Development Co-operation – the largest of the four parties in the governing coalition – is in favour of a flexible approach for amounts above the 0.7% target. This would mean spending 30% of the Swedish aid budget on military and security items rather than on poverty reduction as identified by Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC).[2] In practice, this would mean abandoning the 1% target.

Sweden continues to report debt cancellation and refugee costs as aid, inflating the development cooperation budget by 8% in 2009. The government has also launched a package of different climate financing initiatives to be funded with ODA.

Over the past three years, Swedish development co-operation has undergone several reforms. One of the more important initiatives has been a process – which should be completed in 2010 – to reduce the number of countries that Sweden funds from 70 to 33. Swedish aid will focus more on African countries than it has until now.

However Sweden has also increased aid to European countries. This aid does not have poverty reduction as its overarching goal but instead prioritises European Union (EU) accession. In its 2009 Peer Review, the DAC comments on Sweden´s aid to Eastern Europe that: "These countries are not amongst the poorest, nor is Swedish aid directly focused on helping the poorest in these countries." The DAC recommended that any changes in bilateral aid should be "closely aligned with strong poverty reduction focus".[3]

Private sector involvement

The current government has initiated a process to strengthen the role of the Swedish private sector in development co-operation, to make use of their knowledge and resources. In the 2008 Reality of Aid Report, Swedish civil society organisations (CSOs) welcomed private sector involvement but stressed the importance of all actors undergoing the same scrutiny and aligning with the objectives of Sweden´s development policies. There is an additional concern that the strengthened role of the Swedish private sector could result in overt or covert tying of aid.

In this context, it is worrying that the Swedfund received significant extra ODA funding in recent years – an additional €100 million in 2009. The Swedfund, Sweden's risk capital company specialised in investments in developing countries, lacks a clear development objective or the ability to demonstrate development results. The main conclusion from the evaluation carried out by the Swedish Agency for Development Evaluation, and also the Swedish National Audit Office, was that Swedfund has not collected the information necessary to assess and draw general conclusions about the development effects of its investments.[4]

Climate and development co-operation

Sweden has an ambition to be a leading climate role model in the international arena. The climate issue was a top priority during the Swedish EU presidency in 2009 and Sweden established the international Commission on Climate Change and Development. The Commission addressed the adverse effects on development caused by climate change and identified guidelines for international development co-operation in the field of adaptation. In the 2009 budget, the government launched a three-year climate initiative financed with €400 million from ODA funds. However, this new initiative was not additional to the Swedish target of 1% of GNI, which several Swedish non-government organisations (NGOs) complained about.

Sweden is supporting the Paris Declaration (PD) principles with regard to the climate and development agenda. The government has highlighted the need to have an institutional architecture in accordance with the content of the PD and the Accra Agenda for Action (AAA).[5] However Sweden is still, for example, channelling a significant amount of money through the Clean Technology Fund of the World Bank's (WB) Climate Investment Funds (CIFs).

This is controversial for several reasons. Developing countries are clearly advocating for climate financing to be under the authority of the Conference of the Parties (COP) of the United Nations (UN) Framework Convention on Climate Change, not the WB. Secondly, although there is equal representation of developing and developed countries in CIF committees, there have been shortfalls in the level of involvement from developing countries. The overall governance of the WB and the fact that developing and low-income countries have little voting power also raises questions about the legitimacy of the WB's role in climate finance. Thirdly, a discussion paper commissioned by the WB on lessons learnt from the CIF's found that in-country stakeholder engagement on investment plans and proposals has been limited. In addition there are concerns with the WB's continued support for fossil fuels and the fact that the funding criteria of the Clean Technology Fund allow support for critical coal-fired power plants and Carbon Capture and Storage.

Improving aid effectiveness post–Accra

In June 2009 Sweden adopted an Action Plan on Aid Effectiveness for 2009-2011 which aims at putting the AAA into operation.[6] Sweden shows a commitment to improved donor coordination and alignment with country systems. The country-focus process is mentioned by the government as a concrete measure to implement the AAA and the EU Conduct on Division of Labour and Complementarity.

The Swedish government highlights the need to change the character of conditionalities – making them less detailed and having a limited number of mutually agreed conditions – to increase country ownership. It is considering outcome-based conditionality as a way to enhance developing-country ownership.[7] This shift is welcome, but the government does not have a clear policy for ending the use of economic policy conditionality and still employs such conditions through its multilateral aid to the WB and International Monetary Fund (IMF).

Policy for Global Development

Sweden adopted an ambitious and coherent Policy for Global Development (PGD) in 2003. The policy is characterised by two guiding perspectives: a rights perspective and a poor people's perspective on development. In a 2008 communication, the government presented a reformed PGD stating that implementation had been ineffective so far due to the ambition to cover all policy areas and the lack of measurable targets.

To make a real effort to put the PGD into practice, the reformed version specifically targets six global challenges identified by the government: oppression; economic exclusion; climate change; migration flows; communicable diseases and other health threats; and conflict and fragile situations. However, civil society organisations (CSOs) have raised the concern that there is still a lack of independent monitoring and evaluation of the PGD, and that the resources and capacity to arbitrate between different policy areas and ministries are limited. Trade policy is a clear example where the two guiding PGD perspectives are constantly overridden by other interests as seen by Sweden's continued arms exports to Saudi Arabia and Pakistan despite serious human rights violations there.

Severe funding cuts to CSO information and advocacy activities

Sweden has a strong and long-standing tradition of supporting CSOs at home and in developing countries. Funding CSO information and advocacy activities has been viewed as a central component of this support to create a broad and dynamic debate, building on the experiences of civil society in the North and South. However, the information budget was cut by 60% in 2009. This will reduce opportunities for CSOs to take an active part in policy discussions and contribute with the perspectives of partner organisations in the South.

The cut contradicts one of the main conclusions in the DAC 2009 Peer Review which stated that "Swedish CSOs have helped to stimulate well-informed public debate. As Sweden implements its new communication strategy, it should continue to involve CSOs since they play a pivotal role in stimulating constructive commentary and public communication."[8] Similarly, the Peer Review concluded that Swedish CSOs have also played an important role in holding the Swedish government to account for its implementation of the PGD.[9] Several Swedish CSOs have pointed out that the budget cuts threaten their public development education and advocacy work just at a time when knowledge and awareness on global development issues are crucial.

Endnotes

1 See: www.dn.se/debatt/slopa-enprocentsmalet-for-svenskt-bistand-1.469233.

2 Ibid.

3 Sweden DAC Peer Review, OECD DAC 2009.

4 Evaluation of Swedfund International - An analysis of private sector development impacts. SADEV Report 2008:3. Swedfund International AB och samhällsuppdraget. RiR 2009. p 4.

5 See: www.sweden.gov.se/sb/d/3102/a/101305.

6 See:www.sida.se/Global/About%20Sida/S%c3%a5%20arbetar%20vi/Action%20Plan%20on%20Aid%20Effectiveness%202009-2011_eng.pdf

7 Ibid.

8 Sweden DAC Peer Review, OECD, 2009.

9 Ibid.

Increasing Swiss ODA: Yes, We Can't

Michèle Laubscher, Alliance Sud – Swiss Alliance of Development Organisations

Overview

- In 2008 the Swiss Parliament decided to increase official development assistance (ODA) spending to 0.5 per cent of gross national income (GNI) by 2015. Yet the government is unwilling to provide additional funds before 2013.
- In 2009, Swiss ODA was 2.45 billion Swiss francs or 0.47% of GNI. This was a small increased compared to the 2.2 billion Swiss francs or 0.42% of GNI in 2008.
- However, spending on asylum seekers and debt relief made up 22% of ODA in 2009, from 18% in 2008. These accounted for 60% of the ODA increase in 2008/09.
- Without expenditure on asylum seekers and debt relief, the share of GNI would have been 0.36% (from 0.34% in 2008).
- In 2008, 18% of bilateral ODA was spent in Africa and 23% in Asia. According to the Swiss Agency for Development and Cooperation (SDC), just about one quarter of Switzerland's ODA goes to the least developed countries (LDCs).
- Swiss bilateral ODA is almost fully untied. The 2.2% of aid that is tied consists of dairy products.

Tug-of-war over ODA increase

Swiss non-government organisations (NGOs) launched a "0.7% Campaign" centred on a petition calling for aid to be increased to 0.7% of gross national income (GNI) by 2015. In response, parliament decided at the end of 2008 to increase official development assistance (ODA) to 0.5% by 2015. It requested additional credit from the government so that the increase could be made gradually from 2009. The government has so far refused to implement this request. In the autumn of 2009 it stated that, because of the economic crisis, the State had to make savings up to the end of 2012 and that a decision regarding any ODA increase would be taken at a later date.

The parliamentary committees responsible for this issue do not accept this stance and are insisting on additional credit; both houses are likely to repeat their call for an increase. Support for an ODA increase has also grown amongst the Swiss population. According to a representative five-yearly survey last conducted in the summer of 2009, 30% of people favoured an increase compared to only 22% in 2004. Some 53% (the same as in 2004) want ODA to remain the same. Most respondents estimated ODA spending to be much higher than it actually is.

Exploitation of aid?

In the government's 2009 Foreign Policy Report, Switzerland has for the first time explicitly described development policy as part of foreign policy. This amounts to a revaluation of development policy, but carries the risk that aid may be exploited for foreign policy purposes. The first signs of this have already appeared. Economic aid will in future be concentrated on middle-income countries with which Switzerland is keen to strengthen its foreign economic ties.

The Swiss Agency for Development and Cooperation (SDC) has declared migration to be a new thematic priority, partially to help limit migration from poorer countries to Switzerland. Climate is yet another new priority and the SDC wishes to cooperate specifically on this issue with emerging countries like China or Brazil. This is welcome in principle but such activities ought not to be funded from aid budgets which have been stagnating for years.

The poverty reduction focus of Swiss aid has become blurred. The Organisation for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) notes in its 2009 Peer Review that Switzerland should "ensure an explicit poverty reduction focus in the cooperation with (...) middle income countries".[1] On the economic front, the report recommends that "Switzerland should carefully monitor the impact of this new choice of priorities. It should maintain an interest in economic growth in Least Developed Countries, while not losing sight of its goal to reduce poverty when engaging in Middle-Income Countries". Furthermore the DAC warns against exploiting aid for migration policy purposes: "Switzerland needs to ensure that its development cooperation is not serving a migration policy that undervalues development concerns."

Insufficient policy coherence for development

Beyond incoherence around migration, Switzerland has recently eliminated import duties for Least Developed Countries (LDCs) but at the same time exported more weapons to developing countries – even to countries where it provides development cooperation. It is making headway in the restitution of stolen assets but is unwilling to do anything to stop the flight of capital from developing countries to the Swiss financial centre. With respect to climate, it wishes to encourage the transfer of technology to poor countries but construes this primarily as tariff reductions enabling it to export its own products. It is keen to contribute to world food security but wishes to leave intact the patent rights of Switzerland's agro-industry.

Insufficient development policy coherence is mainly attributable to the lack of either will from the public administration or effective policy mechanisms. The government needs to understand that development cooperation will not succeed if policy areas affecting developing countries undermine their goals. The opinions of the SDC are routinely ignored in consultations within the administration. Given the growing competition from emerging countries on the world market and in development cooperation, the chances for improvements in this area are not particularly good; in this regard, Switzerland is no different from most DAC donor countries.

Development effectiveness, democratic ownership and human rights

The SDC recognises the concept of development effectiveness. Respect for human rights and the promotion of democracy are among the foreign policy goals anchored in the Swiss Constitution. In the view of the SDC, the promotion of democracy with special emphasis on human rights and good governance are amongst the main prerequisites for poverty reduction. Participation and gender equality are further key principles of all country programmes.

However implementation is more complicated. For years, for example, Switzerland has maintained an extensive programme to promote peace and human rights in Colombia. During 2009 deliberations in parliament on the bilateral free-trade agreement with the country, development non-government organisations (NGOs) and left-of-centre parties advocated linking the agreement to human rights concerns. Yet the parliamentary majority followed the arguments laid out by the Economics Minister who stated that the promotion of human rights was not a matter for trade policy but rather for development cooperation.

Implementation of development effectiveness principles?

Democratic ownership

At the High Level Forum in Accra in 2008, the SDC campaigned strongly for democratic country ownership meaning the inclusion of civil society, Parliament and other stakeholders at national, regional and local levels. This is in line with the multi-stakeholder approach that Switzerland has always espoused in its development cooperation. Country offices are already required, for example, to involve not only government but also civil society organisations (CSOs) when preparing country strategies. Switzerland interprets accountability equally broadly to include civil society and other domestic stakeholders beyond just the partner government.

Yet Switzerland does not consistently implement the inclusive approach everywhere. In principle, Switzerland publicly discloses the conditions tied to project and programme support, including budget support – but only if the partner government agrees.

Human rights

The SDC sets human rights as both the means and an end of development cooperation and is committed to integrate those principles into all of its programmes and projects.[2] Nevertheless the risk with such cross-cutting topics is that they are pursued somewhat loosely (see also on Gender Equality below). The SDC now has a plethora of principles and guidelines on a wide variety of topics which has complicated the task of prioritising interventions.

SDC programmes in its priority countries rarely mention human rights as a cross-cutting topic. This does not mean that the topic is being neglected – access to justice or land are thematic priorities that indeed contribute to the promotion of human rights. The impression persists nonetheless that in practice the topic is not being given the weight that should be expected by virtue of SDC's Human Rights Policy.

Gender equality

The SDC formulated its first gender equality policy in 1993. Since then, gender has been declared a cross-cutting topic. The current gender policy requires that all projects or programmes considered for funding by the SDC must undertake a gender analysis. At the very least, the project or programme should not decrease women's access to or control over resources and if possible they should even increase it. The policy allows for funding projects directed specifically at women's equality, such as research, public education or advocacy to change discriminatory laws and practices.

