THE REALITY OF AID

# REPORT

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# 2020 / 2021 / AID IN THE CONTEXT OF CONFLICT, FRAGILITY & THE CLIMATE EMERGENCY

# AID IN THE CONTEXT OF CONFLICT, FRAGILITY, AND THE CLIMATE EMERGENCY

REALITY OF AID 2020/2021 REPORT

**Aid in the context of Conflict, Fragility, and the Climate Emergency**
Reality of Aid Report 2020/2021

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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. It is in special consultative status with the United Nations Economic and Social Council (ECOSOC).

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 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 International Coordinating Committee is made up of regional representatives of all participating organisations.

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Overall editorial control of the Reality of Aid 2020/2021 lies with the Reality of Aid International Coordinating Committee, but the views expressed in the reports do not necessarily reflect the views of the International Coordinating Committee, or of IBON International that published this Report. This report was originally planned for publication in 2020, but due to several unforeseen delays and challenges caused by the global pandemic and its resulting crises, the Reality of Aid Network decided to publish it in 2021.

The International Coordinating Committee was assisted by Brian Tomlinson as Writer and Content Editor, and Mark Moreno Pascual as Managing Editor.

# PREFACE

In recent years, the international aid regime has been challenged with an age-old question on how humanitarian action, development and peace efforts intersect, and how each pillar affects one another – the so-called "triple nexus" approach which was enshrined in the 2019 Development Assistance Committee (DAC) Recommendation on the Humanitarian-Development-Peace Nexus. The DAC Nexus recommendation along with other relevant international agreements such as the *Grand Bargain* and the *New Way of Working* have put considerable pressure on donor countries to demonstrably show a commitment to practice the Nexus approach in overall development planning and practice.

While there is great recognition among the international community on the value of this approach in achieving the Sustainable Development Goals (SDGs) by 2030, there remains significant confusion over what the triple nexus means and how it can be translated in practical terms. The 2020/2021 Reality of Aid (ROA) Report attempts to contribute to this discussion by focusing on the role of "*Aid and Development Cooperation in the Context of Conflict, Fragility and the Climate Emergency*." Authors of different chapters investigate the current narratives and trends in Official Development Assistance (ODA) in varying donor country states while also identifying gaps in the implementation of the Triple Nexus in areas where it is needed the most. In addition, the report builds evidence on how the role of aid is changing considering the escalating impacts of the climate crisis and the global pandemic.

The civil society contributors in this report explore several interrelated themes examining the place of aid in responding to global crises. How will donors address the widening and persisting state fragility and conflict in the lives of people living in poverty? What role will a deepening climate emergency play in these responses? How will current patterns of development cooperation respond to these crises in the face of the global health pandemic?

The 2020/2021 Reality of Aid Report sets out a narrative in support of a transformative shift in the international aid system taking stock of persisting global crises as a clear moment of opportunity for donor countries to demonstrate political will in eradicating poverty and reducing inequality in all its forms. The report examines these cross-cutting issues in three major areas: 1) the Triple Nexus approach; 2) the climate emergency; and 3) the global response to the COVID-19 pandemic.

This report has 21 contributions comprising 8 country chapters, 9 thematic articles and a Global Aid Trends chapter. The political overview synthesizes the various themes tackled in this report based on contributions from different authors. Finally, the report sets out four key directions for transformative change building on the *Reality of Aid's Ten-Point Action Agenda to Transform Development Cooperation* based on the principles of solidarity, human rights, feminist ideals, reducing poverty and tackling inequalities.

**Ms. Urantsooj Gumbosuren**
Chairperson
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Bangladesh has been hosting Rohingya refugees from Myanmar for nearly 30 years. Since August 2017, some 693,000 Rohingya's have made their way to Cox's Bazar in desperate conditions. Of them, 51 per cent are women. The refugee population in Bangladeshi settlements has more than doubled; camps are overcrowded, needs are immediate and enormous, and resources are stretched.

Source: UN Women

# AID IN THE TIME OF A GLOBAL PANDEMIC: CONFRONTING THE CHALLENGES OF FRAGILITY, POVERTY AND CLIMATE CHANGE

*Reality of Aid International Coordinating Committee*[a]

## 1. INTRODUCTION

### *A triple crisis of poverty, inequality, and a climate emergency, compounded by a global pandemic*

The COVID-19 pandemic has revealed disturbing limits in global solidarity, particularly on the part of the international donor community. In a matter of months, the pandemic has exposed long-standing structural inequalities both within and between countries Despite some progress, COVID has increased vulnerabilities for millions of people, pushing many into poverty, in the context of the ever-more-present impacts from climate change.

Faced with these compounding global challenges, there is an unparalleled and urgent need to maximize development finance, while focusing on the rapidly worsening conditions for poor and vulnerable people. Yet the evidence in this Report, and several parallel

a This chapter conveys the views of the International Coordinating Committee in their individual capacities and do not necessarily represent views of their affiliated organizations. It was authored on their behalf by Brian Tomlinson, the content editor for this Report.

civil society commentaries, point to largely stagnant aid flows, an aid system with systemic ineffectiveness highly resistant to change, and a growing pre-eminence of donor economic and political interests in aid priorities.[1]

The recently published UN *2021 Financing for Sustainable Development Report* warns that the pandemic could lead to a lost decade for development, noting that there is a sharply diverging and unequal world emerging from the lack of access to resources by poor countries and people to combat the crisis. Their report cites growing global systemic risks arising from inter-linkages between economic, social (e.g. health, inequality), and environmental (e.g. climate) conditions.[2]

World Health Organization (WHO) Executive Director, Dr Tedros Adhanom Ghebreyesus[3] fears that the world is on the cusp of a "catastrophic moral failure." Multilateral collaboration is limited, at best, in the wake of "vaccine apartheid" and the "me-first" northern allocations of vaccines. Heightened nationalism in several donor countries, as well as rising levels of systemic racism, are very worrying trends against the vision and commitments to a Decade of Action for Agenda 2030.

The immediate pandemic-induced crisis is deep and profound. The International Monetary Fund (IMF) has predicted the deepest global recession since World War II for 2020, estimating a contraction of 3.5% in global GDP. Prospects for global recovery are highly uneven and dependent in part upon equitable access to effective vaccines.[4] Inequalities between countries are deepening. According to estimates, the real GDP for Sub-Saharan Africa fell by 2.6% in 2020, its first continental recession in 25 years. In April 2021, the DAC reported that aid from DAC donors to this region fell by 1% in 2020.[5] By the end of 2021 this region's GDP is expected to drop to levels not seen since 2008. It is estimated that it may take over a decade for a full recovery.[6]

The modest progress in reducing global poverty since 2015 has proven to be highly vulnerable to the impacts of the pandemic shocks. It is estimated that there was an additional 34 million people living in extreme poverty in Sub-Saharan Africa in 2020. This is on top of a pre-pandemic total of 433 million people already deprived of the basics to support life. Together these numbers represent almost 44% of the people of the sub-continent by 2021.[7]

The expected deepening of poverty is not limited to Sub-Saharan Africa – it will be experienced across all regions of the world. Two-thirds of the 225 million **additional** people predicted to be pushed into poverty (the $3.20 poverty line) are living in South Asia. More than 200 million additional people are likely to be reduced to poverty (the $5.50 poverty line) in East Asia. Considering the likelihood of greater inequality and uncertain growth prospects throughout the Global South, the World Bank analysts predict that these trends will continue in 2021 and perhaps 2022. In their words, "the only certainty in this crisis is that it is truly unprecedented in modern history."[8]

The theme of this Report focuses on the inter-connections between expanding conditions of "fragility" affecting millions of people living in poverty, the immediate and long term impacts of climate change, now compounded by a global pandemic.

Many of those most severely affected by the pandemic in the Global South were already living in fragile contexts and the "furthest behind". This fragility has had several inter-related characteristics: 1) high levels of poverty and inequality; 2) the breakdown of key institutions; 3) systemic discrimination of ethnic and racial minorities; 4) high levels of violence against women and girls; and 5) political volatility accompanied by repression and narrow authoritarian regimes.[9] These conditions are often further worsened by violence and conflict, as governments are either unwilling or unable to protect the rights of their citizens. Growing impacts from climate change are increasingly being felt in these same country contexts. Combined these factors paint a dire picture for millions of affected people across the globe.

The number of protracted humanitarian crises (lasting more than five years) has more than doubled in the last 15 years, from 13 to 31. Over one billion people are living in countries affected by these long-term emergencies.[10] The aid trends chapter in this Report examines aid trends for 30 of the most highly fragile and conflict affected countries where 38% of the population live in extreme poverty [*Tomlinson, Global Aid Trends*].[b]

As the pandemic unfolds, time is also running out in tackling the climate emergency. The climate and environmental crises are continuing to disrupt basic conditions of life on earth. Despite the commitments of the 2015 Paris Agreement, carbon emissions are projected to continue to increase. With the accumulated effect of each year of inaction, scientists are predicting that the 1.5°C Paris Agreement limit will be breached in less than a decade, and a catastrophic 3°C heating by the end of the century.[11] Emissions dropped by 7% during the "great pause" of 2020, but to keep global warming to 1.5°C, these emissions need to fall by 14% **each year** up to 2040.[12] The medium and long-term consequences of inaction are critical for the entire world, but particularly for poor and vulnerable people. These impacts will be much deeper and more generalized than even the pandemic, which may be seen as a dress rehearsal for the potential for human rights violations unleashed by worsening global warming in the later years of this century.[13]

Vigorous social and political movements pushing for strong coordinated government action are more important than ever in meeting these intertwined crises. In recent months, international social movements and coalitions of youth, Indigenous Peoples, environmentalists, human rights activists and scientists are calling for a major paradigm shift. These shifts are needed to build back a more just and equitable post-pandemic world. The political stakes are high and challenging.

Shifting economies and livelihoods towards a zero-carbon world is daunting, especially with the continued resistance by powerful corporate and private interests and their commitment to a carbon dependent global capitalism. The responses by several governments to the pandemic in the Global North have demonstrated that major shifts are possible. Notions of "affordability," and what might be considered "normal," are as much a political constraint as a financial one.

The costs for climate inaction are already being paid in the lives of many of poor and vulnerable people across the Global South. They are manifest in extreme weather conditions destroying their homes and productive infrastructure, in reduced availability of scarce water resources, crop vulnerability for millions involved in small-scale agriculture, and in the inundation of their communities from storm surges as sea levels rise.

According to the World Bank, impacts from climate change are life-changing for those living in fragile and conflict affected settings. Its analysis identifies the prospect of an additional 132 million people living in extreme poverty by 2030 due to irreversible climate change.[14] By 2050 up to 140 million people could be forced to move within their own countries due to climate-induced disruptions to their livelihoods. In 2019 over 70% of the internally displaced persons population was the result of extreme weather events and natural disasters, more than three times the displacements caused by conflict and violence in that year.[15]

In this *Reality of Aid Report 2020/2021* the civil society contributors examine the place of aid in responding to these global crises. How donors

b References in square brackets are to chapters in this Report.

respond will shape development opportunities for the remaining years in the decade. How will donors address the widening and persistent state fragility and conflict in the lives of people living in poverty? What role will a deepening climate and environmental emergency play in these responses? How will current patterns of cooperation in the face of the global health pandemic affect development cooperation going forward in the next five years, and perhaps for the rest of the decade?

The 2020/2021 *Report* provides new evidence from CSOs, both in the South and the North. They are writing on the role of aid in the convergence of fragile contexts, escalating impacts of the climate crisis and a global pandemic. Chapters critically examine the reform of aid in these fragile country contexts. How are donors approaching the Triple Nexus, which calls for greater coordination amongst humanitarian support, development, and peace actions? In seeking a more holistic approach, the Triple Nexus has gained increased attention since the 2016 World Humanitarian Summit and the 2019 agreement by all donors at the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) on a DAC Recommendation on the Humanitarian-Development-Peace Nexus.[16] Experience and issues in its implementation are elaborated through country case studies and thematic perspectives on peace and security, social protection and violence against women and girls.

As the climate emergency increasingly shapes humanitarian and development futures, several chapters look more closely at the priorities in international climate finance and their potential impacts on development prospects for vulnerable populations and communities.

Altogether this body of evidence accentuates the urgent call by the Reality of Aid Network for systemic aid reform. Can the pandemic be a moment of opportunity? Might the dramatic spread of COVID-19 change the future of aid? Could it bring the needed transformations in development and humanitarian aid delivery that have eluded those seeking reform for the past ten years? The Report puts forward a number of recommendations for moving along these directions.

## 2. REFORMING THE AID SYSTEM

### *An aid system that is stagnant and resistant to change*

The current aid system is ill equipped to meet the challenges of this coming decade. Over the past twenty years the Reality of Aid Network have been consistent in calling for donors to meet the UN target of 0.7% of donors' Gross National Income (GNI) for Official Development Assistance (ODA). Despite these calls for greater justice in resources for development, Real ODA has languished at about $132 billion and 0.26% of DAC donors' GNI in 2019, largely unchanged since to 2017.[c] [*Tomlinson, Global Aid Trends*]

Preliminary ODA figures for 2020 from the OECD DAC put Real Aid at $142 billion, an increase largely reflecting modest donor support for pandemic measures in 2020. Given that aid budgets were already established prior to the pandemic, there is no certainty that this increase will hold in future years.[17]

Substantially increased aid is recognized as a key and strategic resource for development and achievement of Agenda 2030 and its seventeen Sustainable Development Goals (SDGs). As a public resource shaped by governments, aid has a unique focus on measures that tackle all

c Real ODA is ODA reported to the DAC less in-donor refugee and student costs, debt cancellation and interest received for ODA loans.

forms of poverty and inequalities and targets those that are furthest behind.

To do so, CSOs have argued that donors must be guided by three main orientations: 1) development effectiveness principles (country ownership, inclusive partnerships, focused on results, accountability and transparency), which donors agreed in Busan in 2011; 2) a focus on women's empowerment through feminist principles and practices; and 3) the implementation of human rights-based approaches.[18]

This *Report* reveals that there has been marginal growth in ODA over the past decade as a critical public resource to tackle poverty, inequality, women's empowerment and climate justice. Most donors are fixated on the mobilization of the private sector through deploying scarce aid money to these actors, rather than significantly increasing their budgets for ODA, moving to reach the UN target of 0.7% of Gross National Income (GNI), and allocating it to urgent public supports for people and communities [*Tomlinson, Global Aid Trends*].

In its 2018 *Report* the Reality of Aid Network highlighted that ODA is a deeply compromised resource, one that is trapped in donors' own political and institutional interests, which have been largely resisted change.

Chapters in this current *Report* explore some of these challenges and emerging trends. They examine the priorities and policies of several key donors, including the European Union, Japan, Sweden, Belgium, Canada and the United Kingdom. An overview of the directions shaping South-South Development Cooperation (SSDC) provides a perspective on possibilities for the evolution of a more equitable and relevant modality for development cooperation [*Morales, Construction of South South Cooperation*].

Despite a modest increase in 2020, the outlook for aid for 2021 is still fraught with uncertainty. The UK has made major cuts in its aid [Baldoumas and Rumford, UK]. France's and Japan's increase in its aid budget is accompanied by a problematic use of ODA loans [Jandaeux, France; Takayanagi, Japan]. Other donors, such as Canada and Sweden, have promoted a feminist and human rights approach in aid delivery. However, Canada has failed to match these commitments with significantly increased aid dollars [*Thomasson, Sweden; Novovic, Canada*].

The Report also notes and analyzes the high concentration of aid among a few donors. Among the 30 DAC donors, the top five donors – the United States, Germany, the United Kingdom, Japan, and France – provided more than two thirds (67%) of aid in 2019. The next five donors ranked by quantity (Sweden, the Netherlands, Norway, Canada and Italy) provided another 17% of aid in that year. Advocates for aid reform need to take account that these donors, and particularly the top five, have a major impact on the quantity of aid and the quality of development cooperation.

The significant difference among donors is also important to note. The ODA/GNI performance for the top five in 2019 was 0.26% of their collective GNI, compared to 0.39% for the next five donors. The gap widened with the preliminary 2020 figures – 0.31% compared to 0.47%. On a sector proxy indicator for the degree to which donors have oriented their aid towards poverty reduction, the top five donors have shown little improvement since 2014 (about 37% of their aid allocated to small/medium enterprise development, basic education, health, human rights and agriculture sectors). However, all other donors (representing a much smaller share of total aid) have an improved performance on this proxy indicator with 44% of sector allocated aid in 2019 [*see Tomlinson, Global Aid Trends*].

This *Report*'s chapters on current donor directions and practices document a weakened resource that is ill-equipped to respond to the urgent responses to the pandemic and the

### Box 1: A Reality of Aid Action Agenda: Transforming Development Cooperation

A Ten-Point Action Agenda to retool ODA as a resource that is relevant to reducing poverty and inequalities in the 21st Century must include:

1. **Achieving the 0.7% Target** – DAC providers that have not achieved the 0.7% of GNI UN target for ODA must set out a plan to do so without further delay.

2. **Addressing the needs of the least developed, low income, fragile and conflict-affected countries** – As DAC donors move towards the 0.7% target, they must also meet the long-standing commitment to allocate up to 0.2% of their GNI to Least Developed Countries (LDCs).

3. **Establishing a rights-based framework** – The allocation of all forms of development finance, but particularly ODA and including South South Cooperation (SSC), must be designed and measured against the four development effectiveness principles (country ownership, focus on results, inclusive partnerships and transparency and accountability) and human rights standards.

4. **Mainstreaming gender equality and women's empowerment** – Providers of ODA and other forms of concessional development finance (e.g. SSC) must **demonstrably** mainstream gender equality and women's empowerment in all dimensions of development cooperation projects, programs and policies.

5. **Addressing other identity-based inequalities** – Providers of ODA must develop strategies to guide increased efforts to tackle all forms of inequalities, such as those based on economic marginalization, disabilities, sexual orientation, race, ethnicity or age.

6. **Reversing the shrinking and closing space for CSOs as development actors** – All actors for development – governments, provider agencies, parliamentarians, INGOs – must proactively challenge the increasing regulatory, policy and physical attacks on civil society organizations, human rights defenders, indigenous groups, women and environmental activists.

7. **Implementing clear policies for ODA to improve its quality as a development resource** - Development effectiveness principles require practical reforms to strengthen partner ownership to guide the priorities of ODA, including reversing trend in increased loans, demand-led technical assistance, formal and informal aid untying, and reducing donor-led special multilateral funds.

8. **Assessing the deployment of ODA in support of private sector instruments and private sector partners** – ODA should only be deployed for provider Private Sector Instruments (PSIs) in projects/activities that can be directly related to building capacities of developing country private sector actors, that respect development effectiveness principles and human rights, and that demonstrably improve the situations of people living in poverty.

9. **Rejecting the militarization and securitization of aid** – In responding to humanitarian situations and the development needs of countries with high levels of poverty, conflict and fragility, providers should avoid shaping their strategies and aid initiatives according to their own foreign policy, geo-political and security interests (e.g. migration and counterterrorism).

10. **Responding to the acute and growing challenges from climate change** – All governments should reach agreement on a post-2020 climate-financing framework for developing countries, which is new and additional to ODA commitments, and which meets the growing challenges they face in adaptation, mitigation as well as climate-related loss and damage.

International Coordinating Committee, *The Reality of Aid 2018: The Changing Faces of Development Aid and Cooperation*, accessible at https://realityofaid.org/global-reports/.

needs of this Decade for Action for achieving the SDGs. Long-standing tensions and challenges continue to beset the aid system, problems which are now further compounded by the demands of the pandemic. Some of the persistent challenges include:[19]

1. **Although the need for country ownership for inclusive national development is well recognized, aid conditionality and many forms of aid tying are making a comeback.**

   For over a decade, donors have made commitments to respect and strengthen democratic country ownership in determining aid priorities and delivery. Despite this rhetoric, development banks, the European Union, and several bilateral donors, have increasingly been imposing policy conditions on their aid. These relate, among others, to partner country measures to control migration to Europe or the United States, to austerity measures limiting government spending, or to the advancement of donor resource extraction interests. These measures focus on the least developed and weakened middle-income countries, those that are least able to resist [*Tomlinson, Global Aid Trends; Roba, European Union*].

   The money coursed through IMF in the form of loans are a critical lifeline for more than 80 countries facing the economic fallout from the pandemic. But these loans are inherently and structurally flawed as it forces developing economies further into debt at a time when concessional ODA funds are most needed. Yet, as Oxfam has calculated, 76 out of 91 IMF loan agreements negotiated between March and September 2020 (at the height of the pandemic), require public expenditure cuts that could undermine public health care systems as well as other crucial social safety nets.[20]

2. **Trust in multilateralism is eroding at a time of urgently needed cooperation is needed to address global crises such as the pandemic and climate change.**

   With the UN seeming to be overwhelmed by rigid geo-political positioning by global powers and country blocs, there is diminishing political relevance and an eroded trust in multilateralism. Donor aid priorities and their delivery are increasingly shaped by self-protection instincts by governments and citizens, which are accentuated by a go-it-alone nationalism.[21]

3. **While there is important donor recognition of CSO as essential development actors, there is often a failure in implementing donor measures to promote CSOs as actors in their own right and to protect civil society under attack.**

   The donor community has strengthened its policies for civil society, including consideration in 2021 of a possible DAC Recommendation on Enabling Civil Society.[22] However, the current development and humanitarian system has few incentives to strengthen independent local civil society actors for peoples' participation in their own development. Civic spaces, including for human rights defenders, is increasingly under attack and surveillance in many political contexts in both the Global South and North [*Lahoy and Canape, Philippines*].

4. **More attention to climate finance is eroding limited ODA for other purposes.**

   This *Report* recognizes and documents donors' increasing attention to climate change as a major development and humanitarian threat. Unfortunately, climate finance to address these issues is being drawn predominantly from existing limited ODA, thus reducing resources available for other aid priorities. There is no consideration of donors' prior political commitment to additional resources for climate finance for partner countries affected by the climate emergency. These are the countries that

**Box 2: Defining Fragility**

The OECD DAC defines fragility as "the combination of exposure to risk and insufficient coping capacity of the state, systems and/or communities to manage, absorb or mitigate those risks. Fragility can lead to negative outcomes including violence, poverty, inequality, displacement, and environmental and political degradation. Fragility is measured on a spectrum of intensity and expressed in different ways across the economic, environmental, political, security and societal dimensions, with a sixth dimension (human capital) forthcoming in States of Fragility, 2022."

OECD, *State of Fragility 2020*, page 17

bear historic responsibility for climate change [*Sward, The World Bank Climate Finance; Deze, Belgium*].

5. **A broad recognition of the need for reform is stymied by rigid institutions that are largely resistant to change.**

Large donor institutions (government, multilateral development banks, and INGOs), control and direct programs for most aid funding solely in relation to donor and institutional interests. As institutions they are slow and frequently resistant to change. Instead, they appear to be rigidly locked into centralized (political) structures of accountability for priorities and practices which are largely set in the major donor countries.

Reforming aid is a critical and urgent necessity. This Report's conclusions and recommendations for reform build upon Reality of Aid's *Ten Point Action Agenda for the Transformation of Development Cooperation* (**Box 1**). This Ten Point Agenda was elaborated in detail in the 2018 Reality of Aid Report. It continues to be very relevant to the effective implementation of the Triple Nexus for humanitarian, development, peace action, the delivery of climate finance, and aid responses to the pandemic. The *Report*'s findings for these areas are set out in the following sections.

## 3. THE TRIPLE NEXUS: A TRANSFORMATIONAL MOMENT FOR AID REFORM?

### *Increasing situations of conflict, violence and fragility*

This *Report* highlights the growth of humanitarian emergencies and assistance over the past decade, often closely related to development failure and socio-political fragility. ODA support to alleviate the needs resulting from various humanitarian emergencies has more than doubled over the past decade, from $12 billion in 2010 to $25 billion in 2019. Its share of Real ODA has risen from 10% to 19% [*Tomlinson, Global Aid Trends*].

This growth is not surprising, given the substantial increase in state-based and non-state conflicts over the past decade. According to the Uppsala Conflict Data Program, state-based conflicts rose from 37 in 2010 to 64 in 2019 and non-state violence increased from 42 to 67 conflicts over the same period.[23] These conflicts are creating extreme vulnerability and insecurity and dramatically undermining the prospects for development for many populations in the Global South.

Conflict is major characteristic of state "fragility". Persistent conflict disrupts and reverses years of development efforts. But fragile contexts also arise where social, economic and political conditions are highly unequal, discriminatory and polarized. The result is often political estrangement and violence with the state's roles and capacities weakening and citizens being unable to organize, initiate and manage development processes. (See **Box 2**) This places a huge burden in ways that profoundly shapes and adds great vulnerabilities on the lives of those who are already "the furthest behind".

These conditions of fragility have become more prominent in the past decade and are increasingly a priority and focus for donors. The OECD DAC identifies 57 fragile states in its latest *State of Fragility Report 2020*, up from 48 in 2012.[24] Among 178 countries measured for conditions of fragility by the Fund for Peace's Fragile States Index, only 22 countries improved their scores between 2019 and 2020. These situations are often highly intractable. Among the most fragile states in 2010, 23 remained in the top 30 in the 2020 Index.[25]

The *Report*'s aid trends chapter examines 30 of the most fragile country contexts, home to approximately 1.1 billion people, of which 38% are living in poverty. There is a high coincidence with other measures of global poverty and inequality. Of the 30 countries, the vast majority (22) were Least Developed or Low-Income Countries. Twenty-one were located in Sub-Saharan Africa. Seventeen were experiencing high or medium levels of conflict. These 30 countries received a three-year average (2016 to 2018) of $47 billion in aid or almost a third of Real ODA (32%) and 57% of total humanitarian assistance in that period [*Tomlinson, Global Aid Trends*].

### *Creating resilience: Can donors transform the humanitarian landscape?*

In the face of mounting humanitarian suffering and endemic conflicts, the UN Secretary General Ban Ki-moon convened the international community for the 2016 Istanbul World Humanitarian Summit. The Summit was to be a call to action to deliver aid more effectively for millions of people caught in humanitarian crises as well as to strengthen their resiliency to shocks.[26]

The transformation of the humanitarian landscape is recognized as an essential driver in achieving Agenda 2030. The Summit's *Agenda for Humanity* sets forth an international consensus that humanitarian assistance, development and peace and human security are intertwined and interdependent.

The Summit notes that people living in conflict and fragile situations do not experience their reality in humanitarian-development-peace silos. It launched commitments towards greater coherence in the ways that the international community can work effectively in fragile contexts and humanitarian crises. These measures aim to reduce risks, lessen vulnerability to shocks and reform the delivery of humanitarian finance.[27] Several important initiatives for reform followed the Summit in rethinking ways of working, financing mechanisms, promoting localization and rethinking the expertise needed.

Immediately following the Summit, UN organizations and the World Bank launched a *New Way of Working* initiative. It focuses on reforming on-the-ground practices for greater synergies across the humanitarian and development spectrum. This initiative is part of the ongoing UN reform process for UN agencies as well as the building of coherence in country / situation strategies with government, agencies and donors working towards an agreed upon country "Collective Outcome."[28]

A Collective Outcome is defined as "a concrete and measurable result that humanitarian, development and other relevant actors want to achieve jointly over a period of 3-5 years to reduce people's needs, risks and vulnerabilities and increase their resilience."[29] This New Way of Working emphasizes the need for greater and more systematic attention to joint analysis and the determining of context specific collective outcomes. It calls for joint planning, programming and financing among UN agencies. The New Way of Working has the endorsement of the World Bank and the International Organization for Migration.

The New Way of Working agenda concentrates on overcoming long-standing operational and institutional barriers in addressing the humanitarian/development divide (double nexus) in specific country contexts. In December 2016, the new Secretary General, António Guterres, welcomed this effort for institutional humanitarian reform. But he also called for "sustaining peace" to be considered "the third leg of the triangle," giving birth to the humanitarian-development-peace Triple Nexus.

The Triple Nexus acknowledges that the international community is working in countries that face the triple challenges of poverty/inequality, conflict/fragility and humanitarian need. While recognizing the uniqueness of every situation, it seeks dialogue, relationships and programmatic connections between humanitarian, development and peace actors. The assumption is that greater coordination will ultimately improve community resilience through reducing and mitigating the risk of conflict, addressing conditions of poverty and vulnerability, and integrating long-term development goals [*Reality of Aid Asia/Pacific, A Region Embattled*].

The Triple Nexus was clearly articulated by DAC donors in a 2019 *DAC Recommendation on the Humanitarian-Development-Peace Nexus*. The Recommendation provides DAC members and other stakeholders in the international community "a comprehensive framework that can incentivise and implement more collaborative and complementary humanitarian, development and peace actions, particularly in fragile and conflict-affected situations."[30] It sets out 11 principles by which these actors can more effectively coordinate, program and finance the needs of fragile and conflict-affected situations (see **Annex One** for an elaboration of these principles).

The Nexus Recommendation establishes goals for a transformative context-specific approach to working in fragile contexts. The *New Way of Working* is essentially an elaboration of the approaches to achieve these goals. The latter details ways to strengthen collaboration, coherence and complementarity between humanitarian, development and peace actors, who often work in silos in the same country context. While respecting the distinct mandates for each of these three pillars of operation, the *New Way of Working* explores ways to create practical synergies to begin to address the root causes of conflict, vulnerability and fragility.[31]

Complementing and accelerating these UN/DAC-driven initiatives is the *Grand Bargain*. Also launched at the World Humanitarian Summit in 2016, the *Grand Bargain* is an agreement to implement 51 commitments by 63 multi-stakeholder signatories, including some of the largest donors and humanitarian organizations (25 Member States, 22 NGOs, 12 UN agencies, two Red Cross movements, and two inter-governmental organisations). To facilitate progress on its commitments the *Grand Bargain* has been organized into eight work streams with progress being assessed in an annual independent report.[32]

The *Grand Bargain*'s fundamental commitment is to deliver more resources and capacity for recovery and resilience directly into the hands of people in need. The signatories aim to do this through: 1) more support and funding tools for local and national responders; 2) increased cash-based programming; 3) greater inclusion of people receiving aid in decisions affecting their lives; 4) better coordinated management and harmonization of assistance; and 5) improved transparency. It complements and overlaps with the *New Way of Working* by engagement with a wider set of humanitarian and development actors.

Importantly, the *Grand Bargain* has a key commitment to the localization of humanitarian finance with an "aggregated target [by 2020] of at least 25 per cent of humanitarian funding to local and national responders as directly as possible to improve outcomes for affected people and reduce transactional costs."[33]

Ongoing advocacy by Southern CSOs prior and subsequent to the Humanitarian Summit called for major reforms in the international humanitarian system. These efforts have been a major driver for localization of humanitarian finance and delivery of programs.[34] These organizations have drawn attention to the important knowledge and sustained presence of local government, civil society and Southern NGOs. They are the first on the ground in the wake of humanitarian crises and are there long after the international community departs. Despite their skills, commitment and knowledge these organizations have largely been sidelined. Their potential to undertake humanitarian roles as actors in their own right has been routinely dismissed by the humanitarian system.[35]

Since the Summit, the localization agenda has attracted considerable attention.[36] Advocacy by Southern local and national CSOs through networks such as NEAR (the Network for Empowered Aid Response) has demanded changes to reshape the top-down humanitarian and development aid system to one that is locally driven and owned.[37] Their efforts are complemented by the Charter4Change initiative on the part of 38 major International NGOs (INGOs) that are deeply involved in delivering humanitarian assistance. These organizations have committed themselves to realize the goals of the *Charter for Change* through major reforms in their own ways of working so that southern-based national actors play an increased and more prominent role in humanitarian response.[38] The *Charter* has been endorsed by more than 400 Southern-based national and local organizations working in the humanitarian sector.

### *Assessing the Triple Nexus: The challenges in transforming humanitarian aid practices*

The commitments coming out of the World Humanitarian Summit promised significant changes, ones that are conceptual (*Triple Nexus*), institutional (*Grand Bargain*) and programmatic (*New Way of Working*). They set in motion expectations as to how aid should be planned and implemented in humanitarian and fragile country contexts. They promised new initiatives to break the cycles of vulnerability and to support paths out of fragility towards sustainable development. These commitments call for improved coordination at all levels, less fragmentation, and conflict-sensitive programming, with improved accountability to local leadership and country ownership.

These reforms are a tall order for a system that has been locked in its ways of working for many decades. However, there are hopeful signs. Since 2016, the Triple Nexus has been the subject of much constructive discussion at both international and countries levels. There have been independent assessments of progress and case studies which have explored challenges and lessons for donor agencies, humanitarian institutions, and local country actors for peace and development.[39] The country and regional case studies in this *Report* are a contribution to these reflections. They delve into both positive examples [Atakpu, Lake Chad Region; Agirregomezkorta, Engendering the Nexus] as well as challenges in addressing specific fragile country contexts [*Reality of Aid Asia-Pacific, A Region Embattled; Lahoy and Canape, Philippines; Van Houte, Fragility*].

This experience highlights four lessons that can inform policy recommendations to move towards more coherence, and build better approaches, programming and partnerships.

**Lesson One: Humanitarian actors are cautious. Protecting humanitarian principles will be challenging in the implementation of the Triple Nexus in many countries experiencing conflict and political ruptures.**

The four humanitarian principles of neutrality, impartiality, humanity and independence have been the bedrock in guiding the delivery of humanitarian assistance.[40] Effective support for affected populations requires humanitarian action to address need wherever it is found. Humanitarian actors must not take sides in conflicts and/or align with political, religious or ideological affiliation. They need to work independent of governments to preserve this neutrality.

Peace and development actors are likely to have distinct and different relationships with both local people and the government in a conflict country situation. Conflicts are infused with complex dynamics of power at all levels of society. Interventions for peace seek to establish political processes for conflict resolution and to promote social cohesion and political accommodation. These actors engage with state and non-state parties who may be provoking conflict, while also working directly to strengthen political agreements with government, regardless of its roles in the conflict.

Donors as development actors are operating under a different mandate, one geared to support sustainable development. They often try to align their work with a government's priorities and development frameworks. Sites for development work can often include areas that are less affected by conflict. This can include specific issues and sectors, such as work to strengthen the position of women and girls or radicalised minorities, which may be politically contested in other parts of the country that are engulfed in armed conflict. Neutrality is not a high priority for development actors as it is for humanitarian workers.

Consequently, humanitarian actors have to perform a challenging juggling act. On the one hand they need to maintain a neutral and independent profile while also seeking greater coordination with legitimate efforts of peace and development actors. Conceptually the Triple Nexus may be sound, but it requires careful humanitarian calibration in each country context.

Improved dialogue and understanding between those working through the three polls in the nexus is important. Examples from this *Report* point to situations where humanitarian actors have reason to be cautious [Reality of Aid Asia Pacific, A Region Embattled]. In Cameroon, for example, humanitarian actors have guarded humanitarian space in the North of the country by carefully maintaining their independence from various political agendas. This has affected development and peace efforts in other parts of the country [Atakpu, Lake Chad Region]. Mali is another case of evidence of security actors' involvement in assessing humanitarian needs and protecting humanitarian actors, which has politicized and undermined relief efforts.[41]

**Lesson Two: An emphasis on private sector extractive resource development by different donors and governments, alongside different security-oriented approaches to constructing peace, affects the ways that the Triple Nexus approach rolls out in conflict and fragility contexts. The results can have very serious consequences for the human security of people on the ground.**

There is no consensus on the meaning of how peace operations can be integrated within the Triple Nexus. Donors' foreign policy interests often frame peace in terms of improved security and stabilization for top-down government control or the operations of an extractive private sector.

Other groups, including civil society, challenge this approach. They understand peace as a community-based peacebuilding approach that addresses the root causes of a conflict. This is consistent with principles set out in the DAC Recommendation on the Triple Nexus. The Recommendation calls for putting people at the center and ensuring that all peacebuilding measures assess impact on "political and conflict economies, conflict dynamics, social cohesion, exclusion, resilience, services and markets, and local accountability chains, with a view to reducing negative unintended consequences of external intervention."[42]

But actual donor development priorities and international security agendas can be critical factors. They can be at odds with people-centered approaches to peacebuilding. The Philippines case study demonstrates how security initiatives in that context often drive humanitarian and development efforts, severely compromising peacebuilding efforts, conflict reduction and the rights of affected populations [*Lahoy and Canape, Philippines*].

Major private sector infrastructure and resource extractive projects, supported by USAID and other donors, in partnership with the Philippines government, have directly challenged the rights of indigenous populations in the northern Crodillera region. Militarization to guarantee security for investments against those who resist has perpetuated conflict through the loss of ancestral indigenous domains, community resources, and traditional livelihoods.

The authors of the Philippines case study also point to an experience in Mindanao where international donor aid has been integrated with militarized security interventions, operations which they argue have contributed to the conflict. Interpreting peace as security and stabilization has encouraged the Philippine government to criminalize civil society actors who are accompanying and defending the rights of marginalized populations. They conclude that these donor and government priorities have created a situation that is “a long way from the vision of the Triple Nexus” [*Lahoy and Canape, Philippines*].

Several contributions identify heightened security and private sector agendas by key donors such as the United States, the United Kingdom, the European Union, which undermine the potential for a people-centered approach to peace operations [Reality of Aid Asia Pacific, A Region Embattled; Baldoumas and Rumford, United Kingdom]. The Lake Chad regional case study describes the Nigerian government’s civil-military coordination of security mechanisms in northern Nigeria, which has critically affected and reduced support for humanitarian–development and peace operations on the ground [*Atakpu, Lake Chad Region*].

Transforming development cooperation in conflict and fragile contexts through a fully integrated conflict-sensitive approach to people-oriented peacebuilding, focusing on the root causes of conflict and fragility, requires concerted attention to the drivers of foreign and economic policies of key donors.

**Lesson Three: The commitment to localization is largely unfulfilled and civil society is under attack in many countries. But at the same time, the key dimensions of the Triple Nexus require a strongly engaged civil society.**

By putting people at the center and emphasizing importance of local contexts, knowledge and capacities, the Triple Nexus is closely aligned with the Grand Bargain’s commitment to localization. In every emergency, the first responders are always local people supported in different ways by local organizations. Yet donors’ institutional incentives are overwhelming to work in conflict-affected and fragile contexts through the large intermediary international organizations, be they multilateral or INGOs. Donors continue their rhetoric to enhance the representation, participation and power of local actors, but the reality on the ground confirms little change in the marginalization of these actors.

Almost two-thirds (63%) of humanitarian assistance was provided through multilateral organizations, up from 52% in 2010. In part this increase is the result of earmarking by bilateral donors for multilateral special appeals. Only 14% of donor humanitarian money to UN agencies was not earmarked in 2019. Civil society organizations, mainly International NGOS (INGOs), have been responsible for the delivery of 30% of donor annual humanitarian resources over the past decade. The largest INGOs frequently combine donor funds with money raised from the public in their home countries [*Tomlinson, Global Aid Trends*].

While some INGOs may partner with local, Southern CSOs, donor fiduciary requirements (and some INGO policies) usually insist that the former maintain control over the allocation of these funds. INGOs do bring substantial resources into local situations they can disempower local organizations by offering higher salaries for the best-trained and effective local staff.[43] In the words of a CSO activist from Mindanao, Philippines:

> *"If we talk about localization, this should not be separated from the issue of injustice, inequality, and imbalance of power. Localization, therefore, is about transforming the current power dynamic in the humanitarian system."*[44]

Is there any evidence that the situation is changing, that humanitarian work is moving towards greater involvement of local actors? The answer is, not really. Despite the Grand Bargain's commitment to 25% localization, Development Initiatives' analysis actually points to a decline in direct humanitarian funding to local actors. According to its research, direct funding to local humanitarian organizations in the Global South decreased from 3.5% in 2018 to 2.1% in 2019 - a far cry from 25%.[45]

This trend is not surprising. At the macro level, INGOs are playing an increasing role in the aid system. They have increased their share of ODA channelled through CSOs from 17% in 2010 to 27% in 2018, while Developing Country Based CSOs saw their share increase imperceptibly from 6% to 7%. The increased share through INGOs has been at the expense of Donor Country based CSOs, whose share declined from 77% in 2010 to 66% in 2018. Support for CSOs, whether as humanitarian or development actors, remains highly skewed towards donor country and international CSO intermediaries.

Without major shifts in the modalities for channelling humanitarian and development resources to the local level, localization of humanitarian support is an empty promise. Given legal constraints and home-country pressures, bilateral donors claim to have little institutional space to make these shifts. Instead, they continue to rely on intermediary organizations (UNHCR, WFP, UNICEF, and INGOs) to deliver humanitarian aid, who in turn have strong pressures to grow and monopolize humanitarian and development finance.

Finance is not the only issue affecting local CSO capacities in situations of conflict and fragility. In many of these country contexts civic space has disappeared or is limited; conditions for CSOs are very poor, and human rights defenders are vulnerable to severe repression. Among the 30 highly fragile country contexts analyzed in the *Report*'s global aid trends chapter, civic space in 24 countries is either entirely closed or severely restricted. Active individuals and civil society members who criticize power brokers risk surveillance, harassment, intimidation, imprisonment, injury and death, often with impunity.[46] According to Frontline Defenders more than 50 human rights defenders were killed in these same 30 countries in 2019 and 2020, with many more subject to forms of harassment [*See also Lahoy and Canape, Philippines*].[47]

Attacks on women human rights defenders and wide-spread sexual violence are endemic in situations of conflict and countries experiencing conditions of fragility. In Mali for example,

> *"Violence and instability have had a high impact on the lives and security of women and girls, especially in the three northern regions. Armed actors use various forms of sexual violence, particularly against minors. Rape and collective marriages and other forms of sexual slavery are carried out in a context of impunity. At the same time increasing poverty has reduced women's livelihood opportunities, forcing them to beg or prostitute themselves as a family survival strategy [Agirregomezkorta, Engendering the Nexus]."*

The realization of *Triple Nexus/Grand Bargain* commitments to engage local leadership, national CSOs and local government requires innovative financing arrangements under the direction of local actors. But just as important are policy measures to ensure that local civil society can contribute to humanitarian, development and peace processes. With more than 80% of armed conflicts taking place in gender-discriminatory contexts, combatting gender inequality and empowering the participation of women and girls, and their organizations, must be a central element of the Triple Nexus approach [*Agirregomezkorta, Engendering the Nexus*].

**Lesson Four: While a few donors have been able to apply Triple Nexus practices, most face significant institutional barriers in their implementation of the Triple Nexus.**

Implementing the Triple Nexus requires structural shifts in the operational status quo of the aid system, which has long operated in humanitarian and development silos. Bringing in peace operations, peacebuilding and conflict sensitive programming adds further complications and challenges. The Triple Nexus potentially affects the ways in which donors determine priorities, manage country programs, and allocate resources. It brings new actors, views and skills to project design, implementation, and monitoring outcomes. The ambition is substantial. In the Nexus vision, donors work towards collective decisions on overall outcomes rather than focusing on accomplishment of their specific project activities. It also requires humanitarian organizations to regularly adapt their approach to suit the specific and changing needs and risks of each country context.

While the benefits of this vision might seem obvious, its realization remains far from the reality of current donor practices. Many are still at a preliminary stage where they are experimenting with complementarity, improving cross departmental capabilities and learning. They are increasing dialogue and coordination on layering different programming in some specific geographic areas and exploring appropriate financing mechanisms. A common first goal is developing a shared institutional understanding of new approaches and ways to reduce risk and vulnerability across the nexus.

Atakpu's chapter describes the Resilience for Sustainable Development in the Lake Chad Basin Nexus program. It is a UNDP and OCHA initiative to address both the underlying systemic causes of conflict in the region (high levels of poverty and inequality, historic marginalization, climatic change and land degradation), while also responding to immediate needs and security interventions. He identifies some of the practical difficulties the program has confronted in coming to a consensus on collective outcomes in different multi-country realities, in adapting to the challenges of an ever-changing political and security environment on the ground, and in the lack of data to inform, draw lessons and tracking changes for conflict affected populations.

The broader literature (see endnote 39) examines the experience of several donors and country situations in the implementation of Triple Nexus approaches. These case studies identify issues in 1) coordination and planning; 2) programming; 3) requirements for new skills; 4) operationalizing local partnerships; and 5) establishing different and appropriate modalities for financing:

1. **Coordination and planning.**
   While donors and partner country governments often elaborate formal and informal mechanisms for coordination, these are usually specific to separate humanitarian, development, peace or security concerns. Efforts for joint planning, needs assessments and stakeholder engagement across these silos remain weak. Donors are moving cautiously. Canada's Global Affairs Department, for example, has set out a multi-year strategy to define

the practical ways to bring its development, humanitarian and peace operations in line with the Triple Nexus. At this point it is only in Phase 1 of better understanding and enhancing institutional capacities.[48] Case study research suggests that knowledge of nexus approaches is not clear among those staff implementing development and humanitarian programs at the country level.[49]

The literature points to the enhanced engagement of development and peace/security actors. But, as noted above, the approach to security and the implications for humanitarian action are still controversial. Progress is context specific. Successful cases confirm that adaptive program management skills are essential, with significantly decentralized donor decision making, based on regular on-the-ground assessments and continuous learning with affected stakeholders. Several donors, such as Sweden and the UK, already have a high degree of decentralized decision-making, while others continue to be centralized and depend upon headquarters and field visits for decisions.

In many conflict contexts there are significant restrictions on donor travel. Situation reports and needs assessments, differentiated for gender and other vulnerable groups, thus need to rely on local communities with capacities to assess and report on their situations. However, this approach is not common donor practice.

The Triple Nexus requires increased 'whole-of-donors' coordination. But as one analyst points out, there are major disincentives for development actors to coordinate:

> *"Coordination on the whole is not funded and significant antipathy was expressed toward the added burden of coordinating, and skepticism was expressed about the return on investment. National authorities tend to lead the coordination of development work, which means that if governance is weak [in conflict and fragile contexts] so is coordination."*[50]

2. **Programming**. Development programming concentrates on changing longer term structural and social issues underlying conditions of poverty, vulnerability and conflict. In fragile contexts there are opportunities for synergies with humanitarian concerns, particularly in measures for disaster risk reduction, adaptation to climate change or displacement.