In 2009, the SDC submitted its gender policy to outside evaluation. The evaluation found that the policy was mediocre. Although there is evidence that certain individual projects are making significant contributions to gender equality, the lack of a real strategic approach to gender work is telling. The results are that "gender is widely perceived as just one of a continual stream of thematic requirements and guidelines".[3]

The evaluation further identified an absence of systematic monitoring of whether and how the gender policy is being implemented and reliable information on the number and value of gender-specific projects. In other words, gender equality is still an optional choice depending on goodwill in SDC offices in partner countries.

Conclusion

The government of Switzerland has fallen behind the expectations of NGOs, the parliament and expert reviewers in implementing both its aid quantity and aid effectiveness commitments. It urgently needs to take action to improve its record.

Endnotes

1 DAC Peer Review Switzerland 2009, http://www.oecd.org/dataoecd/1/28/44021195.pdf

2 SDC's Human Rights Policy, Towards a Life in Dignity, 2006

3 SDC’s Performance in Mainstreaming Gender Equality, 2009; http://www.deza.admin.ch/en/Home/Activities/Evaluation/Completed_evaluations/2009.

Trends and Challenges for UK Aid

Gideon Rabowitz, UK Aid Network

Overview

- In 2009, the United Kingdom's (UK) aid increased to £7.4 billion (0.52% of gross national income, or GNI) from £6.4 billion (0.43%). Only 0.5% of the UK's aid was debt relief in 2009, down from 5.7% in 2008 and 28% in 2006.
- The UK government has budgeted to deliver £9.1 billion as aid in FY 2010/11, which is equivalent to around 0.60% of GNI.
- The new coalition government and the major opposition party have committed to increasing the UK's aid to 0.7% of GNI by 2013 and to introducing a law that will make delivering at least 0.7% of GNI as aid a legally-binding commitment for all future governments from 2013 onwards.
- In 2008/09 the UK's core contributions to multilateral development agencies were equivalent to 32% of its total aid; 50% of this multilateral aid went to the European Commission (EC), 26% to the World Bank (WB) and 11% to the United Nations (UN).

Significant progress and international leadership on aid levels

The United Kingdom's (UK) aid levels in 2005 and 2006 were inflated by huge levels of debt relief (33% and 28% of total aid, respectively); as debt relief fell in 2007 so did the UK's overall aid levels. However, since 2007 the government has steadily increased the UK's aid excluding debt relief which by 2009 stood at more than £2.4 billion above that of 2007. The UK Government is planning to spend £9.14 billion on aid in FY 2010/11 or equivalent to around 0.60% of gross national income (GNI), compared to 0.52% in 2009 and 0.43% in 2008.

Over the last two years the UK government has avoided scaling back its aid spending plans despite the opportunity given by the crisis to justify this – it could have done this without reneging on its international aid commitments because UK national income has been contracting. This response has sent an important message to other governments about the need to support developing countries facing the impacts of the global economic crisis.

In October 2009 the UK government further strengthened its commitment to aid increases by proposing to pass a Bill that would require all future UK governments to deliver at least 0.7% of GNI as aid from 2013. The proposed Bill was released in draft form, for consultation, in late 2009 and was not introduced to Parliament before the May 2010 general election. However, the new coalition government has also committed to introducing such a Bill during its term in office and the previous ruling party has retained its support for this legislation.

A leader on aid effectiveness, but few signs of recent reform

At the Accra High Level Forum (HLF) on Aid Effectiveness in September 2008 governments agreed to speed up the implementation of existing aid effectiveness commitments and added new ones, including to take immediate action to make conditions public, provide more predictable aid, and use country systems. The UK government played a leading role in ensuring progressive outcomes from the Accra HLF and is considered one of the leading donors in implementing the Paris Declaration (PD).

However, following the Accra HLF the UK government took 10 months to agree a high level policy paper on its Paris and Accra commitments. This paper omitted some critical aid effectiveness issues and focused on a minimalist implementation of the PD. For example, it pays little attention to weaknesses in countries not covered by the first implementation survey and ignores areas where Paris targets have been met but challenges still remain. Areas neglected by the policy paper include: technical assistance, on which the UK has not met its EU reform target; use of country systems, for which Accra required new approaches to be taken; and conditionality, for which it only focused on the issue of making conditions public.

Importantly, it is also evident that only limited steps have been taken in implementing the actions included in the UK's post-Accra policy paper. Few steps have been taken to improve the UK's support for mutual accountability mechanisms, conditions are not yet public, and no additional concrete steps have been taken on predictability or use of country systems.

UK aid and democratic accountability

The last two years have seen some significant developments around UK aid and development policies relevant to democratic accountability. However, a significant reform agenda still remains and UK civil society organisations (CSOs) are eager for the UK government to take further steps to ensure that the UK's development assistance best supports democratic accountability.

Budget support and accountability

The UK has increasingly used budget support to deliver its aid over the last decade and in recent years has contributed around a quarter of bilateral aid and 40% of bilateral aid to Africa using this mechanism. Generally, UK CSOs support this approach as it boosts country ownership of development efforts and can fund large scale-ups in service delivery.

However, UK CSOs have long campaigned for the UK government to deliver additional support to citizen-centred accountability initiatives in countries receiving budget support and other aid managed by governments in order to promote accountability for this aid. Such concerns have also been raised by the UK parliament and National Audit Office in recent years.

Following this pressure, in mid-2009 both the UK government and main opposition party stated their support for increasing support to accountability around budget support – to around 5% of its value – in new development policy papers. It is not clear what steps have been taken on these proposals and UK CSOs will be working to ensure a strategic, needs-based, long-term and inclusive approach is taken to scaling-up such funding. It is also vital that this scale-up does not just focus on countries where budget support is used but also where other types of aid are managed by governments.

Approaches to Conditionality

In June 2009 the UK government released new guidance on its approach to conditionality. This new guidance builds on the UK's 2005 policy on conditionality which said its conditions would be drawn from national strategies and relate to poverty reduction, democracy and human rights, and financial accountability. It states that conditions should be country-owned and not just government-owned, discussed more openly with civil society, and become more transparent.

However the new guidance narrowed the 2005 policy's commitment not to apply "sensitive conditions" to simply not applying conditions relating to trade liberalisation and privatisation. It also paid limited attention to concerns about policy benchmarks and failed to set stricter guidelines for aligning with International Monetary Fund (IMF) and World Bank (WB) conditionality frameworks. As of end-2009, the UK government had not yet begun to make its conditions public as promised in the new guidance and in the Accra Agenda for Action (AAA).

It is vital that the UK government takes further steps to reform its approach to conditionality by avoiding a wider range of sensitive conditions, moving away from policy conditions, and more actively challenging WB and IMF conditions. It must also make the conditions it applies public so that citizens' groups can scrutinise its practices.

Transparency of UK aid

Transparency is central to accountability and therefore transparency around aid delivery is vital to the ability of developing country citizens and others to hold their governments and donors accountable for delivering aid effectively.

Despite some recent improvements, UK aid transparency is quite weak. Project and program information is not currently made public, conditionality is still not transparent, and it is difficult to find real-time information on what the UK government is spending in which developing countries. The UK is one of the founding and leading members of the International Aid Transparency Initiative (IATI), launched in 2008. This aims to set standards for donors on what information about aid they should make public. It will therefore be important for the UK to continue to champion this process and use it as an opportunity to make comprehensive improvements to transparency around its aid.

Support for gender equality

The vast majority of the world's poor are women but it is women who are least able to influence development processes. Any effort to support democratic accountability through aid therefore needs to focus strongly on support to gender equality.

The UK Department for International Development (DFID) introduced a Gender Equality Action Plan (GEAP) in April 2007 which identifies a range of actions to be taken across DFID to ensure it is working to promote gender equality. These include better monitoring of gender outcomes, greater staff engagement and capacity for working on gender issues and development of critical partnerships with governments, other development agencies and CSOs.

A recent assessment of GEAP implementation highlighted some important advances – such as change within country programs and greater engagement of DFID staff – but also that progress is fragile and inconsistent across countries and program areas. It also found limited evidence of progress on policy development and that DFID systems do not yet allow assessment of changes in resource allocation for gender priorities. It is therefore vital that there is greater investment in the UK's capacity to implement the GEAP in full through: focusing on developing strong leadership, systems of accountability and monitoring, and staff knowledge and skills around gender issues; and mainstreaming gender sensitivity across DFID and other relevant UK government interventions.

Conclusion

The new UK government's decision to continue to scale up its aid to 0.7% and protect the aid budget through legislation is a clear signal of its commitment to development and to taking a leadership role on aid internationally. This is all the more impressive given that these decisions have been taken whilst the UK economy and its citizens struggle to recover from the impacts of the global economic slowdown.

On aid effectiveness and ensuring aid promotes democratic accountability, the UK government is also making important progress and showing admirable leadership. However, it is clear that the UK could be taking a more comprehensive and ambitious approach to these issues, so as to deliver a step-change in the effectiveness and accountability of the UK's aid rather than be guided simply by limited international processes.

The Reality and Uncertainties of US Foreign Assistance Reform

Kimberly Darter, InterAction[1]

Overview

- There has been significant progress on President Obama's campaign pledge to double the budget for foreign assistance. This commitment has been endorsed in Congress, which agreed to a 31% increase in funding for United States Agency for International Development (USAID) operating expenses for Fiscal Year 2010.
- The administration has made clear that it will no longer rely on supplemental budget requests to fund critical humanitarian accounts.
- A debate is continuing about appropriate roles for the State Department, USAID, Department of Defense and other bodies in aid administration. The military oversees approximately 16.5% of US foreign assistance, a share that has risen rapidly in recent years.
- Specific US government initiatives and funding priorities continue to support the advancement of the Millennium Development Goals (MDGs); however, the way in which this funding is allocated and accounted for is not compatible with the MDG framework.
- There are several concurrent aid reform policies and processes, some of which exhibit more openness to civil society consultation than others.

Introduction

There has long been talk in Washington D.C. of the need to change the fragmented United States (US) foreign aid system. In January 2006 the Bush administration began a restructuring and reform process of US foreign assistance called the Transformational Diplomacy initiative, or 'F process'. Reform centered on alignment with the US Foreign Assistance Strategic Framework which concentrated assistance on five priority objectives: peace and security; governing justly and democratically; investing in people; economic growth; and humanitarian assistance.[2]

The intention of the 'F process' was to improve the coordination, efficiency, transparency and accountability of US foreign assistance. Instead, it furthered trends such as a weakening of staff capacity at United States Agency for International Development (USAID) and an increased reliance on outsourcing of program management. It additionally failed to create a comprehensive picture of US foreign assistance because the focus was limited to USAID and a portion of State Department funding, leaving out foreign assistance managed by approximately 19 other US departments and agencies. The 'F process' also instituted significant structural changes; in particular, it brought USAID budget and programmatic oversight under the State Department.

Under the Obama administration to date, the record on foreign assistance reform has been mixed. During the presidential campaign of 2008, then-candidate Obama made three pledges related to foreign assistance: to elevate development as a central tenet of US foreign policy; to double the budget for foreign aid; and to make the Millennium Development Goals (MDGs) the focus of US foreign assistance. In his inaugural speech following the election, President Obama spoke of partnership, increased parity, and long-term engagement for global good:

> "To the people of poor nations, we pledge to work alongside you to make your farms flourish and let clean waters flow; to nourish starved bodies and feed hungry minds. And to those nations like ours that enjoy relative plenty, we say we can no longer afford indifference to the suffering outside our borders, nor can we consume the world's resources without regard to effect. For the world has changed, and we must change with it."[3]

Translating these concepts into policy, and from policy into action, however, is very challenging. It must happen in fragmented bureaucratic structures with budgets that are determined at best on an annual basis. The will to do so appears to be broad, stretching from the administration to Congress to private and public stakeholders. These are only the early stages though, and it remains to be seen how the long-term vision laid out by President Obama will evolve within a system that operates primarily in a short-term political context.

Pledge No. 1: Development as a Central Tenet of US Foreign Policy

Both President Obama and Secretary of State Hillary Clinton have spoken repeatedly about the importance of elevating development as a pillar of American foreign policy. Congress has also signaled commitment to reforming the US framework for the delivery of foreign assistance.

A year-and-a-half into the Obama administration, three separate processes have been initiated that could substantively impact the purpose and structures of US foreign assistance:

1. *Congressional legislation, particularly a rewrite of the Foreign Assistance Act of 1961:* In the House of Representatives, there is currently a bill (HR 2139) that calls for a national development strategy. In the Senate, S. 1524 is a bill to revitalize and strengthen the human resource and operational capacity of USAID. Potentially of greatest importance, a rewrite of the Foreign Assistance Act of 1961 is also in process, the third time that such an effort has been undertaken since 1961, the previous two being unsuccessful.

2. *Quadrennial Diplomacy and Development Review (QDDR)*: A blueprint for US diplomatic and development efforts in the short-, medium- and long-term, it is intended as guidance on how the US government will develop policies, allocate resources, deploy staff and exercise authorities.

3. *Presidential Study Directive on Global Development (PSD-7)*: Establishes the first US national strategy for development. The PSD is significant in that it goes beyond aid to consider the "interrelationships and implications of [US] trade and international finance instruments alongside [US] aid".[4] The PSD will encompass an integrated assessment and evaluation of the US government's global development and humanitarian objectives, policies, and funding, to include security, trade, health, and many other areas. An April 2010 draft of the PSD was leaked, but it remains unclear whether the final PSD will be made public.[5]

Coordination between these processes is critical to a coherent outcome for foreign assistance reform.