   There is more attention by donors to disaster risk reduction, but it is not clear how much these efforts are at the country/community level. Total ODA directed to post-disaster reconstruction and to disaster preparedness doubled between 2010 and 2018. But as a share of humanitarian assistance, it increased only marginally, from 13.6% to 14.3%. There is significant scope for greater investment and coherence in these areas. Investing in ways that strengthen community resilience will help reduce the vicious cycle of fragility as well as the need to respond to immediate crises [*Van Haute, Fragility*].

   There are examples of successful sectoral or area-based nexus programming. But understanding how a nexus approach can be rolled out to broad national programs for health, nutrition or food security programming, in collaboration with partner country government, remains unclear for both donor headquarters and country programmers.

   As noted above, the impacts of conflict and fragility on women and girls are profound with high levels of sexual violence and forms of trafficking and exploitation being common. Despite this, the need for gender equality and women's empowerment is not well supported, or even acknowledged in humanitarian assistance.

In 2019 over 82% of humanitarian assistance had no objectives relating to gender equality, according to data in the DAC Creditor Reporting System. Of the 30 highly fragile countries analyzed in this Report, approximately half (52%) of their bilateral aid did not contain any objectives on gender equality. But gender sensitivity in aid for these fragile contexts compares somewhat favorably to total DAC bilateral aid where approximately 60% had no gender equality objectives. Women's organizations that promote and protect the rights of women and girls received less than 1% of total bilateral aid in 2018 [*Tomlinson, Global Aid Trends*].

Significant programmatic attention to gender equality and the empowerment of women and girls in fragile contexts is a critical condition for peacebuilding and community resilience, where the transformation of social norms and power relations is often essential.

3. **New skills to work across the nexus** The literature describes a range of skills and capacities that may need enhancement to work effectively across the nexus. Some examples include:[51]

   - Skills and tools/approaches in holistic context analysis, including gender analysis, political economy/power analysis, systemic causes analysis;
   - Conflict sensitive analysis and programming;
   - Adaptive management skills, taking account of the critical need for flexibility/responsiveness in fragile contexts and institutional imperatives for fiduciary accountability;
   - Working with, strengthening capacities, and sharing direction with local leadership and partnerships; and
   - Humility, mutual respect, commitment to dialogue and compromise are essential to recognizing the value/constraints of each nexus pillar.

   Analysts point to the importance of collaborations and partnerships that can facilitate access to a different range of skills and knowledge in any given context.

4. **Operationalizing localization.** A people-centered and community-led approach to resilience, requires both practical modalities to provide resources and capacities to local organizations (see above), as well as deliberate measures to improve trust in local organizations and communities. In fragile contexts, these measures are crucial. Donors must respect and support autonomous local efforts to identify needs and to structure the right ways to strengthen their communities. In principle, INGOs, in contrast to official donors, have greater flexibility to partner with local organizations in ways that enable them to take greater leadership in local responses.

   But there is also skepticism about the readiness for the changes that are required. According to a Southern CSO observer, "… flexibility to adapt is really critical and I question to what extent a lot of responders are capable of doing that – all the way up from the donors, all the way down to the local organizations."

   Analysts point to the importance of donors working with local governments at the district level and to strengthen their capacities to deliver services to all residents, rather than directly targeting specific vulnerable populations or refugees. This has been the approach in Bangladesh, where donors have responded to the economic and development needs of the district where the main Rohingya refugee camps are situated. This localized approach ameliorates, to some degree, potential hostiles between host and displaced populations.[53]

Nevertheless, Development Initiatives study of three country case studies concluded that:

> *"Despite efforts such as these to work with local authorities, there is a perception that development actors over-emphasise top-down policy and institutional reforms and partnerships with central government, with crisis-affected regions neglected or overlooked because power is highly centralized (e.g. in Cameroon and Bangladesh) or authority and reach is weak (in Somalia)."*[54]

5. **Establishing appropriate financing modalities.** Over the past decade donors have increased financing that targets fragile and humanitarian situations, mainly through multilateral and INGO channels. But most analysts maintain that the Triple Nexus requires new incentives and modalities for donor finance, ones that are better suited to a nexus coordinated approach and sensitive to local environments at the sub-national level.[55]

   While donors are channeling less funding via national governments in fragile contexts, they are sometimes reluctant to support a collectively agreed upon plan that is not also endorsed by the national government. Finance is usually governed by distinct rules for humanitarian or development channels set and implemented at donors' headquarters. Approaches that target building community resilience in crises situations or proactive efforts for policy coherence at the country level often fall between the cracks of different financing channels.

   In recent years major donors have rolled out new financing instruments. This includes the EU Emergency Trust Fund for Africa, the EU's Instrument contributing to Stability and Peace, and the UK's Conflict, Stability and Security Fund. These funds are structured to respond to the security-development nexus in fragile contexts. But they are controversial because of their potential to politicize humanitarian assistance and in their seeming prioritization of donor security interests over good development practice [Thomasson, Sweden].[56]

   Local and national CSOs have been advocating for UN or country-managed pooled funds that channel international resources to local actors. Local CSOs see this approach as a way to level the playing field for all local organizations. They are also challenging international CSOs who respond to the *Grand Bargain* by establishing national branches to implement donor finance.[57]

## 4. A CLIMATE EMERGENCY IS UNFOLDING: IS THE HUMANITARIAN AND DEVELOPMENT SECTOR READY?

The climate crisis is now, not the future. It is about changing environmental conditions, compounded by frequent and extreme weather events, in which many people are conducting their daily lives. Millions of the world's poorest people, especially those in the poorest countries or the most fragile situations, are highly dependent upon a changing natural environment for their subsistence and livelihoods.

The climate crisis is also a growing humanitarian emergency. In 2018 more than 100 million people required humanitarian assistance as a result of storms, floods, droughts and wildfires. This number is expected to grow to over 200 million each year by 2050.[58] The International Federation of the Red Cross estimates that the costs for climate related humanitarian needs will be approximately $20 billion by 2030, which is almost the current level for the entire humanitarian sector.[59]

Climate and environmental degradation are now among the root causes of food insecurity, displacement and poverty. The climate emergency and biodiversity loss, entrenched poverty, and increased humanitarian needs are clearly converging. They are intensifying peoples' risks and vulnerability in fragile country contexts. Without concerted action, the World Bank predicts that more than 130 million people will be pushed into extreme poverty by 2030 and these worsening levels of poverty will continue to escalate in the next decade.[60] All but one of the 30 most fragile country contexts analyzed in this Report [Tomlinson, Global Aid Trends] are considered to be highly vulnerable to irreversible climate change impacts and are the least ready to deal with these impacts.[61]

With so little time to prepare and act, how should humanitarian and development finance donors respond to the climate emergency? Several chapters in this Report assess current directions in donor and multilateral climate finance. They argue, alongside many academic analysts and civil society colleagues, that progress is not only affected by the limited scale of resources provided to date, but also by false donor solutions for poor and vulnerable countries and people.

### *Inadequate climate finance*

The international community has established a $100 billion annual target for all forms of concessional and non-concessional climate finance by 2020. This is to be new and additional finance to existing ODA commitments. Donors are still far from achieving this goal. The global aid trends chapter points to research by Oxfam that demonstrates that developing countries have seen only $19 billion to $22 billion in total concessional climate finance (multilateral and bilateral) to date. Climate finance from bilateral donors ($11.6 billion in 2018) actually fell by $2.9 billion from the previous year. This amount is far from the $37.3 billion bilateral target within the $100 billion commitment. Almost all official climate finance for most donors is included in their ODA despite promises of additionality [*Tomlinson, Global Aid Trends*].

### *The Triple Nexus, humanitarian assistance and the climate crisis*

While there is no definitive evidence that links environmental degradation to the escalation of violent conflict, there is no doubt that it is causing increased displacement, poverty and deprivation.[62] These impacts require a holistic response to meet immediate needs and to support community resilience in the face of sudden disasters. Research reports confirm that "there is a need to integrate stabilization and peacebuilding principles with climate-resilient development interventions at local and sub-regional levels."[63] The lessons from donor measures to implement the Triple Nexus are clearly applicable to climate related finance, particularly for adaptation and for addressing loss and damage from climate change.

To date, humanitarian assistance, including disaster preparedness and reconstruction, continues to have little sensitivity to climate change objectives. In 2019 only 7% of DAC bilateral humanitarian assistance had a climate adaptation or mitigation marker (meaning that there was at least one climate objective for these projects). For donor disbursements focused on disaster preparedness and reconstruction this share with climate markers rose to about 29% of project disbursements.[64]

But there is some positive evidence that some donors are considering strategic approaches to the dynamics of climate trends, risk reduction and development support. They have been developing project management frameworks for improving the climate screening of their projects, including assessments for medium-term climate-related risks. Several donors have created special funding mechanisms for climate-related development spending (the UK, Norway, Germany and Denmark). Against these positive developments is the fact that research also shows that the rigor in applying these guidelines is mixed, transparency is weak, and special funds are often stand-alone mechanisms uncoordinated with the donor's development initiatives at the country level.[65]

Responding to climate change in conflict and fragile contexts should explicitly integrate *Triple Nexus* and *New Way of Working* approaches, particularly where preparation for climate impacts is weak. Donor implementation of the *Triple Nexus* can be enhanced with greater conflict sensitivity to climate impacts in country programs. Assessments of humanitarian needs in protracted crises should take into account climate related vulnerabilities over the medium term. There also needs to be better integration of local climate adaptation measures for improved community resilience as part of a more coordinated approach to fragile situations.

### *Bringing urgent attention to addressing loss and damage*

There is little doubt that the impacts of extreme weather are falling disproportionately on low and lower middle-income countries. In 2019 eight of ten countries most affected by extreme weather events fell into this category although they bear no responsibility for the climate emergency. These developing countries are seeking sustained international finance to cover their "loss and damage" – a term which refers to unavoidable adverse impacts arising from climate change and weather events.[66]

An adequate response to climate induced loss and damage requires immediate relief and reconstruction as well as longer-term, country specific disaster risk reduction strategies. This issue has been sidelined by donors for more than two decades.

In the UN global climate negotiations finance for loss and damage continues to be highly controversial. Finally, as part of the 2015 Paris Agreement donors recognized that loss and damage might result from human-induced climate change. But to date they strongly resist binding financing arrangements for compensation beyond their voluntary contributions for humanitarian assistance and adaptation.[67] And each year donors fail to meet UN established targets for global appeals for disaster relief and recovery. In one estimate, by 2030 loss and damage in developing countries, caused by climate change, will grow to between $290 billion and $580 billion.[68]

### *More attention to the quality of climate finance*

The degree to which climate projects are meeting their goals is coming under greater scrutiny. A CARE Norway and CARE Netherlands study recently concluded that adaptation finance has been dramatically over-stated. The projects that were examined included large infrastructure projects that had little to do with adaptation.[69] Other research on adaptation projects points to negative impacts, what the authors' term 'maladaptation'. This work reveals that some adaptation projects have made people more, not less, vulnerable to climate change.[70]

These analysts highlight the critical importance of understanding the processes that lead to maladaptation. Their findings suggest a failure to take into account systemic inequalities and a lack of sensitivity to socio-political dynamics that made people vulnerable in the first place. There can be a failure to identify potential unintended consequences for poor people living in adjacent areas of a project in sustaining their access to essential livelihood resources.

The authors concluded that maladaptation often occurs when there is little or no participation by marginalized groups in the design and implementation of projects. They warn against the quick retrofitting of existing development agendas with adaptation objectives that are not fully considered in a holistic and integrated manner. Despite women's critical roles in key sectors, such as agriculture and food security which are highly affected by climate change, women-led climate change responses tend to be largely excluded from global climate finance flows.[71]

In a contribution to this Reality of Aid Report, the Bretton Woods Project raises similar questions with regard to the seeming increase of World Bank "climate related" projects. They question the inclusion of thermal power plants using natural gas. These projects are clearly are not aligned with the intent and goals of the Paris Agreement. The Bank has a heavy reliance on loans as the main modality for its climate finance, furthering the debt burden of countries that bear no responsibility for the climate conditions affecting them [*Sward, The World Bank Climate Finance; Craviotto, Debt Relief and ODA*].

Like many donors, the World Bank seeks to crowd in private financing for its climate portfolio. Sward refers to the "Wall Street Climate Consensus" amongst its donors. The promise is to deliver a low-carbon transition with the private sector. But this is to be accomplished without major political or institutional changes that might begin to address the overlap between powerful corporate interests in carbon and the climate and inequality crises [*Sward, The World Bank Climate Finance*].

Yumnam's contribution highlights a case study from Northeast India that documents persistent donor support for coal fired power plants in the region, as well as the aggressive pursuit of large-scale power dams as renewable energy sources. Civil society organizations in the region reject large dam energy infrastructure as sustainable energy sources. They are "false solutions" to the climate emergency with their continued major emissions of GHGs and their very significant socio-economic impacts on local communities [*Yumnam, Climate Change in South Asia*].[72]

A contribution from Latin America highlights the Escazú Agreement for Latin America and the Caribbean. This important South-South Cooperation breakthrough in addressing climate issues and environmental degradation is now ratified by 24 countries in the region. The Agreement establishes urgent priorities for environmental management and protection at the country level; regulates rights to access information and to public participation; and advocates for justice in the sustainable use of natural resources. Muñoz argues that the Agreement sends a strong message to the national and international community about the region's commitment to human rights and environmental justice. At least 264 human rights defenders were killed in the Americas in 2020, with 40% of violations from the land, Indigenous Peoples and environmental rights sector [*Muñoz, The Escazú Agreement*].[73]

Localization is a key factor for the effective implementation of initiatives to address climate change impacts, as it is in the application of the Triple Nexus in conflict and fragile contexts. Support for local initiatives from donors and national governments for disaster risk reduction in relation to expected climate change impacts are essential. However, this support is currently very modest or absent.

Research in Bangladesh has established that poor households, many headed by women, are the largest source of finance for adapting to climate-induced changes or for community disaster risk reduction.[74] But according to the IIED, a UK-based research and policy NGO, only 10% of US$17.4 billion of global climate funds between 2003 and 2017 could be traced to the local level.[75] As discussed above, it is critical for donor intermediaries to deliver more funding to households, cooperatives, CSO federations, social movements and local governments to support changes that strengthen local resilience and biologically diverse ecosystems.

## 5. RESPONDING TO THE PANDEMIC: CAN THE TRIPLE NEXUS RISE TO THE OCCASION?

The COVID-19 pandemic has definitely exacerbated conditions of fragility, amplified humanitarian needs, and made development progress much more complex. As noted in the Introduction, the economic and political demands of the pandemic are unprecedented in their global scope and scale. With one in thirty-three people needing humanitarian assistance in 2021, humanitarian aid for those affected by the pandemic will require more than $35 billion.[76] In July 2020 the UN announced that the projected cost (from all sources) of assisting the world's most vulnerable 10% in recovering from both the primary and secondary socio-economic repercussions of the pandemic at $90 billion.[77] In truth, the scale of investments needed is still largely unknown.

The global shock is profound; with close to three million deaths worldwide from COVID related causes by early 2021. The pandemic endangers everyone, but very unequally. Those who have limited options – the poor, women isolated at home, migrants, refugees, people with disabilities, the elderly, those who belong to racial, sexual or ethnic minorities – face heightened risks of infection and death. Already living on the margins of extreme poverty, they are least able to manage the sharp economic and social shocks that have been part of this pandemic. They are confronted by losses of informal or subsistence livelihoods in country lockdowns, limited access to urgently needed health care, and increasing food insecurity as internal markets are disrupted.

The world was not prepared for this systemic crisis. It has exposed long-standing problems of inadequate public health systems and a patchwork of weak social safety nets for hundreds of millions of people living in the Global South.[78] As many have noted, a public health crisis experienced by many countries in early 2020 became "an economic and social crisis and a protection and human rights crisis rolled into one."[79]

The traditional donor systems and aid architecture are proving woefully inadequate. Countries in the North have quickly devoted trillions of dollars to protect their economies and provide health and livelihoods assistance for their citizens. However, in mid-2020 donors claimed that they are only able to protect, at best, the current and woefully inadequate levels of ODA [*Tomlinson, Global Aid Trends*]. In April 2021, with the release of preliminary aid figures, the DAC celebrated a small increase of 3.5%. In light of the magnitude of the pandemic and development crises the world faces today, such a performance is woefully underwhelming and inadequate.[80]

"Vaccine nationalism" has meant that the vast majority of vaccines approved and produced in early 2021 have been commandeered by developed countries for their own populations. This exercise of economic power has deeply undermined a global and equitable approach to vaccinating the most vulnerable everywhere they may live. It poses deeply ethical questions. UN Secretary General Guterres has described this failure to ensure equity in vaccination efforts as "the latest moral outrage" to come out of the pandemic.[81]

Limited results to date for developing countries, despite multilateral initiatives such as COVAX, reflect both the long-standing shortcomings in global health governance as well as the Northern governments' rigid defense of vaccine patents by the highly concentrated pharmaceutical sector.[82] Perpetuating these huge disparities in levels of support ignores a critical fact: the pandemic cannot be stopped until its impact has been overcome throughout the world [*See Tomlinson, Global Aid Trends*].

Country ownership of pandemic responses is vital. As a Gates official commented, the global response "is still too fragmented, and that we need to join up global efforts to provide supply and financing more with the integrated program efforts at country level." He noted that there were missing pieces "between global and country-led efforts to secure supplies and ensure they work within countries' health systems."[83]

### *Can the aid system help in fragile country contexts?*

In fragile and conflict-affected settings, the pandemic could present an opportunity for building donors' coherence across the Triple Nexus. As described above, many donors are still exploring ways in which they can deliver a nexus approach in specific country situations. Populations affected by conflict and fragility live with unstable economic and social conditions, weak governance and a high mistrust of government. These countries' immediate responses to the pandemic and medium-term recovery plans will interact and be limited by these conditions of fragility. Government is a critical actor in an effective pandemic response. Can the implementation of nexus principles and approaches enhance sensitivity to conflict, address systemic discrimination and the importance of community engagement? How can donor support for pandemic measures in fragile contexts also contribute to rebuilding trust in government?[84]

A review of lessons from the recent Ebola outbreak in the Democratic Republic of the Congo unfortunately point to the failure of donors to learn lessons from past pandemics. The report is highly critical in "its assessment of the multiple failures to engage with communities, resulting in distrust, resentment, and even violence against the Ebola response; and resulting in the devastating prolongation of the outbreak."[85]

At the same time, local actions by CSOs and Community-Based Organizations have provided communities a critical lifeline. They alone are positioned to meet basic needs for those left isolated and vulnerable by lockdowns and other disruptions. One review of 200 CSO case studies concluded that:

> *"the physical proximity of locally-based communities helped them overcome problems faced by larger organisations, such as physical distance and dependence on the Internet. These networks and communities were also able to develop new strategies for service delivery thanks to their knowledge of local communities – for example mapping vulnerability in an Indian village in order to make sure government budgets provided medicines and food to the needy; awareness raising in the Brazilian favelas; and many other forms of mutual aid."*[86]

Unfortunately, the pandemic has also accentuated the rise of authoritarianism with attacks on journalists and human rights defenders. There has been an increase in surveillance and restrictions on CSOs' freedom to operate in many countries. At the opening of the 2021 session of the Human Rights Council UN Secretary General Guterres noted:

> *"The danger of … hate-driven movements is growing by the day. … [W]hite supremacy and neo-Nazi movements are … becoming a transnational threat. … These and other groups have exploited the pandemic to boost their ranks through social polarisation and political and cultural manipulation."*[87]

According to Human Rights Watch, regimes in 84 countries have used the pandemic to serious limit freedom of speech.[88] The pandemic has unleashed a crisis for civic space with the abuse of emergency laws and restrictions that have made it harder for civil society to aid those impacted by the pandemic.[89]

Humanitarian actors are deeply concerned about the implications for future crises and potential pandemics arising from climate change and the encroachment of human economic activity and the natural forests. According to a report in July 2020 by the Norwegian Refugee Council, *"The pandemic demonstrates that the international response system needs to be prepared for a new order of crises, for an era in which large-scale systemic shocks may overlay and aggravate existing risk and significant long-standing humanitarian needs. Incremental reforms will not deliver a system fit to respond effectively....*

*"While the crisis remains high on the global agenda, there is opportunity to advocate for a significant shift in development investments towards public service provision, risk surveillance and preparedness, including financial preparedness against risks and shocks."*[90]

## 6. RECOMMENDATIONS FOR REFORMING AID ARCHITECTURE

The contributions to this *Report* reaffirm the urgent call for fundamental reforms in policies and practices of the humanitarian and development finance system. There is little doubt that the pandemic creates high levels of uncertainty, with immeasurable impacts on people, livelihoods and countries across the world. The challenges facing the systems for humanitarian and development finance have never been greater.

In exposing deep social, economic and political inequalities, the pandemic may also be an opportunity to drive the necessary policy reforms for radical change in development cooperation. We must not lose sight of the transformative Agenda 2030 and the substantial efforts needed to deliver the SDGs by 2030.

Can donors and international financial institutions finally begin to tackle long-standing barriers that limit international cooperation as an effective resource? How can they put peoples' interests and their human rights at the center of these reforms? What measures might work to strengthen capacities for the poorest countries and people to manage the many repercussions from the pandemic? How can donors provide support to strengthen community resilience and peoples' human rights over the longer term?

The inter-connected crises of a global pandemic, the persistence of vulnerability, poverty and inequality in fragile country contexts, and the unfolding of a climate emergency, together suggest some directions for transformative change. The following recommendations are made with these dynamics in mind:

1. **Donors must rapidly scale up ODA to match a unique set of global challenges.** Where donors have not already achieved the commitment to spend a minimum of 0.7% of their GNI on ODA, each donor must set out a specific plan to do so without delay. Allocation of expanded donor aid resources should be consistent with their historic responsibilities, their international human rights obligations and development effectiveness principles. *Reality of Aid's Ten-Point Action Agenda to Transform Development Cooperation* (**Box One**) is a framework to retool ODA as a relevant resource to reduce poverty and inequalities in the 21st Century.

   **In relation to the COVID-19 pandemic:**

   a. **Increased ODA should provide the resources required to ensure the availability, accessibility and quality of health care as a human right to all without discrimination**. This implies giving priority to 1) strengthening health systems, 2) providing equitable access to vaccine supplies and 3) suspending the WTO's Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement to increase affordable and necessary supplies of COVID-19 vaccines, drugs, tests and equipment.

b. **Provide ODA resources as grants not loans**, ensuring sustainable financing in the face of urgent needs arising from the pandemic and its recovery.

c. **Implement debt cancellation.** All external debt payments due in 2020 and 2021 should be permanently suspended. Donors, international financial institutions and other providers should implement measures for a comprehensive system to cancel developing country external debt to a level consistent with sustainable development and the goals of Agenda 2030, across private, multilateral and bilateral creditors.

d. **Increased ODA should target social security and national and local recovery plans targeting the most vulnerable and marginalized**. ODA should align with expressed developing country needs for recovery. But donors should also give priority to recovery measures that recognize those groups that have been disproportionately affected: those living in poverty, those depending on informal markets and labour, women and children, persons with disabilities, sexual minorities and racial minorities, and Indigenous Peoples, among others.

e. **Civic space for local development actors must be protected and promoted as a critical support for isolated communities and people left with no social protection in economic lockdown and other pandemic measures**. It will be critically important for donors to continue to adjust their support for civil society to allow greater access to resources and flexibility in responding to the pandemic. To the extent possible, donors should engage partner governments to promote emergency measures that are proportionate to scientific advice to protect the health of all citizens. They should challenge measures that are used to silence human rights defenders and oversight by journalists, as well as the daily operations of civil society organizations. These actions should be part of a recognition that civil society is a key interlocutor for reaching people in communities with both services and reliable accurate information on the pandemic.

2. **Donors must tackle the current incoherence in their policies and practices in conflict-affected and fragile contexts by fully implementing the principles and directions set out in the DAC Recommendation on the Humanitarian - Development - Peace Nexus.** Improving development cooperation in conflict and fragile contexts, and addressing the root causes, are both complex and situation specific. Nevertheless, contributions to this *Report* and the DAC Recommendation suggest some essential measures to guide its effective implementation:

   a. **"Accountability to people, ... strengthened transparency, voice and participation** ... are a critical element of improving Collective Outcomes" in fragile and conflict affected country settings [DAC Recommendation].

   b. **Designing tools to actively support the Women, Peace and Security Agenda,**[91] taking into account the importance of implementing Early Warning Systems on Violence against Women and Girls in Conflict Contexts, particularly through local actors, will be essential in implementing the Recommendation.

c. **Supporting conflict sensitive, people-centred approaches to peacebuilding**, essential for the implementation of the DAC Recommendation, requires donor/government policy coherence. This nexus approach should be pursued by resolving tensions with major donors' geopolitical and economic security interests, particularly in fragile and conflict situations. It is also important to use a range of approaches to peacebuilding, responding to the needs of specific situations., with attention to the inclusion of women peace negotiators, community processes for reconciliation, and non-formal Track II diplomacy by non-aligned non-state actors.

d. **A clear understanding of the scope and the implications of nexus measures in donor operations and financing, consistent with development effectiveness principles, is essential:**

    i. **Overcoming donor silos.** Nexus measures have major implications for donor human resource skills, approaches to planning and country assessment strategies, technical support, ongoing collaboration across the nexus pillars, and adaptive management of projects. These must be implemented, assessed through continuous learning, and fully resourced.

    ii. **Improved coordination among donors** in implementing a nexus approach requires greater donor support for partner government(s) to set up or strengthen country-based development coordination mechanisms to build country ownership, accountability, and trust.

    iii. **Implementing the nexus must be accompanied by practical ideas and resources for economic transformation** that take into account the needs of diverse groups such as youth, refugees and internally displaced, women and girls as well as regional concerns, among others, and the implementing of inclusive partnerships. Increasing donor resources and national resource mobilization for cash transfers and/or universal social protection, which maximize effects on poverty and inequality reduction, is an important part of economic plans for "leaving no one behind" in fragile contexts.

    iv. **Working in all areas, not only those affected by conflict**, is important to build trust across political/social/regional divides, while also ensuring full humanitarian access to those affected by conflict in accord with humanitarian principles.

    v. **Processes to develop shared Common Outcome goals** (*New Way of Working*) must be inclusive and accompanied by the necessary resources to implement actions towards these goals and to bring all relevant stakeholders on board.

    vi. **Financing mechanisms for conflict affected and fragile contexts** should incentivize nexus participation and planning across the nexus pillars, while respecting distinct mandates. These mechanisms might include dedicated budgets for joint programming in areas where collaboration is feasible. Given the importance of conflict sensitivity and adaptive management, financing mechanisms relevant to fragile settings require flexible risk management tools which are not risk averse. Donors should consider the importance of greater preparedness measures through quick-access funds that are available at local, national and regional levels.

On the development side, donors need to consider the extent to which support for central government programs might exclude marginalized populations in a contested fragile setting. Careful consideration should be given to using/ reforming donor centralized funds whose purposes are mainly oriented towards maximizing donor security and geo-political foreign policy interests.

3. **Effective implementation of the Triple Nexus approach requires a close understanding of the priorities of local populations and the inclusion of diverse actors from civil society and marginalized communities.**

   a. **Donors, including INGOs, must consider changes in their funding frameworks that allow for more resources to be accessed at the local level, consistent with the *Grand Bargain* commitment.** These can include collaborative financial instruments managed at the country level; changes to donor risk management assessments for local partnerships, and increased direct funding of Southern CSOs across all of their mechanisms, which recognize CSOs as important development actors.

   b. **Donors must address the closed civic space in fragile and conflict affected situations**, through their diplomatic engagements with relevant parties, ongoing situation assessments of conditions for civil society actors (with CSOs where possible), and flexible financing and other measures of protection for local CSOs and human rights defenders at risk.

   c. **Understanding the priorities of local populations in settings of conflict requires direct engagement with local actors from affected communities**, which may be closed to donors themselves. Each situation will require donors to calibrate their relationships with local civil society.[92] Relying on local civil society for conflict-sensitive information-gathering, for example, may jeopardize their security in highly contested environments. It is often better to support coalitions of local actors to avoid specific targeting by authorities. It may be best to work through small-scale initiatives with civil society as large-scale, donor-branded projects may be more visible and therefore more vulnerable.

4. **Implement donor climate finance ($100 billion annually) in ways that fulfill the commitments and intent of the 2015 Paris Agreement, that respect development effectiveness principles, and take account Triple Nexus approaches.**

   a. **At a minimum all donors must meet their fair-share of the current commitment to $100 billion in annual climate finance with public resources that are new and additional.** In doing so, donors acknowledge that this $100 billion is a negotiated commitment and does not represent the real finance required for climate adaptation and mitigation. Climate finance should be provided as grants, not loans, fulfilling donors' historical and differential responsibility for the climate emergency.

   b. **As part of the UN climate negotiations donors must agree to robust financial mechanisms to cover substantial loss and damage in developing countries, resulting from climate change for which they bear no responsibility.** Loss and damage finance must be additional to the current $100 billion commitment for climate adaptation and mitigation. Practical measures for supporting loss and damage should learn from current donor/partner country experiences in

## Annex One
## DAC Recommendation on the Humanitarian-Development-Peace Nexus
## Key Principles to Direct Action

### Coordination

1. Undertake joint risk-informed, gender-sensitive analysis of root causes and structural drivers of conflict, as well as positive factors of resilience and the identification of collective outcomes incorporating humanitarian, development and peace actions.

2. Provide appropriate resourcing to empower leadership for cost-effective coordination across the humanitarian, development and peace architecture.

3. Utilise political engagement and other tools, instruments and approaches at all levels to prevent crises, resolve conflicts and build peace.

### Programming

4. Prioritise prevention, mediation and peacebuilding, investing in development whenever possible, while ensuring immediate humanitarian needs continue to be met.

5. Put people at the centre, tackling exclusion and promoting gender equality.

6. Ensure that activities do no harm, are conflict sensitive to avoid unintended negative consequences and maximise positive effects across humanitarian, development and peace actions.

7. Align joined-up programming with the risk environment.

8. Strengthen national and local capacities.

9. Invest in learning and evidence across humanitarian, development and peace actions.

### Financing

10. Develop evidence-based humanitarian, development and peace financing strategies at global, regional, national and local levels, with effective layering and sequencing of the most appropriate financing flows.

11. Use predictable, flexible, multi-year financing wherever possible.

Extracted from *DAC Recommendation on the Humanitarian-Development-Peace Nexus*, 2019 accessed at http://legalinstruments.oecd.org.

disaster risk reduction and post-disaster reconstruction. Loss and damage initiatives should work closely with partner governments and local actors, including civil society, in developing mechanisms, implementing responses and strengthening resilience. These measures should strengthen local ownership and inclusive partnerships, based on country risk reduction strategies, as agreed in the Sendai Framework for Disaster Risk Reduction.[93]

c. **Donors should reconsider and end finance for large-scale hydropower dam projects as inconsistent with the Paris Agreement and climate mitigation measures**. Massive dams and hydro projects are likely to cause significant destruction of biodiversity and the displacement of Indigenous Peoples without their consent. Sustainable adaptation and mitigation projects should be designed to respect community rights and their full participation. Phasing out fossil fuels cannot be at the expense of poor communities without access to appropriate sources of energy, the rights of Indigenous Peoples and ecological integrity.

## ENDNOTES

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PART 1

# REFLECTIONS ON FRAGILITY, CONFLICT AND THE TRIPLE NEXUS

A quarter of the displaced people in north-east Nigeria are children under five. Women and children make up almost 80 per cent of the displaced population in the region. Given the special protection needs of women and children that arise in conflict situations, special community–based services receive EU funding to provide the necessary psychosocial support and referral services to those who need help.

SOURCE: EU Civil Protection and Humanitarian Aid

# DONOR INTERESTS OVER EFFECTIVE DEVELOPMENT COOPERATION?
## USAID AND THE "TRIPLE NEXUS" APPROACH IN THE PHILIPPINES

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### INTRODUCTION: THE PHILIPPINES AS A "PROMISING NEXUS LABORATORY"?

Conflict and social, environmental, and political fragilities are driving humanitarian crises across the globe. Accelerating climate change as well as the COVID-19 pandemic and its impacts have created a drastic social and economic situation in many country countries. In the Philippines, the COVID-19 pandemic has triggered capital flight, halted commodity exports and forced business closures, especially of small and medium enterprises from government-imposed lockdowns. There have been huge remittance losses as hundreds of thousands of overseas workers have been repatriated.[1] By August 2020, the Philippine's economy had contracted by 16.5%.[2] As well, the enforced lockdowns had pushed around 18.9 million working people into unemployment, thereby worsening their economic situation.[3]

Even before the pandemic, the Philippines was mired in conflict and fragilities. Land monopoly by the local elite and big businesses and the consequent dispossession and deprivation of farmers and Indigenous Peoples has caused social unrest and conflict. Gaps in realising the socio-economic rights of working people are common throughout the Philippines, making it among the worst countries for both workers (International Trade Union Confederation, 2020)[4] and land rights activists in the world.[5] The country’s vulnerability to climate change impacts and risks threatens the livelihoods of many, particularly those living in rural communities. All these factors are driving demand for humanitarian assistance.

This context and factors affecting the Philippines are not unique to this country. In fact, they are common throughout the Global South and are compelling development actors to scrutinise prevailing systems, including the aid system, to ensure that it truly serves the needs of poor and marginalised communities.

With rising need for humanitarian assistance in long term complex crises, the triple nexus is a reform initiative that aims to improve crisis responses while simultaneously addressing “systemic causes of conflict and vulnerability”.[6] It hopes to change how humanitarian, development and peace activities are organized so that they more effectively meet human needs, reduce vulnerabilities and promote sustainable peace. An important objective is to decrease the repeated demand for humanitarian assistance by “reducing risks and vulnerability”.[7]

Proponents of the triple nexus argue that crises require comprehensive responses to help resolve the root causes of conflict and fragility by tackling intersecting humanitarian, peace and development issues holistically. It tries to overcome the divide or “silos” among the humanitarian, peace and development actors, through greater coordination and coherence. The “emphasis on the strategic and structural changes from the perspective of donors, governments and organizations delivering services”[8] is supposedly what “distinguishes the nexus from previous concepts.”[9]

The United Nations (UN) as well as other major financial and development institutions such as the World Bank, the Organisation for Economic Co-operation and Development (OECD) and its Development Assistance Committee (DAC) are already implementing or have expressed support for nexus approaches. Some civil society organisations are optimistic about the potential of the triple nexus, as a coherent approach which could “reduc[e] the impact of cyclical or recurrent shocks and stresses,” while providing opportunities to develop “local leadership and the development of national and local systems to accountably provide essential social services” towards “more sustainable, appropriate and transformative responses.”[10]

The UN Office for the Coordination of Humanitarian Affairs (UN OCHA) has called the Philippines a “promising nexus laboratory” as it faces “natural and man-made disasters” and “setbacks due to the impacts of climate change, natural hazards, violence, conflict, displacement, health emergencies and economic downturns”.[11] It cites previous experiences which could inform the current nexus approach, such as CSO work in response to Typhoon Haiyan in 2013 which “complemented” direct assistance to devastated farming communities with livelihood projects, thus combining humanitarian work with a more sustainable development initiative.[12]

The triple nexus has to overcome several challenges, such as the often-cited “silos” among humanitarian, peace, and development actors, the possibility of prioritising one agenda over others, and a “potentially greater space for donor agendas to politicize humanitarian interventions.”[13] Contextualising international cooperation in the Philippines exposes the gaps and challenges between theory and practice, between the international policy of the nexus and country-level contexts.

This paper will sketch emerging challenges for the triple nexus through an analysis of the US Agency for International Development’s

(USAID) similar approaches in the Philippines. If the triple nexus intends to reform the aid system to better serve poor and marginalised communities it is important to confront long-standing issues relating to the true effectiveness of aid. This includes the economic and geopolitical interests of donor countries that drive aid priorities and the resulting impacts on conflict and fragilities. On the peace dimension of the triple nexus, our analysis will show that interlinked security initiatives and humanitarian efforts risks contributing to, instead of reducing, conflict and fragilities.

## CHALLENGES IN ADDRESSING CONFLICT AND FRAGILITIES

In the Philippine case, relations with major donors such as the United States show that development cooperation and security relations have already been closely linked. This has had implications and an impact for already existing fragilities cooperation priorities and have the potential to create greater risks for communities.

Among the OECD donors, the US has historically been the most prominent in terms of its relations with the Philippines. While other states are also prominent donors to the Philippines, such as Japan with a US$1 billion in gross ODA in 2019, US-Philippine relations are notable due to a longer colonial history that later drove economic and military agreements. US-Philippine relations have included economic and military aid as part of the "war on terror" context after 9/11. These initiatives continued under the "pivot to Asia" during the Obama administration, and was also a part of the Trump administration's "Indo-Pacific" strategy amid the prominent US-China rivalry.[14 15]

Among countries in the East Asia and Oceania region, the Philippines received the largest financial commitment (US$367million) from the US in 2018. Of this amount, US$130 million was allocated for military aid. The remaining US$237 million, which was designated for economic aid, was mostly channelled through the US Department of Defense and the USAID, respectively.[16] The US is also the largest donor to UN OCHA in the Philippines, with commitments of US$250,000 in 2019.[17]

Aside from matters of quantity, the quality of US aid, in relation with donors' economic and security priorities, and the barriers these could entail for effective development cooperation require a closer examination.

### *Fragilities from donor-supported incoherence in economic and environmental policy*

Development actors and humanitarian actors might agree and collaborate on addressing crises arising from natural disasters, lessening communities' risks and addressing needs. But at the same time, donors, such as USAID, are failing to reform development cooperation priorities that tend to exacerbate climate-related perils for people and communities. USAID contributes to the exacerbation of climate change impacts and risks of communities through its support of neoliberal policies which means resource grabs from communities. In its 2019-2024 Country Development Cooperation Strategy for the Philippines, USAID gives a significant endorsement to a private sector-led growth model. It lauds the current Philippine state "efforts to de-regulate, privatize," with *USAID support* for "easing restrictions on foreign equity ownership and the areas in which this is applied [including but not limited to energy]."[18] Its work towards an "inclusive range of investors" includes not only small enterprises but also "global corporations, financial institutions, development banks, regional actors."

These USAID-lauded policies of further liberalisation of the Philippines' energy and related sectors have the potential to exacerbate social and environmental fragilities especially in the context of the climate crisis. The drive to ease foreign ownership restrictions in the Philippines opens up room for economic activities that pose risks for Indigenous Peoples and farmers. Of particular concern are large scale extractive projects or initiatives to support the construction of big, land-use heavy infrastructure. The Mining Act of 1995[19] has liberalised the sector and incentivised corporate mining investments in Indigenous and rural communities.[20] This has had significant consequences as these large dam projects threaten displacement and rights violations against Indigenous People and their lands.[21]

In October 2020 the Philippines' government agreed to allow full foreign ownership in large-scale geothermal energy projects, a move that is aligned with the USAID's private sector-driven priorities. This was justified as a transition away from coal-powered energy.[22] The government has also moved a step further towards giving the go-ahead to the long-opposed Tampakan mining project in Mindanao, southern Philippines. If this project does proceed, it will have a substantial impact on more than 4,000 indigenous Lumad people.[23] These initiatives ignore the experience of Indigenous Peoples in the Cordillera region in northern Philippines with the 2012 Chevron geothermal project. This project saw a "fraudulent" process for free, prior and informed consent, as well as militarisation and the threat of losing ancestral domains, community resources, and livelihoods.[24]

The Philippines is among the countries experiencing significant climate change impacts. Recently three major typhoons hit the Philippines: Molave (Quinta), Goni (Rolly) - hailed as the strongest typhoon of 2020 - and Vamco (Ulysses). The consequences have been huge - hundreds were killed and hundreds of thousands of families have been forced to evacuate their homes and live in temporary shelters.[25] The typhoons have primarily affected peasant communities in the islands of Luzon and Visayas causing more than US$255 million (PhP12.3 billion) worth of agricultural damage.[26]

The devastating effect of these recent typhoons provides an important lesson on the connection between climate related effects and development strategies. To reduce the impacts on communities, the erosion and deforestation of mountain ranges and lands, arising from liberalization priorities, must be urgently reversed, as the country continues to be ravaged by extreme weather events.

Big private sector-driven growth priorities are often at odds with those of land and environmental activists and this can have major human rights consequences for these defenders. At least 10 Indigenous defenders were killed while opposing the Tampakan mining project.[27] Beatrice Belen, a woman community leader who led opposition to the above Chevron geothermal project, received state threats[28] and was arrested in 2020 on false charges.[29] As we will see below, these are also linked with the dominance of security concerns in US-Philippine development cooperation.

### *USAID in the Philippines: Conflict's root causes or foreign policy objectives?*

An examination of the Philippines' 21st century experiences with USAID reveals that the agency has linked its development cooperation work to security and humanitarian efforts—with the common thread of security objectives driving into development aid-funded activities. Such experience could offer insights on the importance of drawing a line that separates donor state-driven "security" priorities on the one hand, and "peace-building," based on addressing roots on the basis of democratic ownership, on the other.

In current USAID thinking, "stabilisation" is a crucial concept in consolidating military gains.[30] It comprises "*integrated* civilian-military process[es]" to establish "legitimate authorities" to "manage conflict and prevent a resurgence of violence," and should "incorporate transition plans to economic growth, [and] private sector vibrancy".[31] The emergence of this priority may be connected to the recognition that military spending has not translated to an end of conflicts, but rather has often contributed to increasing them. It may also relate to the growing aversion of the international community to large-scale interventions.[32]

The stabilisation rhetoric also appears in the 2019-2024 USAID Country Development Cooperation Strategy with the Philippines, in priorities that encompass "economic growth, improved governance, and resilient development."[33] Addressing "violent extremism" as a foreign policy goal remains, but now it is to be addressed with "a concentration on social connectedness as a community-level response."[34] In this context, government and community work are a means to shape the situation along US priorities.[35]

"[G]overnance, humanitarian assistance and development"—from assisting refugees to

### USAID and US military aid: Incoherence in conflict and recovery

Long before COVID-19,USAID was involved in the "recovery" of Marawi city, capital of Lanao del Sur province in Mindanao, after its 2017 destruction from combat operations between the US-backed Philippine forces and the Islamist Maute group. USAID has committed at least US$64 million since 2017, with its Marawi Response Project oriented to "reduce the threat of conflict and violent extremism," through a largely private sector-led "recovery" model.[43]

For instance, around 1,000 displaced entrepreneurs received livelihood grants and more than 2,000 received civic engagement trainings by mid-2020.[44] The general logic was that these activities with internally displaced people would contribute to building both "community resilience"[45] and good business climates, with the result of better government and community capacity to respond to and recover from "transnational threats," such as disasters and conflict.[46] Despite the donor's claim that it was prioritising the small private sector, fundamental issues of inclusion are still evident.

While the US claims to support Marawi's recovery through a multibillion dollar USAID project, it also provides significant military aid to the Philippines, totaling **US$554 million** between 2016 and 2019.[47] US military aid to the Philippines has been criticized by various groups in both countries for contributing to exacerbating conflict and fragilities in the Philippines, especially in Mindanao.[48] According to the latest report of Philippine-based rights group KARAPATAN, bombing under the Duterte government has affected 372,611 civilians[49] including environment and Indigenous Peoples rights defenders in Mindanao.[50] Moreover, the US has expressed interest in "expanding aerial "intelligence, surveillance, and reconnaissance" over Mindanao which would possibly "escalate an air war that has a brutal and indiscriminate effect on people as well as the environment."[51] Former US President Donald Trump himself described Mindanao as "a prime piece of real estate from a military standpoint."[52]

Parliamentarians also recognize the role of US military aid in the widespread and escalating rights abuses in the Philippines, as shown in the passage of the Philippine Human Rights Act in the U.S. House of Representatives, which could block US aid to the Philippine police and military if passed by the Senate.[53]

reconstruction activities are among the areas that complement security operations."[36] While the United States has provided US$22.6 million of COVID-related resources to the Philippines as of October 2020,[37] these resources came alongside "civilian activities" where US troops delivered medical supplies and equipment to Mindanao and Luzon, according to official counter-terrorism reports.[38] An important precedent was the US security forces' "humanitarian" involvement during typhoon Haiyan in late 2013 as well as military roles in disaster risk reduction and response. This experience became the pretext for a 2015 US-Philippine military agreement.