At this stage, however, while development may be accorded a higher priority in US foreign policy, the implications for the structures, mechanisms, and purpose that will guide the use of US foreign assistance remain to be seen.

At the heart of both the QDDR and the Foreign Assistance Act rewrite are questions related to the relationship between USAID and the State Department. There is widespread consensus on the need to strengthen the human resource capacity of both organisations but consensus is lacking when it comes to their structural relationship. As Senator Richard Lugar has summarised, "We have not reached a consensus within our government on who should be doing what, where, when and why."[6]

Integration of USAID into the State Department has been a description used by US government officials and staff to refer to the reforms under consideration, although that language has shifted recently to refer instead to mutually reinforcing linkages. Reaction in the US non-government organisation (NGO) community to the idea of integration was fairly negative and even the concept of mutually reinforcing linkages has been met with skepticism. The reasons for these reactions can be summarised as: (1) lack of clarity; (2) concern that any changes will only further entrench what many see as poor decisions made under the 'F process'; and (3) concern that how development is carried out will either fail to improve or, at worst, will be degraded and misused as a tool of diplomacy and national security.

Beyond the debate between USAID and the State Department, however, are concerns voiced by State, USAID and the civil society organisation (CSO) community over the growing role of the Department of Defense in providing and managing foreign assistance. In 2007, the Department of Defense oversaw approximately 16.5% of US foreign assistance (up from 3.5% in 1998 and 5.6% in 2002).[7] As noted in a January 2010 *Foreign Policy* article, "Both Defense Secretary Robert Gates and Secretary Clinton have emphasised the need to rebalance national security spending away from the military and toward the diplomatic core, but behind the scenes their offices have struggled to determine where the lines should be drawn."[8]

The role of the military in US foreign assistance is a significant concern within the NGO community. Military operations often blur the line between NGOs and the military's pursuit of political and security objectives. This convolution of defense and development is only deepening. The most recent Quadrennial Defense Review (QDR) notes the importance of well-resourced civilian agencies "to operate alongside the US Armed Forces during complex contingencies at home and abroad".[9] Similarly, the Department of Homeland Security's first Quadrennial Review "included in its list of global challenges and threats traditionally non-military issues like global violent extremism, pandemics, and natural hazards".[10] The National Security Council is also looking at the most appropriate means to divide responsibility for international security assistance between the Department of State, Department of Defense and USAID.[11]

The outcomes of these papers and processes are important because the blurring of the lines between political objectives, security and development leads to real consequences for the outcomes that can be achieved, perceptions of the US around the world, and the safety and integrity of individual development professionals.

For the past two years, the US NGO community has been advocating for the creation of an independent cabinet-level development agency that will put development on an equal footing with diplomacy and defense. This is not, however, an option that the government is willing to pursue. A lesser alternative that NGOs continue to advocate for is making the USAID Administrator a permanent member of the National Security Council to ensure that a development voice is present in critical decision-making processes. In addition, NGOs continue to advocate for a return of budgetary and programmatic control of USAID to the USAID Administrator. A final area of advocacy is the re-building of USAID's human resource capacity, which is moving forward.

Pledge No. 2: Double the Budget for Foreign Aid

> "One of the basic questions with respect to foreign aid reform is how we can best strengthen the capacity of USAID to run effective assistance programs… decision-makers have not made it easy for the agency to perform its mission. Development resources declined precipitously in the 1990s and initiatives to reorganize resulted in the agency's loss of evaluation, budget, and policy capacity."
>
> - Senator Richard Lugar[12]

There has been significant progress on President Obama's campaign pledge to double the budget for foreign assistance despite the difficult economic environment. This commitment has been endorsed in Congress, which agreed to a 31% increase in funding for USAID operating expenses for the Fiscal Year 2010 (FY 2010).

In its FY 2010 budget request, the administration made clear that it would no longer rely on supplemental budget requests to fund critical humanitarian accounts. Such a shift will create greater predictability for US government agencies that have been hampered in their ability to plan beyond the short-term. However, a concern that has been raised regarding the FY 2010 and 2011 budgets is that funding for development programs is increasingly going through the Economic Support Fund, an account managed by the State Department that is used to promote US national security interests in particular situations.

Congressional support is being led by key members in both the House and the Senate who are also seeking to shape the future structure of foreign assistance. In the Senate, the 2009 Foreign Assistance Revitalization and Accountability Act (S. 1524), which would provide additional resources, also reflects "very different ideas of how to structure USAID than what's expected to come out of the two main reviews [QDDR and PSD]".[13]

Overall, the actions being taken to double foreign assistance have been welcomed, particularly as an initial step in rebuilding the development capacity of the US government. Unfortunately, there is a growing sense that while the quantity of funds is on track to double, the structures needed to ensure positive future outcomes will not be there.

Pledge No. 3: Millennium Development Goals as the Focus of US Foreign Assistance

Specific US government initiatives and funding priorities continue to support the advancement of the MDGs; however, the way in which this funding is allocated and accounted for is not compatible with the MDG framework. If and how greater compatibility with the MDGs will be achieved remains to be seen. In the meantime, several of the Obama administration's early commitments have begun to materialise, providing insight into some of the changes and possible challenges in the years to come.

Agriculture and Food Security (MDG1): The Feed the Future (FTF) initiative is the Obama administration's strategy for agricultural growth to boost food security and reduce poverty. The US NGO community has endorsed the strategy's effort to address key constraints by calling for increased long-term funding commitments, a balance of investment between food aid and agricultural development, a focus on the role of women in food production and household nutrition, as well as reliance on multilateralism and country-led development pathways. Among the uncertainties surrounding implementation of FTF is how it will be reconciled with country-led food security plans that may have significantly different priorities. Other challenges include provision of adequate, reliable and sufficiently long-term funding. With the move toward country ownership of development plans, adequate support for capacity-building at various levels will need to assume greater importance. If these issues are resolved, the FTF initiative has the potential to significantly improve the effectiveness of US development assistance in the food security arena.

Education (MDG2): A commitment was made to further the Basic Education initiative begun during the Bush administration but work in this area has not yet materialised.

Gender (MDG3): The integration of gender equality into foreign assistance programs is an administration priority. As part of this effort the Office of Global Women's Issues was created in the State Department, headed by an ambassador-at-large. USAID leadership has also encouraged the integration of gender analysis into all stages of planning, programming and implementation of development assistance. However, only a portion of US foreign assistance is managed through USAID.

Health (MDG 4, 5 and 6): The administration's Global Health Initiative (GHI) was launched in May 2009. It includes a six-year, US$63 billion dollar commitment, with US$51 billion for the US President's Emergency Plan for AIDS Relief (PEPFAR) and the remaining US$12 billion directed to other global health issues. Many have interpreted the GHI as a step away from disease specific interventions and a step towards health system strengthening, with a focus on child and maternal health. The consultation document released on the GHI defines success as "measured not by the robustness of the health system itself, but by a country's ability to meet the needs of the key populations and improve health conditions"[14].

Climate Change (MDG7): The Obama administration has so far exhibited an over-reliance on the appropriations process for generating funding for climate financing. Although this has resulted in noticeable gains, it is not sufficient to meet the country's long-term climate finance commitment. Some of this is the result of Congress not passing comprehensive climate legislation that includes appropriate allocations for international climate change programs. While Secretary Clinton's remarks at the Copenhagen summit indicated a willingness by the US to consider innovative financing options, this willingness has yet to translate into concrete proposals.

Bilateral and Multilateral Efforts (MDG8): Since coming into office, the administration has worked to resolve conflicts through bilateral and multilateral diplomacy. While the US government's role as a global partner can be critiqued from many perspectives, the Obama administration has demonstrated an effort to engage in the world in a more multilateral way. The administration's vision was perhaps best captured by President Obama's June 2009 speech in Cairo, in which he focused on mutual interest, mutual respect and shared principles of justice, progress, tolerance and dignity while acknowledging the inherent challenges.[15]

Conclusions

Compared to similar processes in the past, the level of engagement with a wide range of stakeholders by government officials and staff leading both the QDDR and the rewrite of the Foreign Assistance Act has been widely appreciated. A similar level of engagement and access does not apply to the PSD process. For years there have been advocates for a broader, more comprehensive approach to foreign assistance that takes into account agencies beyond USAID and the State Department. And while there is recognition that this is what the PSD process seeks to do, there are also many unknowns that are only exacerbated by the lack of engagement and access to the process. There are many who would like to see "US development stronger, more effective and more prominent alongside diplomacy and defense in foreign policy" but how this is done and the implications it has for the purpose of US humanitarian and development assistance remain to be seen.[16]

Endnotes

1 This paper was finalised on June 15, 2010 and does not reflect changes or advances made between its finalisation and the date of publication. InterAction staff who contributed include: Vanessa Dick, Brian Greenberg, Laia Griñó, Filmona Hailemichael, Jeannie Harvey, Carolyn Long, Linda Poteat and Viraf Soroushian.

2 For more information see InterAction's 2008 Foreign Assistance Reform Monitoring Initiative http://www.interaction.org/sites/default/files/6312_InterAction_FARM_report.pdf.

3 *President Barack Obama, Inaugural Speech, January 2009.*

4 Unger, Noam. Brookings. 2010. *President Obama and U.S. Global Leadership on Development*. March 9. http://www.brookings.edu/opinions/2010/0107_foreign_aid_unger.aspx

5 Rogin, Josh. 2010. "White House Proposed Taking Development Away From State". *Foreign Policy*. May 3. http://thecable.foreignpolicy.com/posts/2010/05/03/white_house_proposed_taking_development_role_away_from_state

6 Rogin, Josh. 2010. "Congress weighs in on foreign-aid reform". *Foreign Policy.* January 29. http://thecable.foreignpolicy.com/posts/2010/01/29/congress_weighs_in_on_foreign_aid_reform

7 InterAction, Bread for the World, Oxfam America, and World Wildlife Fund. 2007. *The United States and the MDGs: U.S. Contributions to Reducing Global Poverty*. http://www.interaction.org/sites/default/files/1/POLICY%20REPORTS/MDG%20REPORT/MDG-Report-2007.pdf Radelet, Steve, Rebecca Schutte, and Paola Abarcar. 2008. *What's Behind the Recent Declines in U.S. Foreign Assistance?* Center for Global Development. December. http://www.cgdev.org/content/publications/detail/1416837/

8 Rogin, Josh. 2010. "Pentagon wins turf war with State over military aid". *Foreign Policy.* January. http://thecable.foreignpolicy.com/posts/2010/01/20/pentagon_defeats_state_in_turf_war_round_one

9 *What's Behind the Recent Declines in U.S. Foreign Assistance?* Center for Global Development. December 2008. http://www.cgdev.org/content/publications/detail/1416837/

10 Radelet, Steve, Rebecca Schutte, and Paola Abarcar. 2008. *What's Behind the Recent Declines in U.S. Foreign Assistance?* Center for Global Development. December. http://www.cgdev.org/content/publications/detail/1416837/

11 National Security Strategy. http://www.whitehouse.gov/sites/default/files/rss_viewer/national_security_strategy.pdf

12 Speech of Senator Lugar. 2010. *Foreign Assistance and Development in a New Era*. January 28.

13 Rogin, Josh. 2010. "Congress weighs in on foreign-aid reform". *Foreign Policy.* January 29.

14 United States Agency for International Development. *Implementation of the Global Health Initiative: Consultation Document*. http://www.usaid.gov/our_work/global_health/home/Publications/docs/ghi_consultation_document.pdf

15 Speech of President Obama. 2009. *Remarks By the President on a New Beginning*. June 4. http://www.whitehouse.gov/the-press-office/remarks-president-cairo-university-6-04-09

16 Smith, Jordan. 2010. *Development and Diplomacy Reviews Still Underway.* U.S. Global Leadership Coalition. February 12. http://www.usglc.org/2010/02/12/development-and-diplomacy-reviews-still-underway/

Part 2

Glossary of Aid Terms

Glossary

20/20 An Initiative proposed at the Copenhagen Social Summit (WSSD) for bilateral agreements between donor and recipient governments, whereby donors would agree to allocate 20% of their ODA to Basic Social Services (BSS) if recipients agreed to allocate 20% of public expenditure to enable universal access to BSS.

AAA Accra Agenda for Action

ACP African, Caribbean and Pacific States (see Lomé Convention)

ADB Asian Development Bank

AECI Spanish Agency for International Development Cooperation

Aid see ODA

AIDS Acquired Immune Deficiency Syndrome

APEC Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia- Pacific region.

ASEAN Association of South East Asian Nations

Associated Financing The combination of ODA, whether grants or loans, with any other funding to form finance packages. Associated Financing packages are subject to the same criteria of concessionality, developmental relevance and recipient country eligibility as Tied Aid Credits.

AU African Union

Bangladesh Aid Group Formed in October 1974 under the direct supervision of the World Bank, comprising 26 donor agencies as well as countries that made the commitment of providing support to the country for its development.

Bilateral Aid Aid provided to developing countries and countries on Part II of the DAC List on a country-to- country basis, and to institutions working in fields related to these countries.

Bilateral portfolio investment Includes bank lending and the purchase of shares, bonds and real estate.

BMZ Germany's Ministry for Economic Cooperation and Development

Bond Lending Refers to net completed international bonds issued by countries on the DAC List of Aid Recipients.

BoP Balance of Payments

BOOT Build, Operate, Own and Transfer

BPC Bangladesh Petroleum Corporation

BSS Basic Social Services (basic education, basic health and nutrition, safe water and sanitation) defined for the purposes of the 20/20 Initiative

BSWG Budget Support Working Group

Budgetary Aid General financial assistance given in certain cases to dependent territories to cover a recurrent budget deficit.