USAID has had prior extensive experience with US and Philippine security actors relating to counterinsurgency in Mindanao. Concerns have been raised regarding donor-driven security priorities including: 1) how economic projects became means to states' security goals (e.g., prioritising infrastructure that have "strategic importance" to the military), and 2) the promotion of private sector-led growth.[39] For instance, this was the case with the USAID project Growth with Equity in Mindanao (GEM) which ran from 1996 to 2012, where USAID collaborated with the Philippine military and the Joint Special Operations Task Force-Philippines.[40] For communities on the ground, these are intertwined with US economic interests in the island[41] such as in the oil and gas-rich Liguasan Marsh.[42]

There continue to be conflicts in Mindanao despite the peace accord and new government structures, which were created following negotiations with the Moro Islamic Liberation Front, indicating the depth and complexity of the roots causes of conflict. Persisting land issues and socio-economic grievances remain as drivers for the poor to take up arms with the rural-based New People's Army. In addition to the military, state-backed paramilitary units have been criticised by Indigenous groups for facilitating rights violations and the entry of mining corporations.[54] Islamist groups, such as the Bangsamoro Islamic Freedom Fighters (BIFF), the Abu Sayyaf Group, and the Maute group who besieged Marawi City in 2017, and private armies of local elites remain. US defence forces have also continued to be active in the area through the Operation Pacific Eagle-Philippines, though on a smaller footprint.[55]

### ***Repressed participation deepens the roots of conflict***

The security priorities of key donors, including the US, in the Philippines have had significant impact as well as repercussions for the role of civil society as development and humanitarian actors. The USAID-Philippines development cooperation strategy stresses the importance of a vibrant civil society. But major trends in Philippines policy and practice show a trajectory towards exclusion, instead of preventing conflict via "put[ting] people at the centre," with accountability and "opportunities… to identify their [people's] needs."[56]

When Philippine state policy aligned with US security priorities after the 9/11 attacks, it set the stage for long-running counter-insurgency measures to be framed as "counter-terror" efforts. A succession of 21st century state plans, the most recent being the Operation Plan Kapanatagan, has instituted a "whole-of-nation" approach, wherein the roles of supposedly civilian agencies have expanded to include military objectives. The impacts have been far-reaching in an increasing militarization of the government's approach to civil society especially during the pandemic and its lockdowns and with the passing of a 2020 "Anti-Terror" law. The law further reinforces the long-running counterinsurgency practice of targeting activists and civil society by equating them with the communist armed movement, who are military targets.[57]

Despite the work of the UN Humanitarian Country Team where development, peace and humanitarian strategies are linked in responding to the pandemic, the primary state response has been largely militarised.[58] For a significant period, this has meant top-down, strict movement restrictions and lockdowns enforced by a national task force led by former military officials, with the imperative testing activities left on the shoulders of local governments. While restrictive measures may be necessary in a pandemic, a coalition of Philippine development organisations has stated that "the Philippines [was] ranked as having among the most militarist and authoritarian responses to the COVID-19 crisis with 152,000 accosted for "quarantine violations" including 38,000 reportedly arrested."[59] Despite the fact that new loans and international emergency assistance have supposedly flowed into national state coffers for the pandemic, there have been substantial criticisms in terms of the quantity and quality of the humanitarian response.[60]

The controversial "Anti-Terrorism Act" is a related and key issue. This law, which was marked "urgent" by the Philippines President on the first day that strict lockdowns were partially lifted,[61] has continued long-running security cooperation priorities. Critics of the law assert that it "closes civic space by giving state security forces extraordinary powers to surveil, arrest, detain and even convict anyone it finds disagreeable…by unilaterally and even baselessly declaring anyone in civil society or the general public as a 'terrorist.'"[62]

In November 2020, two Indigenous Aetas, who were fleeing from military operations, were the first to be charged under this "Anti-Terrorism Act". Lawyers' groups have issued complaints, stating that the circumstances related to the arrest include planting of false evidence and torture. During the recent pandemic there have been crackdowns on civilian activists, actions that contradict basic humanitarian principles. This has reached the point where groups conducting relief initiatives are being targeted and arrested.[63]

Documented communications from the United States Embassy in the Philippines indicate that the US is supporting these actions. The stated justification is that the new law "will bring the Philippines into closer alignment with international norms," enabling "more effective terrorism prosecutions."[64] This is not surprising since the law is part of the US-Philippine security cooperation and is a function of "the embassy's growing portfolio of counterterrorism, law enforcement, and judicial sector programs to assist the Philippine government"[65] via the US Justice Department's "multi-year effort to advise the Philippine government on amending its counterterrorism law."[66]

The same set of communications show that the US maintains that "much of this criticism [against the law] as 'misplaced'"—insisting "the legislation itself was sound, and that concerns from human rights groups should prompt scrutiny of how the law is implemented."[67]

The militarised response of the Philippine government has excluded people, especially women, from participating in health and humanitarian responses to the impact of the pandemic. There are no mechanisms for public influence in analysing risks and conceiving collective outcomes. The current militarized situation, which is a logical outcome of the long history of US-Philippine cooperation, is supposedly created to address "violence". But instead, it acts as barriers to democratic ownership in planning responses and collective outcomes, from pandemic responses to financing decisions and development cooperation.

This is a long way from the vision of the triple nexus and its aim to improve crisis responses while simultaneously addressing systemic causes of conflict and vulnerability in which civil society can play a critical role. Instead of creating cooperative engagement, the Philippines has deliberately created a situation where basic civil-political rights, and the acknowledged roles of civil society as development actors and rights defenders are threatened. This context poses major challenges to the needed ownership of processes for development and peacebuilding, creating an environment where political and economic grievances are left unaddressed. Important issues, such as the concerns on extractivist economic policies or the Philippine state’s unequal relations with donors will not, in this atmosphere, receive the attention they need. CSOs describe a “culture of impunity,” one which will only deepen the possibility of conflict within which the vision of a triple nexus can never be achieved.

## CONTRIBUTING TO A JUST AND LASTING PEACE

It has been long recognized that humanitarian, peace and development agendas have to be interrelated. They must be tackled coherently and holistically to respond to the needs of communities in conflict-affected and fragile contexts. This is the only useful way to address the roots of conflict and fragilities as a step towards building sustainable communities. The triple nexus argues that aid should be aligned towards these objectives. However, our analysis shows that donors and communities, can understand the meaning of peace and development differently. How donors pursue the humanitarian-peace-development agenda, as they see it, can undermine the needs, welfare and positive development of communities.

In the Philippines, the USAID’s approach to the interlinking of humanitarian, peace and development efforts, with its emphasis its security policies, runs a strong risk of worsening the situation of conflict-affected and fragile communities. USAID also promotes neoliberal policies that push for private sector led economic growth and the corporate capture of development, which have provoked resource grabs and displacement of indigenous and peasant communities. USAID’s humanitarian efforts are also strongly connected to the US security agenda. These links were evident in their approach and operations in Typhoon Haiyan, the Marawi Siege, the recent COVID-19 pandemic and in its their vocal support to the 2020 Anti-Terror Act. USAID’s framing of the peace agenda as primarily a security agenda justifies and intensifies the militarisation of communities. It contributes to perpetuating impunity and deepens the roots of conflict.

Moreover, private sector dominance and political repression protecting its interests can hinder the meaningful participation of people's organisations and civil society in development processes and governance.

If it is to truly act as a framework for reform of the aid system, the triple nexus must recognise that aid can reinforce unequal relations between donor and recipient countries when it prioritises the economic and geopolitical interests of donors. Inside of aid’s stated objective of addressing the conditions of poor and marginalised communities, it may have the opposite effects. Aid measures to implement the triple nexus must be carefully implemented not to exacerbate conflict and fragilities, particularly when aid is combined with wider donor economic, security and foreign policy interests. Without recognising these underlying factors in the aid system, the triple nexus will end up like past unrealised reforms.

Donors must uphold their commitments and comply with effective development principles in the various measures that bridge the humanitarian and development divide. These include respect for democratic ownership, inclusive partnerships, and the transparency and accountability of duty-bearers. These principles are essential, as the OECD considers “accountability to the people…transparency, voice and participation” to be critical in “improving collective outcomes.”[68] Alongside a focus on results, of addressing economic, political, gendered inequalities, and upholding people’s rights, the effectiveness principles point to the need to “leave no one behind” to achieve a just and lasting peace.

Reforms towards an effective and efficient aid system should break away from the legacies of colonial relations and pave the way for more democratised processes and greater collaboration with communities, people's organisations (POs) and civil society that work on the ground. Closing civic space must be reversed; and POs and CSOs should be supported and enabled to fulfil their roles in national development processes and governance toward rights-based and people-centred development.

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An elderly Palestinian woman cries in war-torn Gaza strip, part of the Occupied Territories of Palestine.

SOURCE: Marius Arnesen

# A REGION EMBATTLED: SITUATING THE TRIPLE NEXUS IN THE ASIA PACIFIC CONTEXT

*Reality of Aid - Asia Pacific*

In recent years there has been considerable discussion about the triple nexus, also known as the Humanitarian, Peace and Development (HDP) nexus. The United Nations (UN), its member countries, especially donor countries clustered around the Organization for Economic Cooperation and Development (OECD), as well as international civil society organizations (CSOs), and individual scholars and observers, have all been coming up with numerous papers and discussions on the topic.

What is the triple nexus? And what is its relevance to Asia and the Pacific region, particularly to situations of conflict and fragility in the area? How can it be viewed from the perspective of poverty eradication?

## TRIPLE NEXUS: ORIGINS, DEFINITION, AND CRITIQUE

The triple nexus is defined as the "interlinkages between humanitarian, development and peace actions," while the nexus approach "refers to the aim of strengthening collaboration, coherence and complementarity" among the said three pillars:

> *"The approach seeks to capitalize on the comparative advantages of each pillar – to the extent of their relevance in the specific context – in order to reduce overall vulnerability and the number of unmet needs, strengthen risk management capacities and address root causes of conflict.*[1]*"*

This idea can be traced to various developments in 2016: the launching of the UN's 2030 Agenda for Sustainable Development to its adoption of "sustaining peace" as its conceptual framework for peace-building efforts; the holding of the World Humanitarian Summit to the birth of the *New Way of Working* and the *Grand Bargain* arising from this summit; and the statements of former UN Secretary-General Ban Ki-moon to the proposals of current UN Secretary-General Antonio Guterres.

The general idea focuses on the need to bring humanitarian, peace and development actors as close together as particular situations will allow in responding to contexts of conflict and fragility. According to key documents and statements on the triple nexus, the best strategy is to combine addressing immediate needs (the area of humanitarian actors) with addressing the long-term root causes of conflict and fragility (the area of peace actors, but primarily of development actors).

It is important to understand the context that explains why discussions about the interconnections among the three pillars (humanitarian, peace and development) are occurring. Discussions on the humanitarian / development continuum have been happening since the 1960s and 1970s, but are now being carried out at the top levels of the United Nations. First, there has been a major increase in demands for humanitarian assistance, as conflicts around the world, particularly those that are armed, have mounted to record-high levels in recent decades. Second, aid response to countries in extreme fragile contexts has been primarily viewed from a humanitarian lens.

Another important background to these developments is the abiding focus by the UN and related organizations to areas and issues of conflict and fragility. This is considered crucial to the mandate of "leaving no one behind" and attaining the objectives of the 2030 Agenda. Extreme poverty and various social and economic challenges are concentrated in these situations, and focusing on them will definitely improve global performance in attaining the Sustainable Development Goals for the 2030 Agenda.

Many commentators[2] on the triple nexus argue that while closer connections among the three pillars may be desirable overall, it is necessary to see how these connections actually play out in specific contexts of conflict and fragility. They maintain that the level, forms and mechanisms of interconnectedness are more meaningfully evaluated at this level.

Various concerns have been raised about the concept of the triple nexus. Among these are:

1. whether the triple nexus is consistent with the principles of humanitarian action that prize impartiality, neutrality and independence from peace, development and other actors;

2. whether addressing the root causes of the situations of conflict and fragility would really mean people-centered and sustainable development;

3. the need to ensure that the commitment to gender sensitivity and equality will actually be implemented at national and community levels;

4. whether the nature and level of CSO involvement in the triple nexus discourse and process will be respected;

5. if the impacts of donor countries' policies, especially security policies are outside the objectives of the triple nexus; and

6. whether the various challenges in implementation of the triple nexus can be realized at global, national and community levels.

This chapter will explore these issues within the Asia Pacific region.

## RELEVANCE TO ASIA PACIFIC

Discussions on the triple nexus are reaching Asia-Pacific at a time of worsening conflicts and fragility in the region, as well as the intensification of phenomena that may aggravate these situations. The region is therefore an important arena for applying, studying and evaluating the triple nexus.

According to the UN's Global Humanitarian Review 2021, Asia and the Pacific is the world's most disaster-prone region, where three out of four people affected by disasters live. More than 25 percent of the world's current conflicts are also in the region. Violence has intensified in recent years and, as a result, refugees now number 3.2 million.[3] Likewise in West Asia/ MENA,[4] conflicts have become protracted and are even escalating in Syria, Yemen and Libya, generating more than 12 million refugees, some of whom have been displaced multiple times.[5]

According to the OECD's State of Fragility 2020 report, four out of the world's 13 countries considered to be extremely fragile contexts are in the Asia-Pacific region: Yemen, Syrian Arab Republic, Afghanistan and Iraq. Of the 44 other countries being studied for fragility, 11 are from the region: Democratic People's Republic of Korea, Pakistan, Bangladesh, Papua New Guinea, West Bank and Gaza Strip, Tajikistan, Lao People's Democratic Republic, Myanmar, Solomon Islands, Iran, and Cambodia.[6]

While Sub-Saharan Africa was ranked as having the highest aggregate fragility in 2019, this region was closely followed by three sub-regions in Asia-Pacific: Middle East, South Asia, and East Asia and the Pacific.[7]

In addition to fragile contexts, many countries in the Asia-Pacific region are also sites of various conflicts. The Stockholm International Peace Research Institute (2020) reported that seven countries in Asia and Oceania experienced armed conflicts in 2019: Afghanistan, India, Pakistan, Indonesia, Myanmar, Philippines, and Thailand. It also noted two important trends: increasing violence caused by ethnic or religious conflicts or both, and growth in international jihadist groups.[8]

At the international level, three factors are likely to have an impact on these Asia Pacific conflicts in the coming years:

1. The election of Joe Biden as US President;

2. The COVID-19 pandemic; and

3. Climate change

### *1) The election of Joe Biden as US President and his foreign policy.*

Some observers maintain that Donald Trump, with his "Make America Great Again" rhetoric and promise, moved the US closer to being inward-looking and protectionist, described by some as "impatient unilateralism." But many also agree that Biden will probably reaffirm the US's aspiration to continue to be the world's leader in many spheres, under a veneer of "multilateralism." Changing US policy could include a more strategic stance and a possible return to its "Pivot to Asia" strategy, made more likely with the appointment of Biden's new Indo-Pacific coordinator, Kurt Campbell, who was one of the proponents of Obama's approach to the Asia Pacific region.[9]

In many ways, Trump's administration loosened US's grip in the region and allowed China to "rewrite the rules." Trump's withdrawal from the Trans-Pacific Partnership was significant as were his threats to withdraw troops stationed in Asia Pacific, alienating some of the US's key traditional allies such as Japan and South Korea. To effectively "re-pivot" to Asia, analysts think the US will require the support of its European allies and in that sense create a "Pivot to Asia with Europe."[10]

Establishment policy experts are pushing the Biden administration to adopt the global strategy for conflict and fragility that was crafted under Trump — the "US Strategy to Prevent Conflict and Promote Stability." This document is an outcome of the bi-partisan 2019 Global Fragility Act (GFA).[11]

The Global Fragility Initiative aims to "stabilize conflict-affected areas and prevent violence globally." In this scenario the US State Department would create a plan whereby the Initiative would lead foreign policy, diplomatic and political efforts, while the US Agency for International Development (USAID) would focus on development, humanitarian and non-security efforts with support from other US government agencies. The State Department has been mandated to create a 10-year plan for priority countries and regions which will contain "descriptions of goals, plans for reaching such goals, and benchmarks for measuring progress."[12]

The strategy's underlying objectives have been stated by US policy experts. While it aims to "address the drivers of conflict, such as human rights abuses, social and economic exclusion, corruption, and impunity," it also aims to "realign US diplomatic, development, and defense efforts in a way that reduces instability in countries that are at risk of violent conflict and extremism, as well as strategically important to US efforts to counter China, Russia, and Iran."[13]

These objectives cohere with the USAID's pronouncement of a "transformation process" to orient its interventions towards integrity and support for electoral systems in fragile contexts[14]. This prospect sparks more doubt than assurance, especially considering USAID's dubious history in exerting political pressure against governments not necessarily aligned with its interests.[15] [16] [17]

Regardless, the US taking a more active role in Asia Pacific has the potential to derail prospects for peace due to "serious and sustained competition for influence in fragile states, and over fragile states policy" coming from "the West's competitors, notably China."[18]

Marc and Jones (2021) and Wesley (2021) have similar views on how the US can potentially act on its interests in Asia , ones which call for US unity with Western governments, Japan and multilateral agencies to counter the increasing economic and political power of China, Russia and new players. They forecast greater focus on:

1. Global powers' direct or indirect involvement in civil wars and political crises;

2. Global powers' investments in and financial support for fragile states that can undermine the latter's long-term sustainability;

3. Global powers' security arrangements and assistance that can weaken security and justice governance in fragile states;

4. Tensions in the UN and other global and regional bodies that can reduce international pressure to prevent violence; and

5. Ongoing tensions among global and regional powers that may diffuse global powers' efforts to focus on fragile states.[19]

***2) The COVID-19 pandemic.***

As early as July 2020, forecasts were being made on the potential for the COVID-19 pandemic to worsen and adversely affect existing conflict situations and states of fragility. Before the pandemic began, there were predications that global conflict would start to plateau in 2020 which would continue in the following years. The pandemic may change that scenario. In 2021, 13 new countries are expected to experience conflicts, a 56 percent increase from the previous forecast.[20] Furthermore, 35 countries are predicted to face instability between the years 2020 and 2022, the highest number at any point in the past 30 years.[21]

There is a strong potential that the pandemic will have a devastating impact on fragile countries. Social distancing policies imposed by governments are likely to limit economic activity, causing demand and commodity prices to fall. This will decrease both individual livelihoods and government revenues. Countries dependent on food imports may experience shortages and higher prices. Increased poverty is certain and even famines are possible, with people calling on their governments to provide assistance. Depending on the response, some citizens may resort to violence and militancy, with governments reacting by restricting rights and carrying out repressive measures. Ruling elites may strive to maintain their hold on government given the economic challenges that they too will face.[22]

A September 2020 study by Mercy Corps[23], warned against the following trends in various countries:

1. A weakening of social cohesion, defined as a shared sense of trust and purpose, and willingness to engage and cooperate, among members;

2. Deterioration of relations between the state and society;

3. The spread of misinformation and disinformation, which deepens misperceptions among groups and distrust towards government;

4. The rise and growth of armed groups that seek to fill the void left by weak governments and authority; and

5. Heightening economic scarcity and competition for resources.

For Asia and the Pacific, COVID-19 has brought "severe impacts on livelihoods, household income and poverty, food security, access to medical care for non-COVID-19-related concerns including maternal and child health care, and protection concerns including rising rates of sexual and gender-based violence and child protection."[24]

It is predicted that the region will require more humanitarian assistance. Responses have already been planned for Indonesia, Papua New Guinea, and Nepal. The need for humanitarian assistance is already high in the region. La Niña may affect Indonesia, Papua New Guinea, the Philippines, and Timor Leste which could mean floods, landslides, damage to crops and diseases — and therefore demand for humanitarian action. The situation is even worse in the Middle East, as millions already depend on humanitarian assistance for their basic needs and as health services are in shambles.[25]

### *3) Climate Change*

According to the World Meteorological Organization (WMO), climate change continued its rampage in 2020. The year 2020 is on track to be one of the three warmest years in history, and the past decade has already been identified as the warmest decade in history. Ocean heat is at record levels and atmospheric concentrations of greenhouse gasses continued to increase, despite the COVID-19 lockdowns. The WMO report also notes that extreme heat, wildfires and floods, as well as strong hurricanes from the Atlantic, have affected millions of people.[26]

This does not bode well for situations of conflict and fragility. Climate change is recognized as a "threat multiplier both in the immediate and long term[27]" and as possible contributor to conflict and fragility.[28] Climate change and its effects can trigger greater competition over scarce resources, the reduction of economic opportunities and weakening of social cohesion, and the straining of social institutions and the public's trust in government. Record-breaking natural disasters have already led to the displacement of tens of millions of people, who have lost their land and homes, jobs and livelihood, and access to food. All these effects of climate change could push 132 million into poverty by 2030 if they are left unaddressed.[29]

Pacific island countries are a clear example of the "nexus between climate change, geographic isolation, and fragility." These countries have ongoing social-economic problems because of meager economic opportunities, high youth unemployment and small and weak infrastructure. These difficulties are regularly compounded by tropical cyclones, flooding, droughts, volcanic activity and earthquakes. Pacific island countries often lose a significant portion of their GDP because of natural disasters[30]. As climate change effects compound, so will the number and intensity of natural disasters, bringing major consequences to the livelihood of islands' population.[31]

Rising sea levels are also a critical situation confronting the Pacific islands, resulting from climate change. Hilda Reine, President of Marshall Islands, which has 55,000 citizens, said that "[By] 2030, we're expected to be underwater. So, it is our livelihood, it is the very existence of the Marshall Islands that's at stake." Enele Sosene Sopoaga, Prime Minister of Tuvalu, claimed that "climate change represents the single greatest threat to the livelihoods of the people living on low-lying, vulnerable countries.[32]"

## CONCLUSION

In a study group on the triple nexus, Beverly Longid (2019)[33], co-chairperson of the CSO Partnership for Development Effectiveness (CPDE), presented CSOs' take on the triple nexus and its pillars. In her view, the triple nexus goes beyond the issue of "coordination," to create "a synergy of objectives, actions, and results,[34]" Indeed, the triple nexus means more than just interlinkages across the three pillars at the global, national and community levels. It is based on the conviction that long-term solutions to conflict and fragility must be sought and found at the same time that immediate relief is being provided.

Longid's clarification of CSOs' views on the three pillars of the triple nexus is both important and timely[35]:

1. With regard to humanitarian action, actors should be critical of state perspectives and avoid the concentration of humanitarian assistance in areas that are accessible to the

state. Humanitarian aid should be used to combat extreme vulnerability and poverty.

2. Peacebuilding should be based on social justice and the reduction of wars and militarism. It should push for respect for human rights and international humanitarian law. It should oppose the increasing scope of anti-terror laws, as well as the criminalization of opposition or dissent. It should mean a stop to the rechanneling of ODA funds from poverty reduction to military spending.

3. In regard to development action, the triple nexus' objective of addressing the root causes of conflict and fragility, and thus ending the need for humanitarian assistance, means that development assistance should go into "relevant and people-centered development projects using a rights-based approach." This fits perfectly with Reality of Aid's concern for poverty reduction in development initiatives.

Superpower rivalries to intervene and control fragile states and situations of conflict can distort the implementation of the triple nexus in ways that are contrary to its intentions and vision. Under these circumstances, the worst fears of humanitarian actors can come true, where humanitarian action is subsumed by the particular interests of development and peace actors to the detriment of its nature, objectives and operations. Peace initiatives can mean the securitization of conflicts and fragility, and development efforts — in the context of superpower attempts to win over governments in the Global South to their side — can mean the classic problem of tied aid. These last points deserve special attention as the triple nexus emphasizes the need to address the root causes of conflict and fragility over providing immediate relief.

CSOs working through the Civil Society Partnership for Development Effectiveness (CPDE) have called on all actors to maintain their integrity "from states' security and geopolitical interests that could breed conflict[36]." Connected to this was CPDE's assertion that developing countries' should have ownership of development priorities against the impositions of global superpowers and regional powers.

The COVID-19 pandemic and impacts of climate change are bound to further increase demands for humanitarian assistance and action. Of course, these needs must be met in ways that uphold the principles of humanitarian action. At the same, the impacts of the pandemic and climate change , make peace action, more importantly development action, crucial and urgent. Addressing the root causes of conflict and fragility globally raises the possibility to also tackle the causes of the pandemic and climate change, and societies' vulnerabilities to these phenomena.

Asia and the Pacific — a major and growing arena of superpower contestations, a region that is severely affected by the COVID-19 pandemic and climate change, the site of many situations of conflict and fragility, and the home of many CSOs and social movements — will be an active subject intervening in discussions and actions with its experience on these topics.

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Meleh Al Shaer grows pumpkins on his farm in the southern Gaza Strip. The farm was completely destroyed a few days ago. Thousands of farmers like Meleh have lost large amounts of land and produce - something it will take a long time to recover from. Oxfam supports farmers in Gaza with agricultural equipment and specialist advice.

SOURCE: Mohammed Al Baba/Oxfam

# EXAMINING THE EFFECTIVENESS OF THE HUMANITARIAN, DEVELOPMENT AND PEACE NEXUS IN THE LAKE CHAD REGION

*Leo Atakpu, Africa Network for Environment and Economic Justice (ANEEJ)*

## A. BACKGROUND

Lake Chad is located at the intersection of four countries—Nigeria, Cameroon, Chad, and Niger and is home to an estimated 30 million people of multiple and overlapping cultures and ethnicities.[1] Once one of the largest bodies of water in Africa, the size of Lake Chad has been drastically reduced since the 1960s due to a variety of factors, including overuse, climate change, poor enforcement of environmental legislation, and weak water resource management.[2]

Since 2009, the radical revivalist Islamic movement, Boko Haram[3] has waged an insurgency from the less developed region of northern Nigeria. In 2013, the U.S. government designated Boko Haram a terrorist organization. A year later, in 2014, Boko Haram was identified as the deadliest terrorist group in the world.[4]

At the height of the conflict in 2014–15, Boko Haram controlled about 20,000 square miles of land in Northeast Nigeria alone (20% of Nigeria) where close to 1.8 million people were living.[5] In 2015, a coalition of affected and concerned countries—Nigeria, Cameroon, Chad, Niger, and Benin—belatedly launched the Multinational Joint Task Force (MNJTF) to coordinate and expand unilateral and bilateral military efforts against the insurgency. The cooperation facilitated by the MNJTF helped to turn the tide against Boko Haram militarily, but the group proved adaptive and resilient, reverting to suicide attacks and guerrilla tactics. In 2019 UNICEF noted that "more than 3,500 children, most of whom were aged 13-17, were recruited by armed militant groups between 2013 and 2017 and have been used in the ongoing armed conflict in northeast Nigeria."[6]

This on-going crisis has had devastating consequences for over 17 million people in the Lake Chad region, more than half of whom are women and children and depend on humanitarian assistance. More than 2.4 million people have been forcibly displaced and are now living as internally displaced persons (IDPs) or as refugees, either in camps or in host communities across the region.

OCHA and UNDP (2018) have described the many underlying causes of the Lake Chad Basin crisis: high inequality, perceived social injustice, a lack of social service provisions, historic marginalization, inadequate economic opportunities, high levels of poverty, rapid demographic growth and the impacts of climate change and land degradation.[7] Finding ways to scale up development interventions and improve their efficiency to address these structural deficits is critical. Marcy Vigoda, chief of the partnership and resource mobilization branch at the U.N. Office for the Coordination of Humanitarian Affairs, has noted that:

> *"Ultimately the solution to the crisis needs to be a combination of continuing to address immediate humanitarian needs, strengthening the resilience of people in the region and looking at solutions for sustainable development, and then supporting political processes toward ... reconciliation, re-establishment of basic services, supporting local government, etc."*[8]

## B. THE UNITED NATIONS HUMANITARIAN PROGRAMME IN THE LAKE CHAD BASIN

This chapter examines the United Nations Humanitarian Programme in the Lake Chad Basin.[9] It is supported by a number of donors through the United Nations Office for the Coordination of Humanitarian Affairs (OCHA) and United Nations Development Programme (UNDP).[10] This programme came about following a series of meetings aimed at finding lasting solutions to the crisis in the region. It is a response to crisis-affected settings, combining the predominance and sometimes necessary means of hard-security interventions and soft-security measures associated with political and development responses.

The goal of the UN Humanitarian programme in Lake Chad basin is to bring long-term solutions to communities suffering the chronic effects of under-investment in social services, poverty, environmental degradation and climate change. It is designed to cover all three components of the Triple Nexus with the following objectives.

- Save lives by providing timely and integrated multi-sector assistance and protection interventions to the most vulnerable.
- Enhance timely, unhindered and equitable access to multi-sector assistance and protection interventions through principled humanitarian action; and
- Strengthen the resilience of affected populations, promote early recovery and

voluntary and safe durable solutions to displacement, and support social cohesion.

Under the coordination of UN-OCHA, the humanitarian response in the Lake Chad region is led by the Governments of Nigeria, Chad, Cameroon and Niger in accordance with United Nations General Assembly resolutions, with the international community working to reinforce and fill any gaps in support of Government-led efforts in the region. In line with this approach and commitments made at the 2016 World Humanitarian Summit, the humanitarian community in the Lake Chad region continues to strengthen the role of government counterparts and other local actors, including civil society and the private sector, in the response.

The Governments of Cameroon, Chad, Niger and Nigeria adopted in June 2016 the Abuja Action Statement to better protect civilians from violations and abuse. The countries have made significant steps to implementing this agreement. In February, 2017, some 170 representatives from 40 countries, UN, regional organisations and civil society organisations gathered at the Oslo Humanitarian Conference on Nigeria and the Lake Chad Region. The conference was co-hosted by Norway, Nigeria, Germany and the UN and followed a civil society meeting with large participation from local organisations working in Nigeria, Chad, Niger and Cameroon.

At the conference, 14 donors pledged $458 million for relief in 2017 and an additional $214 million was announced for 2018 and beyond. Pledges were made by the European Commission, Norway, Germany, Japan, Sweden, Switzerland, France, Italy, Ireland, Finland, Denmark, Luxembourg, Netherlands and Republic of Korea. Humanitarian partners agreed to further scale up their response to reach the most vulnerable groups threatened by famine, including children with severe acute malnutrition. Special attention was given to the protection needs of women, children and youth, as well as the need for longer-term support and durable solutions for the displaced populations.[11]

In 2018, another conference was held to discuss the situation in the Lake Chad region. This event was partly in response to a call from the United Nations that an estimated $1.6 billion was required to help 10.7 million people in need of humanitarian assistance in the region. The conference, again co-hosted by Nigeria, Norway, Germany, and the UN, followed the Oslo conference in 2017, which had raised a much-needed $672 million.[12]

Participants at the 2018 Conference agreed that a coherent, multi-year approach is needed, that integrates all available instruments to tackle the protection crisis and the root causes of the conflict. This was direly needed to pave the way for sustainable and resilient development of the region, and thus contribute to a better future for the affected people. The Conference also highlighted the regional dimension of the Lake Chad crisis, and the crucial role of local actors, cross-border cooperation and ownership at all levels.[13]

Also in 2018, member states of the Lake Chad Basin affected countries, with the support of the African Union (AU) and UNDP, as well as other international partners, adopted the Regional Stabilisation, Recovery and Resilience Strategy (RSS) for areas affected by Boko Haram in the Lake Chad region.[14] This RSS was subsequently adopted by the African Union Peace and Security Council (AUPSC) in December 2018.

The Strategy comprises nine pillars: 1) political cooperation; 2) security and human rights; 3) disarmament, demobilisation, rehabilitation, reinsertion and reintegration of persons associated with Boko Haram; 4) humanitarian assistance; 5) governance and the social contract; 6) socio-economic recovery and environmental sustainability; 7) education, learning and skills; 8) prevention of violent extremism and building peace; and 9)

**FIGURE 1**


FTS: https://fts.unocha.org/appeals/8 69/summary
Source: UN OCHA

empowerment and inclusion of women and youth.

This program focuses on problems within the scope of humanitarian and development programming solutions, emphasising the need for adequate coordination and transition of actions and caseloads from humanitarian to development actors.[15] The narrower double-nexus interpretation is consistent with the language of the Agenda for Humanity and New Way of Working (NWW),[16] which describes this approach as best suited to "contexts where short-term humanitarian action and medium-to long-term development programming are required simultaneously in areas of vulnerability."[17] The Strategy aims to make development funding available 'earlier' and processed quickly.

There is currently a multi-year strategy that provides the overarching framework for a humanitarian response in north-east Nigeria for three years from 2019 to 2021. Within Borno, Adamawa and Yobe (BAY) states, the 2019 plan focused on the needs of 6.2 million of the most vulnerable women, men, girls and boys. The Humanitarian Needs Overview remained an annual exercise to ensure that changes in the context are analysed and reflected.[18]

Funding for the UN Humanitarian programme is raised annually and on a multi-layer programming basis, usually from donors and benefiting countries. For instance, UN-OCHA reports that in Nigeria the humanitarian community reached about 5 million people with multi-sectoral response across the BAY states. This success was achieved despite access challenges, funding shortfall and unprecedented challenges posed by the COVID-19 pandemic, which increased the number of people in humanitarian need to 10.6 million from 7.9 million in January 2020. But at the same time, Figure (1) below shows that as of 31 December, 2020, only 51% of the $1.08 billion required for the humanitarian response in Nigeria had been received, reinforcing a declining trend in funding since 2017.[19]

In Chad, with 6.4million people in need of humanitarian assistance, OCHA targeted 3.8 million for relief. Figure (2) demonstrates that funding received from donors was $288.5

**FIGURE 2**


For more information and donors' details see: https://fts.unocha.org/appeals/907/summary
Source: UN- OCHA. https://www.unocha.org/chad

million, against a $664.6 million target for total funding requirements for humanitarian needs in 2020, leaving a gap of $376.2 million.[20]

In 2019, the humanitarian response in Cameroon was the least funded in Africa (only 43 per cent of the requested amount was funded). This acute underfunding of the humanitarian response is leaving millions of people without vital humanitarian assistance and protection, reinforcing the cycle of vulnerability and violence. For 2020, the humanitarian response plan required US$391 million. It prioritizes life-saving assistance and protection while addressing the root causes of the conflicts and looking towards lasting solutions that promote recovery and resilience. As of September 2020, $290 million was still required.[21]

Niger had a better performance in funding received for 2020. Of the 3.8 million people targeted by the OCHA program, 2.2 million were reached. Of the total $516.1 million total funding required, the humanitarian response plan received $362.7 million representing 70.3% and leaving a gap of $153.4 million. The top five donors are: Germany: $117.1 million (32.3%), USA: $92.1 million (25.4%), European Commission: $43 million (11.9%), Central Emergency Response Fund: $23.7 million (6.5%) and the United Kingdom: $14.1 million (3.9%).[22]

In terms of achievements, between 2016 and 2017, stepped-up humanitarian assistance has saved millions of lives. Assistance is reaching more people than before as aid organisations increase personnel, previously unreachable areas become accessible, and donors support grows. For instance, concerted efforts by humanitarian actors and the Government of Nigeria helped avert the risk of famine in 2017. Also, the UN Humanitarian Program in Nigeria alone has provided life-saving assistance to over 5.5 million affected people (1.4 million women, 950,000 men, 1.8 million girls and 1.4 million boys) in 2018. While it helped stabilise living conditions for millions of affected people, significant humanitarian needs remain as the conflict continues. At present, it is estimated that more than 800,000 people are still in areas that are inaccessible to international humanitarian actors. In 2020, despite challenges, aid workers had already provided around 5 million people with life-saving assistance in Borno, Adamawa and Yobe states (BAY) States.

Furthermore, some displaced people have begun returning to their villages in all countries affected by the crisis in the Lake Chad region. They are mostly family breadwinners who return to their fields, resume fishing or pastoralism to support the rest of the family staying back in displacement sites. This situation calls for more development assistance to consolidate the resumption of livelihoods, and support voluntary returns where possible. Between 2016 and 2018, around 51,000 people have gone back to their villages, mostly in island areas in the southern basin of Lake Chad. The trend was expected to continue.

## C. EVALUATION OF UN HUMANITARIAN PROGRAMME IN LAKE CHAD BASIN

The UN Humanitarian Programme in the Lake Chad Basin is helping to some extent to address the root causes of the conflict in the region in accordance with the vision of the triple nexus.

For instance, since August 2015, 1.6 million people (378,000 women, 348,000 men, 510,000 girls and 404,000 boys) have returned to or closer to their homes and attempted to begin to rebuild their lives, indicating that conditions in some locations have improved to a relative extent in the region. In Nigeria, Adamawa State has seen the highest number of returns at over 750,000, and Borno State over 650,00013. Government-facilitated returns also started, including in coordination with military efforts underpinned by Operation ‘Last Hold.’[23]

The UN humanitarian program was expanded significantly in 2017, reaching over six million people with assistance and protection, and effectively averting a famine. But needs in the affected regions remain acute and persisted at large scale into 2019 and beyond. Without continued assistance, hard hit communities risk sliding back into distress. Eight months into 2018, only 40 per cent of the US$1.5 billion needed to assist 7.8 million conflict-affected people in the region was received.[24]

Also on the flip side, funding is tied to either humanitarian, development or peacebuilding activities, so there is little funding specifically for nexus programming. Humanitarian funding is in particular often ring-fenced to ensure it is used only for humanitarian purposes. This funding methodology remains incompatible with the triple nexus' long-term multi-stakeholder approach. There also remains a mismatch of funding timelines. Humanitarian funding is planned on an annual basis, whereas development and peace programming typically planned for one to five years. As such, most funding mechanisms remain incompatible with the triple nexus.[25]

The protection of civilians remains at the centre of humanitarian response in the region being coordinated by UN-OCHA. Villages, towns and even sites hosting displaced people recurrently come under attack, hitting civilians the hardest. Kidnappings, fatal attacks, sexual and gender based violence, exploitation and abuse continue to occur.

The implication of the above scenarios, therefore, is that humanitarian action alone cannot address the root causes of persisting challenges and vulnerabilities. The conflict-hit areas in the region are also suffering the chronic effects of under-investment in social services, poverty, environmental degradation and climate change. Schools, health centres, roads, water supply are non-existent or inaccessible. A humanitarian response is being linked up to development initiatives, and greater investment in development especially at the local level must complement humanitarian action.[26]

The UN humanitarian program is helping to guarantee the rights of millions of people, such as the right to life, education and other basic needs, even though much still needs to be done. Some schools that were destroyed as a result of the conflict have been rebuilt, hospitals that were burnt have been reconstructed and put back into use. Houses, communities destroyed have been rebuilt and re-settled through the program in some countries.

In partnership with development and humanitarian communities, governments have begun to articulate concrete, measurable collective outcomes. These include three to five-year instalments towards the advancement of the 2030 Agenda in the region in line with the New Way of Working (NWOW). The UN and its partners have already rolled out the New Way of Working in Chad, where they agreed on collective outcomes with the Government in 2017. An example of NWOW in Chad is the building of community resilience and promoting local development. Guidance has been provided to partners in designing complementary humanitarian and development interventions and major donors in Chad have started implementing joined-up approaches in their development programming. As of 2017, Chad has also become eligible for the peacebuilding fund and this pillar is now being reinforced in the NWOW.[27]

OCHA is tasked with monitoring the Chad Nexus plan, with indicators of progress being drawn from existing information sources. Chad drafted a three-year *Collective Outcomes* plan in 2016, making it one of the earlier implementers. The *Collective Outcomes* process was driven by the Humanitarian Coordinator /Resident Coordinator, along with several government bodies, humanitarian and development agencies, and donors. Humanitarian clusters were also involved in an elaboration workshop to develop the Nexus plan.

In Nigeria, the Buhari Plan, as part of the UN-OCHA program, combines humanitarian action with recovery and economic development. The UN Country Team (UNCT) is working on a strategy to operationalize the New Way of Working in the Northeast. In Niger, the government has set up a humanitarian-development committee and is resolved to transcend the humanitarian-development institutional divide. In Cameroon, the Recovery and Peace Building Strategy adopted by the Government has set out short, medium and long-term humanitarian interventions, as well as resilience and development actions.

The task of reporting on the Collective Outcomes, even at a basic level, has been challenging. Some of the existing reporting cycles for indicators do not match the annual reporting periods, nor are they collected on comparable geographic areas. Food security and nutrition heavily depend on weather and annual crop yields, potentially obscuring the impact of international assistance in improving medium-term food security. The outcome of increasing access to basic social services has been considered so broadly as to be impossible to track, particularly given the shortage of national-level data.[28]

Nigeria's security provisions and civil–military coordination mechanisms are quite conservative, making it difficult for aid agencies to reach populations in need. The United Nations Humanitarian Air Service (UNHAS) has been a key provider of air transport for humanitarian goods and humanitarian–development–peace personnel. But too often these enabling services are underfunded and therefore limited in the support they can provide to humanitarian–development and peace operations on the ground.[29]

The implementation of the UN Humanitarian programme, therefore, must carefully balance humanitarian and development needs and ensure that they are prioritized over political considerations. This initiative also has to overcome many logistical problems. For instance, in some settings, such as North-Eastern Nigeria, it is impossible for development actors to operate. In that area there has been a major emphasis on the need to link humanitarian aid and development, but insecurity on the ground has meant that development projects have been slow to start.

A careful balance needs to be struck between speed and scale in the humanitarian response, with attention to conflict sensitivity, gender justice and working with national and local authorities. Adopting a nexus approach should never be a reason for not triggering a rapid humanitarian response in the face of need. This is a critical issue in the volatility of the Lake Chad region.

There must be respect for the fundamental differences between humanitarian and development approaches. Humanitarian approaches tend to focus on supporting those most urgently in need. In contrast development work operates inside broader objectives of promoting *'the economic and development welfare of developing countries'*,[30] whereby the focus on the poorest and most vulnerable people is at times diluted.

For example, education supports children and young people's lifelong learning. It gives them the necessary skills to build a better future for themselves and their families, and to contribute to peaceful and prosperous communities. Yet too often overall humanitarian education funding is lacking in emergencies. For instance, UNICEF in 2018 called for $41.7 million to meet the education needs of children in the crisis but received just 8 per cent of this amount in the first half of the year.[31]

What has worked? Adopting regional and cross border approaches in the region has proven to be helpful. Local authorities from the four Lake Chad countries are receiving assistance to collaborate on issues such as prioritization and the harmonization of programming approaches. For instance, the World Bank, Africa Development Bank, Agence Française de Developpement (AFD) and Germany have further encouraged the formulation of regional frameworks to tackle common issues of governance, livelihoods, inequalities, trade, return and reintegration, and climatic, environmental and economic transformation.

There have been several lessons learned from work in Nigeria. It was shown to be important for donors, the United Nations and aid agencies to engage with the state level government in Borno to develop a Return Strategy and Policy Framework to avoid forced returns and promote durable solutions. To support this approach, the European Union developed an integrated funding package for Borno State. If this package is carefully implemented, it could yield significant results for the region's nexus program.

It has been observed that throughout the Lake Chad Basin, humanitarian assistance is not delivered in a vacuum but rather where development work and peacebuilding are also taking place. To support affected populations, a joint analysis and planning are essential at the community level and beyond. This is especially the case for organizations such as UN with a dual mandate, with Nexus programs offering a great opportunity in this regard.[32]

Nigeria's Regional Refugee Plan (2019/2020) focuses on Lake Chad Basin countries that are hosting refugees from Nigeria, including Cameroon, Niger and Chad. It was drawn up, for the first time on a two-year basis, under the shared responsibility of the UN Refugee Agency (UNHCR) and the UN Development Programme (UNDP). The aim is to create lasting solutions for both refugees and host communities, an approach that makes good sense. The host communities' local populations are often living below the poverty line and in conditions where there is great gender inequality and inadequate access to a basic social infrastructure.[33]

More than a year after the completion of the Recovery and Peacebuilding Assessment (RPBA), the Cameron government has yet to officially sign off on the accountability framework. This means that budget allocations, as well as legal/policy reforms necessary to enable the envisaged outcomes, have not been activated.[34] If the Cameron government does not prioritise or advance nexus objectives, many of their development partners may also be unlikely to do so.

## D. CONCLUSIONS

The intractable conflict in the Lake Chad Basin remains one of the most severe humanitarian emergencies in the world, affecting the North East of Nigeria, the Far North region of Cameroon, the Lake region of Chad and the Diffa region in Niger. The crisis has erupted in a region beset by chronic fragility where poverty, underdevelopment, gender inequality, mass unemployment and a lack of prospects for young people have fueled extremism. Environmental degradation and the impact of climate change have worsened an already harsh and dangerous situation.

The UN Humanitarian program is positive and should be continued as part of the way to achieve the purposes of the Triple Nexus in the region. It is critical that stakeholders urgently scale up development interventions to strengthen resilience, help people and communities recover as quickly as possible from desperate conditions, and prevent a further deterioration of the crisis. To date, several approaches have been adopted, but they have had limited success. The current UN Humanitarian Program, undertaken by UNDP and OCHA, offers hope for greater success. Several experts argue that the nexus approach is a good option for the region. It has the potential to provide better coordination of humanitarian assistance, development support and peacebuilding efforts continuously and with increasing intensity.

If the UN Humanitarian Program is to provide a solution to the crisis, the people living in the program areas must trust the stakeholders. Groups working to provide solutions must operate beyond a limited mandate as a humanitarian or a development organization.

Rather they should be seen and accessed according to their capacity to work with local populations to meet their needs. This requires that local people be at the centre of all efforts. Strategies must be developed to strengthen their coping strategies and skills as well as their participation in decision-making. This approach will create an environment where relevant issues are raised and addressed, ones that relate to human rights to life and dignity and workable solutions are put in place to have these rights realized.

The good news is that there is significant political support and goodwill across all levels of the humanitarian, development and peacebuilding constituencies to work collaboratively to reduce needs and vulnerability during and after crises. However, how the Triple Nexus will work in practice, is still not clear. Funding and financing tools, instruments, policies and approaches have not had time to adapt to the Nexus. This remains a knot for all development actors to crack in the months and years ahead.

## E. POLICY RECOMMENDATIONS

For the Triple Nexus approach to succeed in the Lake Chad Basin, the following conditions must be met:

1. **Improved coherence and coordination**. Although effective mechanisms exist in all four countries to coordinate humanitarian response efforts, they do not exist for longer-term development programming. Improved coordination is essential for effective, efficient and targeted resilience programming, and to ensure that lessons are learned and shared across the entire region. It requires that the governments of the Lake Chad Basin set up and/ or strengthen development coordination mechanisms. It also requires that the international community allocate additional resources to support governments in this area.

2. **New practical ideas for economic transformation**. There is universal recognition that economic opportunity is essential to recovery and resilience and to avoid further political instability. However, there is a deficit of ideas about how to achieve these conditions within the urgent timeframe and at the scale that is required. The crisis must be analysed in its broadest sense as well as in relation to the various groups affected (host communities, internally displaced persons, refugees, returnees, vulnerable groups, gender and age groups). One critical concern is the large number of young people in the Lake Chad Basin, where almost two-thirds of the rapidly growing population is under 25 years old. To address this problem requires an urgent, local, national and sub-regional vision and practical strategies involving the private sector as a central actor alongside government, communities, international agencies and CSOs.

3. **Non-traditional approaches to peace**. It is important to explore the use of non-traditional peace brokers by promoting the participation of women in peace negotiations and rebuilding processes that capitalize on their nonalignment in conflict situations.

4. **Leave no one behind**. The UN Humanitarian program must be implemented in areas affected by the conflict as well as in areas not affected. Otherwise, tensions are likely to build up and the conflict will spread to so-far-unaffected ¬areas. The focus on a comprehensive approach should not distract from the fact that humanitarian needs in the region remain high and must be met fast. It is particularly urgent to get access to communities that are currently cut off from humanitarian aid.

Recommendations for the implementation of the Triple Nexus include:

1. **The need for investment in enabling conditions for a coherent response**. Country-level actors who lead prioritisation processes and coordination efforts currently have limited influence and tools to mobilise resources and stakeholders behind collectively agreed priorities. Investments should be made in reducing some of the barriers to a more coordinated response at a very practical level.

2. **Resourcing country teams**. Guidance is needed on how nexus approaches should fit with existing planning, prioritisation and resource mobilisation processes. Serious consideration should be given to whether top-down approaches or organic context-driven collaborations for specific problems or locations are appropriate. Support should emphasise fostering and incentivising collaboration and complementarity and supporting the scaleup of initiatives that demonstrate results.

3. **Funding workload associated with coordination.** The workload associated with coordination across the nexus is largely unfunded outside the humanitarian community. Investments in gathering information, on who is doing what and where, and the identification of geographic, sectoral and temporal gaps, would help to improve evidence-based decision making and rational coverage of priorities.

## ENDNOTES

1. Lake Chad directly borders Nigeria, Niger, Chad and Cameroon. Hydrologically, parts of CAR are in its active basin, and some of the aquifers connected to the lake are in Libya (World Bank, "The Lake Chad Development and Climate Resilience Action Plan," working paper, 2016a).

2. The landlocked lake declined from over 22,000 km2 in 1960 to about 1,700 km2 in January 1985 but has since increased again to an average of approximately 8,000 km2 during the 2000–2015 period (World Bank, 2016a; see also World Bank, "Restoring a Disappearing Giant: Lake Chad," March 27, 2014b).

3. Boko Haram roughly translates as "Western education is forbidden." The group's official name is Jama atu Ahlis Sunna Lidda a Waati Wal Jihad ("Group of the People of Sunnah for Preaching and Jihad").

4. In 2014, the Islamic State in Iraq and Syria (ISIS) engaged in more attacks than Boko Haram (1,071 compared with 452), but the latter's attacks were more lethal (killing 6,644 compared with 6,073) (Institute for Economics & Peace, Global Terrorism Index 2015: Measuring and Understanding the Impact of Terrorism, Sydney, 2015; Edward Delman, "The World's Deadliest Terrorist Organization," The Atlantic, November 18, 2015; Dionne Searcey and Marc Santora, "Boko Haram Ranked Ahead of ISIS for Deadliest Terror Group," New York Times, November 18, 2015).

5. *Boko Haram May Control Up to 20 Percent of Nigeria*. National Public Radio (NPR). January 2015. https://www.npr.org/2015/01/13/377024729/boko-haram-may-control-up-to-20-percent-of-nigeria

6. UNICEF, "3,500 child soldiers recruited in Nigeria," UNICEF Nigeria Research report, 12 April, 2019 https://www.unicef.org/nigeria/press-releases/more-3500-children-have-been-recruited-and-used-non-state-armed-groups-north-east

7. The paper is a product of a joint mission conducted by OCHA and UNDP in the Lake Chad Basin region from 2 to 13 July 2018. Led by Aliou Dia, with the participation of Stephanie Julmy, Salvator Nkurunziza, Antoine Haarman, Phil Vernon, Pia Hussein and Rodolpho Valente the joint mission travelled to Chad, Cameroon, Niger, and Nigeria to identify sustainable development solutions and areas of opportunity to increase the region's resilience. Its findings and recommendations were submitted in preparation for the follow-up High-Level Conference on Lake Chad Basin on 3- 4 September 2018, in Berlin, Germany.

8. The Agenda for Humanity includes a set of financing-related commitments under the core responsibility to "invest in humanity". Humanitarians have mobilised behind the 2016 Grand Bargain, a set of 51 commitments for reforming humanitarian financing. Development financing actors have focussed on the challenge of mobilising the huge resources required to meet the ambition SDG through the Financing for Development (FFD) agenda.

9. https://www.unocha.org/story/lake-chad-basin-107m-people-need-relief-assistance-survive

10. OCHA is the part of the United Nations Secretariat responsible for bringing together humanitarian actors to ensure a coherent response to emergencies. OCHA also ensures there is a framework within which each actor can contribute to the overall response effort. https://www.unocha.org/story/lake-chad-basin-107m-people-need-relief-assistance-survive

11. https://reliefweb.int/report/nigeria/oslo-humanitarian-conference-nigeria-and-lake-chad-region-raises-672-million-help

12. Vince Chadwick, "Lake Chad meeting to take on humanitarian-development nexus, A blog 17 August, 2017. https://www.devex.com/news/lake-chad-meeting-to-take-on-humanitarian-development-nexus-93305

13. https://news.un.org/en/story/2018/09/1018382

14. https://www.peaceau.org/uploads/regional-stabilisation-recovery-and-resilience-strategy-rss-.pdf

15. Case study research findings in CAR noted that during the humanitarian country team/UN country team (HCT/ UNCT) meeting to define the collective outcomes, the humanitarian/ resident coordinator (RC/HC) clearly stated that they should be used to focus the work of development stakeholders on the causes of humanitarian needs, in order to reduce the humanitarian caseload and funding requirements. (CAR Case study – Culbert, 2019a)

16. See the 'New Way of Working' set up by the United Nations and the World Bank to deliver the nexus approach: World Humanitarian Summit, Commitment to Action, May 2016; See also OCHA, Collective Outcomes: Operationalizing the New Way of Working, April 2018.

17. OCHA, "Collective Outcomes: Operationalising the New Way of Working," April, 2018 https://www.nrc.no/globalassets/pdf/reports/financing-the-nexus-report/financing-the-nexus-report.pdf

18. The multi-year strategy provides the overarching framework for a humanitarian response in north-east Nigeria for three years from 2019 to 2021. Within Borno, Adamawa and Yobe states, the 2019 plan will focus on the needs of 6.2 million of the most vulnerable women, men, girls and boys. The Humanitarian Needs Overview will remain an annual exercise to ensure that changes in the context are analysed and reflected.

19. OCHA (2021), Nigeria Situation Report. https://reliefweb.int/sites/reliefweb.int/files/resources/Nigeria%20Situation%20Report%2C%203%20Feb%202021.pdf

20. https://www.unocha.org/chad

21. https://www.unocha.org/cameroon/about

22. https://www.unocha.org/niger. Also see: https://fts.unocha.org/appeals/908/summary

23. https://reliefweb.int/report/nigeria/nigeria-humanitarian-response-strategy-2019-2021-january-2019-december-2021-december

24. https://reliefweb.int/sites/reliefweb.int/files/resources/LCB_HNRO_Sep_2018_EN_web.pdf

25. https://reliefweb.int/report/nigeria/nigeria-humanitarian-response-strategy-2019-2021-january-2019-december-2021-december

26. https://reliefweb.int/report/nigeria/lake-chad-basin-emergency-revised-requirement-and-response-priorities-september-2018

27. Chad case study – Culbert, 2018

28. KIIs Abuja, Maiduguri, Mogadishu, and Bamako. November and December 2018. https://publications.iom.int/fr/system/files/pdf/operationalizing_hdpn.pdf

29. OECD. *Net ODA*. https://data.oecd.org/oda/net-oda.htm

30. https://news.un.org/en/story/2018/09/1018252

31. Fabian Böckler, “Nexus Makes Sense,” Newsletter of D+C, Development Cooperation, 16 May, 2019. https://www.humanitarianresponse.info/sites/www.humanitarianresponse.info/files/documents/files/new_way_of_working_one_pager2.pdf

32. Fabian Böckler is an expert for disaster risk management with Plan International an independent development, and humanitarian organisation that advances children’s rights and equality for girls. fabian.boeckler@plan-international.org

33. Poole, L. (2019b) Humanitarian Financing Task Team Output IV: Cameroon Case Study. https://www.undp.org/content/undp/en/home/librarypage/crisis-prevention-and-recovery/financing-the-nexus---gaps-and-opportunities-from-a-field-perspe.html

At least 15 people, including children, where killed when a Saudi-led coalition airstrike hit a home in the southwestern city of Taiz, Yemen in 2018. The air raid struck the house in the Dimnat Khadir district, an area that has seen heavy fighting between Saudi-backed government forces and Houthi rebels.

SOURCE: Felton Davis

# ENGENDERING THE NEXUS: MAINSTREAMING GENDER IN THE TRIPLE NEXUS, A CASE STUDY FROM MALI

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## 1. INTRODUCTION AND BACKGROUND

The feminist paradigm understands that true peace is an environment where a dignified life, free of violence, is possible. This is more than just the absence of armed conflict. This definition, consistent with the positive peace definition (Galtung, 1969:183), makes it possible to address structural violence as well as social and gender justice. It is in line with frameworks such as *the Convention on the Elimination of all Forms of Discrimination Against Women* (CEDAW)(1979); the *Beijing Declaration and Platform for Action* (BDPfA) (1995) and the *Istanbul Convention* (2011), all of which emphasize key elements such as the participation of women and girls in the prevention, management and resolution of conflicts; respect for women's human rights; and the eradication of violence against women and girls (VAWG) in both the public and private spheres.

The Women, Peace and Security (WPS) Agenda, composed of United Nations Security Council Resolution 1325 (2000) and subsequent resolutions, has established a set of norms and frameworks that reinforce the premise, assumed by the organization Women in Conflict Zones (MZC), that security and peace are impossible without equality and human rights. The WPS Agenda is committed to the *concerted and integrated approach*[1] of mandatory compliance with these norms and frameworks, regardless of the context.

These frameworks were taken into account with the design of the 'Early Warning System on Violence against Women and Girls in Conflict Contexts' (SAT-VG). The intention is to apply SAT-VG in both open conflicts (such as Mali or Colombia) and in situations where serious human rights violations occur, such as sexual exploitation and human trafficking. This chapter focuses on the case of Mali.

In 2018 Mali was classified by the United Nations as a country with low human development. For many years this country has struggled with a chronic crisis which has many origins and causes. Chronic poverty was aggravated in 2012 by armed conflict, which continued throughout the decade and was identified in 2019 as one of the 11 world's most serious conflicts.[2] Mali is dealing with a complex conflict, with numerous actors and armed factions including government, rebel, jihadists and international forces.[3]

The 2015 Algiers peace agreement, unfortunately, did not include all the armed groups in the negotiations. Perhaps because of this, it failed to end the conflict, which has remained particularly active in the northern part of the country where the Malian government does not have a strong structure. The presence of foreign armies, such as the French army (MINUSMA mission), has been a major factor in the conflict, generating distrust among the population.[4] They are seen as a source of violence and insecurity and have been the subject of rape complaints.[5]

During 2019 and 2020, violence has increased in Mali. There have been serious inter-ethnic clashes throughout the country, which are being instrumentalized by military groups, such as the Islamic State of the Greater Sahara, for their own benefits. Ethnic attacks have been reported, particularly in central Mali, in the hard-hit regions of Mopti and Segou.

Violence and instability have had a high impact on the lives and security of women and girls, especially in the three northern regions. Armed actors use various forms of sexual violence, particularly against minors. Rape and collective marriages and other forms of sexual slavery are carried out in a context of impunity. At the same time increasing poverty has reduced women's livelihood opportunities, forcing them to beg or prostitute themselves as a family survival strategy. This situation fuels trafficking mafias, particularly in cities such as Bamako.

Given these factors, the implementation of SAT-VG must therefore be understood from a three-fold perspective:

1. Displaced populations: The displaced population trapped in Gao are from different regions and belong to various ethnic groups and nomadic peoples. They took refuge in Gao thinking it was a "safe" place protected by the army. After its capture by Ansar Din, an Islamist group suspected of having ties to Al-Qaeda, a new mass departure took place. However, a substantial number of people remained in Gao for a lack of other options. Due to their poverty and lack of resources, these people are perceived as “outsiders” and "enemies,” which has become a new focus of conflict and tension.

2. Endemic poverty and chronic food insecurity: In addition to the vulnerability imposed by the armed conflict Mali's people have lived many years with constant food insecurity and poverty. A persistent and severe drought causes annual population movements in search of wetter areas where survival is possible. This places the population, especially women from discriminated ethnic groups, in a position of vulnerability and risk.

3. High rates of violence, particularly against females: Extensive violence resulting from all armed conflicts affects men and women differently. The generalization of inter-communal violence and violence against women and girls, especially sexual violence, turns the bodies of women and girls into battlefields. While this is often the case in times of war, it is even more so in Mali. Even before the conflict, women and girls lived inside a system of patrimony and male domination.

## 2. MUJERES EN ZONA DE CONFLICTO (MZC)'S ORGANIZATIONAL APPROACH

MZC began its work in 1994 with the development of humanitarian projects during the armed conflict in Bosnia-Herzegovina. In subsequent years the organization has expanded its activities to countries as diverse as Morocco, Palestine and the Spanish state itself. Like many agencies, Mujeres en Zona de Conflicto develops its work with the traditional instruments of development cooperation: 1) humanitarian action deployed in humanitarian contexts; 2) development projects and 3) and education for development for the transformation of societies in the North. But what distinguishes MZC's approach is that these areas are not fragmented; instead, they are closely linked.

MZC's organizational approach is to mainstream women's rights and to resist any manifestation of violence against women and girls as part of its work in peacebuilding. These priorities are included in each and every intervention and process created and promoted by MZC. In some cases, these dimensions are integrated as essential crosscutting elements; in others, they are the main objective of the project or program. In all cases this approach is seen as a strategy for peace, equality, respect and the safeguarding of human rights, gender justice and the strengthening of the rule of law.

Thus, the implementation and dissemination of the WPS agenda is a central strategy for MZC, together with the strengthening of resilience and the promotion of human security, especially in its economic, food, security and health dimensions, with a focus on rights and gender justice.[6]

It is a comprehensive and crosscutting approach consistent with that of the "Triple Nexus," which focuses on the need to coordinate humanitarian, development and peace in conflict and fragile situations. MZC addresses the needs arising from a humanitarian situation with a long-term approach to reduce the vulnerability and risks faced by people. These include the immediate needs of poverty and insecurity, on the one hand, while paying careful attention to the causes of vulnerability and the promotion of peace building and social justice on the other.

In the area of peace building, MZC seeks to contribute to the participation of women as key actors in the prevention and management of the conflict. It includes support for the organized women's movement in areas of armed conflict, actions to promote peace building, and economic empowerment. The focus is on addressing existing gender inequalities and the protection of women and girls from threats to their security at all levels (physical, social, political) during all phases (pre-conflict, conflict, post-conflict).

Equally important is MZC's work for the prevention, attention, rehabilitation and denunciation of any form of violence against women and girls, especially their trafficking.

## 3. THE 'EARLY WARNING SYSTEM ON VIOLENCE AGAINST WOMEN AND GIRLS IN CONFLICT CONTEXTS' (SAT-VG)

The SAT-VG is based on two fundamental findings: 1) The realization that violence against women and girls in any of its forms is a threat to human security, and 2) MZC's experiences in countries of armed conflict, such as Colombia or Mali, has shown that this violence does not appear out of nowhere when a conflict is declared, but is embedded in society. Recognizing these critical factors, it is possible to identify signs and anticipate possible violence and thus activate prevention and protection mechanisms.

The SAT-VG is conceived as an instrument to identify different levels of human rights violations; to analyze threats and vulnerabilities; to establish resources and possibilities for action; and to promote warning mechanisms/ guidelines in conflict situations. All of these initiatives are defined broadly according to feminist principles and approaches. The SAT-VG takes the form of a computer tool that analyzes data provided by key informants, or nodes, in the different territories. In doing so it is able to detect "warning" signs in situations prone to the appearance/recurrence of conflict and violence and sending "alerts" to key agents.

Other expected results are the development of vulnerability and risk maps as well as proposals for action and to enhance resilience capacities in ways appropriate to a given situation. The program also aims to obtain reliable information that will contribute to the denouncing and combating cultures of impunity.

The SAT-VG instrument identifies the different rights violations and threats suffered by women and girls. Equally important is to examine their vulnerabilities and resilience capacities as well available resources and possibilities for action. These are accomplished through the use of a battery of indicators built on inputs from local specialists and informants from Bosnia, Colombia, Palestine, Mali and Spain.

The indicators include the following three dimensions:

1. Systemic: general structural conditions (political, economic, institutional and socio-cultural);

2. Medium-term conditions and emerging socio-political and economic trends such as internally displaced persons and refugees, rates of violence, law enforcement abuses, etc.; and

3. Intervening factors, or accelerators, that may increase or decrease the likelihood of armed conflict or peacebuilding in the case of an active conflict.

The SAT-VG tool has 46 indicators divided into these three levels, including both statistical data and perceptions of risk by the community and individuals. Together these indicators capture information on both acts of violence and "risk" trends in the community. Examples of relevant information could be an increase in discriminatory and aggressive messages and images against women or a decrease in the level of women's empowerment in the communities. The weighted data is displayed in a graph with different "alarm levels."

The process for implementing the SAT-VG has several stages. The first is the design of the instrument to ensure it suits the nature of a particular context. Once this first stage is completed the fieldwork begins. Fieldwork is accompanied by a series of training and education sessions with local teams, collaborators and counterparts, which are key to its implementation and the inclusion of local communities in the process.

The collection of accurate data is crucial. Field researchers are responsible for collecting information and data, so their training is of utmost importance. Particularly relevant are training sessions with village women's associations. These groups are often informal associations that work for equality, women and girls' rights, and the eradication of harmful practices, such as female genital mutilation, early and forced marriages, or sexual exploitation.[7] Because of their contact with women at the community level these associations are particularly valuable informants.

As noted above, SAT-VG's application can provide reliable information as the basis for making proposals for action, awareness raising and the denunciation of rights violations, thus combating the culture of impunity. Among some of the expected tools are: 1) the development of an IT tool; 2) vulnerability and risk maps; 3) the identification of violence modalities; 4) resilience capacities maps including contextualized resources to support meaningful action.

## 4. IMPLEMENTING THE SAT-VG IN MALI

Mujeres en Zona de Conflicto began its intervention in Mali in 2007, focusing on its SAT-VG program.

In the implementation of the SAT-GV in Mali, a fundamental issue was the early detection of all forms of violence against women and girls, and the analysis of the dynamics of the armed conflict that were affecting the level and nature of these violations.

As a result, special attention has been paid to sexual exploitation, including prostitution and the trafficking of women for sexual exploitation, as Mali is both a transit country and a supplier of women. Prior to the outbreak of the conflict in 2012, Mali was a destination country, especially for women from Eastern Europe and former Soviet republics, but the country's instability has now closed this channel, or it is very marginal. However, internal sexual exploitation has increased significantly, and Mali has become a country of origin in the trafficking of women and girls. The growing presence of Malian women in Northern Morocco and Spain has been identified, a phenomenon that was almost nonexistent only five years ago.[8]

As a first step, it was decided that the project would be implemented in the district of Bamako and the region of Gao. Timbuktu, where MZC has been present since 2007, was also considered, but this was not possible due to the destruction, by jihadist groups, of the office and all the organization's infrastructure. Therefore, MZC decided to work instead in Sikasso, the second largest city in the country. Among the reasons for this choice was the fact that sexual exploitation and forced child marriage had been detected. Throughout 2016 and 2017, a study was conducted to contextualize and document the modalities and impacts of violence against women and girls.

As the first step in the implementation of the SAT-VG, a group of key informants and field researchers were selected from among women's and girls' rights and human rights activists with whom MZC had already been collaborating.[9] These included 1) Members of the TEMEDT Anti-Slavery Association in Gao; 2) The Coordinating Committee of Women's Associations (CAFO) in Bamako, and 3) Three women's associations in Sikasso (Koutiala): Woiyo Kondeye, Koule Djakan and Timinandja.

Training workshops were developed and held with the women and men of these associations. Unfortunately, these sessions were interrupted by an overall intensification of instability and tension throughout the country in 2018 and 2019. This reality seriously affected the proper development of activities. The eruption of COVID-19 has only worsened the situation affecting the program.

Once the first evidence was obtained it was possible to return to the communities with data and stories based on the local reality. Through workshops and theater, it was possible to facilitate awareness in the community of the scourge and violence faced by women and girls.[10] For example, in one of the workshops held in the commune of Songo, a male participant commented with astonishment "but then women feel!" This is one indication of the degree of dehumanization, and consequently of extreme violation, suffered by women and girls in the region.

The project obtained both qualitative and quantitative findings. In the city of Gao 326 victims were identified with 15% reporting having been raped and 21% sexually assaulted. Physical assaults and early/forced marriages amounted to 17.5% respectively. Another 16% reported being deprived of resources, and 13% were regular victims of psychological and emotional abuse. Just over 80% of the victims were minors and most of them had been forced into prostitution.

Other evidence, relating to threats and vulnerabilities included:

- Socio-economic factors (e.g. remoteness from water springs) and work obligations (firewood collection) exposed women, girls and boys, to rape and other sexual assaults;
- Ignorance of gender-based violence due to the silence of victims for fear of being blamed and stigmatised by their families; and
- Socio-cultural causes, particularly for the Belá ethnic group, who were enslaved until recently and are still discriminated against, which have caused unequal relations between men and women. This context has legitimised and maintained an overall culture of impunity.

## 5. CONCLUDING OBSERVATIONS, GENDER MAINSTREAMING AND THE TRIPLE NEXUS

Peace, development and security are key elements of the feminist agenda. In the Beijing Declaration and Platform for Action (1995) special attention was paid to women's participation in the prevention, management and resolution of conflicts. Priority was given to addressing the exercise of women's human rights, both during a conflict and in the pre- and post-conflict periods, especially the right to live a life free of violence.

For MZC, *Human Security* means the enjoyment of development, the absence of violence, fear and/or threats (i.e. positive peace), and the full enjoyment of human rights. MZC is fully committed to these values through a *concerted* and *crosscutting* approach. Consistent with the Triple Nexus, its implementation of these values combines a solid coordination between organisational areas to overcome the inter-sectoral silos with long-term programming in its areas of action. Central to this approach is the promotion of strategic alliances, where community participation and ownership are key. MZC takes the Triple Nexus one step further and makes a significant contribution by mainstreaming gender into these processes.

MZC has designed an instrument that facilitates an integrated approach to humanitarian need, resilience and peacebuilding. Its SAT-VG has contributed the following:

- Programs for the prevention and transformation of socio-community beliefs and behaviours (through theatres, debates and raising-awareness campaigns);
- Capacity building programs for the prevention, mediation and capacity building to address violence against women and girls and sexual exploitation;
- Capacity building on human rights and the causes and impacts of violence against women;
- Holistic care for victims of violence against women and girls (support and assistance centres);
- Reduction of women's socio-economic vulnerability (projects directed to women`s livelihoods and economic empowerment, supporting women`s cooperatives); and
- Promoting women's presence in the political sphere (decision-making).

The SAT-GV is characterised by the use of simple technology and low-cost, user-friendly equipment. It prioritizes input from community members as key informants. The active participation of people from the communities where MZC operates is a fundamental requirement for its implementation.

The SAT-VG facilitates the unravelling of the complexity of violence inside armed conflicts, and its implications for violence against women and girls. It identifies how this violence directly links to a conflict and is perpetrated by various armed actors overlaps and is based on the inequality suffered by women and girls. Thus, although arranged marriages, the exchange of girls and wedding *trousseau*, or the sexual exploitation of women and girls, often already exists with greater or lesser intensity prior to the conflict, these modalities take on new forms and are intensified by the socio-economic insecurity that forces the adoption of survival and/or "protection" strategies by women.[11]

Evidence supports this direct link between armed conflict and gender inequality: 83% of armed conflicts for which data on gender equality was available in 2019 took place in gender-discriminatory contexts.[12] Combating gender inequality against women and girls, therefore, becomes a central element of the *Triple Nexus* approach. But increased budgets and resources are urgently needed make the difference.

According to the OECD,[13] despite some growth in funding for gender equality, only 4% of commitments had gender equality as a main objective, and this is expected to decrease with the emergence ofCOVID-19. In terms of the ODA provided for example by the European Union to fragile states:[14]

- Only 19% of the aid focused on gender equality;
- Only 20% of aid allocated to peace and security had a gender equality dimension; and
- Only 38% of DAC members included a gender equality objective for aid allocated to the fragile states governance sector.

Along the same lines, 89 countries, including Spain and Mali, currently have the already mentioned priorities concentrated in a Women, Peace and Security National Action Plan (NAP).[15] With only 33% of NAPs have a budget (Peacewomen), they often lack the resources to operational these Plans.[16]

Preventive actions are scarcely being addressed. Donors primarily embrace a militarised vision of security and conflict resolution, one that is out of keeping with the realities of today's civil wars. These views need to be challenged and replaced by a new vision. It is one that has been proposed by UN Women whereby the 'protection of civilians' during conflicts and "*women, peace and security is about preventing war, not about making war safer for women*."[17]

## ENDNOTES

1. General Recommendation No. 30, CEDAW Committee.

2. ESCOLA DE CULTURA DE PAU - ECP (2020): "*Alerta 2020! Informe sobre conflictos, derechos humanos y construcción de paz*". ECP-Universitat Autonoma de Barcelona Barcelona: Icaria.

3. Government, CMA (MNLA, MAA faction, CPA, HCUA), Platform (GATIA, CMPFPR, MAA faction), MSA, Ansar Dine, MUYAO, AQIM, MRRA, al-Mourabitoun, Support Group for Islam and Muslims (JNIM or GSIM), Islamic State in the Greater Sahara (ISGS), Islamic State in the West African Province (ISWAP), Katiba Macina, MINUSMA, France (operation Barkhane), G5 Sahel Joint Force (Mauritania, Chad, Mali, Niger and Burkina Faso).

4. United Nations stabilization forces in Mali.

5. EuropaPress 2013.

6. In his report "In larger freedom: towards development, security and human rights for all" (A/59/2005), Kofi Annan outlines three main thematic principles: "freedom from fear", "freedom from want" and "freedom to live in dignity".

7. 100% of the women MZC works with in Sikasso and Bamako, belonging to ethnic groups such as Minianka, Senufo, Bámbara Peul, Sorai, and Bozo, have been cut. This is not the case for women in Gao.

8. MZC's work on trafficking in Morocco and Spain included the collaboration with a women's association, as a key informant. Their work with women in prostitution is extremely helpful in tracing and assisting victims.

9. It should be noted that during the implementation phase, the risks assumed by the informants were taken into account including the development and activation of a specific security protocol to reinforce their safety.

10. The methodology of social theater or "Theater of the Oppressed" developed by Augusto Boal, was used by MZC as a tool for building global citizenship for the transformation and eradication of VAWG.

11. The belief that marriages protect girls from violence is widespread.

12. ESCOLA DE CULTURA DE PAU - ECP (2020): "*Alerta 2020! Informe sobre conflictos, derechos humanos y construcción de paz*". ECP-Universitat Autonoma de Barcelona Barcelona: Icaria.

13. OECD- DAC Network on Gender Equality (GENDERNET) (2020): "*Aid Focussed on Gender Equality and Women's Empowerment: A snapshot of current funding and trends over time in support of the implementation of the Beijing Declaration and Platform for Action*". Paris: OECD Development Co-operation Directorate.

14. OECD (2019): "Aid in Support of Gender Equality and Women's Empowerment". OECD-DAC Secretariat. Paris: OECD.

15. National Action Plans (NAPs) are the main tool for the implementation of the Women, Peace and Security (WPS) agenda. It reflects the national Roadmap for implementing WPS commitments during a concrete period.

16. Neither Spain nor Mali have allocated resources to implement the WPS NAP.

17. UNWomen (2015): "Preventing Conflict, Transforming Justice, Securing the Peace: A Global Study on the implementation of the United Nations Security Council Resolution 1325". USA: UNWomen.

Yemeni children play in the rubble of buildings destroyed in an air raid. In 2019, an estimated 24 million people—80% of the population—are in need of humanitarian assistance or protection.

SOURCE: European Union

# VISION ON SOCIAL PROTECTION SYSTEMS AND SOCIAL SECURITY IN PALESTINE

*Firas Jaber, Social and Economic Policies Monitor (Marsad)*

## INTRODUCTION

The outbreak of COVID-19 has led millions of people to poverty, as the procedures taken to limit the spread of the virus have resulted in the decline of the global economy. The pandemic has had a notable impact on Third World countries and marginalized groups, particularly workers and households headed by women. Small and micro enterprises have also been hard hit. The result is an astronomical increase in the number of poor and food insecure people around the world.

Despite the special Palestinian reality of being under colonial rule, the socio-economic effects of the virus have been similar to those found worldwide. While the average household size in Palestine is around five individuals, there are also households with more than 10 individuals. Such households are considered amongst the most in need and most impoverished. According to published reports by the Palestinian Ministry of Social Development the outbreak of COVID-19 may result in an additional 100,000 poor households in Palestine.[1] The Palestinian Central Bureau of Statistics (PCBS) also predicts that poverty rates will increase amongst large households. Estimates show an increase in the poverty rate that may reach over 50% of the Palestinian people. This is all accompanied by the lack of social protection systems to protect vulnerable groups, including workers, the elderly, persons with disabilities and households headed by women.

This paper presents an approach to address the short- and medium-term effects of multiple crises which are resulting in greater numbers of Palestinian households living in poverty. While it is set inside the overall context of Palestinian society, these issues are all the more critical with problems caused by the pandemic.
One of the most important factors facing Palestinian society is the lack of economic activity, particularly in the informal sector, which contributes greatly to the daily income of a large sector of the population. A 2020 study published by Marsad shows that the Palestinian economy has suffered losses amounting to $2.5 billion.[2] This trend is likely to increase with the continued closures resulting from procedures to reduce COVID-19 infection.

The most significant factor for the Palestinian economy and its decline is the Israeli occupation. Increased land confiscation as well as control over resources and border crossings has greatly weakened the Palestinian economy and made it subordinate to the Israeli occupiers. The continued blockade of the Gaza Strip since 2007 has had a huge impact. Recently these ongoing problems have been made worse by the fact that the occupation government began, in 2019, to deduct approximately $11.5 million per month (approximately $138 million a year) from the Palestinian tax returns, as part of their implementation of the Knesset Law.[3] The Palestinian government has refused to receive less than the full amount of their tax revenue - this decision denied it around 65% of its total revenue (15% of the GDP). As a result of this standoff, the Palestinian government has been forced to reduce social aid for impoverished households and to pay only 50% of civil servants' salaries. This situation has magnified the impact of the decline in donor support on production, employment and socioeconomic conditions.[4]

Palestine has been under occupation for at least one century (British and Zionist). This long history has made it imperative that social protection measures are implemented to support individuals in their hour of need, and to promote their resilience in light of the political and economic challenges they face. The main question is: How do we, as Palestinians, protect ourselves in light of the continued political and economic crises? And what social system achieves the best results possible?

This paper readdresses the importance of building social protection systems and social security in Palestine. The provision of dignified livelihood for individuals and the reduction of poverty are fundamental and necessary. Just as important is the application of social policies that provide labor rights, education, health, social protection and social security to the Palestinian society in order to achieve social justice.

## THE IMPORTANCE OF SOCIAL SECURITY AND PROTECTION SYSTEMS IN THE PALESTINIAN CONTEXT

As has been confirmed by the COVID-19 pandemic, the state has a major role in providing social protection for all individuals in society. It has a duty to support the special needs of marginalized groups, including workers, through policies and the provision of social protection systems and social security in a comprehensive and fair manner. These systems can help reduce the impact of high unemployment and poverty rates as well as losses in income and work. They also provide assistance to lessen social vulnerability, particularly in major crises.

PCBS statistics show that there are approximately one million workers in the West Bank and Gaza Strip. Many have been affected by the COVID-19 state of emergency, which has resulted in full or partial ceasing of work at economic facilities. Their situation has been made worse by the fact that 70% of workers in the private sector do not receive any "end-of-service" rights, and around 110,000 workers receive the minimum wage.[5]

Many analyses and reports have been published on the socio-economic effects resulting from the imposition of COVID-19 state of emergency in the West Bank and Gaza Strip. There is strong evidence of the impact on small and medium enterprise owners and workers, of how they (and their families) have fallen under the poverty line. A recent study covering March -June 2020 issued by (Al Marsad)[6] shows that the Palestinian economy has suffered losses amounting to $2.5 billion. This number is likely to increase with rises in business closures. The result could be that poverty rates reach 64% in Gaza Strip and 30% in the West Bank.

A response to colonial settlement for at least a century requires developmental and liberation policies to promote the dignity and resilience of people and to establish a foundation for social justice. Economic policies must be created to increase production and employment. It is important to have measures to reduce imports through support for local industry as this will strengthen the national economy. As well, social policies must be developed and implemented to provide labor rights, education, health, social protection and social security to the Palestinian society.

The development of social protection systems and social security in Palestine is a matter of special importance. It has a primary role in ensuring a decent livelihood for all individuals. Just as important is the need to promote private sector institutions' commitment to labor laws and minimum wage regulations which will ultimately contribute to promoting social justice.

## THE FEATURES OF SOCIAL PROTECTION SYSTEMS AND SOCIAL SECURITY

A broad social dialogue must be opened with all social and economic actors, including political actors and civil society organizations. Together they need to agree on the form of social protection systems and social security that Palestinians should adopt. These need to be based on both the provision of services and the implementation of the minimum requirements to ensure a dignified livelihood for all Palestinian families. Just as important is the provision of social security in situations of disability, death and retirement and other cases as stipulated in the Social Security Law.

In order to be effective, social security systems must provide direct financial contributions from the Palestinian Authority/the Palestinian Liberation Organization.[7] This will ensure that the needs of all marginalized populations are addressed, including the elderly, persons with disabilities, households headed by women and orphans and other disadvantaged groups.

The current entitlement criteria and amounts provided by the cash aid program of the Ministry of Social Development must be re-evaluated to confirm that they are providing enough support fora suitable living, particularly for those with special needs.

Accordingly, it is important to restructure the social protection programs and transform them from programs that depend on the availability of government and international funding to independent national systems funded by several sources. This will help guarantee sustainability and the ability to reach all marginalized populations. The assistance provided by such systems must be different from the current entitlement criteria which is not appropriate for the Palestinian condition. These systems must be transformed from a service to a fundamental right.

The current Social Security Law, with its benefits and assurances, must involve the participation of all labor and social forces in its management and governance. Direct funding must be provided to ensure that there are sufficient resources to cover the majority of workers and employees in both the regulated and unregulated sectors. This will allow fora decent living to be provided in situations of work-related injuries, disability, death and retirement. Equally important is to provide unemployment and health insurance in accordance with international standards, with fair and balanced contributions from the worker and employer. The Social Security Law must be protected from pressure and influences from Palestinian capital and major private sector corporations, which continually try to evade the provision of labor rights. Workers and employees are entitled to social security before anyone else.[8]

## FUNDING SOCIAL PROTECTION SYSTEMS AND SOCIAL SECURITY

While these systems are costly, their socio-economic benefits are enormous in the short, medium and long term. They protect Palestinian society from socio-economic crises and greatly contribute to the reduction of poverty. This paper provides the grounds for a funding process to build these social systems based on numerous studies developed by Al Marsad over the past years.

The funding of such systems must be through financial support from the Palestinian State in addition to the contributions from workers and employers.

Apart from direct funding to social security systems, and to ensure the creation of responsive, fair and comprehensive social protection systems, the paper proposes the following methods to fund the cost of creating social protection systems:

1. Reduce tax evasion, which is estimated by many sources to account for $500-600 million;

2. Increase taxation awareness horizontally and vertically, which contributes to increasing tax returns;

3. Impose taxes of up to 35% on the income of individuals and companies, particularly companies with monopoly rights and privileges, the banking sector and insurance companies;

4. Allocate a part of the returns and profits of the Palestinian Investment Fund and the Palestinian National Fund to social protection systems;

5. Retrieve stolen money and money gained through corruption. Allocate part of these monies to social systems;

6. Allocate part of the "Zakat"[9] and "Waqf"[10] revenue to social protection systems;

7. Transfer all the funding and allocation of the cash aid program and any similar programs to a national social protection system; and

8. Require that corporations make a financial contribution to social protection systems, with the size of their contribution to be calculated against their annual profits.

## COMPREHENSIVE REVIEW OF SOCIOECONOMIC POLICIES

The creation of social protection systems and social security requires a comprehensive review of socio-economic policies adopted by the government over the past several decades. Unfortunately, these policies have often resulted in an increase in poverty and unemployment, and to entrenching the gap between social classes. In order to empower our people to address the occupation and its policies and procedures, we must transform towards a liberation socio-economic vision that includes the following features:

1. Develop the productive sectors, particularly industry and agriculture. In addition to providing basic goods and products for consumption, these sectors are big employers, and would also help reduce unemployment, thus increasing the GDP.

2. Encourage and develop small/medium enterprises and family businesses. These sectors have proven to provide forms of social solidarity in times of emergency and crises resulting from the occupation policies.

3. Direct the banking sector away from consumption loans and towards loans targeting the development of productive economic sectors with very low interest rates. This will help reduce the debt of individuals and Palestinian society.

4. Create a comprehensive subscription-based health insurance and provide state funding to reduce the spending burden on health that is currently faced by Palestinian households.

5. Set fair prices for commodities and services to increase the ability of households to spend on basic and educational needs.

6. Design a government program that targets employment, reducing poverty and enforcing relevant laws and regulations, such as a minimum wage. This program should be reviewed annually.

A careful coordination and coherence of socio-economic policies will contribute to the reduction of poverty, lower unemployment rates and help ensure that the basic tenets of social justice are realized. It will also contribute to the reduction of inequality in income levels within the population and increase spending capacity and access to services and rights. This in turn will set the groundwork for a society that provides a decent living for its citizens and can work towards achieving liberation and independence.

## CONCLUSION

Government interventions in addressing inequality, discrimination and the lack of social justice must be based on the development and application of revenue and expenditure policies that ensure a decent living for individuals. Two important steps towards the building of social protection systems and social security, are 1) the reduction of tax evasion, which is currently estimated at $500-600 million, combined with 2) an increase in taxation awareness vertically and horizontally, in order to raise tax returns. Part of the returns and profits of the Palestinian Investment Fund and the Palestinian National Fund must be allocated to social protection systems. The stolen money and money gained through corruption must be retrieved, and part of that money should be allocated to these systems.

The activation of social protection systems and social security is an utmost necessity. Palestinians live in continually changing conditions because of the political instability resulting from the Israeli occupation. Added to this reality is a history of mismanagement of resources and corruption within the Palestinian Authority (PA) institutions. Practices of the private sector are also a factor, particularly its habit of signing monopoly agreements and obtaining privileges in important economic sectors. This has contributed to deepening inequalities amongst the population. As Palestinians are facing the effects of COVID-19, we must think of sustainable solutions based on wide social participation in an economic process that favours social justice.

The reconsideration of social justice in occupied Palestine mainly aims at promoting the resilience of the Palestinian people in light of the complex conditions they are living inside. We cannot wait for the achievement of political independence or arriving at any “settlement” to start the creation of such systems. The price paid by half the Palestinian society daily by being subject to poverty and related conditions must end through the creation of a liberation economy that seeks to promote resilience based on social justice.

## ENDNOTES

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5. PCBS, 30/4/2020. Ula Awad Presents the Reality of Workers in Palestine in 2019 on the International Labor Day. (May the First). Link: https://bit.ly/3hKnFRk
6. Samara, Ashraf, June 2020. “Losses and Losers as a Result of COVID-19 Crisis in the Palestinian Territories.“ Ramallah: Social and Economic Policies Monitor (Al Marsad). Please check the link: https://bit.ly/2HWcw3r
7. For the sustainability of social protection systems, all options must be considered, including PLO assuming responsibility in the future.
8. For more on social security, visit the Social Security National Campaign website on the following link: https://bit.ly/39Dho76
9. Zakat is the concept of obligatory charity in Islam. It’s how we give back, out of our own wealth, to those less fortunate. Zakat is a right which the poor have over the wealthy; it is the duty of every wealthy Muslims to fulfil this responsibility to those who are less fortunate.
10. Waqf (Arabic for endowment) is a special kind of philanthropic deed in perpetuity. It involves donating a fixed asset which can produce a financial return or provide a benefit. The revenue or benefit generated then serves specific categories of beneficiaries. Muslims giving waqf typically donate a building, land or cash with no intention of reclaiming the value gained from them.

An apparel worker plies her trade while maintaining social distance with other workers as readymade garment (RMG) factories reopened amid the Covid-19 pandemic in Dhaka.

SOURCE: UN Women/Fahad Abdullah Kaizer

# FRAGILITY, THE CHALLENGE OF OUR CENTURY

*Antoinette Van Haute, CNCD 11.11.11*

Fragility is one of the most significant challenges of our century. This is central for donors such as Belgium, a country which has chosen to concentrate its development cooperation on fragile contexts. This article explores the principles of the fragility approach to development cooperation – a long known concept. A core question is why have we not been able to mitigate fragility, even in the slightest way? The answer is simple: we have been sprinkling insufficient amounts of Official Development Assistance (ODA) on massive and complex challenges.

## FRAGILITY: THE CHALLENGE OF OUR CENTURY

The Organisation for Economic Co-operation and Development (OECD) offers a broad definition of fragility as the combination of exposure to risks and the insufficient adaptive capacity of the state, system and/or communities to manage, absorb or mitigate those risks.[1] At the global level, fragility represents one of the greatest challenges of the 21st century, which has only increased with the COVID-19 global pandemic.

According to the 2018 OECD biannual report "States of Fragility," there are 58 fragile states in the world, 17 of which are "chronically fragile" (they have been considered fragile since 2008) and 15 of which are said to be "extremely fragile." Not surprisingly, fragile states are far behind other countries in achieving the United Nations Sustainable Development Goals (SDGs). Among the 157 countries for which data on SDGs are available, fragile states consistently fall in the bottom third of the ranking.[2]

Of fragile states' many daunting challenges, a particularly worrying one is the expected demographic explosion.[3] Half of the world's population growth over the next few decades will take place in only nine countries, six of which are fragile states.[4] These countries are often the first victims of climate change and soil fragility, which could translate into major problems with food security for growing populations. OECD estimates that the proportion of people living in extreme poverty (on less than $1.90 per day) will increase in 40 out of 58 fragile states by 2030. This was before the outbreak of COVID-19. Without major and useful interventions, 80% of people living in extreme poverty will be living in fragile contexts by 2030[5].

## THE FRAGILITY APPROACH: AN IMPERATIVE FOR DEVELOPMENT COOPERATION

If the SDGs are to be achieved, the development community must act fast to address the specific challenges of development cooperation in fragile contexts. This is particularly true for Belgium, the ninth largest donor worldwide to fragile states as a percentage of gross national income (GNI).[6] This is a direct result of its long-standing commitment to focus its development cooperation on the least developed countries and fragile states. Indeed, of Belgium's 14 partner countries, 11 are fragile states.

But how can Belgium – or any donor – better adapt its development cooperation to the reality of these countries? While there is no "one-size-fits-all" solution, let us recall five principles particularly crucial to development cooperation in fragile contexts.

### *1. Work on the root causes of fragility*

A donor country's development cooperation in fragile contexts must first analyse and work on the root causes of fragility, rather than their consequences. Where needed, it must promote **conflict prevention** by setting up early warning and early action systems. This is likely to include promoting solutions to problems over access to land and natural resources, common causes of tension and conflict. The Pathways to Peace study by the World Bank and the United Nations has shown that conflict prevention can bring significant economic benefits: between $5 billion and 70 billion USD per year of aid could be saved worldwide.[7]

Work on the causes of fragility should also include an increase in the financing of **structural development cooperation**, aimed at building long-term resilience rather than averting short-term crises. However, in recent years this form of aid has decreased in contrast to increasing levels of humanitarian aid. Indeed, in just one year (2015-2016), global humanitarian aid rose by 38% to reach an all-time high of US$18.3 billion. This trend could be viewed as a positive development, as humanitarian aid is necessary in crises caused by fragility. But this increase was not matched by a rise in programmable development assistance.[8] As the OECD states, "the trend of aid increasingly being used for stopgap "firefighting" [...] but ultimately prolonged humanitarian purposes, rather than for longer-term development, is worryingly inconsistent with visions for sustaining peace and sustainable development."[9] The OECD adds: "In fragile contexts especially, the international community should thus adopt the overarching principle of development programming and financing wherever possible and humanitarian assistance only when necessary."[10]

### *2. Strengthening the rule of law must be the fundamental objective of development programming*

Development cooperation in fragile states must have **strengthening of the rule of law** as one of its fundamental objectives. This involves continuously promoting the principle of national ownership. A priority for Belgian cooperation must therefore be the strengthening of governance institutions. This approach will contribute to an effective, legitimate and resilient state based on democratic principles and capable of providing services such as security, justice, health and education to all citizens.

**Strengthening relations between the state and its citizens** is a priority. Fundamental to this goal is the respect for human rights and fundamental freedoms as the foundation of the rule of law. To this end, the protection and strengthening of civil society actors is essential, since they play essential roles in fragile states: (1) Defending democratic principles and citizens' rights by obliging their institutions to respect their obligations; (2) Acting as a counterweight, helping to democratise relations between state and society and the strengthening of good governance; (3) Maintaining a good knowledge of the context to help external actors to intervene effectively in fragile situations; (4) Acting, if possible temporarily, in a way that complements the state when the latter does not have the capacity to do so.

### *3. Flexible cooperation committed to the long term*

Development cooperation with fragile states must be **long-term**. The OECD emphasizes the importance of long-term engagement:

> *"Patience and long-term commitment to support true generational change may take as many as 20 to 40 years, according to development bank estimates [...]. Expecting more profound and faster change in the most challenging environments, and with less time and fewer tailored resources, is the ultimate fool's errand of the development sector. Yet it is one that is undertaken with surprising frequency".*[11]

Long-term cooperation in fragile contexts must be **flexible** and able to adapt to changing contexts. While multi-annual budgets are preferred, there also should be clear procedures to reallocate aid to non-governmental or multilateral channels when deemed necessary. This flexibility allows the donor country to remain engaged if relations with the recipient country government become difficult. For example, reallocations of funds could be made to respond to significant human rights violations rather than suspending or stopping bilateral development cooperation. This way, local populations do not suffer a double penalty: already denied good governance, they would not also be deprived of the development aid they were promised.

## *4. Starting from the local context*

A prior analysis of risks and structural vulnerabilities is an essential first step. Any donor working in fragile states needs to understand the local, national and regional causes of fragility and the factors that can strengthen peace and stability. Challenges and priorities in terms of state building must also be identified. An overall analysis of the context - the political economy, risks and institutional capacities must also be conducted.