CAP The Consolidated Appeal Process for complex humanitarian emergencies managed by UNOCHA

CAP Common Agricultural Policy (EU)

CAS Country Assistance Strategy

CBSC Capacity Building Service Centre

CDF Comprehensive Development Framework (WB)

CEC Commission of the European Community

CEDAW Convention on the Elimination of all Forms of Discrimination against Women

Glossary

CEE/CA Countries of Central and Eastern Europe and Central Asia

CFF Compensatory Financing Facility

CFSP Common Foreign and Security Policy

CGAP Consultative Group to Assist the Poorest (WB)

CGI Consultative Group on Indonesia

CID Council for International Development (New Zealand)

CIS Commonwealth of Independent States

Commitment A firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organisation. Bilateral commitments are recorded in the full amount of expected transfer, irrespective of the time required for the completion of disbursements.

Concessionality Level A measure of the 'softness' of a credit reflecting the benefit to the borrower compared to a loan at market rate (see Grant Element).

Conditionality A concept in international development, political economy and international relations which describes the use of conditions attached to a loan, debt relief, bilateral aid or membership of international organisations, typically by the international financial institutions, regional organisations or donor countries.

Constant Prices Prices adjusted to take inflation into account to enable comparison over time.

Cotonou Partnership Agreement Signed in Cotonou, Benin on 23 June 2000, the agreement replaces the Lomé Convention as the framework for trade and cooperation between the EU and its Member States and African, Caribbean and Pacific (ACP) States.

Country-owned ownership Ownership which implies that all sectors of the country are involved in determining whether an aid is needed or not, how it is used and in monitoring the implementation of the projects and programs supported by the aid (grants or loans). Although governments represent partner countries, they can no longer act independently, but have to be accountable to the country as a whole, comprising the citizens, parliament, business sectors and civil society.

CPIA Country Policy and Institutional Assessment

Current Prices Prices not adjusted for inflation.

DAC Development Assistance Committee (OECD). A forum for consultation among 21 donor countries, together with the European Commission, on how to increase the level and effectiveness of aid flows to all aid recipient countries. The member countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK and USA. DAC sets the definitions and criteria for aid statistics internationally.

CSO Civil Society Organisation (see NGO)

Debt Relief May take the form of cancellation, rescheduling, refinancing or re-organisation of debt:

(i) Debt cancellation is relief from the burden of repaying both the principal and interest on past loans.

(ii) Debt rescheduling is a form of relief in which the dates on which principal or interest payments are due are delayed or rearranged.

Glossary

(iii) Debt refinancing is a form of relief in which a new loan or grant is arranged to enable the debtor country to meet the service payments on an earlier loan.

(iv) Official bilateral debts are *re-organised* in the Paris Club of official bilateral creditors. The Paris Club has devised the following arrangements for reducing and rescheduling the debt of the poorest, most indebted countries: *Toronto Terms* agreed by the Paris Club in 1988 provided up to 33% debt relief on rescheduled official bilateral debt owed by the poorest, most indebted countries pursuing internationally agreed economic reform programmes; *Trinidad Terms* agreed by the Paris Club in 1990 superseded Toronto Terms and provided up to 50% debt relief; *Naples Terms* agreed by the Paris Club in 1994 superseded Trinidad Terms and provide up to 67% debt relief. They also introduced the option of a one-off reduction of 67% in the stock of official bilateral debt owed by the poorest, most indebted countries with an established track record of economic reform and debt servicing; *Enhanced Naples Terms* Under the Heavily- Indebted Poor Countries (HIPC) debt initiative, Paris Club members have agreed to increase the amount of debt relief to eligible countries to up to 80%.

Democratic ownership One of the five principles of Paris Declaration. It implies the participation of the people from the very first stages of any project or program to be funded by foreign aid. The project and program implementation should similarly be transparent and be directly or indirectly accountable to the people.

Developing Country The DAC defines a list of developing countries eligible to receive ODA. In 1996 a number of countries, including Israel, ceased to be eligible for ODA. A second group of countries, 'Countries and Territories in Transition' including Central and Eastern Europe are eligible for 'Official Aid' not to be confused with 'Official Development Assistance'. OA has the same terms and conditions as ODA, but it does not count towards the 0.7% target, because it is not going to developing countries

Developing Countries Developing countries are all countries and territories in Africa; in America (except the United States, Canada, Bahamas, Bermuda, Cayman Islands and Falkland Islands); in Asia (except Japan, Brunei, Hong Kong, Israel, Kuwait, Qatar, Singapore, Taiwan and United Arab Emirates); in the Pacific (except Australia and New Zealand); and Albania, Armenia, Azerbaijan, Georgia, Gibraltar, Malta, Moldova, Turkey and the states of ex-Yugoslavia in Europe.

DFID Department for International Development (UK)

DGCS Directorate General for Development Cooperation (Italy)

DGPOLDE General Directorate of Planning and Evaluation of Development Policy (Spain)

Disbursement Disbursements record the actual international transfer of financial resources, or of goods or services valued at the cost to the donor. In the case of activities carried out in donor countries, such as training, administration or public awareness programmes, disbursement is taken to have occurred when the funds have been transferred to the service provider or the recipient. They may be recorded gross (the total amount disbursed over a given accounting period) or net (less any repayments of loan principal during the same period).

Glossary

DoL Division of Labour

DPL Development Policy Loan

DSF Decentralisation Support Facility

DWASA Dhaka Water Supply and Sewerage Authority

EBRD European Bank for Reconstruction and Development

EC European Commission

ECHO European Community Humanitarian Office

ECOSOC Economic and Social Council (UN)

ECOWAS Economic Community of West African States

ECDCF Economic Development Cooperation Fund (Korea)

EDF European Development Fund (see Lomé Convention and Cotonou Partnership Agreement)

EEAS European External Action Service

EFA Education for All

EFF Extended Fund Facility

EIB European Investment Bank

EMU Economic and Monetary Union

EPC Engineering Procurement Construction

E**SAF (E/Sal/F)** Enhanced Structural Adjustment (Loan)/Facility

Export Credits Loans for the purpose of trade extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.

FAO Food and Agricultural Organisation (UN)

FTT Financial transaction tax

G20 Group of 20 Finance Ministers and Central Bank Governors established in 1999 to bring together systemically important industrialised and developing economies to discuss key issues in the global economy

G24 Group of 24 developed nations meeting to coordinate assistance to Central and Eastern Europe

GATT General Agreement on Tariffs and Trade

GCAP Global Call to Action against Poverty

GDP Gross Domestic Product

GEF Global Environment Facility

Gini Coefficient An indicator of income distribution, where 0 represents perfect equality and 1 perfect inequality.

GNI Gross National Income. Most OECD countries have introduced a new system of national accounts which has replaced Gross National Product (GNP) with GNI. As GNI has generally been higher than GNP, ODA/GNI ratios are slightly lower than previously reported ODA/GNP ratios.

GNP Gross National Product

Grant element Reflects the financial terms of a commitment: interest rate, maturity and grace period (interval to first repayment of capital). It measures the concessionality of a loan, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics. Thus, the grant element is nil for a loan carrying an interest rate of 10%; it is 100% for a grant; and it lies between these two limits for

Glossary

a loan at less than 10% interest. If the face value of a loan is multiplied by its grant element, the result is referred to as the grant equivalent of that loan (see Concessionality Level) (Note: the grant element concept is not applied to the market-based non-concessional operations of the multilateral development banks.)

GSP General System of Preferences

HIC High-Income Countries, or those with an annual per capita income of more than US$9,385 in 1995

HIPC Heavily Indebted Poor Country (Debt Initiative)

HIV Human Immunodeficiency Virus

IADB InterAmerican Development Bank

IASC Inter-Agency Standing Committee (Committee responsible to ECOSOC for overseeing humanitarian affairs, the work of OCHA and the CAP)

IATI International Aid Transparency Initiative. Launched at the Accra High Level Forum on Aid Effectiveness in September 2008, IATI brings together donors, partner countries, CSOs and other users of aid information to agree, by end of 2009, a set of common information standards applicable to all aid flows.

IDA International Development Association (WB)

IDPs Internally-displaced persons

IDT International Development Targets (for 2015) as outlined in the DAC document 'Shaping the 21st Century' also known as International Development Goals

IFAD International Fund for Agricultural Development

IFC International Finance Corporation

IFIs International financial institutions

IMF International Monetary Fund

INGOs International Non-Governmental Organisations

Internal Bank Lending Net lending to countries on the List of Aid Recipients by commercial banks in the Bank of International Settlements reporting area, i.e. most OECD countries and most offshore financial centres (Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles and Singapore), net of lending to banks in the same offshore financial centres. Loans from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under other private or bond lending.

IsDB Islamic Development Bank

ISG International Steering Group

JANIC Japanese NGO Centre for International Cooperation

JAS Joint Assistance Strategies

JBIC Japan Bank for International Cooperation

JCPR Joint Country Programme Review

JICA Japan International Cooperation Agency

KOICA Korea's International Cooperation Agency

LIC Low-Income Countries, those with an annual per capita income of less than US$765 in 1995

LDC/LLDC Least Developed Country – 48 poor and vulnerable countries are so defined by the United Nations, with

Glossary

an annual per capita income of less than US$765 in 1995.

LMIC Lower Middle-Income Countries those with an annual per capita income of between US$766 and US$3,035 in 1995.

Lomé Convention Multi annual framework agreement covering development cooperation between the EU members and African, Caribbean and Pacific (ACP) States. Funding for Lomé came from the EDF. Lomé has now been replaced by the Cotonou Partnership Agreement.

MADCT More Advanced Developing Countries and Territories, comprising those that have been transferred to Part II of the DAC List of Aid Recipients.

MDGs Millennium Development Goals are the international goals for poverty reduction and development agreed by the United Nations in the year 2000. These include the IDTs.

MOSF Ministry of Strategy and Finance (Korea)

MTDS Medium-Term Development Strategies

Multilateral agencies International institutions with governmental membership, which conduct all or a significant part of their activities in favour of development and aid recipient countries. They include multilateral development banks (e.g. World Bank, regional development banks), UN agencies, and regional groupings (e.g. certain EU and Arab agencies). A contribution by a DAC Member to such an agency is deemed to be multilateral if it is pooled with other contributions and disbursed at the discretion of the agency. Unless otherwise indicated, capital subscriptions to multilateral development banks are recorded on a deposit basis, i.e. in the amount and as at the date of lodgement of the relevant letter of credit or other negotiable instrument. Limited data are available on an encashment basis, i.e. at the date and in the amount of each drawing made by the agency on letters or other instruments.

Multilateral aid Aid channeled through international bodies for use in or on behalf of aid recipient countries. Aid channeled through multilateral agencies is regarded as bilateral where the donor controls the use and destination of the funds.

Multilateral portfolio investment Covers the transactions of the private non-bank and bank sector in the securities issued by multilateral institutions.

NABARD National Bank for Rural Development

NATO North Atlantic Treaty Organisation

NBR National Board of Revenue

NEDA National Economic and Development Authority (Philippines)

NEPAD New Partnership for Africa's Development (see also AU)

NGDO Non-Governmental Development Organisation

NGO (PVO) Non-Governmental Organisations (Private Voluntary Organisations) also referred to as Voluntary Agencies. They are private non-profit-making bodies that are active in development work.

NIC Newly-industrialised countries

NIPs National Indicative Programmes (EU)

NPV Net Present Value

OA Official Assistance (aid) is government assistance with the same terms and conditions as

Glossary

ODA, but which goes to Countries and Territories in Transition which include former aid recipients and Central and Eastern European Countries and the Newly Independent States. It does not count towards the 0.7% target.

OAU Organisation of African Unity now succeeded by African Union.

OCHA (See UNOCHA)

ODA Official Development Assistance (often referred to as 'aid') of which at least 25% must be a grant. The promotion of economic development or welfare must be the main objective. It must go to a developing country as defined by the DAC.

ODF Official Development Finance is used in measuring the inflow of resources to recipient countries; includes: (i) bilateral ODA, (ii) grants and concessional and non-concessional development lending by multilateral financial institutions, and (iii) Other Official Flows that are considered developmental (including refinancing loans) which have too low a grant element to qualify as ODA.

OECD Organisation for Economic Cooperation and Development (see DAC)

OHCHR Office of the UN High Commissioner for Human Rights

OOF Other Official Flows defined as flows to aid recipient countries by the official sector that do not satisfy both the criteria necessary for ODA or OA.

PARIS21 Partnership in Statistics for Development capacity programme for statistical development

Partially Untied Aid ODA for which the associated goods and services must be procured in the donor country or a restricted group of other countries, which must however include substantially all recipient countries. Partially untied aid is subject to the same disciplines as Tied Aid and Associated Financing.

PBA Program-based approaches

PCD Policy Coherence for Development

PD Paris Declaration on Aid Effectiveness. A commitment to make aid more effective towards the goal of poverty reduction and better quality of life. Aside from institutional and structural reforms, it also raises concerns about the effectiveness of the aid regime for sustainable development. The PD commits signatories to five principles:

Ownership: Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions.

Alignment: Donors base their overall support on partner countries' national development strategies, institutions and procedures.

Harmonisation: Donors' actions are more harmonised, transparent and collectively effective.

Managing for Results: Managing resources and improving decision-making for results.

Mutual Accountability: Donors and partners are accountable for development results.

PGD Policy for Global Development (Sweden)

PEFA Public Expenditure and Financial Assistance. A partnership established in December 2001 involving the World Bank, IMF, European Commission, Strategic Partnership with Africa, and several bilateral donors (France, Norway, Switzerland and the United

Glossary

Kingdom. Its mandate is to support integrated, harmonised approaches to the assessment and reform of public expenditure, procurement, and financial accountability, focusing on the use of diagnostic instruments.

Performance-based aid A system of benchmarks which, once reached, trigger additional funding packages.

PFM Public Finance Management

PRGF Poverty Reduction and Growth Facility, which replaces the ESAF and is the name given to IMF Loan Facilities to developing countries. (See also PRSP).

Private Flows Long-term (more than one year) capital transactions by OECD residents (as defined for balance of payment purposes) with aid recipient countries, or through multilateral agencies for the benefit of such countries. They include all forms of investment, including international bank lending and Export Credits where the original maturity exceeds one year. Private flows are reported to DAC separately for Direct Investment, Export Credits and International Bank Lending, Bond Lending and Other Private (lending).

Programme Aid Financial assistance specifically to fund (i) a range of general imports, or (ii) an integrated programme of support for a particular sector, or (iii) discrete elements of a recipient's budgetary expenditure. In each case, support is provided as part of a WB/IMF-coordinated structural adjustment programme.

PRSP Poverty Reduction Strategy Papers

RoA Reality of Aid Network

Real Terms A figure adjusted to take account of exchange rates and inflation, allowing a 'real' comparison over time see Constant Prices

Recipient Countries and Territories The current DAC list of Aid Recipients, see LDC, LIC, LMIC, UMIC, HIC.

SAPs Structural Adjustment Programmes, a program imposed by the WB for providing its loan to recipient countries

SDC Swiss Agency for Development and Cooperation

SIDA Swedish International Development Cooperation Agency

Soft Loan A loan in which the terms are more favourable to the borrower than those currently attached to commercial market terms. It is described as concessional and the degree of concessionality is expressed as its grant element.

South-South Development Cooperation Refers to the cooperation/relations amongst developing countries; in the AAA, "South-South cooperation on development aims to observe the principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity and identity and local content. It plays an important role in international development cooperation and is a valuable complement to North-South cooperation."

SPA Special Programme of Assistance for Africa (WB)

SPADA Support for Poor and Disadvantaged Areas

SSA Sub-Saharan Africa

SWA (SWAp) Sector-Wide Approach

TA or TC Technical Assistance/Cooperation includes both (i) grants to nationals of aid recipient countries receiving

Glossary

education or training at home or abroad, and (ii) payments to consultants, advisers, and similar personnel as well as teachers and administrators serving in recipient countries (including the cost of associated equipment). Assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and is omitted from technical cooperation in statistics of aggregate flows.

Tied Aid Aid given on the condition that it can only be spent on goods and services from the donor country. Tied aid credits are subject to certain disciplines concerning their concessionality levels, the countries to which they may be directed, and their development relevance designed to try to avoid using aid funds on projects that would be commercially viable with market finance, and to ensure that recipient countries receive good value.

TNC Transnational Corporation

Triangular development cooperation Refers to Northern donors or multilateral institutions providing development assistance to Southern governments to execute projects/programmes with the aim of assisting other developing countries

UMIC Upper Middle-Income Countries those with an annual per capita income of between US$3036 and US$9,385 in 1995

UN United Nations

UNAIDS Joint United Nations Programme on HIV/AIDS

UNCED United Nations Conference on Environment and Development, Rio de Janeiro 1992

UNCHS United Nations Centre for Human Settlements, Habitat

UNCTAD United Nations Conference on Trade and Development

UNDCF United Nations Capital Development Fund

UNDAC United Nations Disaster Assessment and Coordination

UNDAF United Nations Development Assistance Framework

UNDCP United Nations Drugs Control Programmes

UNDP United Nations Development Programme

UNEP United Nations Environment Programme

UNESCO United Nations Educational, Scientific and Cultural Organisation

UNFPA United Nations Fund for Population Activities

UNHCR Office of the United Nations High Commissioner for Refugees

UNICEF United Nations Children's Fund

UNIDO United Nations Industrial Development Organisation

UNIFEM United Nations Development Fund for Women

UNITAR United Nations Institute for Training and Research

UNOCHA United Nations Office for the Coordination of Humanitarian Assistance

UNRISD United Nations Research Institute for Social Development

Untied Aid ODA in which the associated goods and services may be fully and freely procured in substantially all countries.

Glossary

UNV United Nations Volunteers

Uruguay Round Last round of multilateral trade negotiations under the GATT

USAID United States Agency for International Development

Vertical programmes Also known as vertical funds, global programmes and global initiatives, defined by the OECD and the World Bank as "international initiatives outside the UN system which deliver significant funding at the country level in support of focused thematic objectives."

WB World Bank

WFP World Food Programme

WHIP Wider Harmonisation in Practice

WHO World Health Organisation

WID Women in Development

WSSD World Summit for Social Development, Copenhagen 1995 (see also 20/20 Initiative)

WTO World Trade Organisation

Sources consulted include: Reality of Aid, Annual Development Cooperation Report of the DAC

Part 3

ROA Members
Directory

ROA Members Directory

ROA AFRICA

Africa Leadership Forum
Address: ALF Plaza, 1 Bells Drive, Benja Village,Km 9, Idiroko road, Ota, Ogun State, Nigeria
Email: info@africaleadership.org
Phone #: (234) 803 4543925
Website: www.africaleadership.org

Africa Network for Environment and Economic Justice (ANEEJ)
Address: 123, First East Circular Road Benin City Edo State Nigeria, West Africa
Email: aneej2000@yahoo.co.uk
Phone #: (234) 80 23457333
Website: www.aneej.org

African Forum and Network on Debt and Development (AFRODAD)
Address: 31 Atkinson Drive, Harare, Zimbabwe
Email: afrodad@afrodad.co.zw
Phone #: (263) 4 778531/6
Fax #: (263) 4 747878
Website: www.afrodad.org

Center for Economic Governance and Aids in Africa (CEGAA)
Address: Room 1009, Loop Street Studios, 4 Loop Street, Cape Town 8001/ P.O. Box 7004, Roggebaai, 8012 South Africa
Phone #: (27) 21 425 2852
Fax #: (27) 21 425 2852
Website: www.cegaa.org

Centre for Peacebuilding and Socio-Economic Resources Development (CPSERD)
Address: Lagos, Nigeria
Email: ayokenlegagbemi@yahoo.co.uk

Centre for Promotion of Economic and Social Alternatives (CEPAES)
Address: P. O. Box 31091, Yaounde, Cameroon
Email: cepaes2003@yahoo.fr
Phone #: (237) 231 4407

Civil Society for Poverty Reduction (CSPR)
Address: Plot No. 9169, Nanshila Road Kalundu-P/B E891 Postnet No. 302, Lusaka, Zambia
Email: william@cspr.org.zm
Phone #: (260) 211 290154

Economic Community of West African States Network on Debt and Development (ECONDAD)
Address: 123 1st East Circular Road, Benin City, Edo State, Nigeria
Phone #: (234) 52 258748

Economic Justice Network (EJN)
Address: Church House 1, Queen Victoria Street, Cape Town. Republic of South Africa
Email: ejnetwork@mweb.co.za; admin@ejn.org.za
Phone #: (27) 21 424 9563
Fax #: (27) 21 424 9564
Website: www.ejn.org.za

Forum for African Alternatives
Email: dembuss@hotmail.com

Forum for the Reinforcement of the Civil Society (FORCS)/ Forum pour le Renforcement de la Société Civile (FORSC)
Email: forsc@cbinf.com

Forum National sur la Dette et la Pauvreté (FNDP)
Address: BP 585 Abidjan cidex 03 Riviera, Abijan
Email: kone@aviso.ci
Phone #: (225) 05718222

Foundation for Community Development - Mozambique
Address: Av. 25 de Setembro, Edifícios Times Square Bloco 2 - 3º andar
Email: divida@tvcabo.co.mz
Phone #: (258) 21 355300
Fax #: (258) 21 355 355
Website: www.fdc.org.mz

ROA Members Directory

Foundation for Grassroots Initiatives in Africa (GrassRootsAfrica)
Address: Foundation for Grassroots Inititives in Africa (GrassRootsAfrica) House Number 87 Bear Regimanuel Gray Estates, Kwabenya-Accra PMB MD 187
Madina- Accra Ghana
Email: grassrootsafrica@grassrootsafrica.org.gh
Phone #: (233) 21-414223
Fax #: (233)-21-414223
Website: www.grassrootsafrica.org.gh

GRAIB-ONG
Address: BP 66 AZOVE Benin
Email: isiagbokou@yahoo.fr
Phone #: (229) 027662; 91 62 22
Fax #: (229) 46 30 48

Groupe de Recherche et d'Action pour la Promotion de l'Agriculture et du Développement (GRAPAD)
Address: c/1506I Maison DJOMAKON Jean VONS Guindéhou VEDOKO, Benin
Email: reid_consulting@yahoo.fr
Phone #: (229) 21 38 01 72 / 21 38 48 83
Fax #: (229) 21 38 01 72

Grupo Mocambicano da Divida (GMD) / Mozambican Debt Group
Address: Rua de Coimbra, nº 91 - Malhangalene, Maputo
Email: divida@tvcabo.co.mz
Phone #: 21 419523, cel. 82 - 443 7740
Fax #: (258)21-419524
Website: www.divida.org

Habitat of Peace - Congo - DRC
Phone #: (243) 99811818

Institute for Security Studies/Institut D'Etudes de Securite
Address: PO Box 1787 Brooklyn Square Tshwane (Pretoria) 0075 South Africa
Email: iss@issafrica.org
Phone #: (27) 012 346 9500/2
Fax #: (27) 012 346 9570
Website: www.iss.co.za

Institute of Development Studies (IDS) University of Zimbabwe
Address: PO Box MP167, Mt Pleasant, Harare, Zimbabwe
Email: gchikowore@science.uz.ac.zw
Phone #: (263) 4 333342/3
Fax #: (263) 4-333345

Jubilee Angola
Address: PO Box 6095, Luanda, Angola
Email: Jubileu2000.ang@angonet.org
Phone #: (244) 2366729
Fax #: (244)2335497

Jubilee Zambia
Address: P.O. Box 37774, 10101, Lusaka, Zambia
Email: debtjctr@zamnet.zm
Phone #: (260) 1 290410
Fax #: (260) 1 290759
Website: www.jctr.org.zm

Kenya Debt Relief Network (KENDREN)
Address: C/O EcoNews Africa, Mbaruk Road, Mucai Drive, P.O. Box 76406, Nairobi, Kenya
Phone #: (254) 020 2721076/99
Fax #: (254) 020 2725171
Website: www.kendren.org

Kenya Private Sector Alliance (KEPSA)
Address: 2nd Floor, Shelter Afrique Along Mamlaka Road, Next to Utumishi Co-op House P.O. Box 3556-00100 GPO Nairobi, Kenya
Email: info@kepsa.or.ke
Phone #: (254) 20 2730371/2 and 2727883/936
Fax #: (254) 2 2730374
Website: www.kepsa.or.ke

Malawi Economic Justice Network (MEJN)
Address: Malawi Economic Justice Network, Centre House Arcade, City Centre, PO Box 20135, Lilongwe 2 Malawi
Email: mejn@mejn.mw
Phone #: (265) 1 770 060
Fax #: (265) 1 770 068
Website: www.mejn.mw

ROA Members Directory

Social Development Network (SODNET)
Address: Methodist Ministry Center,
2nd Wing, 4th floor, Oloitoktok Road,
Off Gitanga Road, Kilimani Nairobi 00619
Kenya
Email: sodnet@sodnet.or.ke;
po-edwardoyugi@gmail.com
Phone #: (254) 20 3860745/6
Fax #: (254) 20 3860746
Website: www.sodnet.org

Southern African Centre for the Constructive Resolution of Disputes (SACCORD)
Address: P.O. Box 37660,
Lusaka, Zambia
Email: saccord@zamtel.zm
Phone #: (260) 1 250017
Fax #: (260) 1 250027

Tanzania Association of NGOs (TANGO)
Address: Off Shekilango Road,
Sinza Afrika Sana Dar es Salaam
P. O. Box 31147 Tanzania
Email: tango@bol.co.tz
Phone #: (255) 22 277 4582
Fax #: (255) 22 277 4582
Website: www.tango.or. z

Tanzania Coalition on Debt and Development (TCDD)
Address: Shaurimoyo Road, Mariam Towers,
8th Floor, PO Box 9193,
Dar Es-Salaam, Tanzania
Email: ttcdd@yahoo.com
Phone #: 255 (22) 2866866/713 - 608854
Fax #: (255) 22 2124404
Website: www.ttcdd.org

THISDAY
Address: 35 Creek Road, Apapa, Lagos
Email: thisday@nova.net.ng;
etimisim@hotmail.com
Phone #: (234) 8022924721-2;
8022924485
Fax #: (234) 1 4600276
Website: www.thisdayonline.com

Uganda Debt Network
Address: Plot 424 Mawanda Road,
Kamwokya Kampala / P.O. Box 21509
Kampala, Uganda
Email: Info@udn.or.ug
Phone #: (256) 414 533840/543974
Fax #: (256) 414 534856
Website: www.udn.or.ug

Uganda NGO National Forum
Address: Plot 25, Muyenga Tank Hill Rd,
Kabalagala, PO Box 4636, Kampala, Uganda
Email: info@ngoforum.or.ug
Phone #: (256) 772 408 365
Fax #: (256) 312 260 372
Website: www.ngoforum.or.ug

Zimbabwe Coalition on Debt and Development (ZIMCODD)
Address: 5 Orkney Road, Eastlea, Harare,
Zimbabwe; P O Box 8840, Harare, Zimbabwe
Email: zimcodd@zimcodd.co.zw
Phone #: (263) 4 776830/31
Fax #: (263) 4 776830/1
Website: www.zimcodd.org.zw