Broad consultations can help donors to identify and **understand the priorities of local populations** as well as those of the government of the partner country. This approach can help development cooperation to respect the principles of alignment and ownership, as outlined in the 2011 Busan Global Partnership for Effective Development Cooperation (2011) and Paris Declaration on Aid Effectiveness (2005), which state that development cooperation must be aligned with local development priorities, not with the interests of donor countries themselves. This requires that views of civil society actors, particularly women, are integrated into development cooperation programmes, as well as into decisions on the programmes and projects to be implemented.

## *5. Internal and external coherence*

Any donor engaging in fragile contexts must ensure both internal and external coordination. Internally, the principle of **policy coherence for development (PCD)** must guide the full range of external policies, as it is essential for any intervention in a fragile context. Indeed, PCD requires at a minimum that all of a donor's external policies do not thwart the objectives of development co-operation.

Externally, it is crucial that all donors coordinate with each other at the global level. Indeed, donors must first align themselves with the priorities of their partners, and then ensure that their respective actions are **harmonised** with other international actors. This is very important as there is currently an asymmetry in the allocation of aid in fragile states: in 2016, 74% of the ODA allocated to fragile states was concentrated in only 20 countries. Of these, 10 countries received 50% of ODA allocated to fragile states: they are commonly referred to as "aid darlings".[12]

## *6. So why are we still talking about this?*

The fragility approach is not new, nor are the five priorities outlined above. Researchers Lamb and Mixon have identified 15 good practices on fragility that have been repeated in publications for more than six decades. Of these, ten were already included in a World Bank report dated 1949.[13]

So why are we still talking about fragility? Why has the international community not been able to mitigate fragility, even in the slightest way? Why have we not sufficiently put these principles into practice? Why do we repeatedly invent new concepts instead, ones which have the same objectives of increasing aid and development effectiveness in fragile contexts, such as the “comprehensive approach”, or the “whole-of-government” approach, the double nexus, the triple nexus, etc?

It seems no matter how many concepts we come up with, no matter how many times we repeat the same principles in the fragility approach – which remain completely valid of course – the truth is: the international donor community is tackling the world’s biggest challenge with totally insufficient means.

Of course, issues of fragility are extremely challenging and complex for an external donor. One cannot engineer solutions to fragility many of which are highly political and rooted in global structural relationships whose reform are urgently needed but well beyond the power of middle level donors such as Belgium. Still, the reality of what is being done, versus what is needed, is daunting.

## *7. Sprinkling ODA on the world’s biggest challenge*

With the sanitary, economic and financial crises accentuated by the pandemic, fragility is likely increasing. According to the World Bank, 100 million additional people will fall into extreme poverty in 2020 because of the coronavirus.[14] At the same time, the public debt of developing countries (domestic and external) has gone from 100% to 193% of their GDP from 2008 to 2019.[15]

Added to these worsening conditions is the well-known financing gap for the SDGs. Before the global pandemic struck, the United Nations Conference on Trade and Development (UNCTAD) estimated that developing countries would need $2.5 trillion of additional funding per year to achieve the SDGs.[16] Prior to COVID, fragile states were on track to achieve only one of the 17 SDGs by 2030. Their progress was already challenged on critical SDGs related to hunger, health, and gender equality.[17] The global pandemic greatly diminishes the possibilities for future progress.

In the face of such huge needs, the $150 billion of annual ODA is obviously insufficient. Given the current situation, it is unrealistic to expect that the SDGs in fragile contexts can be achieved by 2030. ODA is being sprinkled on top of gigantic and very complex challenges, while the donor community paradoxically questions ODA’s effectiveness more and more.

## *8. Increased ODA: an imperative to tackle fragility*

ODA is no “silver bullet”, no miracle worker. It is also but one of the many financial flows worldwide. And while it is equally important to promote the mobilisation of domestic resources, remittances, or the end of tax havens, ODA remains a unique and crucial public resource, one that is essential as a catalyst for reducing poverty, inequality and fragility and thus the realization of the SDGs. ODA has a primary commitment to transforming the lives of people affected by fragility and ensuring that no one is left behind. It can be invested directly in strengthening the rule of law and the foundations of peace and stability. It has the capacity to temporarily fill the financing gaps of states that are unable to mobilise sufficient domestic revenue for their basic social services. ODA can directly target the most vulnerable people and thus combat inequalities that generate fragility.

According to the OECD, ODA is crucial: "for all fragile contexts, aid is the only flow that can catalyse reform and support resilient foundations that other flows can then reinforce and help build upon".[18] OECD recognizes that it will be many years before other financing options are available.[19] And while the effectiveness of development assistance is undeniably important, it is imperative that there be sufficient and predictable financial resources to support long-term development strategies.

## *9. Recommendations to the Belgian Government*

In order to implement the five principles outlined above, Belgian cooperation must equip itself with instruments adapted to the reality of fragile states. Among them, official development assistance is in first place. A growth plan will thus have to be defined to increase Belgium's ODA, so that it meets its commitment to allocate 0.7% of GNI to ODA as soon as possible.

The additional funding this would provide should be allocated to the priority areas of the fragility approach outlined above, with a particular focus on strengthening the rule of law, supporting local civil society and conflict prevention in ways that understand and work with the local context, taking into account the need to align development strategies with the priorities of the populations, including women in particular.

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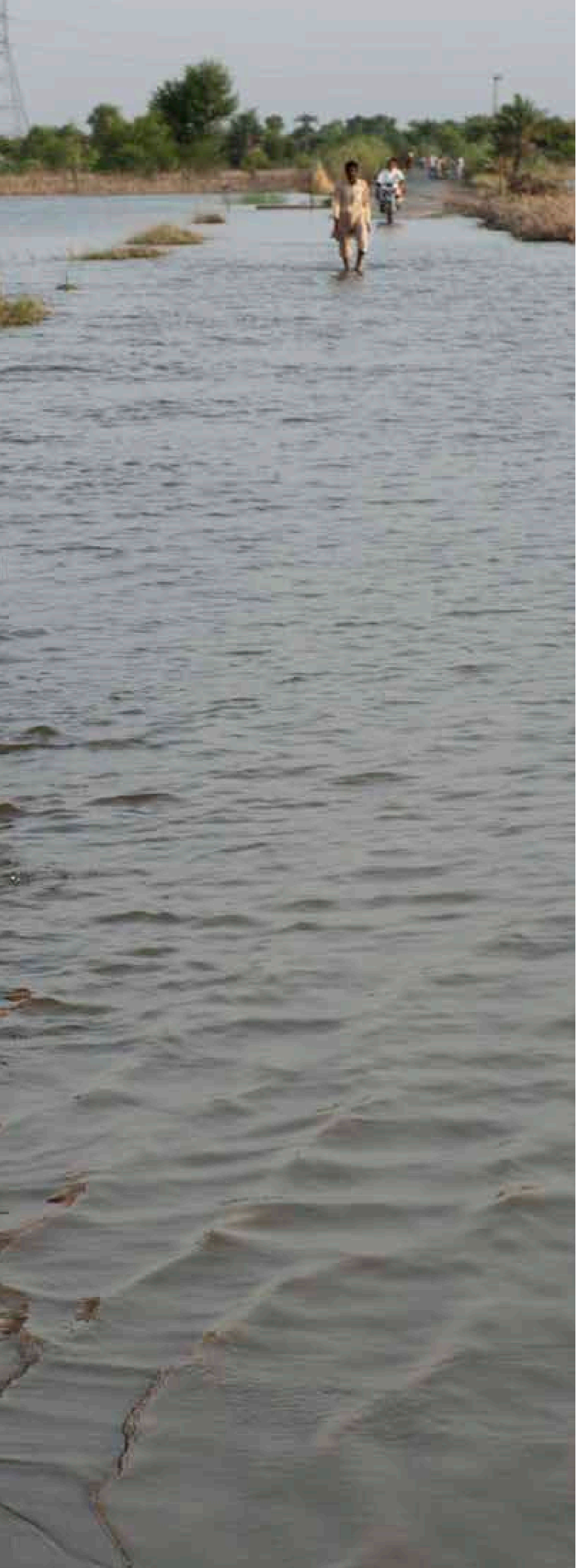
# PART 2
# **RESPONDING TO A CLIMATE EMERGENCY**

A family crosses the flooded streets of Pakistan.

SOURCE: Asian Development Bank



# CLIMATE CHANGE AND DEVELOPMENT COOPERATION IN SOUTH ASIA

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## CLIMATE CHANGE: AN IGNORED EMERGENCY

Climate change has become an emergency across the Asia Pacific region. The Special Report of Intergovernmental Panel on Climate Change (2018), which outlines the impact of global warming of 1.5°C, has called for urgent climate action.

According to the NASA & National Oceanic and Atmospheric Administration[1] the world in 2018 was 0.83 degree C warmer than the average between 1951 and 1980. At least a third of the huge ice fields in Asia's mountain chains, particularly the Himalayas in South Asia, are doomed to melt due to climate change. This will have serious consequences for almost 2 billion people.[2] Rising temperatures in the region have already led to the loss of endemic flora and fauna in fragile ecosystems throughout South Asia. The emissions gap report of the United Nations Environment Programme in 2019 maintains that economic growth-focused development model was responsible for the consistent rise of temperature.[3]

The Paris climate pact states that it is essential for global emissions to peak by 2020. This goal is unlikely to be met, given the current rate of climate change. Goal 13 of the 2030 Agenda emphasizes the need for urgent global actions to tackle climate change. However, analysis indicates that this target will probably not be achieved, even by 2030.[4]

## THE CLIMATE CRISIS AND THE PUSH FOR FOSSIL FUELS

The continued pursuit of a neoliberal and unsustainable development model has further aggravated the climate crisis.[5] The push for energy initiatives, which focus on fossil fuels (coal, oil or gas), as well as large hydro-power projects continues unabated, despite global calls to phase out fossil fuel subsidies and unsustainable energy projects.[6]

In 2017, China, India, Indonesia and Vietnam made up 82% of the 718 units of coal fired power plants globally under construction, supported by development cooperation from members of the Organization for Economic Cooperation and Development (OECD).[7] In 2015 Japan financed $1.18 billion to build the coal fired Matarbari Power Plant in Bangladesh.[8] It is also supporting coal projects in Southern Thailand and Myanmar. Coal fired power plants not only undermine efforts to tackle climate change. They also intensify coal mining, which can have significant social and environment impact on local communities. Coal mining is further promoted with policies like the Mineral Laws (Amendment) Act, 2020, that liberalized coal mining regulations in India.

There is widespread recognition of the negative effect of fossil fuels, particularly their role in greenhouse gas (GHG) emissions. Despite this, government subsidies for coal, gas and oil energy initiatives rose to more than $300 billion in 2017.[9] Since the Paris Agreement, financial institutions from developed countries have continued to finance oil companies. JP Morgan Chase provided $196 billion in finance for fossil fuels, 10% of all fossil fuel finance from the 33 major global banks. Japan's fossil fuel bank, MUFG, funded $80 billion in fossil fuels overall.[10] Concerns have also been raised regarding the accreditation of the Bank of Tokyo-Mitsubishi UFJ (BTMU) and Japan International Cooperation Agency (JICA) with Green Climate Fund in 2017, both of which financed fossil fuel projects.[11]

There are many examples of government support for foreign investment in oil and gas initiatives. For example, India's policy of liberalization, including the Foreign Direct Investment policy of August 2017, has encouraged foreign direct investment (FDI). This includes an increase in the maximum limit for the share of foreign capital in joint ventures from 40% to 51%, with 100 percent foreign equity permitted in priority sectors like oil and gas. The Jubilant Oil and Gas Private Limited, a Dutch oil company, is involved in the survey works for oil exploration in two oil blocks in Manipur.[12] Canoro, a Canadian oil company, has been operating in the Arakan basin in Assam. The priorities of states and corporate bodies lies in extracting oil, gas, minerals etc, mostly from within indigenous territories.

Oil exploration and drilling by oil companies continue to unleash negative social and environmental impacts. In May 2020, a major blowout (uncontrolled release of natural gas and crude oil) occurred at the Baghjan Oilfield of Oil India Limited (OIL) in Tinsukia, Assam in North East India. The oil spill inflicted a terrible effect on the biodiversity of the two eco-sensitive zone of the Maguri-Motapung wetland and Dibru-Saikhowa National Park in Assam. The emission of greenhouses gases due to gas flaring and destruction of forest and agriculture land, a common feature of fossil fuel exploration and development, will aggravate climate change.

## CLIMATE FINANCE, DEVELOPMENT COOPERATION AND RENEWABLE ENERGY

Large dams, recognized as major emitters of GHGs, have been aggressively pursued in India, Nepal and Bhutan. They are promoted as renewable and sustainable sources of energy, with several OECD member countries and International Financial Institutions (IFIs) supporting the development of these large dams and allied infrastructures.

## DAM BUILDING AND DEVELOPMENT COOPERATION IN NEPAL:

Nepal has witnessed very large amounts of financing of large dams by several OECD member countries and IFIs. These investments are usually justified as initiatives to combat climate change,

- The 216 MW Upper Trishuli-1 Hydropower Project in Nepal, a massive initiative, is financed by the Japan International Cooperation Agency (JICA), the International Finance Corporation (IFC) of the World Bank and the Asian Development Bank (ADB).[13] The IFC financed $190 million, including $95 million of equity and loans from its own account and $95 million as the implementing entity for other funding sources. The Multilateral Investment Guarantee Agency of the World Bank Group provided $135 million in guarantees to cover political risk for the sponsors. Other international financiers include, the Export and Import Bank of Korea, CDC Group of the United Kingdom (formerly the Commonwealth Development Corporation), the Entrepreneurial Development Bank of the Netherlands (FMO) and PROPARCO of France.

  The project also includes assistance from the World Bank's International Development Association's (IDA) Private Sector Window, the Finland-IFC Blended Finance for Climate Program, and the Climate Investment Funds. Arranged by the IFC, loan agreements were signed to provide a total loan amount of $453.2 million. Thirty civil society organizations (CSOs) of Nepal have complained to the Green Climate Fund, expressing concern with the classification of the dam project as climate friendly.[14] According to this joint statement, as many as 30 hydro projects in the Trishuli River Basin have destroyed the natural environment and people's livelihoods in the areas where this project is being constructed. The project will displace Tamang indigenous community of Rasuwa district in Haku and Ramche of Rasuwa District in Nepal.

- The 140 MW Tanahu hydropower project in Nepal is financed by JICA, the Asian Development Bank and the European Investment Bank (EIB).[15] Costs for transmission and distribution lines to facilitate the building of large dams have been funded by the EIB. Indigenous Peoples have launched a complaint to the EIB on the harmful social and environmental consequences of the project. In October 2018, communities filed a formal complaint to the European Investment Bank's Complaints Mechanism on the effect of the high voltage transmission and distribution lines. The 220 KV Marsyangdi Corridor transmission line in Nepal to facilitate generation of power for numerous large dams was identified as being particularly harmful.

- The construction of the Upper Trishuli I, Tanahu hydropower project and other dams in Nepal are laden with high environmental and social risks. The 7.9 magnitude earthquake of April 2015 damaged the hydropower facilities at 19 sites and killed at least six workers at Upper Trishuli 3A, Mailung and Rasuwagadhi in Nepal.[16]

The cumulative impact of hydropower projects and their supporting infrastructure, such as transmission and distribution lines, on the fragile Himalayas have not been assessed.[17] The enormous infusion of FDIs, mostly in the form of loans, will further push Nepal into being one of the most indebted countries.[18] Nepal is already struggling under a significant public debt - in 2018, Nepal's public debt was US$8,766 million, which represents 30.2% of its GDP.[19]

## DAM BUILDING IN INDIA'S NORTH EAST:

Dam building is a significant part of India's development plan, particularly in the North East. Approximately two hundred dams, which are earmarked as part of the country's renewable energy program, are planned for the Brahmaputra – Barak River system. As many as 595 hectares of forest land have been diverted for the Mapithel dam. The 1500 MW Tipaimukh dam will submerge 27,000 hectares of forest land in Manipur. This massive submergence of forest, agriculture land and wetlands will contribute to major increases in the emission of greenhouse gases.

Dam building companies defend these huge hydropower projects, claiming that they provide clean energy and are part of the solution to climate change. They are actively seeking financial support for these initiatives. For example, the 1200 MW Teesta III hydroelectric project in North East India has been advocating for financial incentives from the Clean Development Mechanism of UN Framework Convention on Climate Change (UNFCCC).[20] In March 2019, the Government of India passed legislation to classify all hydropower projects as renewable energy. This is part of its goal to achieve 40% of the total power generation from non-fossil fuel sources by 2030 and to fulfil its Nationally Determined Contribution for Climate Change. Mega dam building across India's North East is integral to this goal.[21]

JICA provided 15,359 million Japanese Yen in an ODA loan for the Umiam Hydro Power Station Renovation Project in Meghalaya and the 60 MW Tuirial Hydroelectric Power Station Project in Mizoram. This latter project landed in controversy because it provided inadequate rehabilitation and resettlement for local people. The Tuirial Crop Compensation Claimant Association launched a complaint on the project's failure to provide compensation for crop loss in the land forcibly acquired.[22] The Government also approached JICA to finance the 66 MW Loktak Downstream hydroelectric Project in Manipur. This initiative will also result in a massive submergence of forest and agriculture land. KFW of Germany funded the Pare Hydroelectric Project in Arunachal Pradesh.

International financial institutions (IFIs) are increasingly financing dam projects and related infrastructures across North East India. In June 2016, the World Bank approved a $470 million loan for 400 KV high voltage transmission and distribution lines in India's North East[23] to facilitate the building of approximately 200 large dams on the Brahmaputra – Barak River system.[24] The Singapore based Asian Genco Private Limited, which receives support from Goldman Sachs, Morgan Stanley, and the IFC, invested US$1.4 billion in the 1200 MW Teesta-III project in Sikkim. The project is marred by its violation of Lepcha People's rights in Sikkim.[25] These huge projects, which will cause the submergence of forest and destruction of the earth in the fragile Himalayas, will increase GHGs emissions and violate peoples' rights.

The World Bank's IFC has provided $3.19 billion to the National Hydroelectric Power Corporation Limited (NHPC) for the building and renovation of several dams, viz, the Singda dam, the Imphal Barrage, the Loktak downstream project in Manipur.[26] The NHPC received investment support from not only the World Bank's IFC, but also six commercial banks, including the HDFC Bank (India's leading private sector bank), Kotak Mahindra, Yes Bank and the industrial credit and investment corporation of India banks (ICICI). In April 2010, the NHPC, with financing from IFC, signed an agreement with the Government of Manipur to build the 1500 MW Tipaimukh dam and power plant. In August 2020, it also signed a power purchasing agreement with the Government of Manipur for the 66 MW Loktak Downstream Hydroelectric project.

## FALSE SOLUTIONS TO CLIMATE CRISIS

There is considerable concern regarding some 'solutions' proposed to address the current climate crisis. Unfortunately the Paris climate agreement of 2015 has opened the door to negative emissions technologies, which will allow sequestering carbon through forest restoration and reforestation.[27]

In 2015, India submitted its Intended Nationally Determined Contributions Policy (INDC) to the UNFCCC with a pledge to reduce its GHG emissions by 33 to 35 per cent by 2030. Unfortunately, this plan has already led to threats of eviction of Indigenous Peoples in areas where they depend on the forests.

The 2018 draft Forest Policy of India clearly focused on the role of forest for climate change mitigation[28] and promoted private sector participation in forest management, undertaking afforestation and reforestation activities in degraded forest areas and forest areas. This forest policy fosters market-based climate change solution like reducing emissions from deforestation and forest degradation (REDD+), whose contribution in mitigating climate change has been questioned for its effectiveness in many places where it is pursued.[29] The Indian Forest Act, 2019 also includes provisions to hand over forests to private companies for afforestation.

## CLIMATE FINANCING AND ODA DIVERSIONS

SDG 13 Target A focuses on improving climate finance flows. Under the 2015 Paris Agreement on Climate Change, developed countries committed to providing US$100 billion in climate finance annually by 2020 to developing countries.[30] Also, in 2015, developed countries once again pledged to provide 0.7% of GNI as ODA to meet their commitments under the UN's 2030 Agenda for Sustainable Development. ODA commitments, which remains largely unfulfilled.

Public climate finance from developed to developing countries increased from $37.9 billion in 2013 to $54.5 billion in 2017. However, grant financing increased by only 25% between these years, going from $10.3 billion to $12.8 billion, as opposed to loans which doubled in value to $40.3 billion in 2017. Most multilateral loans are non-concessional.[31] Climate finance reached around $19 billion in 2015, of which 30% were channelled as bilateral ODA, 64% as multilateral ODA and only 6% through dedicated climate funds. The inclusion of climate change support as ODA by developed countries has contributed to the failure to fulfil developed countries' global commitments to contribute 0.7% of GNI for development in developing countries additional to measures to mitigate and adapt to climate change. Climate financing ODA in Asia has been also concentrated in middle-income countries such as India, Vietnam, Indonesia, China and Bangladesh with market potential for the donor countries. Japan has attracted attention and criticism for its reporting of investment in a coal fired power plant as "climate finance" to the UNFCCC.[32]

The 3rd High Level Ministerial Dialogue on Climate Finance (December 2018) focused on leveraging finance from the private sector through public-private partnerships.[33] Blended financing focusing on private sector roles in energy projects such as large dams as we have seen have serious social and environment impacts. Finance from the private sector usually takes the form of loans instead of grants. Leveraging private sector finance through ODA by major donors in fossil fuel energy projects will worsen the climate crisis. Private Sector investments are not an appropriate way to support adaptation, due to their commercial interests.

## RECOMMENDATIONS:

1. A focus on lessening emissions from fossil fuels and large dams as a solution to reduce greenhouse gases is not a viable answer to address climate change. Instead it will worsen climate change and impede efforts to realize sustainable development. Massive dam and hydro power projects are likely to cause significant destruction of fragile biodiversity and the displacement of indigenous communities. The increased financing by OECD member countries and multi-development banks to these large energy projects, despite their potential for climate change impacts, is a major concern.
2. Because of their huge social and environmental impact, large dam projects should not be promoted as being climate friendly and useful strategies to secure renewable energy. Instead, it must be recognized that their main benefit is to provide corporate bodies a way of maximizing profits. A reliance on private sector investments is not an appropriate way to support adaptation and mitigation of climate change impacts.
3. Proposed projects to build large dams on the rivers across the Himalayan region in South Asia should be stopped. If not, these initiatives have the potential to destroy

forests and agriculture land, increase climate change issues and displace indigenous communities.

4. Developed countries should address inequalities in emissions, fulfil ODA commitments for development results, and commit appropriate additional resources to tackle climate change.

5. Sustainable development alternatives should be defined with respect for communities' rights and their rightful participation. The phasing out of the use of fossil fuels towards alternative, cleaner and sustainable energy solution is essential. However, this goal cannot be achieved at the expense of indigenous peoples and community rights and ecological integrity.

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After walking for days or weeks with hardly any food or water, Somali families would arrive exhausted and hungry. Many of the children were malnourished and in poor health.

SOURCE: EU Civil Protection and Humanitarian Aid

# THE WORLD BANK'S CLIMATE FINANCE: TRANSFORMATIONAL CHANGE, OR DOUBLING DOWN ON NEOLIBERAL GLOBALISATION?

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**Summary**: This article provides a critique of the World Bank's climate finance flows, which the Bank refers to as 'climate-related investments.' Despite the fact that climate finance constitutes a growing part of the Bank's overall portfolio, there are reasons to be concerned that these finance flows, as currently constituted, won't catalyse the transformational change necessary to achieve global climate goals. The article considers three aspects of the World Bank's climate finance:

1. How the Bank defines climate finance, and whether these definitions are aligned to meet the Paris Agreement's aim of keeping average global temperature increases 'well below' 2°C compared to pre-industrial levels.

2. The instruments through which the Bank's climate finance is disbursed: Most of its climate finance is provided as loans, as opposed to grants, ignoring the climate justice imperative.

3. The link between the Bank's climate finance and its wider promotion of the financialisation of development finance, which, according to Gabor and Sylla, seeks "to reduce statecraft to de-risking investments for global financiers."

## INTRODUCTION: POSITIONING THE WORLD BANK'S CLIMATE FINANCE WITHIN ITS SUPPORT FOR NEOLIBERAL GLOBALISATION

The World Bank Group, together with its sister organization, the International Monetary Fund (IMF), has been an important handmaiden of neoliberal globalisation, which has privileged economic growth as the key metric of international development. As a set of processes, neoliberal globalisation, as promoted by the Bank and Fund from the 1980s to the present, has accelerated processes of extractivism from the Global South to the Global North, while promoting deregulation and austerity as key policy prescriptions. Negative climate and environment impacts have been a key 'externality' of the World Bank's lending, in particular. As noted by Bruce Rich:

> *"The Bank's environmental legacy is one of cumulative, avoidable ecological and social harm. ... This dysfunction is rooted in a perverse institutional culture of loan approval and pressure to lend, which also undermines governance in the Bank's borrowers and the economic quality of its operations."*

In recent years, the World Bank has sought to partially pivot to promoting "green growth," including its 'climate-related investments', while also continuing to provide finance for fossil fuels, particularly fossil gas. This article provides an overview of the Bank's climate finance, given this wider context, looking in turn at: 1) Issues with how the World Bank defines climate finance; 2) instruments through which the Bank disburses climate finance, i.e. primarily via loans rather than grants; and 3) the implications for borrower countries of the Bank's climate finance being embedded in its efforts to accelerate the financialisation of international development by crowding in private sector investors – an initiative it refers to as Maximizing Finance for Development.

## THE WORLD BANK'S CLIMATE FINANCE: KEY CAVEATS ABOUT GROWING FINANCE FLOWS

According to its internal accounting methods the World Bank's climate finance flows have increased substantially in recent years. In fiscal year 2019 (FY19), which ended at the close of June 2019, 30 per cent of the Bank's lending was 'climate-related', amounting to $18.8 billion across the different arms of the World Bank Group. Of these flows, $14.2 billion came from the International Bank of Reconstruction and Development (IBRD), the Bank's middle-income country lending arm, and the International Development Association (IDA), the Bank's concessional lending arm for low-income countries. A detailed breakdown of the World Bank's climate finance for FY20 is not yet available. However, according to the Bank, climate-related investments rose to a combined $15.89 billion for IBRD and IDA last year. By comparison, IBRD and IDA provided $6.5 billion in climate-related investments in FY15.

This trendline is due to continue in the coming years. In commitments announced at COP24 in Katowice, Poland (2018), the Bank will seek to provide $100 billion in climate-related investments through IBRD and IDA between FY21-25. The Bank has also committed to provide a further $33 billion through the

International Finance Corporation (IFC), its private sector investment arm, and the Multilateral Investment Guarantee Agency (MIGA), its project insurance arm, over the same time period, while also seeking to mobilise $67 billion in co-investment from the private sector. The Bank recently confirmed that it is introducing a target of 35 per cent of its investments being 'climate-related', on average, between FY21-25.

So, what's not to like? The first pertinent issue to reflect on is how the World Bank defines its climate finance, and whether these definitions are well aligned with global climate goals. The Bank tracks its finance using a jointly agreed upon multilateral development banks' (MDBs) methodology, which includes separate guidance for tracking climate change mitigation and climate change adaptation finance. As noted in a report by World Resources Institute and others, the MDBs' mitigation finance tracking methodology is not yet aligned with the aims of the Paris Agreement. Instead it is relying on the Common Principles for Climate Mitigation Finance Tracking, which were developed in 2012:

> *"While the methodology excludes certain activities—switching to more efficient thermal coal power plants, hydropower plants with high methane emissions, geothermal power plants with high $CO_2$ emissions, and biofuel projects with high net emissions—other activities that reduce GHGs are counted toward mitigation finance, regardless of whether they are congruent with 1.5° or <2°C pathways (emphasis added)."*

Thus, "the methodology allows for the tracking of investments to improve the efficiency of existing thermal power plants or to retrofit a plant to allow for the use of a less GHG-intensive fuel type (e.g. natural gas). But the methodology does not explicitly require that the plant be aligned with the Paris temperature goal."

While the MDBs are expected to release a new joint methodology on tracking mitigation finance in 2021, it is fair to say that some of the World Bank Group's climate-related investments to date are not well-aligned with a 1.5°C future. To cite just one example, according to reporting by Devex IFC is "planning to mobilize up to $400 million to finance an oil company's plan to reduce gas flaring." The article notes that IFC will invest in "Basrah Gas Company's construction of a new gas processing plant in the oil-rich region of southern Iraq, which will significantly increase the company's ability to process raw gas." Under the current MDBs' mitigation finance tracking methodology, the project is eligible to be classified as climate finance on the grounds that it reduces gas flaring.

Questions have also been raised about the credibility of the Bank's accounting methodology for its climate change adaptation finance. A report published by CARE Denmark and CARE Netherlands in January 2021, Climate Adaptation Finance: Fact or fiction? assessed climate adaptation finance reported by donors for 112 projects in six countries between 2013-2017. This study found that in 16 World Bank projects there was a net over-reporting of $832 million mis-labelled as adaptation finance. The report notes that there remains a transparency gap in adaptation finance reporting by the Bank and other multilateral development banks, as "their in-depth methodology and the evidence behind their climate finance figures remain unpublished."

While a full critique of all aspects of the MDBs' climate finance methodology is beyond the scope of this article, another significant dimension is the designation of certain types of hydropower as a source of renewable energy. During the 18th replenishment cycle for IDA (IDA18), which ran from mid-2017 to mid-2020, a 5GW agreed upon target for renewable energy was largely met due to the World Bank's investments in several major new hydropower projects in low-income countries such as the 420MW Nachtigal Hydropower Project in

Cameroon. Given the World Bank's long history of investing in damaging hydropower projects, civil society organisations such as Oil Change International have rejected this classification as mitigation in their independent analysis of the Bank's energy lending.

There are also concerns that the Bank's continued investments in fossil fuels are working at cross-purposes with its efforts to increase climate finance. Despite the Bank introducing a new exclusion on project finance for 'upstream' oil and gas projects that it began implementing in 2020, Germany-based civil society organisation Urgewald estimates that the Bank has provided over $12 billion in support for fossil fuel projects since the Paris Agreement was signed.

## UNTIL DEBT DO US PART? DESPITE CLIMATE JUSTICE IMPERATIVE, THE MAJORITY OF MDBS' CLIMATE FINANCE IS DISBURSED AS LOANS

A second thorny issue with the World Bank's climate finance is the instruments through which it is disbursed. Its climate finance flows consist mostly of loans rather than grants, reflecting an overall trend in climate finance that has been mobilised by wealthy donor countries to date. According to Oxfam's Climate Finance Shadow Report 2020, approximately 20 per cent of all public climate finance reported by wealthy countries in 2017-2018 was disbursed as grants, with the rest being provided via loans or other non-grant instruments.

Sonam P Wangdi, Chair of the Least Developed Countries Group at the UNFCCC, made the following statement regarding the climate finance totals mobilised by rich countries in 2018 (the year for which the most recent data exists):

> *"The large majority (74%) was [provided] as loans, much delivered as ordinary, non-concessional loans, which will have to be repaid with interest. This is a concern for us, as many developing countries are facing a looming debt crisis. Climate change is already a burden, and the prospects of increased debts are worrying. We would like to see the promise of $100 billion fulfilled through grants."*

The World Bank does not provide a detailed breakdown of the proportion of its climate-related investments that are in the form of grants. However, the 2019 Joint Report of Multilateral Development Banks' Climate Finance gives a summary of different instruments used to disburse climate finance across the World Bank and other MDBs. According to this report grants constituted just $2.7 billion of a total of $61.5 billion in MDBs' climate finance in 2019. By comparison, the World Bank and other MDBs provided $44.9 billion in investment loans in 2019.

MDBs also provided $4.7 billion in climate finance via policy-based financing in 2019. In the case of the World Bank, this refers to its development policy financing. These loans require borrower countries to undertake 'prior actions' (usually legal changes) in order to secure fungible budget support. If prior actions are deemed 'climate-related', the World Bank counts a proportion of these loans as climate finance, although the budget support provided by these loans may not directly finance climate projects, per se. Worryingly, in the case of the World Bank, there is no publicly available information available on how 'climate-related' prior actions are defined.

## THE WORLD BANK'S CLIMATE AGENDA MEETS THE 'WALL STREET CONSENSUS'

The World Bank's climate finance is embedded in a much wider transformation of the development finance architecture, which the World Bank refers to as Maximizing Finance for Development (MfD). MfD seeks to 'crowd in' the private sector in development efforts, by 'de-risking' them. Gabor and Sylla describe MfD as the "Wall Street Consensus":

> *"For the last decade, the G20, the IMF, the World Bank and other multilateral development banks...have pursued a new development agenda focused on a 'grand bargain' with private finance: the Wall Street Consensus. Its logic is powerful. The global portfolio glut – the trillions managed by institutional investors, mostly from the Global North – could finance the Sustainable Development Goals, given the assumption of scarce public resources in the Global South."*

As Gabor notes elsewhere, the Wall Street Consensus, "promises institutional investors $12 trillion in 'market opportunities' in transport, infrastructure, health, welfare, and education, to create new investable assets via public-private partnerships in these sectors and deeper local capital markets." An implicit part of this agenda involves a fundamental change in the role of the state in the Global South. Gabor argues:

> *"Under this consensus, nation states are supposed to protect the financial sector from the risks of investing in developing markets. This would privatise gains for [global] finance and push losses onto low-income governments and the poor."*

She notes that this logic has increasingly been applied to climate finance, which she refers to as the "Wall Street Climate Consensus." It "promises that, with the right nudging, financial capitalism can deliver a low-carbon transition without radical political or institutional changes." Gabor argues that such an approach avoids the reforms to the global financial architecture that are needed in order to address the overlapping climate and inequality crises. She notes: "The Wall Street Climate Consensus will not turbocharge the climate agenda. It is designed to protect the status quo of financial globalisation," rather than yielding a publicly backed Green New Deal on a global scale.

As already alluded to above, the World Bank's 2021-25 climate finance targets explicitly seek to 'crowd in' $67 billion in private finance. In the arena of climate investment (and elsewhere), the Bank typically views its role as a convenor. It understands itself as having the ability to help facilitate de-risking for private sector partners through co-finance, project guarantees, or legal and regulatory reforms attached to its policy lending. However, this architecture often leaves borrower countries holding most of the risk, including long-term public-private agreements that guarantee profits for the private sector. If project risks materialise, borrower countries are likely to face financial liabilities, which essentially translate into further debts that are largely off-balance sheet.

## CONCLUSION: TOWARDS A JUST RECOVERY FROM COVID-19 AND A JUST TRANSITION TO A ZERO-CARBON FUTURE

The COVID-19 crisis has deepened the contradictions of the Wall Street Climate Consensus. While many developing countries have been left with unsustainable debt burdens, private creditors have refused to participate in coordinated debt restructuring. This situation has raised the spectre of disorderly sovereign debt defaults. In the face of emergency COVID-19 measures, there are signs that private sector investors are increasingly turning to trade arbitration tribunals, such as the World Bank-hosted International Centre for Settlement of Investment Disputes. Their objective is to seek compensation from countries for lost profits, including those stemming from environmental regulations. Meanwhile, there has been a fresh wave of austerity measures mandated by the IMF for countries who sought emergency lending from the Fund in 2020. According to UNCTAD these measures threaten to further restrict the Global South's ability to prioritise climate action over debt repayments and could usher in a 'lost decade' for development gains.

The implications for climate action are stark. In order to contribute to a zero-carbon transition that is socially just, changes are needed on at least three different levels:

1. The climate finance provided by the World Bank and other MDBs must be genuinely aligned with the aims of the Paris Agreement, and congruent with a 1.5°C pathway. In practice, this means excluding finance for all fossil fuels, in addition to strengthening the joint MDBs climate finance methodology and ensuring project-level transparency in how this finance is reported.

2. The MDBs' wealthy shareholders must commit to mobilise significant amounts of grant-based finance, in order to provide countries with fiscal space and spur the zero-carbon transition.

3. Rather than promoting the Wall Street Climate Consensus, a new consensus is needed that reverses long-term trends of pro-private sector policies, including deregulation, a race to the bottom in terms of corporate taxation, and austerity. Such a consensus must involve a clear break with neoliberal globalisation. Instead, the climate finance provided by the World Bank and other MDBs needs to be couched within wider reforms to global financial architecture. It could lay the foundation to achieve a global Green New Deal, one which addresses the climate crisis and yields a more equitable global financial order.

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Three failed rainy seasons have resulted in Ethiopia's worst drought in 50 years. Country-wide 250 000 people are believed to be displaced across more than 25 sites. Siti zone in the country's Somali region is one of the hardest hit .

SOURCE: EU Civil Protection and Humanitarian Aid

# **ESCAZU AGREEMENT:** AN OPPORTUNITY FOR THE PEOPLES OF LATIN AMERICA AND THE CARIBBEAN IN THE FACE OF ENVIRONMENTAL CRISES

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## 1. INTRODUCTION

Perhaps the greatest challenge in our world today is the need to identify and implement solutions to our planet's latent environmental crises. This is a highly complicated process, one that requires serious political dialogue between the Global North and Global South. To date there has been limited progress in creating international, regional or local solutions and agreements to respond to the effects of climate change.

Many international conferences have been convened to discuss these issues. At the first Summit on Environment and Sustainable Development (Rio de Janeiro, 1992) the UN Framework Convention on Climate Change (UNFCCC) was created, with its annual Conference of the Parties (COP). But these meetings have often had disappointing results. For example, the Copenhagen Conference of the Parties (2009) failed to advance the Kyoto Protocol into a strategy aggressively implemented by world leaders, one that addressed the depletion of natural resources, pollution, loss of biodiversity, climate change and the depletion of the ozone in the context of climate change.

After more than a century and a half of industrialization, deforestation, and large-scale agricultural practices, the amount of greenhouse gases in the atmosphere has increased to levels never seen in the last three million years. Climate change could plunge another 100 million people into poverty by 2030.[1]

While our whole planet is experiencing the impact of climate change, the poorest countries are particularly vulnerable and likely to suffer the most. Their rights are greatly at risk to climate-related phenomena, human health repercussions, food insecurity, loss of livelihoods, and difficulty in accessing safe water sources. The recent COVID-19 pandemic has significantly worsened an already precarious situation.

There are no easy solutions for these issues. The political, economic and military dominance of global economic powers over the planet is founded on a neoliberal, capitalist system that plunders our natural resources. It turns humankind into a machine at the service of economic growth without providing comprehensive solutions to society's fundamental needs for a decent life in peace and harmony with nature.

But against these forces is a growing awareness that our world is a single ecosystem and that the environmental deterioration of one part has repercussions for other, distant places, even the entire biosphere. The care and protection of the natural environment has thus become a growing priority for the global political agenda.

Latin America's Amazon is an important resource, not only for the region but also for the whole world and plays a critical role not only in the defense of our natural environment but also in the promotion of alternative economies to care for our world. The latter reflects community systems, which create bio-geographic spaces that have a strategic value in conserving biodiversity, culture and identity in the face of global warming. This framework could be applied to all ecosystems in Latin America and the Caribbean contributing to both a regional and a worldwide system change.

To support this vision, it is necessary to have effective multilateral agreements in place at the global and regional level. This would allow countries to access environmental, economic, political and social justice resources to support inclusive and sustainable development. The 2030 Agenda for Sustainable Development and the Escazú Agreement for Latin America and the Caribbean are two such initiatives.

## 2. THE ESCAZÚ AGREEMENT FOR ENVIRONMENTAL SUSTAINABILITY IN LATIN AMERICA AND THE CARIBBEAN

The 2030 Agenda for Sustainable Development, approved by the United Nations Member States, sets out the path towards greater dignity, prosperity and sustainability for the people and the planet.

Latin American and Caribbean countries have played a relevant role in developing this vision. This has included multilateral initiatives resulting in the adoption of the only legally binding agreement derived from the 2012 United Nations Conference on Sustainable Development (Rio + 20). The Escazú Agreement is the first environmental treaty in the region and the world to include provisions about environmental human rights defenders.

"The Regional Agreement on Access to Information, Public Participation and Access to Justice in Environmental Matters in Latin America and the Caribbean" was adopted in Escazú (Costa Rica), in March 2018.[2] Negotiated by the States with meaningful civil society and general public engagement, this Agreement confirms the value of regional dimensions of multilateralism for sustainable development. It links global and national frameworks, establishes regional standards, and promotes capacity building, particularly through South-South cooperation. It lays the foundation for a supportive institutional structure and offers tools to improve policy-making and decision-making.

This Treaty is groundbreaking. It makes a major contribution to democratic governance by guaranteeing the right to gender equality, a healthy environment and sustainable development, which is centered on people and vulnerable groups. It establishes urgent priorities for environmental management and protection from a regional perspective; regulates rights to access information and to public participation; and advocates for justice in the sustainable use of natural resources. It supports biodiversity conservation for the establishment of greater trust, stability and transparency in our societies.

## 3. THE ESCAZÚ SIGNATURE PROCESS AND ITS IMPLEMENTATION IN LATIN AMERICA AND THE CARIBBEAN

The Escazú Agreement prioritizes all-encompassing sustainable development:

> *"...By engaging the public in all decisions that affect them and establishing a new relationship between the State, the market and society, our countries are refuting the false dichotomy between environmental protection and economic development. Growth cannot take place at the expense of the environment and the environment cannot be managed if our economies and peoples are ignored.*
>
> *Legal certainty and trust in public institutions are also crucial to sustainable development.*[3]

Such interlinkage and interdependence, recognized in the Regional Agreement, makes the first regional treaty of ECLAC an invaluable tool for achieving the 2030 Agenda for Sustainable Development."

These are times of profound transformations, ones that are reshaping social and labor relations. The mechanisms contained in the Agreement can serve as a basis for regulations to prevent, control and limit production systems that are motivated by profit maximization ambitions, regardless of their risk to the environment.

This is a regional Agreement involving the 33 countries that comprise Latin America and the Caribbean or all those that ratify it. The Agreement requires that a minimum of 11 countries must ratify the Agreement in order for it to be put into force. This is about to occur as 24 countries have signed the Agreements, and the eleven necessary countries have ratified it (Antigua and Barbuda, Bolivia, Ecuador, Guyana and Jamaica, Nicaragua, Panama, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Uruguay, Argentina and Mexico).

There is no doubt that the Escazú Agreement has many opponents who perceive it as a serious threat. These opposing sectors are polarizing discussions and are lobbying for States not to add their support and signatures to this Agreement. This dissension is causing social polarization in some countries such as Chile, Colombia, Paraguay and Costa Rica.

It is important to clarify that the Escazú Agreement is an agreement signed by States, but it does not establish substantive obligations and rights between States. Instead, most of its provisions (Articles 1 to 10) focus on a series of Obligations and Commitments that each State, within its territory and in relation to the people living under its jurisdiction, undertakes to implement.

The entry into force of this instrument, the first at the international level to extend special protection to those who defend the environment, is urgently needed. Latin America is already facing the effects of climate change, including an accelerated loss of biodiversity and the lack of protection of soil and safe drinking water sources in many parts of the region.

Just as important is the need to address past wrongs, to re-establish citizen and indigenous people's participation in environmental justice. Latin America has a violent history to account for – the region has the highest number of killings of environmental and community leaders. At least 264 human rights defenders were killed in the Americas in 2020, with 40% of violations from the land, Indigenous Peoples and environmental rights sector.[4] This legacy includes the intimidation and other forms of attacks that undermine the efforts of individuals and communities who dedicate part of their lives to environmental advocacy efforts.

The entry into force of the Escazú Agreement sends a strong message to the national and international community about our region's commitment to human rights in environmental issues. It opens spaces for international cooperation to implement development cooperation principles inside national plans, environmental and socio-economic policies, strategies and programs formulated by governments and civil social organizations (CSOs). All these actions are important contributions towards the implementation of the 2030 Agenda for Sustainable Development and the Paris Agreement on Climate Change.

## 4. THE ENVIRONMENTALIST MOVEMENT IN LATIN AMERICA AND THE CARIBBEAN

New social actors, who are mobilizers of change and transformation, are being empowered in the LAC region. The environmental movement has played a central role in the development of these movements in Latin America, as represented by the Leader Bertha Cáceres. She raised environmental awareness amongst thousands of young people and ultimately gave her life to the defense of Indigenous Peoples' rights.

Social Movements provide a space for social agreement, critical analysis, construction of political thinking and social mobilization. They mobilize populations to stand up for their rights, lands, crops, and products. Social movements are a forum for creating strategies to establish alternative markets, decent housing and wages and the support of human rights, exposing the extractive and predatory models of development that destroy the natural resources.

The integration of social movements is, of course, complex and dynamic. It requires the integration of the interests and views of organizations across sectors - trade unions, feminists, youth, peasants, fishermen, artisans, indigenous people, environmentalists, and migrants. This integration is a process built based on national and sectoral interests, a commitment to the protection of local resources as well as human and solidarity relations between peoples and the recovery of their collective memory. They are based on democratic principles and the realization of, peace, social justice, sustainable development, multicultural identities, self-determination, sovereignty, justice and solidarity principles.

## 5. CHALLENGES FOR GOVERNMENTS, DEVELOPMENT COOPERATION, AND SECTORS, MOVEMENTS AND CIVIL SOCIETY ORGANIZATIONS

### *Governments*

- Address the urgent need for the region to raise its level of ethical commitment and political will in environmental issues. Strengthening the environmental dimension of international policies and commitments by States should be a priority for government and state public management in the region;
- Support ownership of international, regional, sectorial Agreements - Escazú LAC Region Agreement - by governments for better governance and the establishment of democratic institutions;
- Clearly define environmental policies and development strategies at the national and regional sectoral levels to enable the implementation of the Escazú Agreements; and
- Engage citizens in political dialogue with the inclusion of multiple stakeholders, CSOs, movements, private sector, NGOs, for Environmental Agenda and Escazú Agreement implementation.

### *Development Cooperation*

- Accompany ownership, harmonization, alignment and accountability processes with a view to strengthening governments' capacities towards the implementation of the Escazú Agreement;
- Provide resources to governments, NGOs, sectors and CSOs towards environmental policy implementation strategies, policies and programs;
- Implement South-South, multilateral and bilateral cooperation towards environmental development effectiveness linked to SDGs/2030 Agenda; and
- Reshape development cooperation in Latin America taking account the severe increase in poverty and extreme poverty as a result of COVID-19 and natural disasters that are affecting the region as a result of the environmental crisis.