ROA ASIA/PACIFIC

Advancing Public Interest Trust (APIT)
Address: 107/ Ground Floor, Sher Sha
Shuri Road, Mohammadpur, Dhaka 1216
Bangladesh
Email: info@apitbd.org
Phone #: (880) 2-9121396; (880) 2-9134406
Fax #: Ext-103
Website: www.apitbd.org

Aidwatch Philippines
Address: 114 Timog Avenue, Quezon City,
1103 Philippines
Email: aidwatch-philippines@googlegroups.
com
Phone #: (63) 2 927 7060 to 62
Fax #: (63) 2 929 2496
Website: aidwatch-ph.collectivetech.org/node/2

ROA Members Directory

All Nepal Peasants' Federation (ANPFa)
Address: PO Box: 273, Lalitpur, Nepal
Email: anpfa@anpfa.org.np
Phone #: (977) 1-4288404
Fax #: (977) 1-4288403
Website: www.anpfa.org.np

ANGIKAR Bangladesh Foundation
Address: Sunibir, 25 West Nakhalpara, Tejgaon, Dhaka 1215 Bangladesh
Email: angikarbd@yahoo.com
Phone #: 881711806054 (mobile)

Arab NGO Network for Development (ANND)
Address: P.O.Box: 5792/14, Mazraa: 1105 - 2070 Beirut, Lebanon
Email: annd@annd.org
Phone #: (961) 1 319366
Fax #: (961) 1 815636
Website: www.annd.org

Asia Pacific Mission for Migrants (APMM)
Address: c/o Kowloon Union Church, No.2 Jordan Road, Kowloon Hong Kong SAR
Email: apmm@hknet.com
Phone #: (852) 2723-7536
Fax #: (852) 2735-4559
Website: www.apmigrants.org

Centre for Human Rights and Development (CHRD)
Address: Baga toiruu, Chingeltei district, Ulanbataar 17, Mongolia
Phone #: (976) 11325721
Fax #: (976) 11325721
Website: www.owc.org.mn

Centre for Organisation Research and Education (CORE)
Address: National Programme Office A-5 Vienna Residency Aldona Bardez 403 508, Goa, India
Email: anarchive.anon@gmail.com; core_ne@coremanipur.org
Phone #: (91) 832-228 9318
Website: www.coremanipur.org

China Association for NGO Cooperation (CANGO)
Address: C-601, East Building, Yonghe Plaza, 28# Andingmen Dongdajie, Beijing, 100007, P.R.China
Email: info@cango.org
Phone #: (86) 10 64097888
Fax #: (86)10 64097607
Website: www.cango.org

COAST
Address: House# 9/4, Road# 2, Shyamoli, Dhaka 1207 Bangladesh
Email: info@coastbd.org
Phone #: (880) 2-8125181
Fax #: (880) 2-9129395
Website: www.coastbd.org

Coastal Development Partnership (CDP)
Address: 55/2 Islampur Road, Khulna-9100, Bangladesh
Email: cdp@cdpbd.org
Phone #: (880) 1916033444
Fax #: 88 02 9564474
Website: www.cdpbd.org

Cooperation Committee for Cambodia (CCC)
Address: #9-11, St. 476, TTPI, Chamkarmorn, Phnom Penh, Cambodia, PO Box 885, CCC Box 73
Phone #: (855 23) 216 009 or (855 -16) 900 503
Fax #: (855 23) 216 009
Website: www.ccc-cambodia.org

Cordillera People's Alliance (CPA)
Address: # 2 P. Guevarra Street, West Modern Site, Aurora Hill, 2600 Baguio City, Philippines
Email: cpa@cpaphils.org; pic@cpaphils.org
Phone #: (63) 74 304-4239
Fax #: (63) 74 443-7159
Website: www.cpaphils.org

Council for People's Democracy and Governance (CPDG)
Address: Quezon City, Philippines
Phone #: (63) 2 3741285

ROA Members Directory

East Timor Development Agency (ETDA)
Address: P.O. Box 30, Bairro Pite, Dili, Timor-Leste
Email: etda@etda-dili.org
Phone #: (670) 723 3674; (670) 723 3816

Ecumenical Center for Research, Education and Advocacy (ECREA)
Address: 189 Rt. Sukuna Rd. G.P.O 15473 Suva Republic of Fiji Islands
Phone #: (679) 3307 588
Fax #: (679) 3311 248
Website: www.ecrea.org.fj

Forum LSM Aceh (Aceh NGOs Forum)
Address: Jl. T. Iskandar No. 58 Lambhuk, Banda Aceh, Indonesia
Email: wiraatjeh@yahoo.com; forumlsmaceh@yahoo.com
Phone #: (62) 651 33619; 081514542457
Fax #: (62)65125391
Website: www.forumlsmaceh.org

Forum of Women's NGOs in Kyrgyzstan
Address: Isanova 147, kv. 7; 720033 Bishkek, Kyrgyzstan
Phone #: (996) 312 214585; (996) 555 996612
Website: www.forumofwomenngos.kg

Green Movement of Sri Lanka (GMSL)
Address: No 9, 1st Lane, Wanatha Road, Gangodawila, Nugegoda, Sri Lanka
Email: office@greensl.net
Phone #: (94) 11 2817156
Fax #: (94) 11 4305274
Website: www.greensl.net

IBON Foundation Inc.
Address: 114 Timog Avenue, Quezon City, 1103 Philippines
Phone #: (63) 2 927 6981
Fax #: (63)2 927 6981
Website: www.ibon.org

INCIDIN Bangladesh
Address: 9/11, Iqbal Road, Mohammadpur, Dhaka-1207 Bangladesh
Phone #: (880) 2-8129733
Website: www.incidinb.org

International NGO Forum on Indonesian Development (INFID)
Address: JL Mampang Prapatan XI, No. 23 Jakarta 12790, Indonesia
Email: infid@infid.org
Phone #: (62) 21 7919-6721 to 22
Fax #: (62)21 794-1577
Website: www.infid.org

Law & Society Trust (LST)
Address: Law & Society Trust, No. 3, Kynsey Terrace, Colombo 8, Sri Lanka
Email: lst@eureka.lk, lstadmin@sltnet.lk
Phone #: (94) 11 2684845 / (94) 11 2691228
Fax #: (94) 11 2686843
Website: www.lawandsocietytrust.org

Lok Sanjh Foundation
Address: House 494, Street 47, G-10/4, Islamabad, Pakistan
Email: lok_sanjh@yahoo.com
Phone #: (92) 51-2101043
Fax #: (92) 51 221 0395
Website: www.loksanjh.org

LOKOJ Institute
Address: No. 706, Road No. 11, Adabor, Shamoli, Dhaka 1207, Bangladesh
Email: lokoj@aitlbd.net; aruprahee@yahoo.com
Phone #: (880) 28150669
Fax #: (880) 29664408
Website: www.lokoj.org

Mindanao Interfaith People's Conference (MIPC)
Address: 2F PICPA Bldg., Araullo St.,Davao City 8000 Philippines
Email: mfat_mipc@meridiantelekoms.net
Phone #: (63) 82 225 0743
Fax #: (63) 82 225 0743

National Network of Indigenous Women (NNIW)
Address: National Network of Indigenous Women (NNIW), Kathmandu Metropolitan-34, Baneshwor, PO Box 7238, Nepal
Email: nniw@wlink.com.np
Phone #: (977) 1-4115590
Fax #: (977) 1-4115590
Website: www.nniw.org.np

ROA Members Directory

Nepal Policy Institute (NPI)
Address: 60 Newplaza Marga, Putalisadak, Kathmandu, Nepal
Email: subedirabin@gmail.com; npi.info@wlink.com.np
Phone #: (977) 1-4429741
Fax #: (977) 1-4419610
Website: npi.org.np

NGO Federation of Nepal
Address: Post Box No 8973 NPC 609, New Baneshwor, Kathmandu, Nepal
Email: info@ngofederation.org
Phone #: (977) 1 4782908; Cell : 977 9841212769
Fax #: (977) 1 4780559
Website: www.ngofederation.org

Pacific Islands Association of Non Governmental Organisations (PIANGO)
Address: 30 Ratu Sukuna Road, Nasese, Suva, Fiji Islands; Postal: P.O. Box 17780, Suva, Fiji
Email: piango@connect.com.fj
Phone #: (679) 330-2963 / 331-7048
Fax #: (679) 331-7046
Website: www.piango.org

Pakistan Institute of Labor and Education Research (PILER)
Address: Pakistan Institute of Labour Education & Research ST-001, Sector X, Sub Sector - V, Gulshan-e-Maymar, Karachi – Pakistan
Email: piler@cyber.net.pk; info@piler.org.pk
Phone #: (92) 21 6351145-7
Fax #: (92) 21 6350354
Website: www.piler.org.pk

Peoples Workers Union
Address: B-25, Bano Plaza, Garden East, Nishtar Road, Karachi, Pakistan
Phone #: 92-30-02023639

Proshika
Address: I/1-Ga, Section-2, Mirpur, Dhaka-1216, Bangladesh
Email: idrc@proshika.bdonline.com
Phone #: (880) 8015812; (880) 8016015
Fax #: (880) 2-8015811
Website: www.proshika.org

Public Interest Research Centre (PIRC)
Address: 142, Maitri Apartments, Plot No. 2, Patparganj, Delhi – 110 092, India
Phone #: (91) 11-43036919
Fax #: (91) 11-222-4233

SEWALANKA Foundation
Address: # 432 A, 2nd Floor, Colombo Road, Boralesgamuwa, Sri Lanka
Email: south@sewalanka.org
Phone #: (94) 773524410; (94) 112545362-5
Fax #: (94) 112545166
Website: www.sewalanka.org

Shan Women's Action Network (SWAN)
Address: PO Box 120 Phrasing Post Office, Chiangmai 50200, Thailand
Email: charmtong2@yahoo.com; kenneri@shanwomen.org
Website: www.shanwomen.org

Solidarity for People's Advocacy Network (SPAN)
Address: Cebu City, Philippines
Email: gigilabra@yahoo.com

South Asian Network for Social and Agricultural Development (SANSAD)
Address: N-13, Second Floor Green Park Extension New Delhi India - 110016
Phone #: (91) 11-4164 4845
Fax #: (91) 11-4175 8845
Website: www.sansad.org.in

Tamil Nadu Women's Forum
Address: Kallaru, Perumuchi Village and Post Arakkonam 631 002, Vellore District, Tamil Nadu, India
Email: tnwforum@gmail.com
Phone #: (91) 041421 70702

The NGO Forum on Cambodia
Address: #9-11 Street 476, Toul Tompong, P.O. Box 2295, Phnom Penh 3, Cambodia
Email: ngoforum@ngoforum.org.kh
Phone #: (855) 23-214 429
Fax #: (855) 23- 994 063
Website: www.ngoforum.org.kh

ROA Members Directory

Third World Network (TWN)
Address: 131 Jalan Macalister, 10400 Penang, Malaysia
Email: twnet@po.jaring.my; twn@igc.apc.org
Phone #: (60) 4 2266728/2266159
Fax #: (60) 42264505
Website: www.twnside.org.sg

UBINIG (Policy Research for Development Alternative)
Address: 22-13, Khilzee Road, Block # B, Mohammadpur, Shaymoli, Dhaka 1207, Bangladesh
Email: nkrishi@bdmail.net
Phone #: (880) 2 81 11465; 2 81 16420
Fax #: (880) 2 81 13065

Vietnam Union of Science & Technology Associations (VUSTA)
Address: 53 Nguyen Du Str. - Ha Noi - Viet Nam
Email: nguyenmanh155@gmail.com
Phone #: (84)4 9432206
Fax #: (84)4 8227593
Website: www.vusta.vn

Vikas Andhyayan Kendra (VAK)
Address: D-1 Shivdham, 62 Link Road, Malad (West), Mumbai 400 064 India
Email: vak@bom3.vsnl.net.in
Phone #: (91) 22-2882 2850 / 2889 8662
Fax #: (91) 22-2889 8941
Website: www.vakindia.org

Voices for Interactive Choice and Empowerment (VOICE)
Address: House #67, 4th floor, Block-Ka, Pisciculture Housing Society, Shaymoli, Dhaka-1207, Bangladesh
Email: voice@gmail.com
Phone #: (880) 2-8158688
Fax #: (880) 2-8158688
Website: www.voicebd.org

Wave Foundation
Address: 3/11. Block-D, Lalmatia, Dhaka 1207, Bangladesh
Email: info@wavefoundation.org
Phone #: (880) 2-8113383

ROA LATIN AMERICA

Asociación Arariwa para la Promoción Técnica-cultural Andina
Address: Apartado postal 872, Cusco, Perú, Avenida Los Incas 1606, Wanchaq Cusco, Perú
Email: arariwa_cusco@terra.com.pe
Phone #: (5184) 236-6887
Fax #: (5184) 236889
Website: www.arariwa.org.pe

Asociación Civil Acción Campesina
Address: Calle Ayuacucho oeste No. 52, Quinta Acción Campesina Los Teques, Estado Miranda, Venezuela
Email: accioncampesina@gmail.com
Phone #: (58 212) 3214795
Fax #: (58 212) 321 59 98
Website: www.accioncampesina.com.ve

Asociación Latinoamericana de Organizaciones de Promoción al Desarrollo, A.C.
Address: Benjamín Franklin 186, Col. Escandón, Del. Miguel Hidalgo, México, D.F. C.P. 11800
Email: info@alop.org.mx
Phone #: (5255) 52733400
Fax #: (5255) 52733449
Website: www.alop.org.mx