### *Sectors, Movements, Civil Society Organizations*

The environmental and climate crisis that the region has endured for decades, and now the COVID19 pandemic, highlights the urgency of working for the protection of nature to ensure the good health of our planet and humanity.

From civil society networks, social movements and citizen spaces that promote the implementation of Escazú Agreement:

- Urge the States of the Latin American and Caribbean region that have not yet ratified or adhered to the Agreement, to provide their countries with a robust instrument that allows progress in democracy and environmental governance;
- Create campaigns and social mobilization based on awareness raising and dissemination of environmental policies and the Escazú Agreement to contribute to their implementation, with citizen oversight;
- Accompany fully informed Human Rights Defenders in the management of the environmental agenda, supporting the opening of civic spaces; and
- Reconnect with the youth of the Americas, in order to stimulate dialogue and transmit generational experience.

## ENDNOTES

1. Banco Mundial, Se necesita un desarrollo rápido e informado en relación con el clima para evitar que el cambio climático empuje a la pobreza a más de 100 millones de personas para 2030, accedido en https://www.bancomundial.org/es/news/feature/2015/11/08/rapid-climate-informed-development-needed-to-keep-climate-change-from-pushing-more-than-100-million-people-into-poverty-by-2030.
2. CEPAL, Regional Agreement on Access to Information, Public Participation and Justice in Environmental Matters in Latin America and the Caribbean, March 2018, accessed at https://repositorio.cepal.org/bitstream/handle/11362/43583/1/S1800428_en.pdf. See the web site for the Agreement at https://www.cepal.org/es/acuerdodeescazu.
3. *Ibid*., page 11.
4. Frontline Defenders, Global Analysis 2020, page 20, accessed at https://www.frontlinedefenders.org/sites/default/files/fld_global_analysis_2020.pdf.

PART 3

# GLOBAL AID TRENDS

Nasrin Akter, works as a community organizer under the LIUPC project of UNDP Bangladesh. She raises awareness about Covid-19 among the marginalized people in Dhaka. She takes great pride in her work, as she is able to help a huge number of people, but regrets not being able to help more.

SOURCE: UN Women/Fahad Abdullah Kaizer

# THE FUTURE OF AID IN THE TIME OF PANDEMIC: WHAT DO GLOBAL AID TRENDS REVEAL?

*Brian Tomlinson, AidWatch Canada*

## 1. INTRODUCTION AND SUMMARY

The COVID-19 pandemic is laying bare long-standing global and national inequalities as well as the realities of chronic poverty and social vulnerabilities in the Global South. There is growing alarm about the political resolve of the international community to step up for countries that lack the capacities and/or resources to protect their citizens. The global pandemic raises important questions: Will aid and humanitarian providers rise to this challenge for urgent action? Is it possible to reform the aid system itself so that it responds to the unprecedented impact of the pandemic as well as the emerging climate and ecological emergencies? Significantly increased and effective aid, guided by public purposes, is needed now more than ever. Aid is an essential resource to catalyze support for vulnerable populations who are deeply affected by worsening structural conditions of social injustice, racism, poverty and inequality. Evidence of meaningful responses to these challenges to date is mixed and discouraging.

The pandemic continues to unfold in its various waves in developed and developing countries alike (January 2021), with dramatic loss of human life in these past months -- more than 2 million globally in 2020 The full extent of the pandemic's consequences for human life, livelihoods and peoples' rights is difficult to predict. Much remains uncertain. Nevertheless, certain dimensions of its impact in developing countries have been identified:

- The World Bank anticipates that as many as 150 million people may be pushed into extreme poverty by 2021 as a result of the pandemic. With 1.9 billion people, or 30% of the population of developing countries, living below the $3.20 social poverty line (and close to 50% of people in Sub-Saharan Africa), vulnerability to the economic and social shocks of the pandemic remain very high. Many people are already living on the margin of extreme poverty.[1]

- The situation for women highlights the gendered impacts of the pandemic. These includes not only its direct health, economic and social effects, but also its lasting consequences in "exposing and reinforcing entrenched gender norms and inequalities" that could last for generations. Female health and care workers, who are often on the frontlines, are highly susceptible to infections, at three times the rate of their male colleagues. Nearly 740 million girls have been out of school due to lockdowns in 2020 and many may not return. Women's access to sexual and reproductive health services have been curtailed in many countries. In both developed and developing countries, there is evidence that pandemic lockdowns have accentuated levels of sexual and physical violence by male partners.[2]

- The International Labour Organization (ILO) calculates that over two billion people earn their living in the informal economy, representing 90% of employment in low-income countries and 67% in middle-income countries. Of this number the ILO estimates that the livelihoods of 1.6 billion informal workers, often considered the working poor, have been seriously jeopardized because of measures to shut down economies. With no safety nets and no means to earn income, many are suffering from lack of food, or at best poor food, as well as limited or no access to health care. Women are significantly over-represented in this sector and have been the hardest hit by the consequences of the pandemic.[3]

- The Food and Agriculture Organization (FAO) has predicted that the number of undernourished people could grow by close to 20% before the end of 2020, from an estimated 690 million at the end of 2019 to up to 820 million. While an upward trend in food insecurity has been evident since 2017, the pandemic has only worsened this crisis. As well, millions of agricultural workers, have been forced to continue to work in unsafe conditions, exposing themselves and their families to additional risk.[4]

- The pandemic has also had a significant impact on civil society as it has limited its political space to work in challenging health and socio-economic conditions. According to CIVICUS' Civil Society Monitor, conditions for civic space deteriorated in 2020 with 87% of the world's population now living in countries rated as 'repressed', 'obstructed' or 'closed' in 2020. Only 12.7% of the world's population was identified as living in countries with 'open' or 'narrowed' spaces compared to 17.6% in 2019.[5]

- Responses to COVID on the part of illiberal governments have intensified measures to criminalize dissent, restrict freedom of information, expression and assembly.[6] The impact will be profound for longer term development. A comparison between the CIVICUS Monitor and the 2020 UN report on progress for the Sustainable Development Goals (SDGs) demonstrates that nine of the 10 countries that have made the most progress on the SDGs have a civic space rating as 'open.'[7]

In March 2020 OECD Secretary-General Angel Gurría, called for "a modern global effort akin to the last century [post-World War II] Marshall

Plan and New Deal [U.S. measures for recovery from the Great Depression] -- combined." Official Development Assistance (ODA), as well as debt cancellation, can play crucial roles in efforts to "focus especially on those who were already in physical, economic and social precarity, and strengthen the foundation for our common future."[8]

Since the beginning of the pandemic many countries in the North have devoted over 10% of their Gross National Income (GNI) to protect their economies and provide health and livelihoods assistance for their citizens. They have invested more than $800 billion in pandemic related social protection programs, compared to $3 billion by governments in the South.[9] This huge disparity in levels of support ignores an important fact - the pandemic cannot be stopped until its impact has been overcome throughout the world. But "vaccine nationalism," whereby developed countries have commandeered almost all vaccines approved and produced in early 2021 for their own populations, deeply undermines a global and equitable approach to protecting the most vulnerable everywhere. The Economist predicts that African populations may only start mass vaccinations sometime during the first half of 2022, with a significant proportion of the population vaccinated not until early 2024.[10]

If there ever was a time to address these inequalities, donor countries urgently need to ramp up ODA to the UN target of 0.7% of donors' GNI. Achieving this target in 2019 would have resulted in $356 billion in aid. Largely flat-lined since 2017, there is a long way to travel. In 2019 Real ODA from the OECD's Development Assistance Committee (DAC) donors at $135 billion, represented only 0.28% of their collective GNI.

The pandemic is likely to have a major impact on patterns of aid and its delivery in 2020 and subsequent years.[11] It is also difficult to predict how it will affect the availability of investments needed to achieve the goals of UN's Decade for Action to realize the SDGs by 2030 Major goals for poverty eradication, food security and women's empowerment have already been set back and the fear is that this will only continue.

Unfortunately, little aid data for 2020 is available in early 2021 to assess the actual impacts of the pandemic on aid trends. As a result, this chapter primarily focuses on pre-pandemic trends in aid and development cooperation from 2010 to 2019, which provide a backdrop for understanding future directions in the aid regime for critical goals in reducing poverty and inequality, meeting the ongoing challenges of the pandemic, addressing the climate emergency through climate finance, and responding to related conditions of conflict and fragility in the Global South.[12]

The main findings from this aid trends analysis are:

1. **Aid levels for most DAC members have atrophied or stagnated**. At current levels ($135 billion for Real ODA in 2019), the DAC is in a weak position to catalyze investments to achieve the SDGs in this Decade of Action for Agenda 2030, or to respond effectively to the immediate and longer-term impact of the pandemic in the Global South.

2. **Aid is highly concentrated and affected by five large donors.** What happens with the top five aid providers (France, Germany, Japan, the United Kingdom and the United States) has a tremendous impact on both the quantity and quality of aid and international cooperation. These donors provided 67% of all aid in 2019. They have been responsible for most of the growth in ODA since 2010, compared to all other DAC donors. But at 0.26% of their combined GNI, this performance ratio is 50% less than the next five donors. The impact of these donors is further accentuated by the scale of aid from European Union (a closely related multilateral donor) with its $15 billion in aid in 2019.

3. **Projections for ODA levels in 2020 and 2021 are uncertain**. Despite the urgent need for concessional development finance, which is driven by Agenda 2030, the climate emergency and an unprecedented pandemic, donors have only been able to affirm a weak commitment to protect or step-up aid "to the extent possible." The massive pandemic expenditures in donor countries make it hard to predict present and near future aid levels. The dramatic reductions in UK aid, with the United Kingdom government abandoning its legislated mandate of a 0.7% target, has been a major blow. Other countries, such as Canada, have indicated that they are only able to provide pandemic-related one-off increases. Other donor aid projections for 2021 do show some positive markers, but ODA remains uncertain in its overall levels and sustainability.

4. **Responses to the pandemic are falling short**. So far, contributions to alleviate the pandemic's impact in the Global South have been primarily through multilateral financial institutions or the UN system. These organizations have channeled approximately $110 billion in concessional and non-concessional resources (December 2020). At the end of April 2020, DAC members reported approximately $10 billion in aid to be committed to the pandemic response, an amount likely much larger by the end of December, but unequal to the challenges facing many of the poorest countries.

   The global coordinating mechanism, COVID-19 Tools (ACT) Accelerator, which includes the COVAX partnership to enable equitable access to vaccines in the Global South, has reported that $5.8 billion had been pledged, but an additional $3.7 billion is urgently needed. A further $23.7 billion in 2021 is required, if COVID tools are to be deployed around the world.

5. **Current levels of humanitarian assistance do not meet the unprecedented and complex consequences of conflict, pandemic and climate change impacts**. Despite a record 1 in 33 persons projected to require humanitarian assistance in 2021, the international community provided not even half (44%) of the UN humanitarian appeals and the Global Humanitarian Response Plan for COVID-19 in 2020 (November data). More than 1 billion people are living in countries affected by long-term humanitarian crises, with more than half the population of these countries living in poverty.

6. **Although DAC donor humanitarian assistance has grown over the past decade, there is still minimal investment in disaster preparedness**. The slow growth in ODA coupled with increases in humanitarian needs, has meant that the share of DAC humanitarian assistance in ODA has grown over the past decade. Its share of Real Bilateral ODA rose from 12% in 2010 to 18% by 2018.

   Three of the largest donors (the United States, Germany and the United Kingdom) were responsible for 71% of DAC donor bilateral humanitarian assistance in 2018. There has been a greater emphasis on support for coordinated efforts and post-emergency reconstruction (25% of humanitarian aid in 2018). But there is still little investment in disaster preparedness (largely stagnant at 3% of humanitarian assistance), despite widespread warnings of increased weather-related events resulting from the growing climatic effects of global warming.

7. **Fragile country contexts are important priorities for DAC donors, with possibilities for improving the aid-related humanitarian/development nexus**. Over the past decade thirty (30) countries with the most fragile contexts received 37% of Real ODA disbursements and 57% of humanitarian assistance, although these resources were unevenly distributed. There is a good opportunity to improve

the humanitarian/development nexus in these fragile contexts, in all but the most conflict affected situations. With 75% of aid to these thirty countries allocated for long-term development purposes, and 25% to humanitarian needs, the possibilities for improved synergies in the nexus are present. CSOs are important development actors in fragile situations – they are currently responsible for the delivery of 26% of the aid dispersed in these 30 countries.

8. **Donors are failing to address the impact of the climate emergency or to meet their commitment to provide $100 billion in international climate finance by 2020.** Developed countries were to be providing $100 billion in annual climate finance by 2020 in order to ensure a fair and effective implementation of the 2015 Paris Agreement. However, donors' actual commitments to international climate finance are far off this mark. When DAC donor bilateral climate finance is compared to 2014 and adjusted for mainstreamed climate finance and grant equivalency in loans, the total real bilateral climate finance by these donors has actually fallen by $2.9 billion by 2018. At $11.6 billion this performance is far from their $37.3 billion target contribution to the $100 billion commitment.

   While bearing little or no responsibility for the climate emergency, the majority of climate finance for developing countries is being delivered as loan finance, not grants. Climate finance indicators indicate that there is only a modest improvement in directing climate finance to the poorest countries for adaptation and addressing the rights of women and girls in climate impacts.

9. **Social protection measures that are being implemented in donor countries to address the impact of the COVID-19 pandemic and related lockdowns are not generally available to governments in the Global South.** Pervasive conditions of poverty, inequality, informal labour markets, and very limited government revenue creates a vicious circle for many millions of people without access to social protection and basic services. This situation has only worsened with the pandemic. Twenty-eight of the world's rich countries have spent an additional $695 per person for special protection measures while 42 low- and middle-income countries have only been able to spend from a low of $4 to $28 per person.

   Based on a proxy indicator for the poverty-focus of DAC ODA, less than half, or about 40%, of DAC donor and multilateral ODA has been directed to sectors that are highly relevant to poverty reduction. These sectors include small/medium enterprise development, basic education, health, human rights and agriculture. Over 60% of aid delivered through CSOs focus on these poverty-oriented sectors.

   Long-term development aid to Sub-Saharan Africa has been declining over the past decade, falling by 10% in 2018 from a high of $24 billion in 2011. While humanitarian assistance for African countries affected by conflict, climate events and insecurity is critical, ODA for long-term development aims is essential for catalyzing progress to meet the SDGs in a region with the highest levels of poverty.

10. **Over the past decade the quality of DAC ODA has been undermined by donor incoherence**. Some of the factors that have contributed to diminished quality are: 1) a reluctance to respect developing country ownership of their development priorities; 2) a growing but mixed emphasis on the private sector; 3) increasing use of loans in ODA; and 4) the imposition of migration and security sector aid conditionality.

    The Global Partnership for Effective Development Cooperation's 2019 monitoring of development effectiveness principles found little progress in donor respect for country ownership, pointing to a decline in some indicators for donor practices consistent with support for country ownership. Budget support, an important resource for developing country priorities, has declined by 25% from a high of $12 billion in 2009 to $8.6 billion in 2018. There has been little progress in reducing tied bilateral aid, which does not include technical assistance and does not take account high levels of informal tying by DAC donors in their procurement practices.

As ODA has flat lined, donors have looked to the private sector to fill the SDG finance gap that may increase by up to 70% due to the pandemic. Indicators show a modest growth of ODA allocations related to the mobilization of private sector resources. Sectors oriented to engaging the private sector attracted 25% of aid for bilateral donors and 28% for multilateral donors in 2018, up from 22% and 23% respectively since 2010. Since 2018, DAC members included ODA invested in donor Private Sector Instruments (PSIs) such as Development Finance Institutions (DFIs). While it is likely that more will be reported in subsequent years, in 2018 only $2.7 billion was recorded for PSIs, which represented 2.5% of DAC donors' Real Gross Bilateral Aid.

There are major concerns about growing and unsustainable debt, which are compounded by the current pandemic. These concerns are accentuated by increases in the share of loans in the multilateral system and bilateral aid over the past decade. Loans have increased significantly in multilateral aid which have been one of the main channels for pandemic support in developing countries. Loans also play a major role in the bilateral ODA of Japan, France and Germany, with the share for Japan and France over 60% in 2018.

Conditioning of aid projects, particularly by European Union Institutions, to promote foreign policy objectives to limit the movement of irregular refugees to Europe is a growing concern for the quality of European aid.

In coming to these conclusions, the analysis develops five inter-related aspects of aid that will affect its allocations going forward in the aftermath of the pandemic:

a. An overview of current patterns of global poverty and their implications for the allocation of aid, whose goal should be the reduction of poverty and inequalities.

b. Trends in the value of ODA over the decade 2010 to 2019, including projections for aid in 2020 and 2021. The analysis points to important distinctions when these trends are disaggregated for the top five donors, and the next five donors (by amount of their aid).

c. Taking account growing poverty and vulnerability arising from endemic conflict, weak governance and increasing impacts of climate change, there is a detailed examination of trends in humanitarian assistance, fragile contexts and the allocation of donor climate finance.

d. The analysis then assesses the degree to which current allocations of ODA focus i) on sectors with an impact on poverty, ii) on allocations to countries with large numbers of poor and vulnerable people and to Sub-Saharan Africa, and iii) on trends for aid and gender equality.

e. Finally, the analysis examines aspects of aid that are tending towards undermining aid's focus on poverty and inequality and strengthening its roles in promoting donor interests and foreign policies. These include trends that indicate diminished progress on developing country ownership, the potential use of aid as a subsidy for the private sector, and increased conditionality of aid relating to migration and security interests of the donor countries.

The conclusion points to the urgency for international leadership to ramp up aid with a renewed commitment to the 0.7% UN target and the effective deployment of these resources based on solidarity and the human rights of those most affected by systemic poverty and increasing global crises.

## 2. LEVELS OF GLOBAL POVERTY: PANDEMIC SET-BACK AND HEIGHTENED VULNERABILITY

**Poverty remains pervasive across the Global South, with 1.6 billion people or 26% of the population of developing countries living below the World Bank's poverty lines. These poverty levels are highly concentrated in Low-Income (LICs) and Lower Middle-Income Countries (LMICs), mainly in Sub-Saharan Africa and South Asia.**

**Hundreds of millions more people are living precariously, just above the edge of poverty. They are considered highly jeopardized, with marginal access to a livelihood, shelter, health care and education. These people are particularly vulnerable to the health and socio-economic impacts of the pandemic. There is a grave danger – and realistic possibility – that many from this population will slip below the poverty lines and into extreme poverty, in 2020 and 2021.**

**For most developing countries, domestic public revenue is limited by high levels of poverty and inequality, accompanied by tax evasion and avoidance. In the absence of ODA grants and other forms of external finance, governments in LICs and LMICs have very limited fiscal space to provide emergency or long-term social protection for hundreds of millions of vulnerable people, whose livelihoods are now jeopardized by far-reaching impacts of the pandemic.**

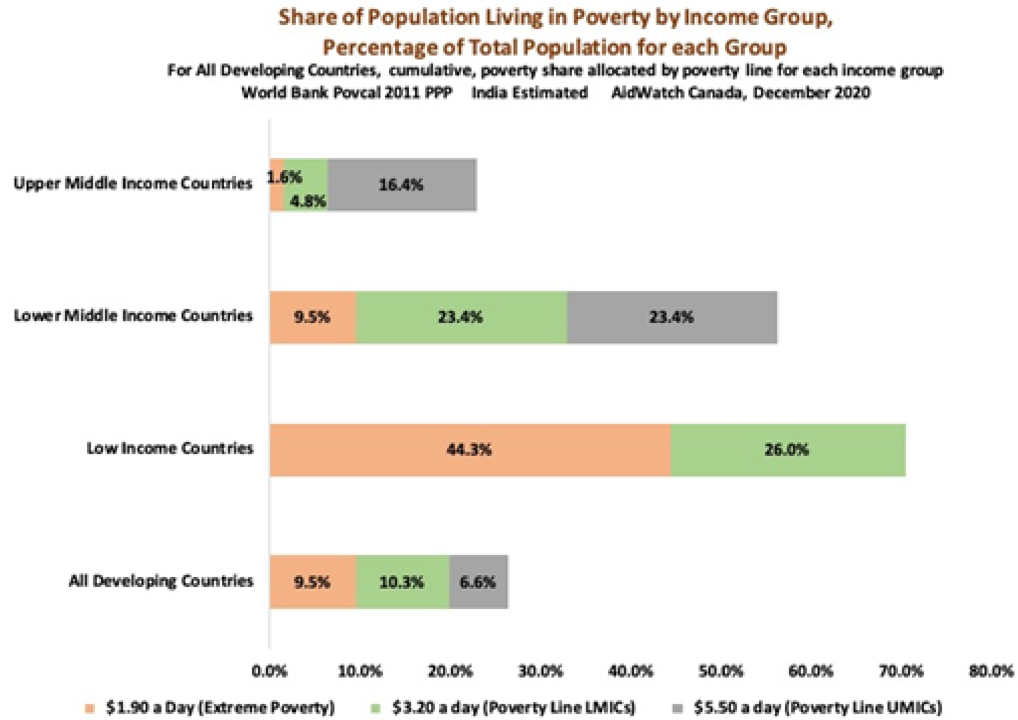
Progress in poverty reduction has proven to be very fragile in most countries in the Global South. The pandemic's short- and medium-term economic and social fallout risks creating a new era of global poverty, particularly in Africa and South Asia, potentially pushing back years of progress on extreme poverty.[13] UNCTAD predicts an overall global economic contraction of 4.3% in 2020, sending an additional 130 million people into extreme poverty.[14] The OECD estimates that the Indian economy, the home of many millions of people living in extreme poverty, is set to shrink by 9.9% in 2020 and not fully recover until 2022.[15]

The UNCTAD report finds that the pandemic's impact has been asymmetric and tilting towards the most vulnerable, both within and across countries, disproportionately affecting low-income households, migrants, informal workers and women. School closures, particularly in in Low-Income and Lower Middle-Income Countries threaten the difficult progress that has been made in girl's education. Before COVID-19 reports indicated that almost 18% of women worldwide reported having experienced physical or sexual violence by an intimate partner. UN Women predicts a "shadow pandemic" with an additional 15 million women affected by violence for every three months lockdowns continue.[16]

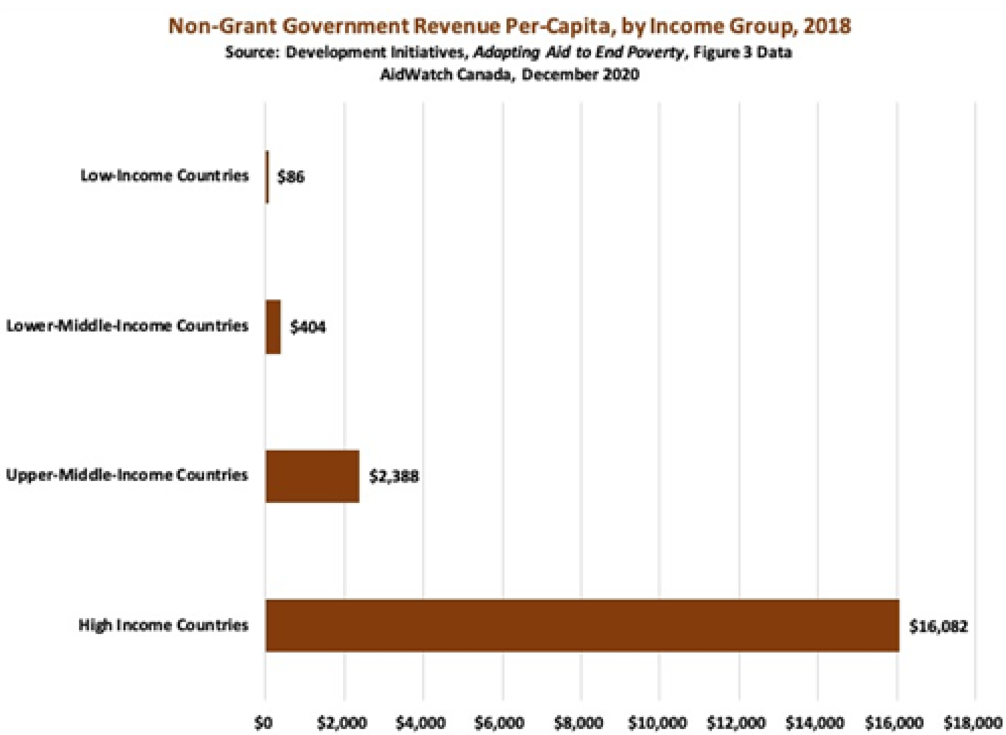
Mass famine, particularly in fragile and conflict situations, is likely to return. The UN Office for Coordination of Humanitarian Affairs (OCHA) predicts that the number of acutely food insecure people may rise to 270 million for 2020, an 82% increase in the number of hungry people globally compared to the pre-pandemic situation.[17]

With economic prospects for 2021 unpredictable for many developing countries,

## CHART 1: SHARE OF POPULATION LIVING IN POVERTY BY INCOME GROUP




## CHART 2: NON-GRANT GOVERNMENT REVENUE PER-CAPITA, BY INCOME GROUP, 2018



all forms of poverty are expected to continue to increase in 2021.

Prior to the pandemic, the World Bank estimated that approximately 690 million people were living in extreme poverty in 2017.[18] Extreme poverty is defined as access to the very minimum basics needed to sustain life, people living on under $1.90 a day (purchasing power parity between countries at 2011 prices). People living in extreme poverty are concentrated in low-income countries (LICs), including the Least Developed Countries (LDCs) with 44% of the population of LICs living on less than $1.90 a day.[19] (See **Chart 1**) Sub-Saharan Africa (40.2%) and South Asia (10.5%) have the highest concentration of the extremely poor, most of whom are living in rural areas, with women and children over-represented among these numbers.[20]

Although there has been significant progress in the reduction of extreme poverty over the past two decades, many millions of people are still living in conditions of great vulnerability, just above this line.[21] Approximately 26% of the population in LICs live on less than $3.20 a day, a poverty line where living conditions are considered to be highly jeopardized. This population has very limited and uneven access to a livelihood, shelter, nutritious food, health care and education. Many of these vulnerable people are likely to be greatly affected by the economic impacts of the pandemic with the real possibility that they may slip into extreme poverty.

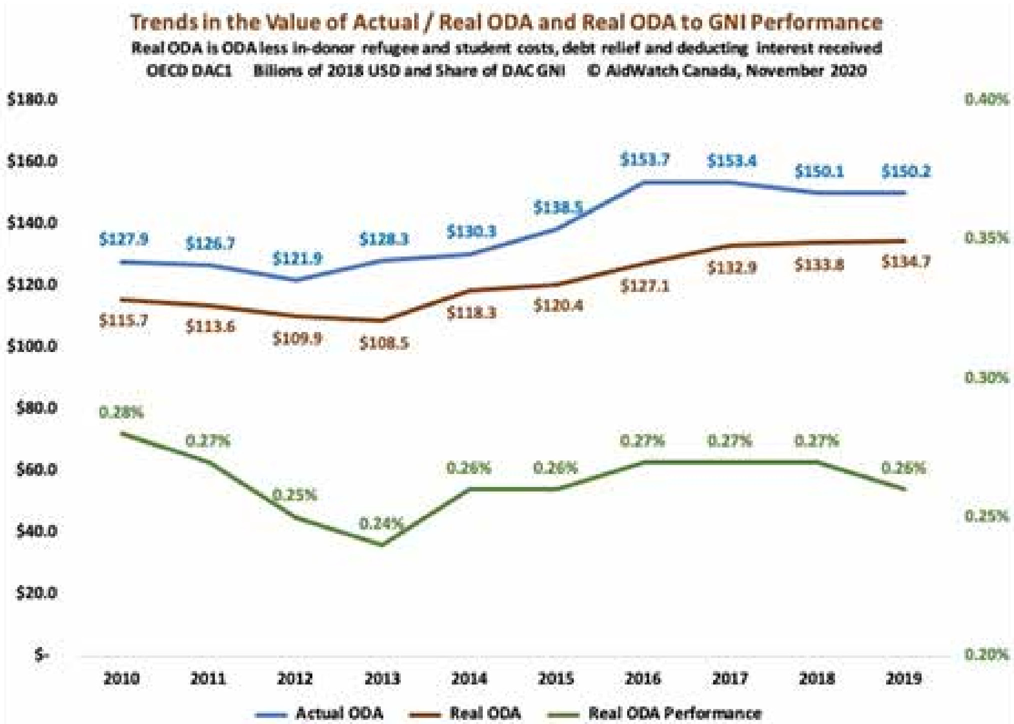
The World Bank has determined three different poverty lines according to the economic status of the country: Low-Income Countries (LICs) at $1.90 a day, Lower-Middle-Income countries (LMICs) at $3.20 a day, and Upper-Middle Income countries (UMICs) at $5.50 a day. As **Chart 1** demonstrates, levels of poverty and vulnerability are very pronounced for 37 LMICs with 33% of the population or 925 million people living in poverty and a further 23% (420 million) highly vulnerable to poverty, living on less than $5.50 a day in these countries.

Taken together, and allocated according to the different poverty lines, 1.7 billion people, representing over a quarter of the population of developing countries (26.4%), are living under the poverty line. A further 9%, or 600 million people, in LICs and LMICs are living at an income level that leaves little room for economic shocks or health emergencies.

Developing country governments have limited resources to address conditions of poverty. Despite some limited success in increasing domestic revenue for governments, domestic public revenue (excluding ODA receipts) for all purposes, including sustainable development, is limited by high levels of poverty and inequality, accompanied by tax evasion and avoidance. According to Development Initiatives, only 40% of developing countries (mainly in UMICs) have been able to increase their ratio of tax revenues to the country's Gross Domestic Product (GDP) over the past five years.[22]

**Chart 2**, based on Development Initiatives data, describes the government non-grant revenue per capita between countries in the Global South, including UMICs, and High-Income Countries. This chart shows the huge disparities, with high-Income donor countries enjoying close to 40 times the revenue capacity of LMICs and seven times the capacities of UMICs. Revenue for all countries have been severely affected by the pandemic and are likely to be even more so in the future. But in the absence of ODA grants and other forms of external finance, governments in LICs and LMICs will have very limited capacity to address the social/economic shocks from the pandemic and be able to provide emergency or long-term social safety nets for their populations.

## CHART 3: TRENDS IN THE VALUE OF ACTUAL AND REAL ODA, 2010 TO 2019




## 3. MEETING THE UN TARGET: TRENDS IN THE VALUE OF ODA

### *3.1 Overall trends in ODA, 2010 to 2019*

**DAC donors have made commitments to maximize aid resources. However, since 2015, they have reduced ODA's capacity as a critical resource for achieving the SDGs. The value of both actual ODA and Real ODA has flat lined since 2017, standing at $150 billion (ODA) and $135 billion (Real ODA) in 2019.[a] Real ODA was more than $220 billion short of the $356 billion required to meet donors' long-standing commitment to the UN Target of 0.7% of their combined GNI. Real ODA performance in 2019 remains largely unchanged since 2015 at 0.26% of DAC members' GNI.**

**ODA enters the Decade of Action for the SDGs as a weakened resource to effectively catalyze progress. This situation has only worsened with the impacts of the COVID pandemic.**

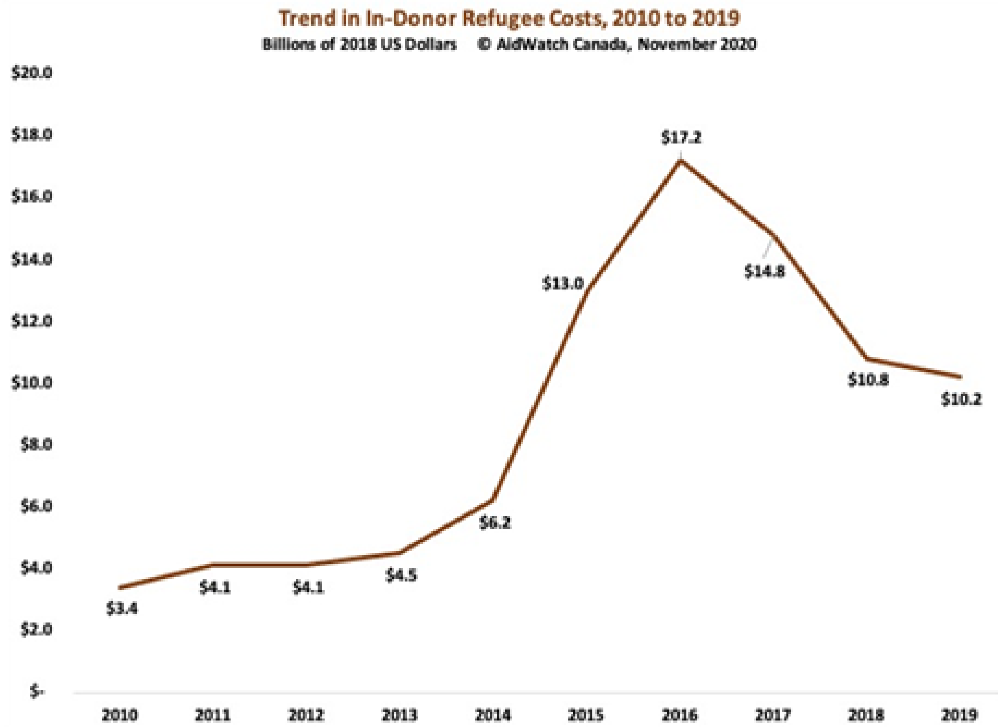
In 2019 DAC donors provided US $150.2 billion (2018 dollars) in ODA (**Chart 3**). While the value of ODA (in constant 2018 dollars) has increased by 17% since 2010, it has declined over the past four years (since 2016) by 2.3%.

In recent years there has been a significant ebb and flow in levels of DAC ODA. This has largely been caused by the fact that DAC donors can include in-donor country expenditures for refugees as part of their ODA.[23]

From the view of many in civil society, DAC members have adjusted rules on ODA in ways that artificially inflate the true value of their aid to developing countries. These inflationary

a Real ODA is Actual ODA less in-donor refugee and imputed student expenditures, debt relief, and taking account interest received on ODA loans, which is excluded in the calculation of net Actual ODA.

## CHART 4: TREND IN IN-DONOR REFUGEE EXPENDITURES, 2010 TO 2019



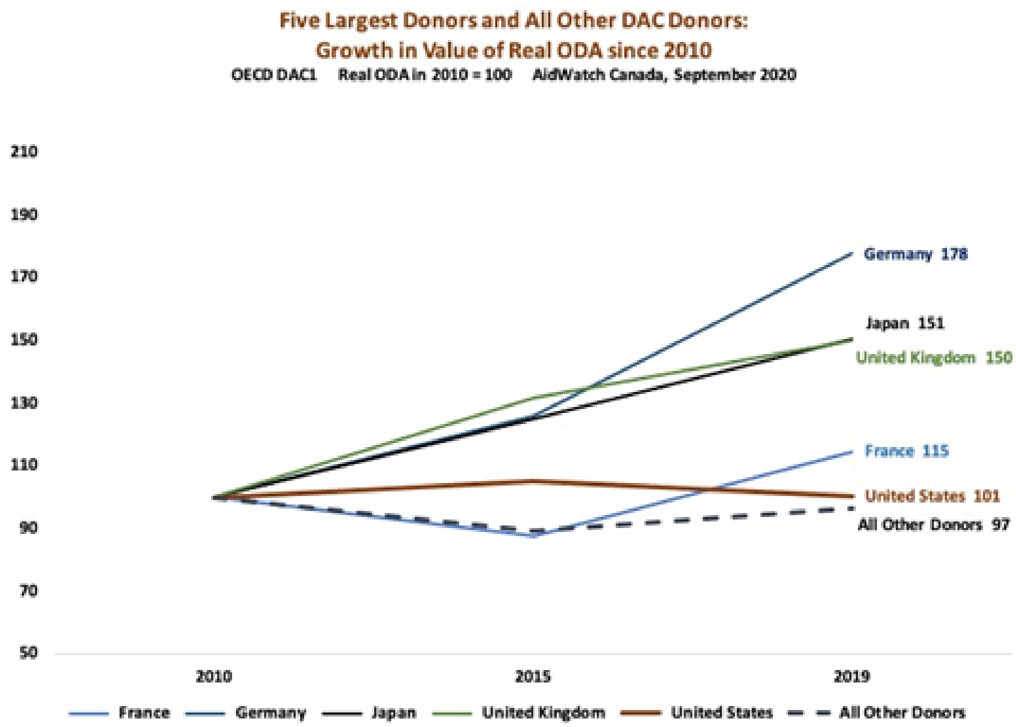

elements include: 1) expenditures made in donor countries for refugees for their first-year settlement; 2) imputed costs for developing country students studying in donor countries; 3) debt cancellation whose benefit is spread over many years or is double counted, and 4) the exclusion of interest received by donors for ODA loans. For several donors (e.g. Belgium, Finland, France, Germany, Italy and Spain), these expenditures and exclusions made the donor itself the largest country recipient of their own aid in 2019! 'Real ODA' is a metric that adjusts Actual ODA to take account of this aid inflation by subtracting these amounts.

**Chart 3** confirms that Real ODA increased by 16% over the past decade. But unlike Actual ODA, it rose by 6% since 2016, once in-donor costs were removed. After 2017, Real ODA has remained largely unchanged, standing at $135 billion in 2019. **Chart 4** provides additional information on donor refugee costs. As noted above, the changing value in ODA has been affected by the large expenditures by European donors to accommodate the massive influx of refugees in 2016, which has gradually declined since then. Nevertheless, in 2019 in-donor refugee costs were still 65% higher than in 2014.

In 2016 aid inflation elements accounted for 17% of ODA and approximately 25% of bilateral ODA. By 2019, these main determinants of aid inflation had declined to 10% of ODA and 15% of bilateral aid. While these changes are moving in a positive direction, aid inflation continues to be a major concern as underlying aid has been flat lined since 2017 (**Chart 3**).

Donor aid performance, which measures ODA as a share of their Gross National Income, has been equally disappointing. As indicated in **Chart 3** above, Real ODA performance stood at 0.26% in 2015 and remains unchanged in 2019. If the long-standing UN target of 0.7% had been achieved in 2019, DAC donors would have provided $356 billion, or $220 billion in additional aid resources. These aid resources could have provided a substantial investment in social infrastructure and livelihoods, which

**CHART 5: GROWTH IN NET ODA SINCE 2010 – TOP FIVE DONORS AND ALL OTHER DONORS**




are currently under great threat because of the 2020 pandemic. At current atrophied levels, DAC ODA is in a weak position to catalyze investments (from government and other sectors) in achieving the SDGs in this Decade of Action or to effectively respond to the immediate and longer terms impact of the pandemic in the Global South.

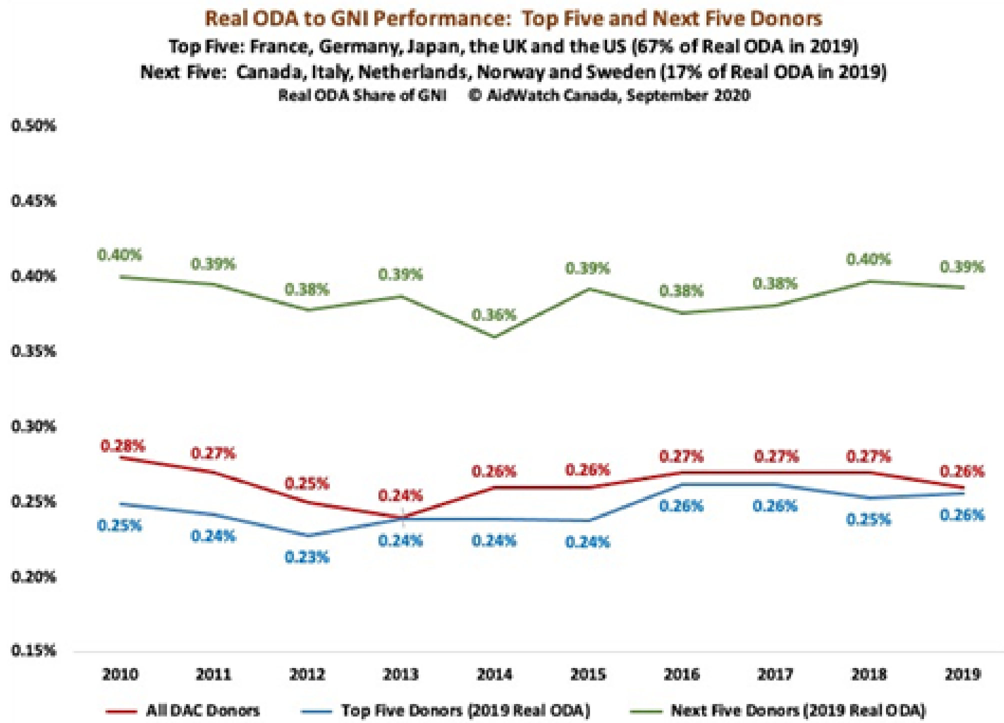
### *3.2 The Concentration of Aid among the Top Ten Donors*

**Aid is highly concentrated among a few donors. The vast majority of aid is provided by a relatively small number of donor countries, with the top ten donors providing 84% of DAC ODA in 2019. The five largest donors (the United States, Germany, the United Kingdom, Japan and France) provided 67% of the total and have been responsible for much of the growth in aid since 2010. The trends and priorities set by these top five donors have a major impact on the quantity and quality of aid (see later sections). But as a share of their GNI they have performed very poorly in 2019 (0.26%) when measured against the performance of the next five donors (0.39%), whose ODA/GNI joint ratio is 50% higher.**

Among the 30 DAC donors, the majority of aid is provided by a relatively small number of DAC donor countries. The top five, making up 67% of DAC ODA, include the United States, Germany, the United Kingdom, Japan and France. The next five donors ranked by quantity, (Sweden, the Netherlands, Norway, Canada and Italy) make up an additional 17%. The trends among these major donors, and particularly the top five, have a very significant impact on the quantity and quality of aid.

Since 2010 the top five donors have been responsible for most of the growth in ODA, compared to all other DAC donors (**Chart 5**). Measured against 2010 levels, Germany's aid increased by 78% and Japan's by 51%. Aid provided by the United Kingdom increased by a substantial 50% during the same period. For all other donors, ODA fell by 3% in this decade

**CHART 6: TOP FIVE AND NEXT FIVE DONORS: REAL ODA TO GNI PERFORMANCE**




(although aid from these donors did increase slightly after 2015).

However, when these amounts are measured against their Gross National Income, these top five donors did not perform well, when compared to the next five donors ranked by quantity (**Chart 6**). The top five donors' Real ODA measured 0.26% of their combined GNI in 2019, similar to the performance for DAC donors as a whole. But over the past decade their annual performance has been somewhat less than all donors together. What is remarkable is the difference with the next five donors. The performance of this group's Real ODA was 0.39% of their GNI in 2019, down slightly from 0.40% in 2018, making their performance more than 50% stronger than the top five donors.

Only three of the top ten donors (the United Kingdom, Sweden and Norway) reached the 0.7% of GNI target in 2019. Real ODA performance for both the United Kingdom (0.68%) and Denmark (0.69%) was slightly below the 0.7% target when significant aid inflation is taken into account. Two other DAC countries - Denmark and Luxembourg - also achieved the 0.7% target.

### *3.3 Responding to the Pandemic: Uncertain Projections for ODA in 2020*

**Agenda 2030, the climate emergency and an unprecedented pandemic affirm the urgent need for concessional development finance. However, donors have only made a commitment to protect or step-up aid "to the extent possible." In the wake of donors' massive expenditures to respond to the pandemic in their countries the prognosis for aid levels in 2020 is a cause for great concern. The bleakest change is the dramatic reduction in UK ODA as the British government has now abandoned its legislated mandate for the 0.7% target. DAC donor aid projections for 2021 have some positive markers but the overall level is uncertain.**

In the lead-up to the November 2020 DAC High Level Meeting (HLM) CSOs called for DAC members to "commit to provide timely support for partner countries to face the unparalleled crises in the wake of COVID-19," with aid resources that "match the severity of the crises and … additional to standing international commitments."[24]

The scale of resources required is huge and unprecedented. The UN and its partners launched an unprecedented $35 billion appeal for 2021, which has integrated a Global Humanitarian Response Plan for COVD-19.[25] The Access to COVID-19 Tools Accelerator (ACT-A), including the COVAX Facility, is coordinated by the WHO and GAVI, the Vaccine Alliance. In February 2021 announced a funding gap for 2021 of $23.2 billion, in the context of where nearly 130 poor countries had yet to administer a single vaccine.[26]

In November the G20 countries called for:

> *"immediate and exceptional measures to address the COVID-19 pandemic and its intertwined health, social and economic impacts, including through the implementation of unprecedented fiscal, monetary and financial stability actions, consistent with governments' and central banks' respective mandates, while ensuring that the international financial institutions and relevant international organizations continue to provide critical support to emerging, developing and low-income countries."*[27]

Much of the global response to date has been through multilateral organizations, particularly the IMF, the World Bank, and Regional Development Banks. Their response has focused on both the health emergency and the pandemic-induced global recession. The Center for Disaster Protection has tracked $115 billion in multilateral investments up to January 2021. Most of this finance is non-concessional loans ($101 billion) and includes agreed G20 bilateral debt relief estimated at $10 billion.[28]

DAC member ODA is also a critical resource in the pandemic response for low- and middle-income countries. But despite urgent appeals for support, the DAC HLM November 2020 Communiqué only reaffirmed "the important contribution of ODA to the immediate health and economic crises and longer-term sustainable development, particularly in Least Developed Countries (LDCs)." At the HLM, DAC members reiterated an April 2020 statement that "official development assistance, should, to every extent possible, be protected and stepped up, while expanding support to global public goods."[29] According to (incomplete) IATI data for 2020, their COVID-19 activity tracking tool reported only $3.7 billion in COVID-19 related investments by DAC donors (February 2021).[30]

Yet in the wake of the pandemic the prognosis for DAC donor aid levels in 2020 remains uncertain at best. The bleakest change is the dramatic reduction in UK ODA. In July 2020, the government announced a £2.9 billion (US$3.7 billion) cut for 2020, matching an expected significant reduction in UK's GNI for that year. Together these cuts have reduced UK's aid budget in 2020 by up to 20%, This disappointment was followed by another in November as the UK abandoned its commitment and legislated mandate for its ODA levels to reach the 0.7% target. Aid levels for 2021 will be reduced to 0.5% of UK's GNI, resulting in an estimated cut of £4.2 (US$5.4 billion) billion. The UK government predicts that aid levels for 2021 will be approximately $13 billion (compared to $19.8 billion in 2019).[31]

UNCTAD's 2020 Least Developed Countries Report states: "The GDP per capita of least developed countries (LDCs) is projected to contract by 2.6% in 2020 from already low levels, as these countries are forecast to experience their worst economic performance in 30 years"[32] In a recent overview of development finance, it warns that "as the pandemic response puts additional pressure on government budgets in developed countries, there is a risk that ODA flows will fall or

**TABLE 1: TOP TEN DONORS: ODA PROGNOSIS FOR 2020 AND 2021**

| Donor | ODA in 2019 (Current US$ Billions) | Prognosis for 2020 / 2021 (US$ billions, Current Prices) |
|---|---|---|
| United States | $33.9 | No change for 2020; 2021 to be determined |
| Germany | $24.1 | $1.8 billion increase for 2020, and $1.8 for 2021<br>Likely achieves 0.7% target in 2020 |
| United Kingdom | $19.3 | $3.7 billion cut for 2020 and $5.4 billion cut for 2021 |
| France | $12.0 | $14.2 billion projected and 0.52% of GNI in 2020; Increases to reach 0.55% of GNI by 2022 (reaching 0.7% when debt relief is included). |
| Japan | $11.6 | Japan's total ODA in fiscal year (FY) 2020 (April 2020 to March 2021) is estimated to increase by 3% compared to FY2019, including 1.2% in Foreign Ministry ODA Budget. |
| Netherlands | $5.3 | A small increase of $354 million expected for 2020 due to Covid-19 additions. US$608 added for 2021 for Covid additions. But expect budget to be lower in 2022 onwards. |
| Sweden | $5.2 | A small increase at $5.5 billion for 2020 despite decline in GNI; Committed to 1%, but in 2021 likely to follow GNI – estimated at $5.5 billion. |
| Italy | $4.7 | Mixed; Small decline in 2020 of $365 million (ActionAid Italy) or small increase (Italian Treasury, February 2020) |
| Canada | $4.5 | Expect about $1 billion in one-off increase for pandemic related aid in 2020/21. ODA base budget increases by Cdn$100 million in 2021/22. |
| Norway | $4.3 | $4.4 billion in 2020 and $4.3 billion in 2021 |

Source: Donor Tracker (https://donortracker.org/, February 2021; Devex, various articles.

stagnate at a time when the financial needs of the poorest countries to meet the Goals are increasing."[33] Development Initiatives provides an estimate of possible trends, based on 13 donors reporting to IATI aid data, indicating that bilateral aid fell by 26% for the period January to November 2020.[34]

A close examination of recent individual donor aid plans for 2020 and 2021 reveals a mixed prognosis for ODA going forward. **Table 1** sets out what is known as of December 2020 about the likely outcome for ODA in 2020 and 2021 for the ten largest donors that made up 84% of aid in 2019.[35] Whether sufficient to off-set the large decline in UK aid, all other large donors indicate either increases, Germany being the largest in volume, or no change from 2020. Other donors that have indicated aid increases in 2020 include Spain, Korea, New Zealand, Switzerland, Finland, Luxembourg and Ireland.[36]

How much of the stated plans for the ten largest donors will be eligible as ODA in 2020 is an important question. In May, the DAC made a preliminary ruling that "research for a vaccine / tests / treatment for COVID-19 would not count as ODA, as it contributes to addressing a global challenge and not a disease disproportionately affecting people in developing countries."[37] This determination is consistent with DAC eligibility criteria for research, which must have "the specific aim of promoting the economic growth or welfare of developing countries."[38]

However, DAC aid investments in 2020 and 2021 for the purchase and distribution of vaccines targeting populations in ODA-eligible countries would continue to count as donor ODA (see below). Some donors have objected to the DAC's interpretation of its guidelines on research, and further adjustments may be made in what can be reported as ODA in 2020. In a DAC survey conducted at the end of April 2020, members reported approximately $10 billion in aid to be committed to the pandemic response that year, an amount which was likely much higher by the end of 2020.[39]

In April 2020 a global coordinating mechanism, the Access to COVID-19 Tools (ACT) Accelerator, was launched by the WHO, France, the European Commission, the Bill and Melinda Gates Foundation, the Global Fund, the World Bank and Gavi. The purpose of this Accelerator is to draw together significant official and private sector finance around four pillars of work -- diagnostics, treatment, vaccines and health system strengthening – with a focus on the needs of low- and middle-income countries.[40]

COVAX is organized within the Accelerator to ensure the purchase, equal access and effective delivery of more than two billion vaccines to vulnerable people and health care workers in low- and middle-income countries by the end of 2021. It is coordinated by GAVI, the Vaccine Alliance, CEPI and the WHO. GAVI also supports the COVAX Advanced Market Commitment (AMC) focusing on vaccine access for least developed and low-income countries. The AMC will be supported by ODA, the private sector and philanthropy.[41]

As of January 2021, $6.2 billion was pledged in 2020 and an additional $23.2 billion for 2021 required, if COVID tools are to be deployed around the world.[42] The new Biden Administration in the United States make a $2 billion investment in COVAX in February 2021 with a further $2 billion forthcoming over the next two years.

How donors allocate their pandemic international response funds and the way that the DAC interprets its Reporting Guidelines will determine the share of these dedicated COVID-related funds that will be included in total ODA for 2020 and 2021. The DAC has been developing a COVID purpose code and marker for donor ODA reporting which will be implemented in 2021 for 2020 aid data.[43] This will enable tracking of ODA resources for bilateral and multilateral pandemic responses. Other data bases, such as IATI and the Center for Disaster Protection, are tracking all global investments irrespective of their concessionality.[44]

## 4. RESPONDING TO A TRIPLE CRISIS: A HUMANITARIAN, DEVELOPMENT AND CLIMATE EMERGENCY

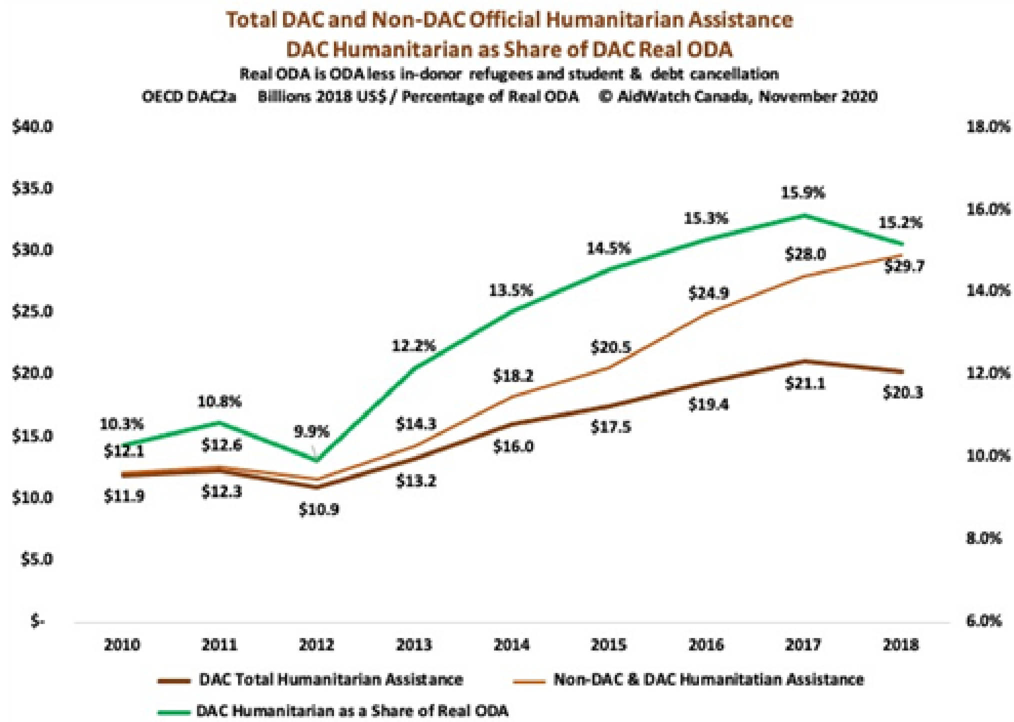
### *4.1 Trends in Humanitarian Assistance*

**There are currently over one billion people living in countries affected by long-term humanitarian crises, with more than half that population living in poverty. UN projections for the humanitarian situation for 2021 are stark. A record 235 million people are expected to need humanitarian assistance, with an appeal goal of $35 billion. The 2019 UN combined appeal goal was $30.4 billion, of which only $19.3 billion (63%) was committed.**

**In 2018, DAC donor humanitarian assistance declined slightly from $21.1 billion in 2017 to $20.3 billion. However, as a share of Real ODA, this assistance has been growing rapidly, increasing from 10.3% in 2010 to 15.2% in 2018. The three largest donors in 2018 - the United States, Germany and the United Kingdom - were responsible for 71% of DAC donor humanitarian assistance.**

**Over the past decade multilateral organizations have been the principal and**

### CHART 7: TRENDS IN HUMANITARIAN ASSISTANCE




**growing channel for humanitarian assistance. Almost two-thirds (63%) of humanitarian aid was provided through these organizations in 2018, up from 52% in 2010. In this same time period civil society organizations, primarily those based in donor countries, have been a channel for humanitarian assistance, accounting for about 30% of donor humanitarian resources annually.**

**Investments in disaster preparedness accounted for only 3% of humanitarian aid in 2018. Surprisingly this was slightly less than its share (3.2 %) in 2010, despite widespread weather-related events resulting from the growing climatic effects of global warming.**

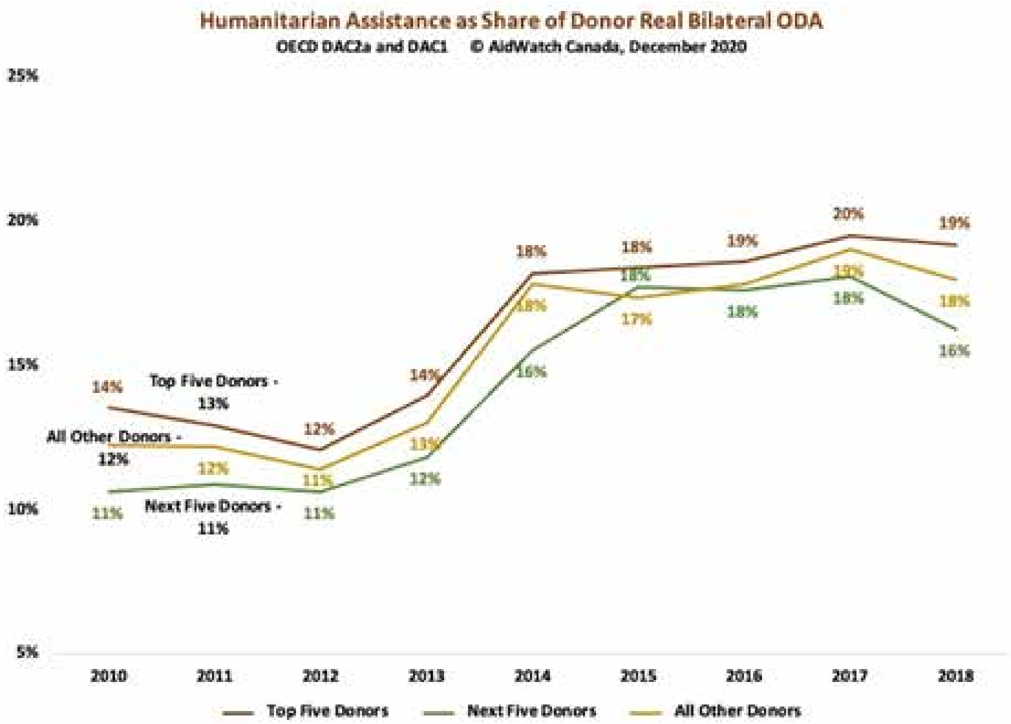
At the launch of the UN's *Global Humanitarian Outlook 2021*, UN Secretary-General António Guterres warned the international community that

> *"conflict, climate change and COVID-19 have created the greatest humanitarian challenge since the Second World War…[and] together, we must mobilize resources and stand in solidarity with people in their darkest hour of need."*[45]

The *Outlook* report is indeed bleak. The number of people in the world who will need humanitarian assistance is estimated to reach a record 235 million in 2021, increasing from one in 45 persons in 2019 to an unprecedented one in 33 persons in 2021. The financial appeal for humanitarian assistance delivered through the UN for those most in need is estimated to be $35 billion.[46]

The UN reports that the international community provided $17 billion for humanitarian assistance from January to November 2020. This represents less than half (44%) the record-setting $39 billion in resources sought during that year for a combined UN humanitarian appeals and the Global Humanitarian Response Plan for COVID-19.[47] The 2019 UN combined appeal goal was $30.4 billion, of which $19.3 billion (63%) was committed.[48] The donor community is failing

## CHART 8: DAC DONORS' HUMANITARIAN ASSISTANCE: SHARE OF REAL BILATERAL ODA




millions of people affected by conflict and humanitarian emergencies.

According to Development Initiatives' *2020 Global Humanitarian Report*, more than one billion people are living in countries affected by long-term humanitarian crises. The number of countries experiencing protracted crises (five or more years of UN appeals) has more than doubled over the past 15 years, from 13 to 31 countries. Within these countries of protracted crises more than half the population (53%) are living in poverty (below $3.20 a day).[49]

A critical question is whether the humanitarian system is equipped to handle increasing and more complex challenges. Humanitarian assistance has been growing significantly over the past decade, with DAC member contributions increasing by more than 70% from 2010 to 2018. In 2018, both DAC members and non-DAC countries (reporting to the DAC) recorded a total of $29.7 billion in humanitarian assistance, of which $20.3 billion was provided by DAC members. This was down from 2017 levels which stood at $21.1 billion for DAC members. (**Chart 7**) Since 2015 growth in humanitarian assistance has slowed, with only an 16% increase in DAC humanitarian assistance. As a share of Real ODA, DAC member contributions for humanitarian assistance has grown more rapidly than overall aid, with its share of aid increasing from 10.3% in 2010 to 15.2% in 2018.

In the past three years most of the growth in non-DAC member humanitarian aid has been provided by Middle Eastern donors. These donors have mainly focused on the humanitarian crisis in Syria (Turkey, $7.4 billion in 2018; United Arab Emirates, $1.2 billion; and Saudi Arabia, $0.8 billion).

Development Initiatives tracks public and private sources of humanitarian assistance from UN and OECD DAC sources. According to their 2020 *Report*, total humanitarian assistance (all sources) fell in 2019 by $1.6 billion from a high of $31.2 billion in 2018 to $29.6 billion in 2019.[50] This decline is the

**TABLE 2: TOP 20 RECIPIENTS FOR HUMANITARIAN ASSISTANCE, 2016 TO 2018 ANNUAL AVERAGE**

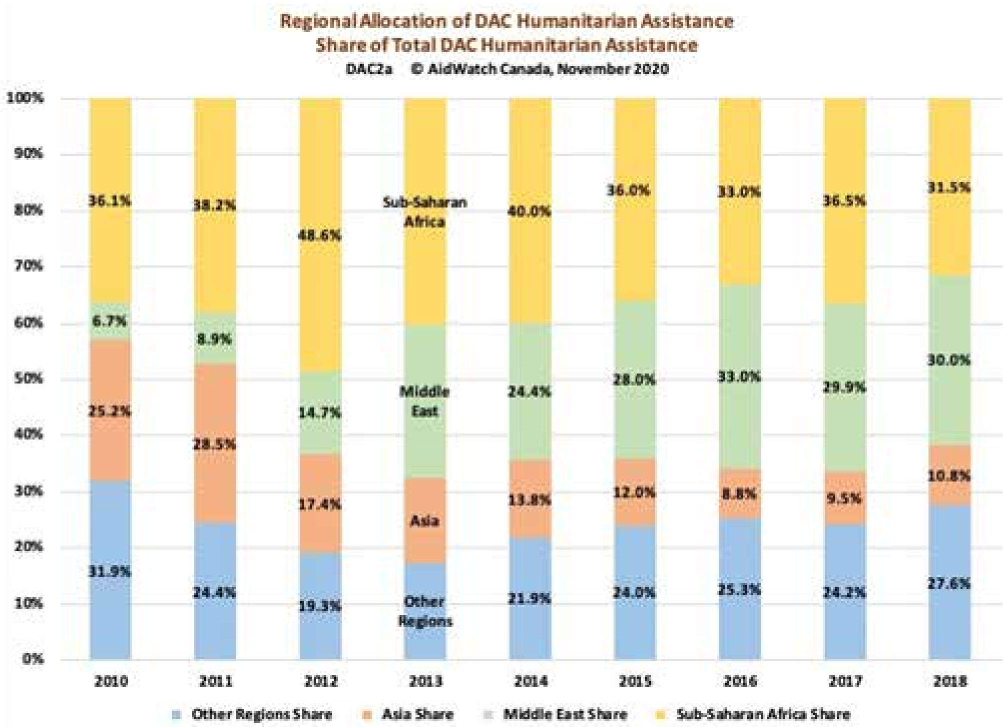
| Recipient (million of US$) | Three Year Average (2016 to 2018) | Share of Total Humanitarian Assistance |
|---|---|---|
| Syria | $2,034 | 12.8% |
| Iraq | $1,067 | 6.7% |
| Yemen | $957 | 6.0% |
| South Sudan | $899 | 5.6% |
| Somalia | $625 | 3.9% |
| Ethiopia | $594 | 3.7% |
| Nigeria | $474 | 3.0% |
| Turkey | $465 | 2.9% |
| Lebanon | $423 | 2.7% |
| Democratic Republic of Congo | $370 | 2.3% |
| West Bank & Gaza Strip | $346 | 2.2% |
| Afghanistan | $327 | 2.1% |
| Jordan | $327 | 2.0% |
| Sudan | $290 | 1.8% |
| Bangladesh | $224 | 1.4% |
| Central Africa Republic | $194 | 1.2% |
| Kenya | $179 | 1.1% |
| Myanmar | $162 | 1.0% |
| Uganda | $157 | 1.0% |
| Ukraine | $134 | 0.8% |
| Top 20 Recipients | $10,411 | 65% |

result of a reduction in official humanitarian assistance in that year, particularly on the part of the UAE and EU. For humanitarian aid from private sources, Development Initiatives reported an increase over the past three years, from $5.5 billion in 2016 to $6.4 billion in 2019. These donors consistently make up about a fifth of total humanitarian aid from all sources. Development Initiatives estimates that individual donors contributed $4.1 billion in 2019 (14% of total humanitarian assistance, all sources).[51]

The share of humanitarian assistance in aid reported by different DAC donors varies considerably. Overall, this share has increased from 12% in 2010 to 18% in 2018. But among donors there are significant differences as indicated in **Chart 8** below. It provides an overview of humanitarian assistance's share of Real Bilateral Aid for both the top five donors (the United States, the United Kingdom, Germany, Japan and France) and the next five donors (Canada, Italy, the Netherlands, Norway and Sweden).

The priorities for humanitarian assistance are very dependent upon how this aid is concentrated among DAC donors. The three largest humanitarian donors - the United States, Germany and the United Kingdom - were responsible for just under three-quarters (71%) of DAC donor humanitarian assistance in 2018 (76% if France and Japan are included). On average these top five DAC donors provided the largest share of their Real Bilateral Aid

## CHART 9: REGIONAL ALLOCATION OF DAC HUMANITARIAN ASSISTANCE




(19%) as humanitarian assistance in that year. Germany (at 20%) and the United States (at 24%) delivered more than a fifth of their bilateral assistance as humanitarian aid. The next five donors were responsible for only 14% of humanitarian assistance in 2018, which represented 16% of their bilateral assistance, slightly down from 18% in the previous year. The other 20 DAC donors delivered the remaining 10% of humanitarian assistance.

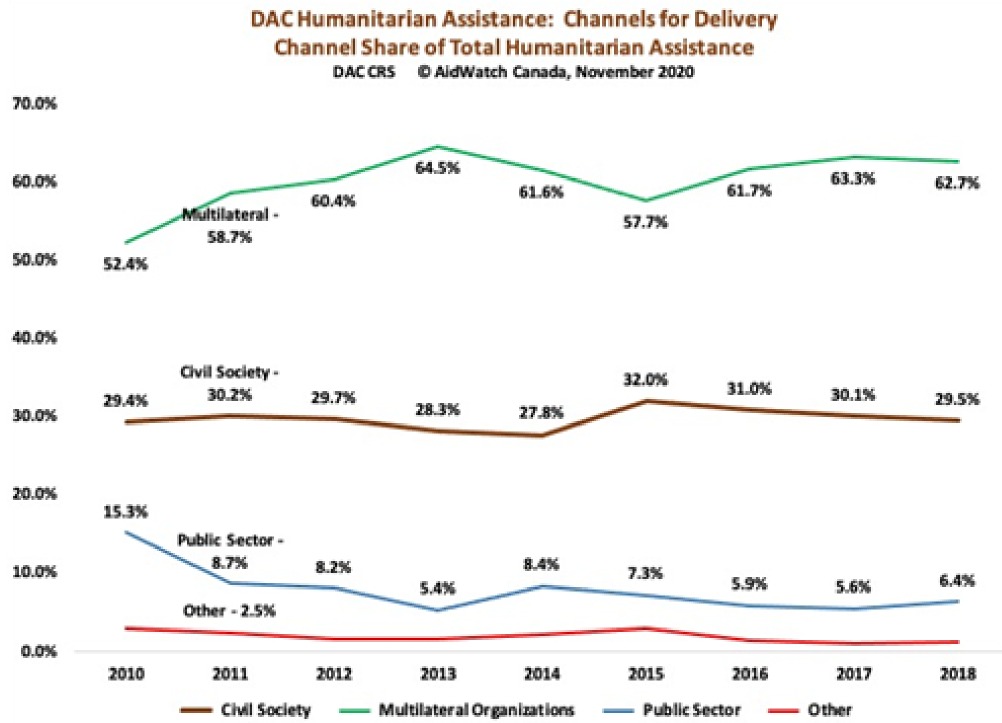
A second question is how humanitarian assistance has been allocated. Table 2 sets out the top 20 humanitarian recipients (with three-year annual average receipts for 2016 to 2018). As indicated, five of the top 10 recipients are located in the Middle East, including Turkey.

**Table 2** provides an overview on allocation trends in humanitarian assistance from 2016 to 2018. From 2016 to 2018 the top 20 recipients for DAC humanitarian assistance accounted for 65% of this aid. During that time there has been a concentration on war-affected countries in the Middle East, although humanitarian assistance to some African countries, with long-standing humanitarian needs, also continue to be a priority. Nine of the top 20 recipient countries are African.

Since 2015, Sub-Saharan Africa has accounted for about a third of humanitarian assistance, down from 40% in 2014. (**Chart 9**) The Middle East's share grew from 25% in 2014 to 30% in 2018. However, when regional non-DAC donors such as UAE, Saudi Arabia and Turkey are taken into account the total humanitarian aid provided to Middle East countries is more than double - $11.3 billion in 2018 with only $5.5 billion of this amount provided by DAC donors.[52] Other regions beyond the Middle East and Africa, including Europe (e.g. Ukraine), received over 25% of DAC humanitarian assistance. Asia's share of this assistance (Afghanistan, Myanmar and Bangladesh) declined sharply from 29% in 2011 to only 11% in 2018.

DAC donors have devoted increasing amounts of their humanitarian assistance to both the

## CHART 10: MAIN CHANNELS FOR DELIVERY OF HUMANITARIAN ASSISTANCE




coordination of their efforts and responding to post-emergency reconstruction needs, with this assistance almost doubling from 13.3% of humanitarian aid in 2010 to 24.9% in 2018. But disaster preparedness continues to be a low priority, remaining at 3% of humanitarian aid in 2018, equal to its share in 2010 at 3.2%. Donors continue to ignore the need for preparedness in the face of widespread warnings of increased weather-related events resulting from the climatic effects of global warming.

**Chart 10** identifies the main channels for the delivery of DAC humanitarian assistance, demonstrating that multilateral organizations have been the principal and growing channel over the past decade. Almost two-thirds (63%) of humanitarian aid was provided through multilateral organizations in 2018, up from 52% in 2010. No doubt this is due to the fact that DAC donors have responded to various UN appeals. However, it is also a result of the use of ear-marked finance by donors in particular humanitarian situations, ones which have been managed by multilateral organizations. According to Development Initiatives, unearmarked funding through UN agencies, which provides flexibility to respond to "forgotten" emergencies, accounted for only 14% of donor contributions to these organizations in 2019.[53]

Civil society organizations, mainly based in donor countries, have been a consistent channel for humanitarian assistance, at about 30% of donor resources annually, over the decade. The largest INGOS frequently combine donor funds with money raised from the public in their home countries. The role of public sector institutions as a conduit for humanitarian assistance has declined significantly over the past decade, from 15% in 2010 to 6% in 2018. Both these trends raise concerns about the lack of progress for the 2016 Grand Bargain, which committed signatories to channel at least 25% of humanitarian assistance to local and national actors as directly as possible. Development Initiative's analysis suggests that direct funding to local actors declined from 3.5% in 2018 to 2.1% in 2019.[54]

### *4.2 Aid to Fragile Contexts*

**The DAC has identified 57 countries as having fragile contexts. This broad sweep of countries sometimes makes it difficult to differentiate an analysis of donor measures addressing fragility from those addressing social, economic and political conditions of extreme poverty.**

**This section focuses on 30 of the most affected countries as identified in the Fragile State Index (2020) produced by the Fund for Peace. These 30 countries were seen to be aid priorities in the 2016 to 2018 period, with 37% of Real Aid disbursements and 57% of humanitarian assistance directed to them, though unevenly. Of the $47 billion allocated annually between 2016 and 2018, the top five fragile countries received 39%, with the next five receiving 25%. Seven countries, the mostly severely war-affected, received more than 40% of their country assistance as humanitarian assistance for emergency relief (Syria, Iraq, South Sudan, Yemen, Somalia, Sudan, Central Africa Republic).**

**From 2014 to 2018 aid in fragile contexts focused on long-term development goals (net of humanitarian assistance) represented about 75% of country aid. Health, including reproductive health, and support for governance have been key sectoral priorities. But support for agriculture (5%) and education (6%) was limited in countries where the majority of poor and vulnerable people live in rural settings and education infrastructure is weak. Only 4% of aid was directed to “conflict, peace and security”.**

**CSOs are more important as development actors in fragile situations (delivering 26% of this aid) compared to bilateral aid for all countries (18% in 2018).**

**This mix of humanitarian and development resources demonstrates the potential for greater synergies in fragile contexts, as set out in the DAC Recommendation for the humanitarian, development and peace nexus.**

A large portion of humanitarian assistance focuses on countries with considerable challenges relating to conflict and/or severe governance capacities to protect the rights of their citizens. These have been described as “fragile context”. While an important focus, it has been hampered by no agreed upon definition of what constitutes a fragile context.

The OECD DAC uses a broad definition of “fragile contexts,” which is based on a measure of violence, injustice, poor governance, health, poverty and inequality. It has established a set of indicators that form a multi-dimensional fragility framework, measuring “fragility on a spectrum of intensity across five dimensions: economic, environmental, political, security and societal.”[55] In 2020, the DAC identified 57 countries that fit this criteria, or 40% of all ODA-eligible developing countries.[56] With the exception of five countries (Venezuela, Iran, Equatorial Guinea, Iraq and Libya), the remaining 52 countries make up 60% of all Least Developed, Low-Income and Lower Middle-Income Countries. The DAC list includes 36 of the 46 countries in Sub-Saharan Africa and 36 of the 48 Least Developed and Low-Income Countries. Given this rather broad sweep, it can sometimes be difficult to distinguish an analysis of donor measures addressing fragility from those addressing social, economic and political conditions affected by extreme poverty. While a factor in fragility, the latter conditions are common across many of the poorest developing countries.

The World Bank has a narrower definition of fragile and conflict affected situations.[57] Its analysis focuses on three conditions: 1) Low-income countries eligible to receive support through their International Development Association (IDA) window of finance with a low

## TABLE 3: 30 FRAGILE AND CONFLICT AFFECTED COUNTRIES

| | | |
|---|---|---|
| 1. Yemen | 11. Burundi | 21. Myanmar |
| 2. Somalia | 12. Cameroon | 22. Guinea Bissau |
| 3. South Sudan | 13. Haiti | 23. Uganda |
| 4. Syria | 14. Nigeria | 24. Pakistan |
| 5. Congo, Democratic Republic | 15. Mali | 25. Congo, Republic |
| 6. Central African Republic | 16. Iraq | 26. Mozambique |
| 7. Chad | 17. Eritrea | 27. Venezuela |
| 8. Sudan | 18. Niger | 28. Kenya |
| 9. Afghanistan | 19. Libya | 29. Liberia |
| 10. Zimbabwe | 20. Ethiopia | 30. Mauritania |

score (3.0 or less) on their Country Policy and Institutional Assessment (CPIA) index; and/or 2) The presence of a United Nations or regional peace-keeping/building operation in the country during the previous three years; and/or 3) The flight across borders of at least 2,000 refugees or more per 100,000 population. The World Bank lists 32 countries for 2021 of which four are considered "high-intensity conflict," 13 are "medium-intensity conflict," and 15 countries are considered situations of "high institutional and social fragility."[58]

The Fund for Peace is a US-based not-for-profit focusing on issues of violent conflict, state fragility, security and human rights. It produces an annual multi-dimensional assessment in its *Fragile States Index Report*.[59] This Index ranks 178 countries against more than 100 indicators for social cohesion, economic conditions, political processes and rights, and social and cross-cutting conditions. Their analysis of these conditions assesses trends for all countries over time, rather than ranking countries as "fragile" per se. With respect to conditions affecting fragility, the 2020 *Report* lists four countries as warranting a "very high alert," five countries a "high alert," and 22 countries designated as "alert," for a total of 31 countries.[60]

In order to analyze the most serious fragile contexts this chapter is based on the 30 most seriously affected countries derived from the Fragile States Index for 2020. All of these countries appear on the OECD DAC list (all but 4 countries ranking below 29) and all but 5 appear on the World Bank's recent list of 32 countries experiencing fragility. This list of 30 fragile and conflict affected countries is set out in **Table 3**.

Of these 30 countries, the vast majority (22) are designated as being Least Developed or Low-Income. Twenty-one are located in Sub-Saharan Africa. Seventeen countries are currently experiencing high or medium intensity conflict. Approximately 1.1 billion people live in these 30 countries with many being highly vulnerable – 38% are living in poverty, requiring urgent attention from the international community.

How much aid have these countries received in recent years? Net of debt cancellation, annual ODA to these 30 countries totalled $47 billion (annual three-year average, 2016 to 2018). (See **Table 4**). Over this period these top 30 fragile situations received 32% on average of DAC Real ODA, and 57% of total humanitarian assistance.

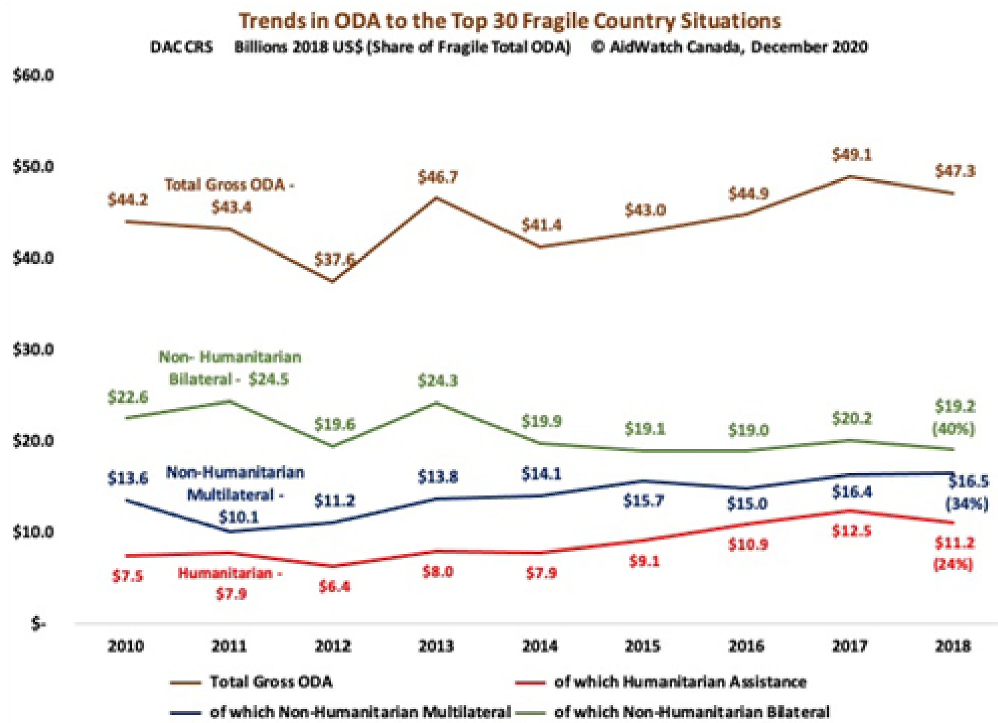
But this aid is unevenly disbursed. The top five fragile situations received 39% of the $47 billion; the next five only 25%. Seven countries, primarily those that are severely war-affected, received more than 40% of their country assistance as humanitarian assistance for emergency relief (Syria, Iraq, South Sudan, Yemen, Somalia, Sudan, Central Africa Republic). In these 30 fragile situations as a whole, humanitarian assistance comprised 25% of their aid.

### TABLE 4: ODA TO TOP 30 FRAGILE SITUATIONS IN 2018, AVERAGE COUNTRY RECEIPTS, 2016 TO 2018

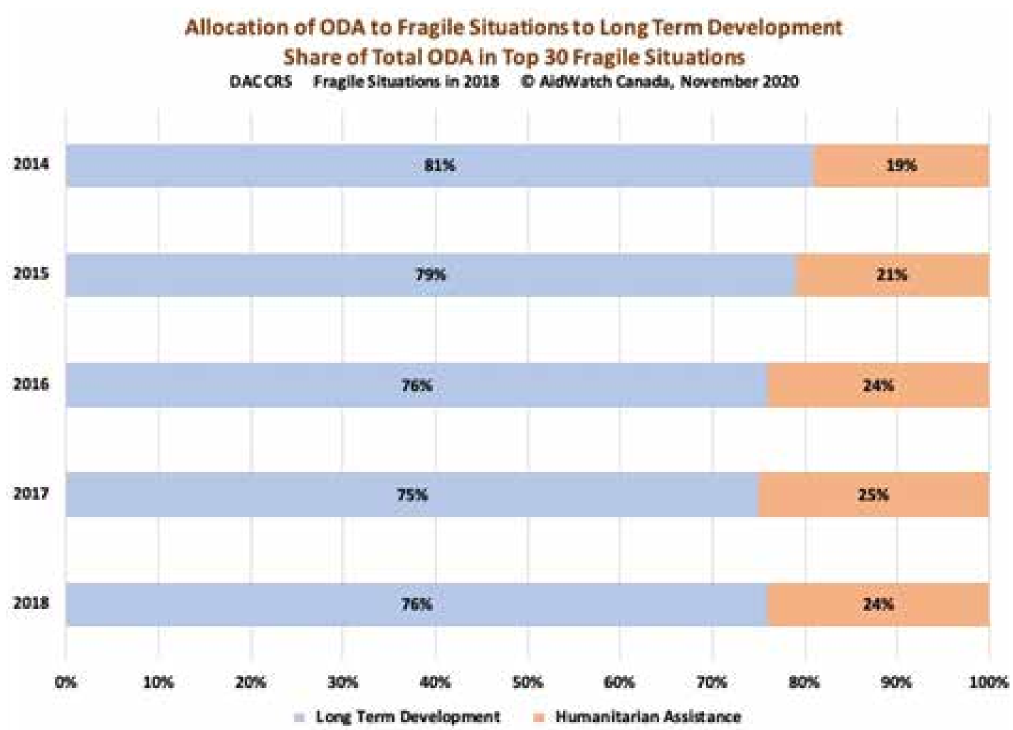
| Country | Total ODA, Three Year Average, 2016 to 2018 | Country | Humanitarian Assistance, Share of Total Country ODA |
|---|---|---|---|
| Ethiopia | $ 4,646.2 | Syrian Arab Republic | 73% |
| Afghanistan | $ 4,006.1 | Yemen | 63% |
| Nigeria | $ 3,297.6 | South Sudan | 58% |
| Pakistan | $ 3,182.6 | Somalia | 52% |
| Syrian Arab Republic | $ 3,124.9 | Iraq | 51% |
| Kenya | $ 2,905.5 | Sudan | 44% |
| DRC | $ 2,537.2 | Central African Republic | 42% |
| Iraq | $ 2,402.8 | Burundi | 32% |
| Uganda | $ 2,018.8 | Libya | 29% |
| Mozambique | $ 1,948.9 | Chad | 23% |
| South Sudan | $1,854.7 | Venezuela | 21% |
| Yemen | $ 1,743.6 | DRC | 19% |
| Myanmar | $ 1,664.5 | Nigeria | 18% |
| Mali | $ 1,465.9 | Ethiopia | 17% |
| Somalia | $ 1,446.6 | Niger | 15% |
| Niger | $ 1,190.1 | Haiti | 15% |
| Cameroon | $ 1,177.7 | Zimbabwe | 12% |
| Haiti | $ 1,069.3 | Myanmar | 12% |
| Sudan | $ 827.2 | Mauritania | 11% |
| Zimbabwe | $ 782.2 | Uganda | 11% |
| Chad | $ 756.1 | Mali | 11% |
| Liberia | $ 692.8 | Afghanistan | 11% |
| Central African Republic | $ 594.9 | Eritrea | 9% |
| Burundi | $ 594.5 | Kenya | 8% |
| Mauritania | $ 372.8 | Congo | 8% |
| Libya | $ 289.0 | Cameroon | 8% |
| Guinea-Bissau | $ 165.3 | Liberia | 8% |
| Congo | $ 144.5 | Pakistan | 7% |
| Venezuela | $ 97.2 | Mozambique | 2% |
| Eritrea | $ 71.6 | Guinea-Bissau | 1% |
| Total 30 Countries | $47,071.1 | Total 30 Countries | 25% |

Source: DAC CRS; Millions of US$

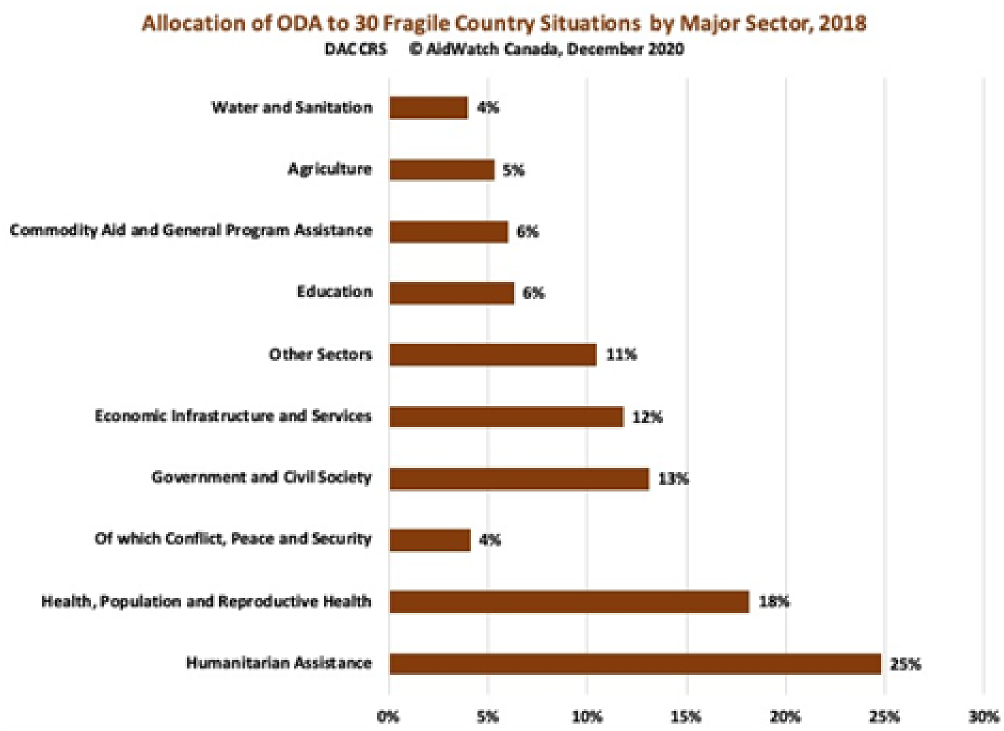
## CHART 11: ANNUAL (GROSS) ODA DISBURSEMENTS TO 30 COUNTRIES WITH FRAGILE CONTEXTS



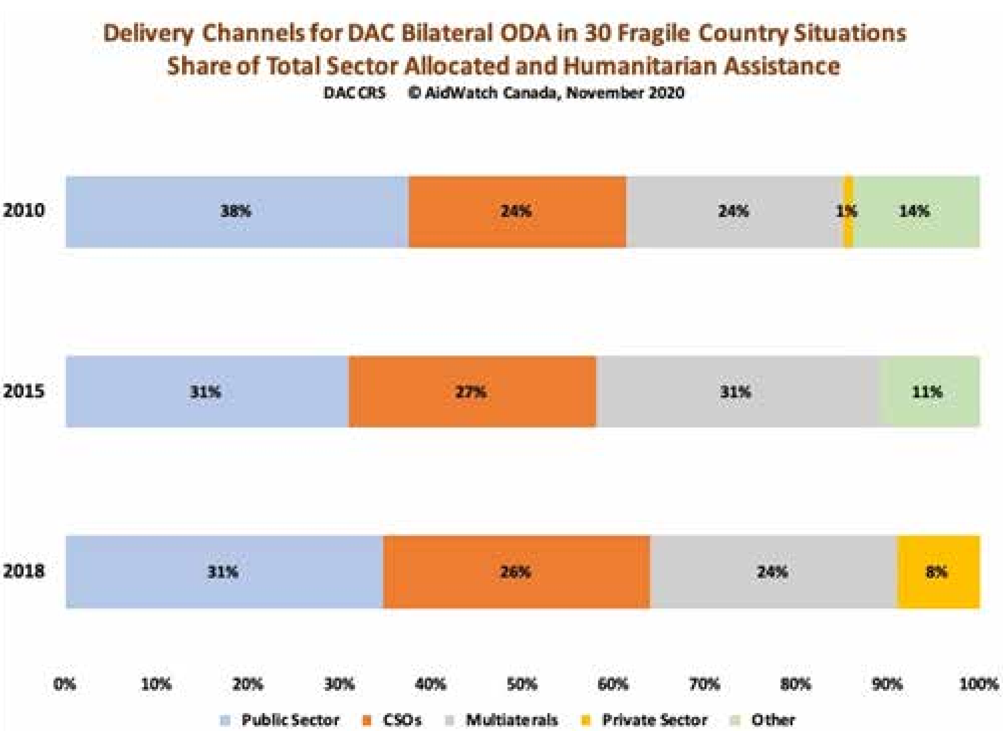

## CHART 12: HUMANITARIAN / LONG TERM DEVELOPMENT SHARE IN ODA TO FRAGILE SITUATIONS



## CHART 13: SECTOR ALLOCATIONS OF AID TO 30 FRAGILE COUNTRY SITUATIONS, 2018




## CHART 14: MAIN CHANNELS OF DELIVERY FOR BILATERAL AID IN 30 FRAGILE COUNTRY SITUATIONS



DAC aid to these 30 countries has remained fairly constant over the past decade. Significantly, this aid has increased by 14% since 2014, from $41 billion in 2014 to $47 billion in 2018. (**Chart 11**) In 2018 24% of this aid was provided as humanitarian assistance, up from 19% in 2014. This was mainly the consequence of emergency humanitarian responses to conflicts in the Middle East. Aid oriented to long-term development goals (net of humanitarian assistance) has been delivered by both multilateral organizations (34% of total ODA to these countries) and through bilateral channels (40%). This division between humanitarian and long-term development goals in aid to fragile contexts has been relatively constant over the past five years (2014 to 2018). (**Chart 12**)

**Chart 13** provides an overview of the share of development-oriented aid delivered in 2018 to different sectors in the 30 fragile countries. Health (18%), including reproductive health services, and support for governance (13%) are key sectoral priorities. Aid to informal economic and financial institutions has also been a significant priority (12%). Under governance only 4% of aid is directed to "conflict, peace and security" concerns. Support for agriculture (5%) and education (6%) is limited in countries where the majority of poor and vulnerable people live in rural settings or the education infrastructure is weak.

It is important to identify and examine the delivery channels for (bilateral) assistance to the 30 fragile countries. The public sector (at 31% of sector allocated and humanitarian aid in 2018) has been carried the primary responsibility for delivering bilateral aid to these countries over the past decade. (**Chart 14**) Civil society organizations have also played a major role (26% in 2018) as have multilateral organizations (24% in 2018). CSOs are more important development actors in fragile situations than for bilateral aid to all countries (18% in 2018). In the past decade, the private sector has been a minor aid actor in the 30 countries.