Asociación para el Desarrollo de los Pueblos (ADP)
Address: Apartado postal 4627, Managua C.S.T. 5 cuadras al Sur, 1 1/2; cuadra al Oeste Managua, Nicaragua
Email: adp@turbonett.com
Phone #: (505) 2281360
Fax #: (505)2664878
Website: www.adp.com.ni

Base, Educación, Comunicación, Tecnología Alternativa (BASE-ECTA)
Address: Avenida Defensores del Chaco, piso 1 San Lorenzo, Paraguay Código Postal 2189 San Lorenzo
Email: basedir@basecta.org.py
Phone #: (59521) 576786/ (59521) 580239

ROA Members Directory

Central Ecuatoriana de Servicios Agrícolas(CESA)
Address: Apartado postal: 17-16 -0179
C.E.Q. Inglaterra N 3130 y Mariana de Jesús, Quito, Ecuador
Email: cesa.uio@andinanet.net
Phone #: (593 2) 524830 / 2529896
Fax #: (5932) 503006
Website: www.cesa.org.ec

Centro Andino de Acción Popular (CAAP)
Address: Apartado postal 17-15 – 173 – B
Martín de Utreras 733 y Selva Alegre Quito, Ecuador
Email: caaporg.ec@uio.satnet.net
Phone #: (5932) 252-763 / 523-262
Fax #: (5932) 568-452
Website: www.ecuanex.net.ec/caap

Centro Cooperativista Uruguayo (CCU)
Address: Edo. Víctor Haedo 2252, CP 11200 Montevideo, Uruguay
Email: ccu@ccu.org.uy
Phone #: (5982) 4012541 / 4009066 / 4001443
Fax #: (5982) 4006735
Website: www.ccu.org.uy

Centro de Assessoria Multiprofissional (CAMP)
Address: Praca Parobé, 130-9o andar Centro 90030.170, Porto Alegre – RS Brasil
Email: camp@camp.org.br
Phone #: (5551) 32126511
Fax #: (5551) 32337523
Website: www.camp.org.br

Centro de Derechos y Desarrollo (CEDAL)
Address: Huayna Capac No 1372, Jesús María Lima 11, Perú
Email: cedal@cedal.org.pe / jql@cedal.org.pe
Phone #: (511) 2055730
Fax #: (511) 2055736
Website: www.cedal.org.pe

Centro de Educación Popular (QHANA)
Address: Apartado postal 9989, La Paz, Calle Landaeta No. 522, La Paz, Bolivia
Email: qhana@caoba.entelnet.bo / lapaz@qhana.org.bo
Website: www.qhana.org.bo

Centro de Estudios y Promoción del Desarrollo (DESCO)
Address: Jr León de la Fuente No. 110, Lima 17, Perú
Email: postmaster@desco.org.pe
Phone #: (511) 613-8300 a 8307
Fax #: (511) 613-8308
Website: www.desco.org.pe

Centro de Investigación y Promoción del Campesino (CIPCA)
Address: Pasaje Fabiani No. 2578 Av. 20 de Octubre / Campos y Pinilla, Casilla 5854, La Paz, Bolivia
Email: cipca@cipca.org.bo
Phone #: (591 2) 2432272, 22432276
Fax #: (5912) 22432269
Website: www.cipca.org.bo

Centro de Investigaciones (CIUDAD)
Address: Calle Fernando Meneses N24-57 y Av. La Gasca, Casilla Postal 1708-8311, Quito, Ecuador
Email: ciudadinfo@ciudad.org.ec
Phone #: (5932) 2225-198 / 2227-091
Fax #: (5932) 2500-322
Website: www.ciudad.org.ec

Centro de Investigaciones y Educación Popular (CINEP)
Address: Apartado postal 25916, Santafé de Bogotá, Carrera 5ª No. 33A-08, Bogotá, Colombia
Email: info@cinep.org.co
Phone #: (571) 2456181
Fax #: (571) 2879089
Website: www.cinep.org.co

Centro Dominicano de Estudios de la Educación (CEDEE)
Address: Santiago 153, Gazcue (Apdo. Postal 20307) Santo Domingo, Dominicana, Rep..
Email: cedee@codetel.net.do; cedee@verizon.net.do
Phone #: (1809) 6823302; 6882966
Fax #: (1 809) 686-8727

ROA Members Directory

Centro Félix Varela (CFV)
Address: Calle 5ª No 720 e/ 8 y 10 El Vedado, Ciudad Habana, Cuba
Email: cfv@cfv.org.cu / maritzar@cfv.org.cu
Phone #: (537) 8367731
Fax #: (53 7) 8333328
Website: www.cfv.org.cu

Centro Latinoamericano de Economía Humana (CLAEH)
Address: Zelmar Michelini 1220 11100 Montevideo, Uruguay
Email: info@claeh.org.uy
Phone #: (5982) 9007194
Fax #: (5982) 9007194 ext 18
Website: www.claeh.org.uy

Centro Operacional de Vivienda y Poblamiento AC (COPEVI)
Address: Calle Primero de Mayo #151 Col. San Pedro de los Pinos, Del. Benito Juárez México, D.F. C.P. 03800, México
Email: copevi@prodigy.net.mx
Phone #: (5255) 55159627 y 4919
Website: www.copevi.org

Centro para la Acción Legal en Derechos Humanos (CALDH)
Address: 6ª. Avenida 1-71, Zona 1, Ciudad de Guatemala, Guatemala
Email: caldh@caldh.org
Phone #: (502) 2251-0555
Fax #: (502) 2230-3470
Website: www.caldh.org

Centro Peruano de Estudios Sociales (CEPES)
Address: Av. Salaverry No. 818, Jesús María, Lima 11, Perú
Email: cepes@cepes.org.pe
Phone #: (511) 433-6610
Fax #: (511) 433-1744
Website: www.cepes.org.pe

Comisión de Acción Social Menonita (CASM)
Address: Barrio Guadalupe 21-22, Calle 3, Av. NE, 2114 San Pedro Sula, Cortés, Honduras
Email: direccioncasm@sulanet.net, casm@sulanet.net
Phone #: (504) 552 9469/70
Fax #: (504) 552 0411
Website: www.casm.hn

Corporación de Estudios Sociales y Educación (SUR)
Address: José M. Infante 85, Providencia, Santiago, Chile
Email: corporacionsur@sitiosur.cl
Phone #: (56) 2 235 8143; 236 0470
Fax #: (56) 2 235-9091
Website: www.sitiosur.cl

Corporación Juventudes para el Desarrollo y la Producción (JUNDEP)
Address: Fanor Velasco 27, Santiago, Chile
Email: jundep@jundep.cl
Phone #: (562) 3611314 - 3611316
Website: www.jundep.cl

Corporación Región para el Desarrollo y la Democracia
Address: Apartado postal 67146 Medellín, Calle 55 No. 41-10, Medellín, Colombia
Email: coregion@region.org.co
Phone #: (574) 216-6822
Fax #: (574) 239-5544
Website: www.region.org.co

Corporación Viva la Ciudadanía
Address: Calle 54, No. 10-81, piso 7, Bogotá, Colombia
Email: director@viva.org.co
Phone #: (57 1) 3480781
Fax #: (57 1) 212-0467
Website: www.viva.org.co

ROA Members Directory

Deca-Equipo Pueblo, AC
Address: Apartado postal 113-097 México, D.F., Francisco Field Jurado No.51, México, D.F. México
Email: equipopueblo@equipopueblo.org
Phone #: (52 55) 5539 0055 – 5539 0015
Fax #: (52 55) 5672 7453
Website: www.equipopueblo.org.mx

Enlace, Comunicación y Capacitación, AC (ENLACE)
Address: Benjamín Franklin 186
Col. Escandón CP 11800, México, D.F., México
Email: direccion@enlacecc.org
Phone #: (52 55) 52733343 – 52734648
Website: www.enlacecc.org

Federación de Órganos para Asistencia Social Educacional (FASE)
Address: Rua das Palmeiras, 90 Botafogo, 22270-070 Río de Janeiro, Brasil
Email: fase@fase.org.br
Phone #: (5521) 25367350
Fax #: (5521) 25367379
Website: www.fase.org.br

Fondo Ecuatoriano Populorum Progressio (FEPP)
Address: Apartado postal 17-110-5202 Quito Calle Mallorca N24-275 y Coruña, Quito, Ecuador
Email: fepp@fepp.org.ec
Phone #: (5932) 2520408 – 2529372
Fax #: (5932) 250-4978
Website: www.fepp.org.ec

Fundación Foro Nacional por Colombia
Address: Carrera 4 A No 27 62
Bogotá D.C., Colombia
Email: info@foro.org.co
Phone #: (571) 2822550
Fax #: (571) 2861299
Website: www.foro.org.co

Fundación Nacional para el Desarrollo (FUNDE)
Address: Calle Arturo Ambrogi #411 entre 103 y 105 Av. Norte, Col. Escalón, San Salvador, El Salvador, P.O. Box 1774, Centro de Gobierno
Email: funde@funde.org
Phone #: (503) 22095300
Fax #: (503) 22630454
Website: www.funde.org

Fundación para el Desarrollo en Justicia y Paz (FUNDAPAZ)
Address: Calle Castelli 12, segundo piso "A" (C1031AAB) Buenos Aires, Argentina
Email: buenosaires@fundapaz.org.ar
Phone #: (5411) 48648587
Fax #: (5411) 48616509
Website: www.fundapaz.org.ar

Fundación Promotora de Vivienda (FUPROVI)
Address: Del costado Norte de la Iglesia de Moravia 700 mts. Este, 100 mts. Norte, 100 mts. Oeste Moravia, San José, Costa Rica
Email: fuprovi@fuprovi.org
Phone #: (506) 2470000
Fax #: (506) 2365178
Website: www.fuprovi.org

Fundación Salvadoreña para la Promoción y el Desarrollo Económico (FUNSALPRODESE)
Address: Apartado postal 1952 Centro de Gobierno, 27 Calle Poniente y 17 Av. Norte, No. 1434, Colonia Layco, San Salvador, El Salvador
Email: dfunsal@funsalprodese.org.sv
Phone #: (503) 22252722 / 22250414 / 0416
Fax #: (503) 22255261
Website: www.funsalprodese.org.sv

Fundación Taller de Iniciativas en Estudios Rurales (Fundación Tierra)
Address: Apartado postal 8155, La Paz Calle Hermanos Manchego No. 2576 La Paz, Bolivia
Email: fundaciontierra@ftierra.org
Phone #: (5912) 2430145 – 2432263/2683
Fax #: (5912) 211 1216
Website: www.ftierra.org

ROA Members Directory

Grupo Social Centro al Servicio de la Acción Popular (CESAP)
Address: San Isidro a San José de Ávila, final avenida Beralt (al lado de la Abadía), Edificio Grupo Social CESAP Caracas, Venezuela
Email: presidencia@cesap.org.ve
Phone #: (58212) 8627423/7182 – 8616458
Fax #: (58212) 8627182
Website: www.cesap.org.ve

Instituto Cooperativo Interamericano (ICI)
Address: Apartado postal 0834-02794, Ciudad de Panamá, Avenida La Pulida, Pueblo Nuevo, Ciudad de Panamá, Panamá
Email: icicod@cwpanama.net
Phone #: (507) 2246019/ 2240527
Fax #: (507) 2215385
Website: www.icipan.org

Instituto de Desarrollo Social y Promoción Humana (INDES)
Address: Luis Sáenz Peña 277, 5to. Piso, oficina 10, 1110 Buenos Aires, Argentina
Email: indes@arnet.com.ar indesmisiones@arnet.com.ar
Phone #: (5411) 43726358/ (543752) 435764
Fax #: (5411) 43726358/ (543752) 435764
Website: www.indes.org.ar

Instituto de Estudos Socioeconomicos (INESC)
Address: SCS quadra 08 Bloco B-50, salas 433/441 Edificio Venáncio 2000, CEP 70333-970 Brasilia – DF, Brazil
Email: protocoloinesc@inesc.org.br
Phone #: (55 61) 212-0200
Fax #: (55 61) 226-8042
Website: www.inesc.org.br

Instituto de Estudos, Formacao e Assessoria em Politicas Sociais (Instituto Pólis)
Address: Rua Araújo, 124 Centro, Sao Paulo - SP Brazil
Email: polis@polis.org.br
Phone #: (55) 11 2174-6800
Fax #: (55) 11 2174 6848
Website: www.polis.org.br

Instituto Hondureño de Desarrollo Rural (IHDER)
Address: Apartado postal 2214, Tegucigalpa, D.C., Honduras Colonia Presidente Kennedy, Zona No. 2, Bloque No. 37, casa #4416, Súper Manzana No. 5 Tegucigalpa, Honduras
Email: ihder@amnettgu.com
Phone #: (504) 2300927

Juventudes para el Desarrollo y la Producción (JUNDEP)
Address: Fanor Velasco 27, Santiago, Chile
Email: jundep@jundep.cl; corpjundep@123.cl
Phone #: (56) 3611314; 3611321
Website: www.jundep.cl

La Morada
Address: Purísima 251, Recoleta Santiago, Chile
Email: secretaria@lamorada.cl
Phone #: (562)732 3728
Fax #: (562)732 3728
Website: www.lamorada.org

Productividad Biosfera Medio Ambiente - Probioma
Address: Equipetrol calle 7 Este No 29 Santa Cruz de la Sierra, Bolivia
Email: probioma@probioma.org.bo
Phone #: (591) 2 3431332
Fax #: (591) 2 3432098
Website: www.probioma.org.bo

Programa de Promoción y Desarrollo Social (PRODESO)
Address: Apartado postal 168, Santiago de Veraguas, Calle 4 Paso de las Tablas, Santiago de Veraguas, Panamá
Email: prodeso@cwp.net.pa
Phone #: (507) 998-1994
Fax #: 998-6172
Website: www.prodeso.org

ROA Members Directory

Proyecto de Desarrollo Santiago-La Salle (PRODESSA)
Address: Apartado postal 13 B, 01903, Guatemala, Km. 15 Calzada Roosevelt, Zona 7 Guatemala, Guatemala
Email: codireccion@prodessa.net, federico.roncal@gmail.com, edgargarciatax@yahoo.com.mx
Phone #: (502) 24353911
Fax #: (502) 24353913
Website: www.prodessa.net

Servicio de Información Mesoamericano sobre Agricultura Sostenible (SIMAS)
Address: Lugo Rent a Car 1c al lago, Esq. Sur oeste parque El Carmen, Reparto El Carmen, Managua, Nicaragua
Email: simas@simas.org.ni
Phone #: (505) 22682302
Fax #: (505) 22682302
Website: www.simas.org.ni

Servicio Ecuménico de Promoción Alternativa (SEPA)
Address: Apartado postal 23036 Fernando de la Mora Soldado Ovelar 604 esq. Marcos Riera, Fernando de la Mora, Paraguay
Email: sepa@sepa.com.py
Phone #: (59521) 515-855/ 514365

Servicio Habitacional y de Acción Social (SEHAS)
Address: Bv. del Carmen 680, Villa Siburu (5003) Córdoba, Argentina
Email: sehas@sehas.org.ar
Phone #: (54 351) 480-5031
Fax #: (54 351) 489-7541
Website: www.sehas.org.ar

Servicios para la Educación Alternativa AC (EDUCA)
Address: Escuadrón 201 #203 Col. Antiguo Aeropuerto, Oaxaca, México C.P. 68050
Email: dirección@educaoaxaca.org
Phone #: (52 951) 5136023 –
(52 951) 5025043
Website:www.edudaoaxaca.org

(SUR) Centro de Estudios Sociales y Educación
Address: José M. Infante 85, Providencia, Santiago, Chile
Email: corporacionsur@sitiosur.cl
Phone #: (562)2642406 / 2360470
Fax #: (562)2359091
Website: www.sitiosur.cl

Coordinacion de ONG y Cooperativas (CONGCOOP)
Address: 2a. Calle 16-60 zona 4 de Mixco, Residenciales Valle del Sol,
Edificio Atanasio Tzul, 2do.
Nivel Guatemala, Centro America
Phone #: (502) 2432-0966
Fax #: (502) 2433-4779
Website:www.congcoop.org.gt

Red Latinoamericana sobre Deuda, Desarollo y Derechos (LATINDADD)
Address: Jr. Daniel Olaechea 175,
Jesús María - Perú
Email: latindadd@latindadd.org
Phone #: (511) 261 2466
Fax #: (511) 261 7619
Website: www.latindadd.org

Fundación SES (Latindadd)
Address: Avda de Mayo 1156 2º piso,
Ciudad de Buenos Aires. Argentina
Email: Dir@fundses.org.ar / e-grupo2-latindadd@fundses.org.ar
Phone #: 54-11-4381-4225/3842
Website: www.fundses.org.ar

ROA EUROPEAN OECD COUNTRIES

11.11.11 - Coalition of the Flemish North-South Movement
Address: Vlasfabriekstraat 11,
1060 Brussels, Belgium
Email: info@11.be
Phone #: (32) 2 536 11 13
Fax #: (32) 2 536 19 10
Website: www.11.be

ROA Members Directory

Action Aid Italy
Address: ActionAid International - via Broggi 19/A - 20129 Milano, Italy
Website: www.actionaid.it

Action Aid UK
Address: Hamlyn House, Macdonald Road, Archway, London N19 5PG, UK
Email: mail@actionaid.org
Phone #: (44) 20 7561 7561
Fax #: (44) 20 7272 0899
Website: www.actionaid.org.uk

Alliance Sud
Address: Monbijoustrasse 31, PO Box 6735 CH-3001 Berne, Switzerland
Email: mail@alliancesud.ch
Phone #: (41) 31 390 93 33
Fax #: (41) 31 390 93 31
Website: www.alliancesud.ch

British Overseas NGOs for Development (BOND)
Address: Bond Regent's Wharf 8 All Saints Street London N1 9RL, UK
Email: bond@bond.org.uk; advocacy@bond.org.uk
Phone #: (44) 20 7520 0252
Fax #: (44) 20 7837 4220
Website: www.bond.org.uk

Campagna per la Riforma della Banca (CRBM)
Address: Mondiale (CRBM), via Tommaso da Celano 15, 00179 Rome, Italy
Email: info@crbm.org
Phone #: (39) 06-78 26 855
Fax #: (39) 06-78 58 100
Website: www.crbm.org

CeSPI - Centro Studi di Politica Internazionale
Address: Via d'Aracoeli 11, 00186 Rome, Italy
Email: cespi@cespi.it
Phone #: (39) 06 6990630
Fax #: (39) 06 6784104
Website:www.cespi.it

Christoffel-Blindenmission Deutschland e.V. (CBM)
Address: Christian Blind Germany e.V., Nibelungen Straße 124, 64625 Bensheim, Germany
Email: christian.garbe@cbm.org
Phone #: (49) 6251 131-0
Fax #: (49) 6251 131-199
Website: www.christoffel-blindenmission.de

Concern Worldwide
Address: 52-55 Lower Camden Street, Dublin 2 Ireland
Email: olive.towey@concern.net
Phone #: (353) 1 417 7700; (353) 1417 8044
Fax #: (353) 1 475 7362
Website: www.concern.net

Coordination SUD
Address: 14 passage Dubail, 75010 Paris, France
Email: sud@coordinationsud.org
Phone #: (33) 1 44 72 93 72
Fax #: (33) 1 44 72 93 73
Website: www.coordinationsud.org

Diakonia-Sweden
Address: SE-172 99 Sundbyberg, Stockholm, Sweden
Email: diakonia@diakonia.se
Phone #: (46) 8 453 69 00
Fax #: (46) 8 453 69 29
Website: www.diakonia.se

European Network on Debt and Development (EURODAD)
Address: Rue d'Edimbourg, 18–26 1050 Brussels Belgium
Email: bellmers@eurodad.org
Phone #: (32) 2 894 46 40
Fax #: (32) 2 791 98 09
Website: www.eurodad.org

Eurostep
Address: Eurostep AISBL, Rue Stevin 115, B-1000 Brussels, Belgium
Email: admin@eurostep.org
Phone #: (32) 2 231 16 59
Fax #: (32) 2 230 37 80
Website: www.eurostep.org

ROA Members Directory

Forum Syd
Address: PO Box 15407, S-104 65 Stockholm, Sweden
Email: forum.syd@forumsyd.org; maud.johansson@forumsyd.org
Phone #: 0046 8-506 371 62
Fax #: 46 8 506 370 99
Website: www.forumsyd.org

Global Responsibility Austrian Platform for Development and Humanitarian Aid
Address: Berggasse 7/11, A-1090 Vienna, Austria
Email: office@globaleverantwortung.at
Phone #: (43) 1 522 44 22-0
Website: www.agez.at

IBIS
Address: IBIS Copenhagen, Norrebrogade 68B, 2200 Copenhagen N, Denmark
Email: ibis@ibis.dk
Phone #: (45) 35358788
Fax #: (45) 35350696
Website: www.ibis.dk

Intermón Oxfam
Address: Calle Alberto Aguilera 15, 28015 Madrid, Spain
Email: info@intermonoxfam.org
Phone #: (34) 902 330 331
Website: www.intermonoxfam.org

KEPA
Address: Service Centre for Development Cooperation- KEPA Töölöntorinkatu 2 A, 00260 Helsinki, Finland
Email: info@kepa.fi
Phone #: (358) 9-584 233
Fax #: (358) 9-5842 3200
Website: www.kepa.fi

MS Action Aid Denmark
Address: MS ActionAid Denmark Fælledvej 12 2200 Kbh N., Denmark
Email: ms@ms.dk
Phone #: (45) 7731 0000
Fax #: (45) 7731 0101
Website: www.ms.dk

Networkers South-North
Address: Ullveien 4 (Voksenåsen), 0791 Oslo, Norway
Email: mail@networkers.org
Phone #: (47) 93039520
Website: www.networkers.org

Norwegian Forum for Environment and Development (ForUM)
Address: Storgata 11, 0155 Oslo, Norway
Email: forumfor@forumfor.no; oerstavik@forumfor.no
Phone #: (47) 2301 0300
Fax #: (47) 2301 0303
Website: www.forumfor.no

Novib - Oxfam Netherlands
Address: Mauritskade 9, P.O. Box 30919, 2500 GX The Hague, The Netherlands
Email: info@oxfamnovib.nl
Phone #: (31) 70 3421777
Fax #: (31) 70 3614461
Website: www.novib.nl

OEFSE- Austrian Foundation for Development Research
Address: Berggasse 7, A-1090 Vienna, Austria
Email: office@oefse.at
Phone #: (43)1 317 40 10 - 242
Fax #: (43) 1 317 40 15
Website: www.oefse.at

OIKOS
Address: Rua Visconde Moreira de Rey, 37 Linda-a-Pastora 2790-447 Queijas, Oeiras - Portugal
Email: oikos.sec@oikos.pt
Phone #: (351) 218 823 649; (351) 21 882 3630
Fax #: (351) 21 882 3635
Website: www.oikos.pt

Terre Des Hommes - Germany
Address: Hilfe für Kinder in Not Ruppenkampstraße 11a 49084 Osnabrück, Germany Postfach 4126 49031 Osnabrück, Germany
Email: info@tdh.de; gf@tdh.de
Phone #: (05 41) 71 01 –0
Fax #: (05 41) 71 01 –0
Website: www.tdh.de

ROA Members Directory

UK Aid Network (UKAN)
Address: UKAN, Action Aid, Hamyln House, London, N19 5PG, UK
Email: advocacy@bond.org.uk
Fax #: +44 207 561 7563

ROA NON-EUROPEAN OECD COUNTRIES

Aid/Watch - Australia
Address: 19 Eve St Erskineville NSW 2043, Australia
Email: info@aidwatch.org.au
Phone #: (61) 2 9557 8944
Fax #: (61) 2 9557 9822
Website: www.aidwatch.org.au

American Council for Voluntary International Action (InterAction)
Address: 1400 16th Street, NW, Suite 210 | Washington, DC 20036, USA
Email: ia@interaction.org
Phone #: (1) 202 667-8227
Fax #: (1) 202 667-8236
Website: www.interaction.org

Australian Council for International Development (ACFID)
Address: 14 Napier Close Deakin Australian Capital Territory (Canberra) 2600, Australia
Email: main@acfid.asn.au
Phone #: (61) 2 6285 1816
Fax #: (61) 2 6285 1720
Website: www.acfid.asn.au

Canadian Council for International Cooperation/Conseil canadien pour la coopération internationale (CCIC/CCCI)
Address: 450 Rideau Street, Suite 200 Ottawa, Ontario, K1N 5Z4, Canada
Email: info@ccic.ca
Phone #: (1) 613 241-7007
Fax #: (1) 613 241-5302
Website: www.ccic.ca

Council for International Development (CID)
Address: 2/F James Smith's Building cnr. Manners Mall and Cuba St., Wellington, New Zealand/ PO Box 24 228, Wellington 6142, New Zealand
Email: pedram@cid.org.nz
Phone #: (64) 4 4969615
Fax #: (64) 4 4969614
Website: www.cid.org.nz

Friends of the Earth (FOE) Japan
Address: International Environmental NGO, FoE Japan 3-30-8-1F Ikebukuro Toshima-ku Tokyo 171-0014, Japan
Email: aid@foejapan.org; finance@foejapan.org
Phone #: (81) 3-6907-7217
Fax #: (81)3-6907-7219
Website: www.foejapan.org

Japan International Volunteer Center (JVC)
Address: 6F Maruko Bldg., 1-20-6 Higashiueno, Taito-ku, Tokyo 110-8605 Japan
Email: kiyo@ngo-jvc.net; info@ngo-jvc.net
Phone #: (81) 3-3834-2388
Fax #: (81) 3-3835-0519
Website: www.ngo-jvc.net

Japan ODA Reform Network-Kyoto Japanese NGO Center for International Cooperation (JANIC)
Address: 5th Floor Avaco Building, 2-3-18 Nishiwaseda, Shinjuku-ku, Tokyo 169-0051, Japan
Email: global-citizen@janic.org
Phone #: (81) 3-5292-2911
Fax #: (81) 3-5292-2912
Website: www.janic.org.en

ODA Watch Korea
Address: 110-240 #503 Dong-Shin Bldg., 139-1 Anguk-dong, Jongno-gu, Seoul, Korea
Email: odawatch@odawatch.net
Phone #: (82) 2-518-0705
Fax #: (82) 2-761-0578
Website: www.odawatch.net

ROA Members Directory

Pacific Asia Resource Center (PARC)
Address: 2, 3F Toyo Bldg., 1-7-11 Kanda-Awaji-cho, Asia Taiheiyo Shiryo Centre, Chiyoda-ku, Tokyo 101-0063, Japan
Email: office@parc-jp.org
Phone #: (81) 3-5209-3455
Fax #: (81) 3-5209-3453
Website: www.parc-jp.org

People's Solidarity for Participatory Democracy
Address: 132 Tongin-Dong, Jongno-Gu, Seoul, 110-043, South of Korea
Email: silverway@pspd.org/ pspdint@pspd.org
Phone #: (82) 2 723 5051
Fax #: (82) 2 6919 2004
Website: www.peoplepower21.org/English