### *4.3 Addressing the Climate Emergency: Trends in Climate Finance*

**Developed countries are likely to miss their goal to commit $100 billion in annual climate finance by 2020. Comprehensive comparable data on these commitments is still not accessible. As well, ten years after this goal setting (2009) the rules as to what counts as climate finance have still not been established.**

**Donors are expected to report about $63 billion in official climate flows (both concessional and non-concessional). However, Oxfam has estimated that in 2018 a more accurate amount for developing country recipients is $19 billion to $22.5 billion in total concessional flows for climate finance.**

**If bilateral climate finance is adjusted for mainstreamed climate finance and grant equivalency in loans, compared to 2014, total real bilateral climate finance by DAC donors 2018 has actually fallen by $2.9 billion. At $11.6 billion this performance is far from the $37.3 billion target inside the $100 billion commitment.**

**The fact that Germany, Japan and France, alongside the MDBs are the largest climate donors ensures that the majority of this finance is delivered as loan finance, rather than as grants.**

The year 2020 has been one of compounding climatic and pandemic emergencies.[61] UN Secretary General Guterres has issued an urgent call to action, warning that

> *"humanity is at war with nature. … We are facing a devastating pandemic, new heights of global heating, new lows of ecological degradation and new setbacks in our work towards global goals for more equitable, inclusive and sustainable development."*[62]

By the end of 2020 developed countries were supposed to be providing $100 billion in annual climate finance to ensure a fair and effective implementation of the 2015 Paris Agreement. While up-to-date estimates for 2020 are not yet available, analysis based on 2018 donor reports to the UN Framework Convention on Climate Change (UNFCCC) and the OECD DAC suggest that donors' actual commitments to international climate finance are far off this mark.[63]

In 2016 the OECD DAC produced a roadmap to achieve the $100 billion 2020 commitment, one that included both private sector and official public sources. The expected breakdown for 2020 estimated the following:

1. $37.3 billion from bilateral developed country donors;

2. $29.4 billion from multilateral Development Banks and climate funds that can be attributed to donor countries through their core contributions to these institutions; and

3. $33.2 billion from private sector investments.[64]

As agreed at the UNFCCC, public finance towards the $100 billion target includes both concessionary (i.e. grants and loans at below market rate that count as ODA) and non-concessionary resources (e.g. loans at market terms). Multilateral Development Banks provide additional climate finance from internal resources generated through their activities that are not directly attributable to donor countries.[65]

The OECD DAC reported that developed country donors reached $63 billion in public climate finance in 2018, up from $57 billion in 2017.[66] This amount comes close to the 2020 target of $66.7 billion for bilateral and multilateral public resources predicted in the OECD roadmap for the $100 billion commitment. However, CSOs have raised major concerns about the inclusion of large amounts of non-concessional finance in this target and reported performance, as well as the ways in which donor concessional climate finance is calculated. Oxfam estimates that a more accurate picture of total concessional climate finance is considerably lower than this reported performance, ranging from $19 billion to $22.5 billion in 2018.[67]

What are the differences?

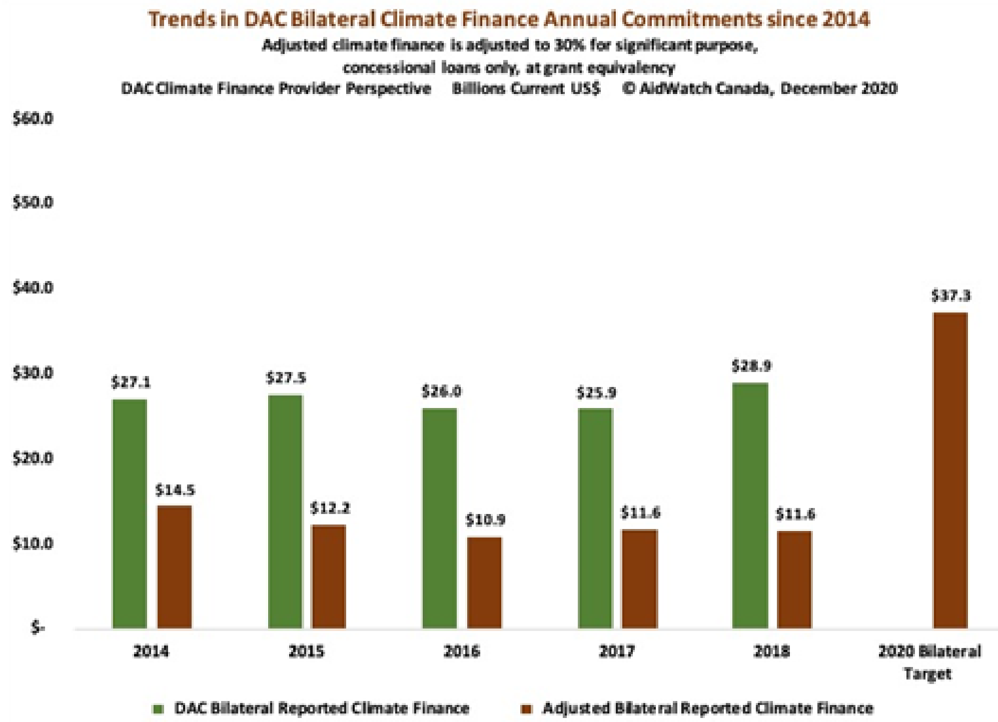
*i) Bilateral Climate Finance*

The DAC reported $32.7 billion in bilateral climate finance in 2018. There are two aspect of bilateral climate finance that overstate this level of donors' bilateral annual commitments to address the climate emergency.

First, a growing portion of bilateral climate finance is being integrated into projects where climate objectives complement but are not the main goals. In fact, projects where climate finance was the principal aim represented only a third of climate finance in 2018 as opposed to 67% where climate finance was integrated into projects which had other main objectives. Mainstreaming of climate objectives can be an important part of effective partnerships with developing countries as it contributes to an increase in their resilience in the consequences of a rapidly changing climate. What is at question is not just the degree to which this mainstreaming is a reality in these projects, but also how much of a project's total budget/ disbursements should be included as relevant to the $100 billion climate commitment.

Unfortunately, there are no agreed upon rules for how donors calculate the rate of inclusion of climate finance in mainstreamed projects. Donors have the discretion to adopt their rules with the result that counting amounts ranging from 100% of a project budget to as low as 20%. While acknowledging the importance of mainstreaming, both this chapter and Oxfam's recent Shadow Report assess the inclusion of mainstreamed climate finance projects at an average rate of 30% of their budget/ disbursements and apply this ratio for all donors. Now at $18.4 billion instead of $32.7

**CHART 15: TRENDS IN ADJUSTED BILATERAL CLIMATE FINANCE**




billion, this adjustment lowered donor bilateral climate finance by 49% in 2018.

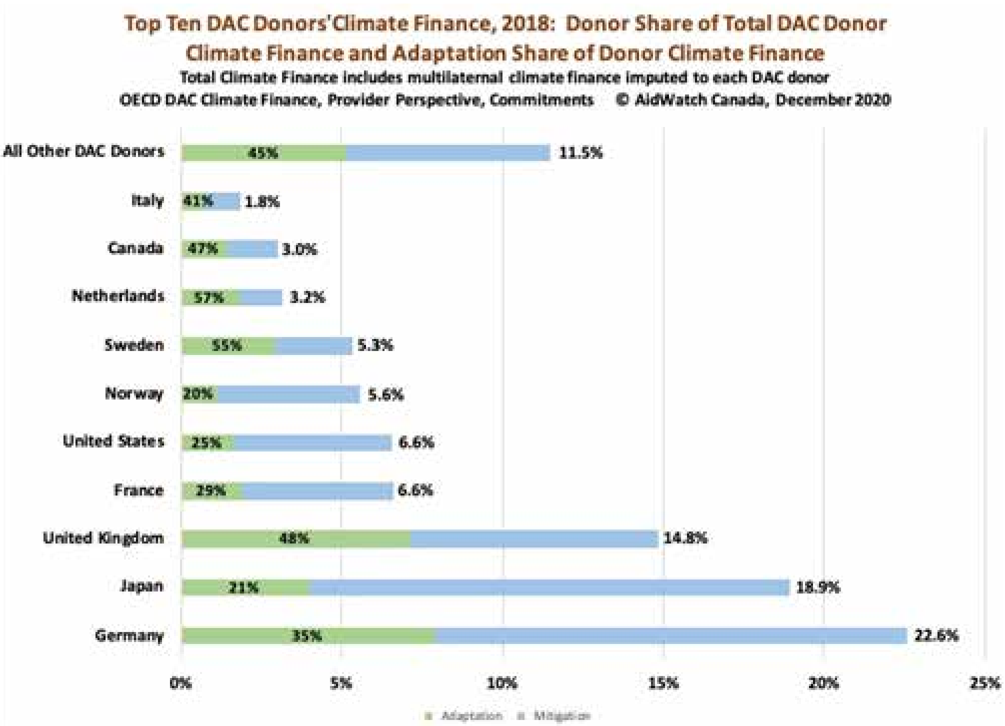
A second concern related to concessional loans. These make up a large share of bilateral climate finance, accounting for more than 33% of this climate finance (adjusted for mainstreaming) in 2018 (and 44% of donor adjusted mitigation projects). Given that developing countries bear little historical responsibility for carbon emissions, they should not be put in a position of paying donor countries for loan financing for urgently needed adaptation and mitigation measures in their countries. Instead, all bilateral concessional loans should be included in the $100 billion target at their grant equivalency (i.e. the degree to which lower than market terms for loans is a net benefit to the partner country). This adjustment, as well as excluding $1.1 billion in non-concessional loans, reduces DAC-reported bilateral climate finance in 2018 by a further $3.9 billion to $14.5 billion.[68]

**Chart 15** describes the resulting trends for DAC-reported and real (fully adjusted) bilateral climate finance. The DAC climate finance data suggests that donors, with at total of $28.9 billion in bilateral climate finance in 2018, are approaching the $37.3 billion 2020 target. However, if the adjustments described above are taken into account, the picture is considerably less optimistic. By this reckoning the total adjusted or real bilateral climate finance by DAC donors in 2018 actually fell by $2.9 billion from the 2014 level, the year prior to the Paris Agreement. At $11.6 billion this performance is far from the $37.3 billion target.

### *ii) Multilateral Climate Finance Attributable to DAC Donor Countries*

Despite an annual *Joint Report* by the Multilateral Development Banks (MDBs) (referenced above), much less is known about the actual details of climate finance originating from Development Banks and the amounts that can be attributable to DAC donors. The DAC suggests that the MDBs and other multilateral

## CHART 16: TOP TEN DAC DONORS FOR CLIMATE FINANCE




funds have already devoted approximately $30 billion in finance attributable to the DAC donors towards the $100 billion target ($29.4 billion target for this component).[69] But the annual *Joint Report* provides no access to databases or methodologies used by the MDBs that would allow confirmation of these amounts, what projects are included, or on what terms.

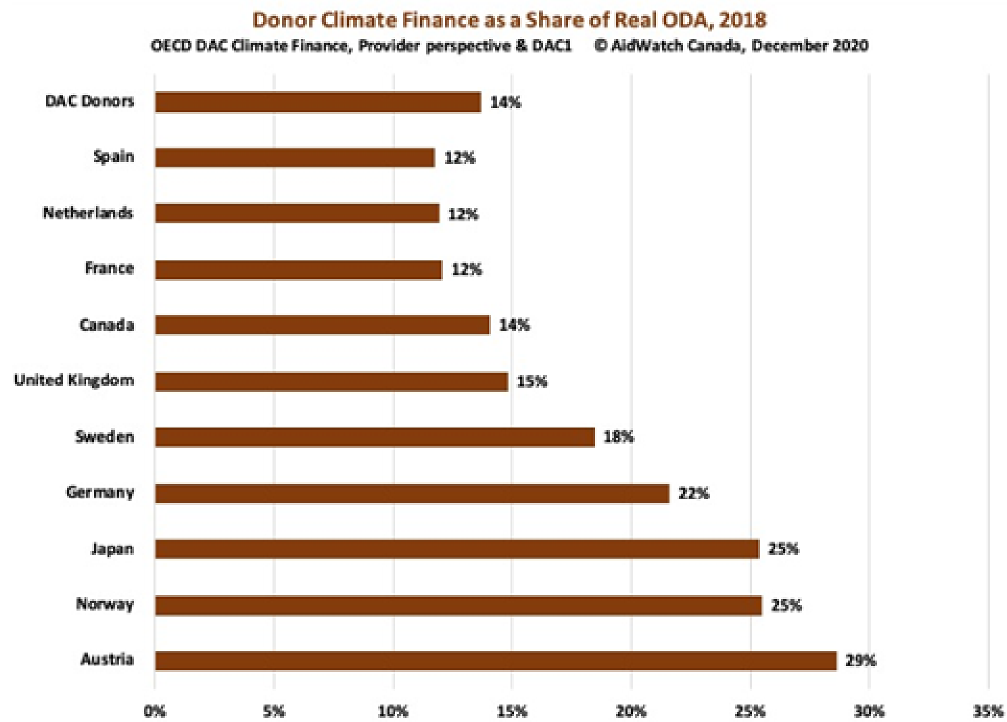
According to the MDBs most recent Joint Report, $61.6 billion was provided by MDBs in climate finance for 2019 (including finance not attributable to DAC donor countries). This represents a substantial increase from the $43.1 billion contributed in 2018.[70] Much of this finance was on non-concessionary loan terms. Oxfam estimates that fully 40% of climate finance reported by the DAC to the UNFCCC, which includes multilateral attributed finance, was provided to partner countries as non-concessionary loans (at market terms), a substantial increase since 2015/16 (30%). Most non-concessionary loans (70%) were provided by the MDBs.[71]

Developing countries are currently making loan payments for activities in their country that address the consequences of climate change for which they bear little responsibility. In doing so, they are also providing substantial returns on market rated loans to the MDBs and private creditors in international markets, from which the latter borrow these funds. As noted above, attributable MDB non-concessional loans should not be included in the donors' 2020 $100 billion target and any new post-2020 target going forward.

The increasing role of MDBs in climate finance is a key reason why loans have become the main modality for delivering this finance, particularly for mitigation finance. Oxfam estimates that almost 77% of total climate finance in 2017/2018 was in the form of loans and more than half were non-concessional. The latter have almost doubled in value since 2015/2016.[72]

As a major multilateral donor, European Union institutions, increased their climate finance

## CHART 17: SHARE OF CLIMATE FINANCE IN DONOR REAL ODA, 2018




from $800 million in 2014 to $2.9 billion in 2018, a significant increase from 5% to 18% of EU Real ODA. The EU contributed 55% of its climate finance in 2018 towards adaptation purposes. Importantly, all EU climate finance in 2018 was in the form of grants.

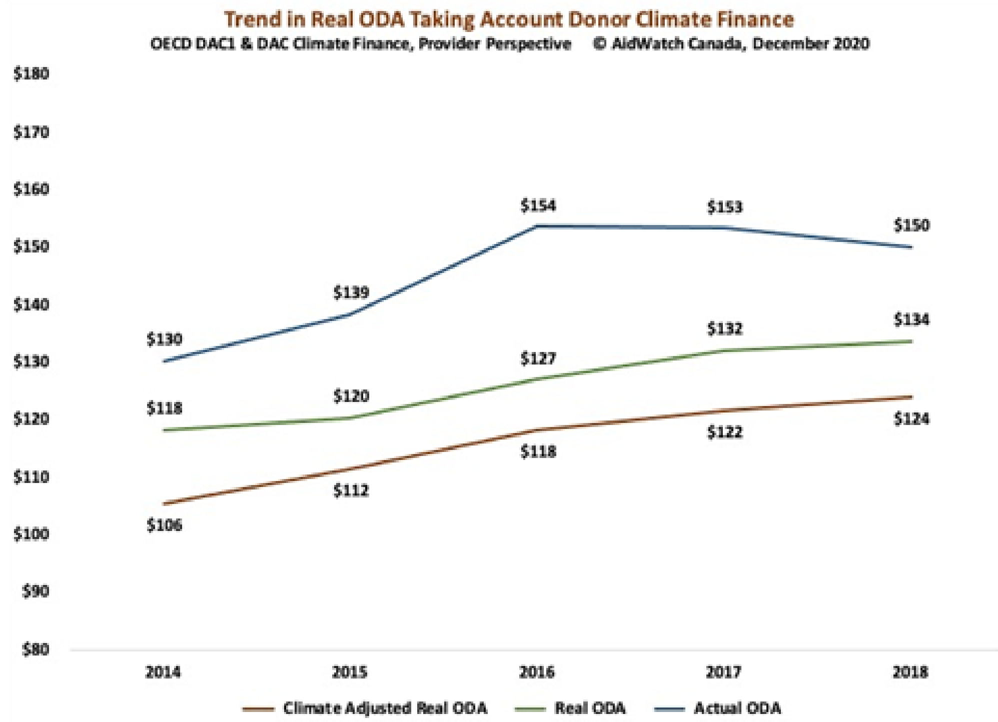
The Green Climate Fund (GCF) is the key multilateral climate funding mechanism within the UNFCCC. A detailed review of 128 projects approved by the Board (as of March 2020), reveals that US$6.1 billion has been committed since the launch of the Fund in 2015. According to the GCF Dashboard, US$4.4 billion in project commitments are currently being implemented and US$1.2 billion has been disbursed. The GCF completed its first replenishment in 2020, with 29 countries pledging $9.7 billion, including Indonesia, but not the United States and Australia. It is expected that the US will rejoin the Paris Agreement in 2021 and will again pledge financing for the GCF. In 2015, the US pledged $3 billion in the launch of the GCF of which only $1 billion was paid into the Fund.

### *iii) DAC Donor contributions to climate finance very uneven*

Climate finance is highly concentrated among the five main donors for ODA – Germany, Japan, the United Kingdom, France and the United States. (**Chart 16**) Together they make up 69.5% of total DAC climate finance, which is slightly higher than their total share of Real ODA (67%). Germany, Japan and the United Kingdom are by far the largest donors, contributing more than half (56%) of climate finance.

As with ODA, the policies and practices of major contributing donor countries have an overwhelming influence on bilateral donor climate finance. Largely due to the direction set by Germany, Japan and France, as well as the role of the MDBs in climate finance, the majority of this finance is delivered as loan finance, not grants.

## CHART 18: IMPACT OF CONCESSIONAL CLIMATE FINANCE ON REAL ODA




) Real ODA is Actual ODA less in-donor refugee and student costs, debt cancellation and account interest received on ODA loans; 2) Climate finance is the total principal purpose climate finance with loans adjusted for grant equivalency (see footnote 46 above for methodology); 3) The estimate of climate adjusted Real ODA is an approximation as Real ODA is not based on grant equivalency.

### *iv) Impact of Climate Finance on ODA*

**Donors are allocating increasing amounts of ODA towards principal purpose climate finance. This is despite a long-standing commitment that such allocations be new and additional to their ODA for other purposes.**

**Climate-adjusted Real ODA by DAC donors was approximately $124 billion in 2018, excluding principal purpose climate finance projects and donor aid inflation. This amount was about 17% less than reported ODA for that year ($150.1 billion). Given that this climate finance is counted as bilateral aid, the impact on donor bilateral funding priorities is profound. In 2018, about 25% of bilateral finance was the result of donor inflation (in-donor costs etc.) and climate finance (falling from a reported $105 billion to $79 billion).**

Although they provide more than two-third of climate finance, the top five donors for climate finance are not necessarily those that give the greatest priority to climate issues within their ODA. **Chart 17** identifies four donors that provided more than 20% of their Real ODA in 2018 to climate finance (Austria, Norway, Japan and Germany). Another two donors, the United Kingdom and Sweden, provide more than 15% of their Real ODA for climate purposes. These shares include large proportions devoted to mainstreaming climate finance. When the latter is removed, only Portugal, Finland and Luxembourg devoted more than 10% of Real ODA to principal purpose bilateral climate finance.

When the $100 billion target for 2020 was set at the 2009 UNFCCC Conference of Parties (COP15) in Copenhagen, donors promised to scale up “new and additional, predictable and adequate funding.”[73] Unfortunately, this has not been the case. Instead, almost all climate finance has been included in ODA if these resources are concessional and target ODA-eligible countries.

Determining whether climate-related finance is "new and additional" for most donors is not possible as it requires a prediction of donor intentions for ODA separate from climate finance. But the impact on ODA levels of donor climate finance, where mitigation or adaptation is the principal goal of the project, is possible (mainstreamed climate finance is excluded as these are not climate related projects in their main intent).

**Chart 18** highlights climate-adjusted Real ODA for DAC donors. Real ODA (excluding aid inflation) is further adjusted to exclude concessional principal purpose climate finance projects. In 2018 climate-adjusted Real ODA amount to approximately $124 billion. This is 17% less than reported ODA for that year ($150.1 billion). The fact that this climate finance comes from bilateral aid makes the impact on the level of donor bilateral funding for other priorities even more profound. When other donor aid inflation (in-donor costs etc.) are taken into account, about 25% of bilateral finance was the result of donor aid inflation and climate finance in 2018. Bilateral aid was thus reduced from a reported $105 billion to $79 billion in that year.

### *v) Is Climate Finance Addressing the Needs of the Most Vulnerable?*

**The quality of climate finance is weak. Targeting those countries most affected by climate change reveals only modest improvements since 2015 and requires much more focused attention.**

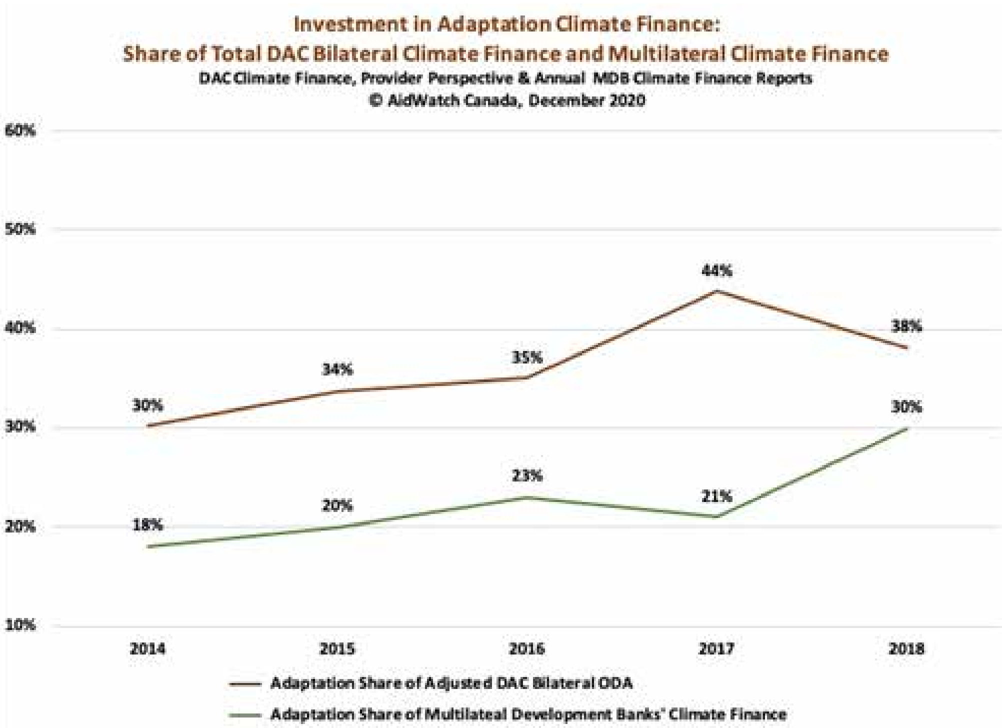
1. **CSOs have called for at least 50% in adaptation climate finance. In 2018, bilateral donors contributed approximately 38%% of their climate finance to adaptation purposes (up from 30% in 2014) while the MDBs contributed 30% (up from 18%).**
2. **The Paris Agreement commits donors to prioritize Low Income Countries (LICs), Least Developed Countries (LDCs) and Small Island Developing States (SIDS). Since 2015, bilateral donors provide at best 25% of climate finance to LDCs and LICs. MDBs provide less than 20% of their finance to LDCs and SIDS.**
3. **Mainstreaming gender equality has the potential for inclusive and potentially transformative impacts for both adaptation and mitigation. Yet only 1.5% of DAC-reported climate finance projects had gender equality as their principal purpose in 2017/2018. Less than a third (34%) had at least one gender equality objective, which was not the principal objective of the project.**

In June 2019, Philip Alston, the UN Special Rapporteur on Poverty and Human Rights, affirmed that the climate crisis has multiple implications for the rights of poor and vulnerable people: "We risk a 'climate apartheid' scenario where the wealthy pay to escape overheating, hunger and conflict, while the rest of the world is left to suffer."[74] He noted the potential for profound inequality, where developing countries would bear an estimated 75% of the cost of the climate crisis, despite the fact that the poorest half of the world's population, who mainly reside in these countries, are responsible for just 10% of historical carbon emissions.

How well do current allocations of climate finance address the interests and needs of the poor and most vulnerable? Targeting those most affected by climate change has shown some modest improvements since 2015. Focusing on the most vulnerable requires more focused attention, according to three broad indicators:

1. A minimum of 50% of climate concessional resources allocated to adaptation;

## CHART 19: ADAPTATION AS SHARE OF CLIMATE FINANCE




2. Concessional climate resources targeting low income, LDCs and small island developing states (SIDs); and

3. Concessional climate resources targeting impacts on women's rights and gender equality.

*1. Concessional resources allocated to adaptation*

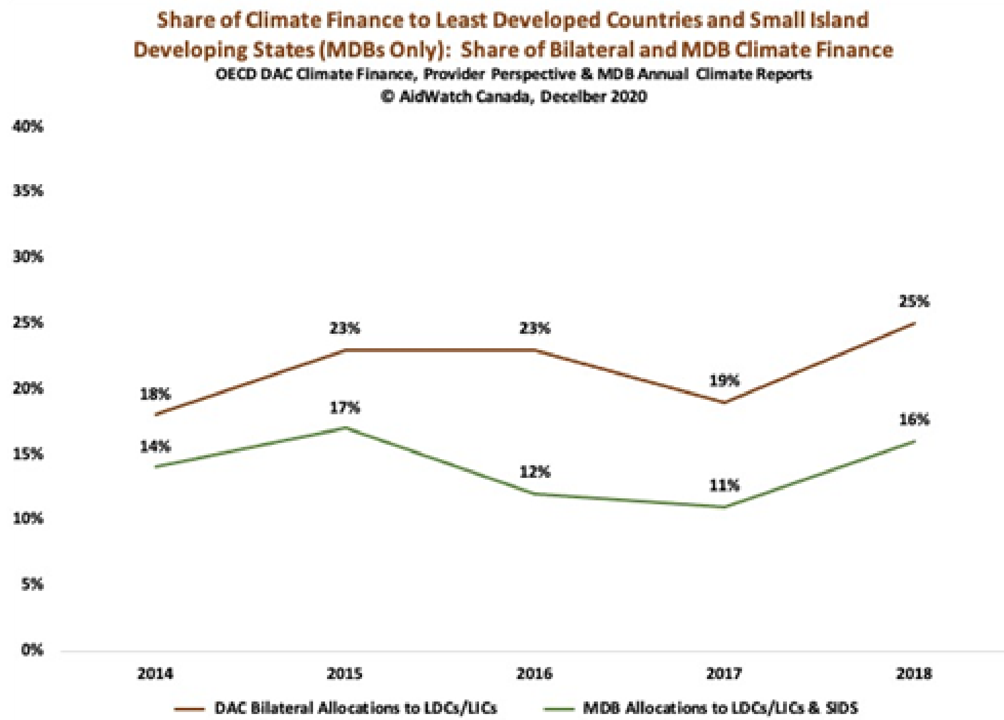
**Chart 19** indicates that there has been a modest improvement for both bilateral finance and MDB finance in the share of adaptation in climate finance since the Paris Agreement in 2015. Given the importance of addressing immediate and future impacts of climate change for the livelihoods and well-being of vulnerable populations, CSOs have called on donors to invest at least 50% of climate finance in adaptation.

In 2018, bilateral donors contributed approximately 38% of their climate finance for adaptation purposes (up from 30% in 2014). MDBs contributed 30% (up from 18%), although it is impossible to verify the actual projects included by the Banks. A review by the author of projects financed by the UNFCCC Green Climate Fund reveals a slight decline in support for adaptation by the Fund, from 42% of all commitments in the period 2015 to 2017 to 38% in the period 2018 to 2020.[75]

**Chart 16** above demonstrates that among the top ten climate bilateral donors support for adaptation is very uneven. Among these donors, only Sweden and the Netherlands contributed more than 50% of their climate finance to adaptation in 2018. Three of the largest donors were under 30% (Japan, France and the United States), while the United Kingdom achieved 48% and Germany 35%.[76]

Taking all climate finance into account (including non-concessional public finance), Oxfam and the OECD DAC report a significant

**CHART 20: SHARE OF LEAST DEVELOPED AND SIDS IN DONOR CLIMATE FINANCE**




increase in adaptation finance in 2018 over 2016. Adaptation represented about 33% of climate finance in 2018 (when cross cutting finance is allocated at 50% to adaptation).[77] Nevertheless, a very large adaptation financing gap – about $15 billion – exists and is set to grow. According to the UN Environment Program adaptation requirements are estimated to rise to $140 to $300 billion annually by 2030, and to $280 to $500 billion by 2050.[78]

*2. Resources targeting Low Income, LDCs and Small Island Developing States (SIDs)*

Targeting concessional climate finance with partners in Low Income (LICs), Least Developed (LDCs) and Small Island Developing States (SIDS), is cortical. These are among the most vulnerable countries, least able to respond to climate shocks and longer-term impacts. The Paris Agreement commits donors to give priority to the needs of these countries. The degree to which current climate finance addresses the needs of these countries is an indicator of provider coherence with the Paris Agreement.

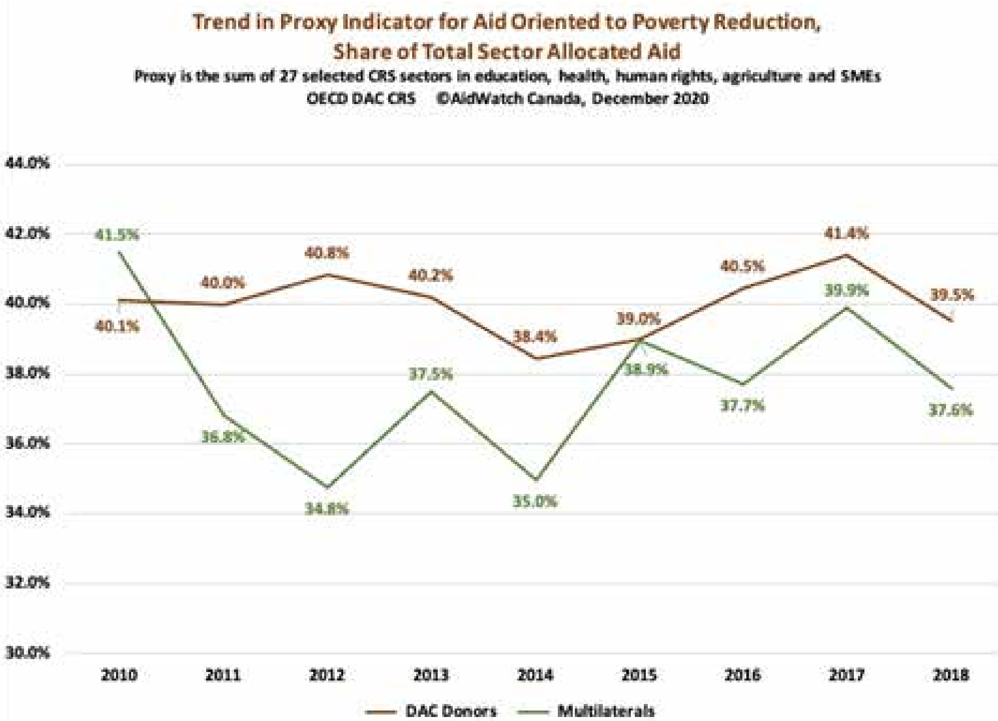
Unfortunately, the evidence since 2015 (**Chart 20**) suggests that bilateral donors have provided at best 25% of their climate finance to LDCs and LICs. For MDBs the amount is even less - under 20% of their climate finance was targeted to LDCs and SIDS in 2018.

According to Oxfam, major donor countries such as Japan, Germany, France, Norway and Canada have provided less than 20% of their climate finance to LDCs. They point out that the majority of all climate finance aid to LDCs, and nearly half to SIDS, has been in the form of loans and other non-grant instruments (with 9% of loans to LDCs and just over 20% to SIDS, non-concessional).[79]

*3. Concessional climate resources targeting impacts on women's rights and gender equality.*

Mainstreaming gender equality in climate finance is critically important in order ensure

## CHART 21: A POVERTY-PROXY INDICATOR



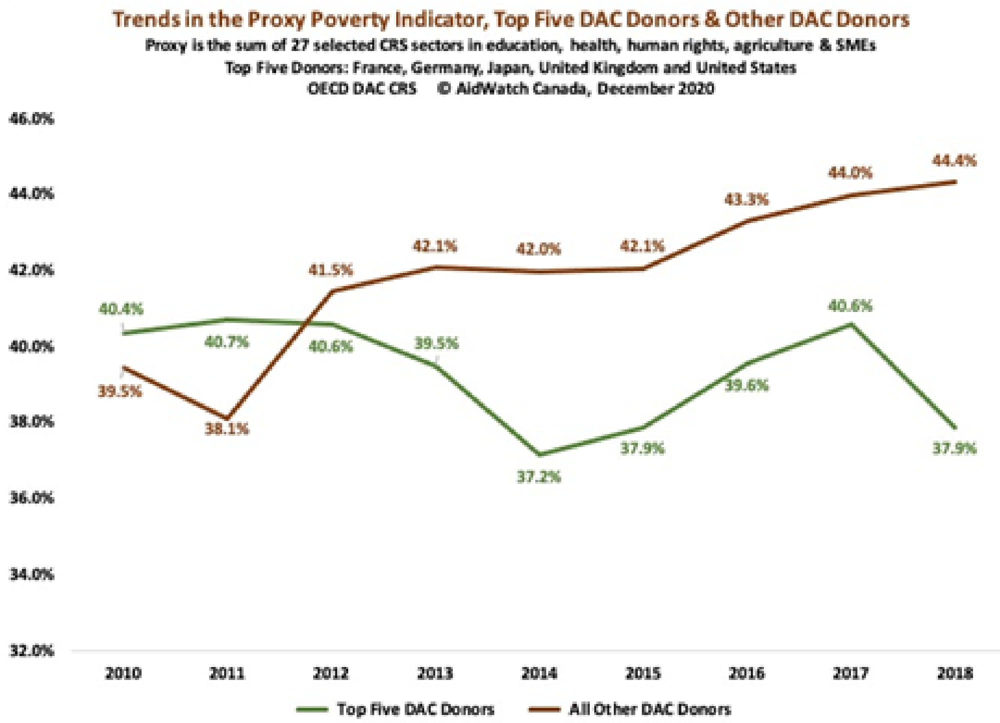

inclusive and potentially transformative impacts for both adaptation and mitigation. Women play crucial roles in the adoption of resilient agricultural practices for example. In relation to mitigation, current climate projects tend to ignore small-scale projects supporting clean development mechanisms of greater benefit to women's roles in the household, and women are often disproportionately affected by unintended consequences of large-scale energy infrastructure development, all crucial areas for mitigation efforts.[80]

Attention to gender equality and empowerment in climate finance is weak. The DAC's gender equality purpose marker provides the only basis for assessing the degree to which climate finance is gender sensitive. According to this gauge, only 1.5% of DAC-reported climate finance projects had gender equality as their principal purpose in 2017/2018. A further 34% of project finance had at least one gender equality objective, although it was not the project's principal objective.[81]

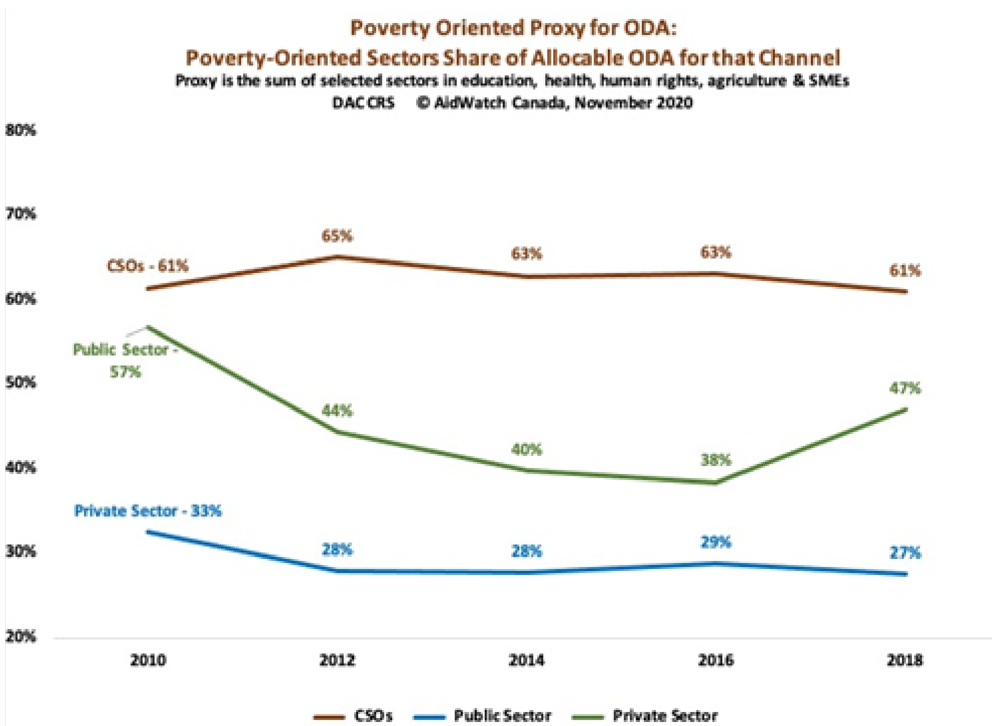
A commitment to gender equality policies in climate finance is essential in order to gain an understanding of success factors for gender transformative climate adaptation and mitigation. Such policies are a necessary foundation if climate finance is to address the major vulnerabilities for women and girls in climate change impacts.

Some progress on this front is seen in the UNFCCC's Green Climate Fund. In November 2019 the Board adopted a comprehensive Policy on Gender Equality and a Gender Action Plan for the period 2020 to 2023. The Gender Policy commits GCF to: 1) Enhance gender equality within its governing structure and day-to-day operations; and 2) Promote the goals of gender equality and women's empowerment through its decisions on the allocation of funds, operations and overall impact as outlined in the Gender Action Plan."[82] All GCF projects approved since January 2019 have included a "Gender Analysis" and "Gender Action Plan", which are published alongside other documentation related to the project.

## CHART 22: POVERTY-ORIENTED PROXY: TOP FIVE DAC DONORS AND OTHER DAC DONORS




## CHART 23: SHARE OF POVERTY-ORIENTED SECTORS FOR MAIN CHANNELS OF AID DELIVERY



## 5. THE QUALITY OF ODA: TRENDS IN ITS FOCUS ON POVERTY AND INEQUALITIES

### *5.1 Is ODA truly focused on the needs of poor and vulnerable people?*

*(i) An ODA Poverty-Reduction Proxy Indicator*

**According to a selection of DAC sector purpose codes, less than half of DAC donor and multilateral ODA (about 40%) has been directed to sectors linked to poverty reduction. These sectors include basic education and health, human rights, agriculture and small/ medium enterprise development.**

**The poverty-oriented priorities set by the top five DAC donors, has diverged significantly from that of all other DAC since 2012. For these top five donors, the share of the poverty-oriented proxy declined from 40% to 38%, while for all other donors it increased steadily, from 40% to 44%. The poverty-oriented sectors accounted for over 60% of all aid delivered through CSOs.**

The DAC does not explicitly measure the degree to which aid is focused on the priorities of poor and vulnerable people. However, it is possible to create a proxy indicator for trends in the poverty orientation of ODA by focusing on 27 poverty-oriented sectors.[83]

Over the past decade, less than half of sector-allocated ODA has consistently been directed to sectors with a high relevance to poverty eradication. These sectors include basic health and education, human rights, agriculture and small/medium enterprise development, among others. (See **Chart 21**) For DAC donors the share has consistently hovered around 40%, while for multilateral organizations, including development banks, the share declined from 42% in 2010 to 38% in 2018.

There are notable divergences between donors. As indicated in **Chart 22**, priorities set by the top five DAC donors and all the other DAC donor show different patterns after 2012. While the share for the poverty-oriented proxy declined from 40% to 38% for the top five donors, it increased steadily from 40% to 44% for all other donors. Without the priorities of these other donors, the poverty orientation of DAC members' and Multilateral organizations' aid would have noticeably declined since 2015 and the launch of Agenda 2030, and its commitment to leave no one behind.

The public sector (at 40%) and civil society organizations (24%) were the primary channels for aid to poverty-oriented sectors in 2018. This trend has remained more or less consistent throughout the decade. Multilateral organizations delivered 22% of their aid to these sectors and the private sector 10%. More worrying for a rights-based delivery of public services, the private sector's share is a significant increase from 1% in 2014.

The poverty-oriented sectors make up over 60% of all aid delivered through CSOs. (**Chart 23**) With respect to the public sector, this share has varied over the decade. However, in 2018, 47% of aid delivered through this channel was directed to poverty-oriented sectors.

*(ii) Trends in measures for social protection*

**While social protection has become a crucial tool for many governments in the Global North in addressing pandemic impacts on livelihoods, governments in the Global South are not able to respond with similar support. The OECD calculates that developing countries would need an additional $800 billion to $1 trillion in new resources to do so. Allocations of social protection in many developing countries is affected by limited access due to widespread informal employment.**

**DAC members invested only $750 million annually in strengthening social protection support between 2016 and 2017.**

Social protection has been a crucial tool for many governments in addressing the impacts of the pandemic and related lockdowns on their citizens. It is seen as a central component of national development strategies to strengthen resilience in developing countries. They are particularly effective when these programs are grounded in human rights and reach vulnerable communities such as the disabled, migrants, informal workers and indigenous peoples.[84]

High income countries have organized significant social protection and health measures to respond to the pandemic. These programs are beyond the reach of most developing economies. Poverty, inequality, informal labour conditions and limited government revenue creates a vicious circle, resulting in many millions of people living with no government social protection at the best of times. Oxfam estimates that 28 rich countries have spent $695 per person to respond to the COVID pandemic. In contrast, 42 low- and middle-income countries have spent from a high of $28 to low of $4 per person to provide additional social protection measures.[85] The OECD calculates that developing countries would need an additional $800 billion to $1 trillion in new resources, including $100 billion in Low Income Countries to respond to the crisis with packages similar to those that have been provided by developed countries.[86]

There are significant structural obstacles that stand in the way of people accessing the limited social protection measures that do exist. Oxfam estimates that 2.7 billion people have received no assistance. Due to the high levels of informal employment close to 80% of workers in Sub-Saharan Africa and 85% in LDCs have no access to social protection programs.[87] These shares rise to 90% of women workers in Africa. UN Women calculates that the income of women working in the informal sector fell by 60% during the first months of the pandemic.[88]

In the absence of major investments in social protection with access for the most vulnerable, the long-term consequences of the pandemic could lead to sharp increases in already extreme inequalities in most developing countries.

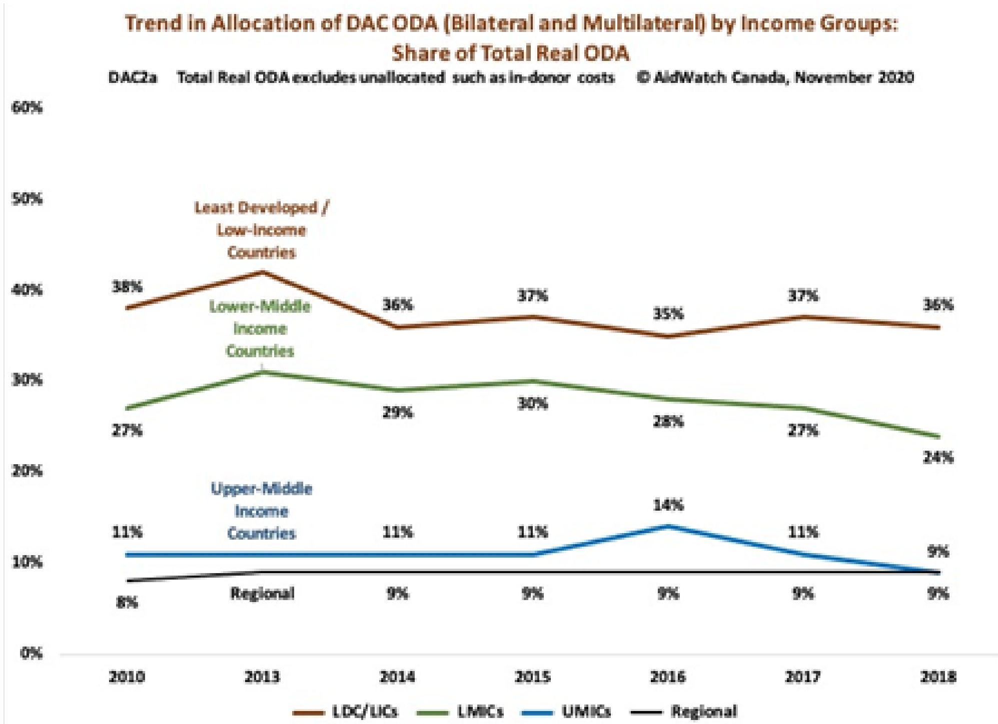
According to the OECD DAC CRS data, DAC members invested only $750 million annually in strengthening social protection support between 2016 and 2017. Multilateral donors committed an additional $1,770 million. The December 2020 Oxfam report points out that the World Bank has been a major investor in social protection programs that often failed. These initiatives are usually based on 19th century European models of poverty-means-testing and the stigmatization of the “poor” with explicit conditioning aimed at behaviour change on the part of recipients. Lacking universality, these programs are dramatically insufficient and unable to address the unequal impacts of the pandemic.[89]

For some donors, social protection through direct cash transfers have become a key feature of their humanitarian assistance. In 2018, for example, approximately 18% of humanitarian assistance was paid out in cash. The largest program were the EU funded allowances for refugees arriving in Turkey. While these direct transfers may become a significant part of the humanitarian system in the future, some critics have suggested they are ill suited to support refugees who are on the move; those living on the fringes of society or those in societies where internal conflicts are endemic such as the recent crisis in Ethiopia/Tigray.[90]

### *(iii) ODA allocated to poor countries and regions*

**Over the past decade more than 60% of Real ODA went to the poorest countries (LICs and LMICs). Of this amount about 36% was targeted to Low-Income Countries. But at 60% in 2018, this share has declined significantly and was the smallest share since 2013, when 73% of Real ODA was allocated to these two country income groupings.**

## CHART 24: ALLOCATION OF DAC ODA BY INCOME GROUPS



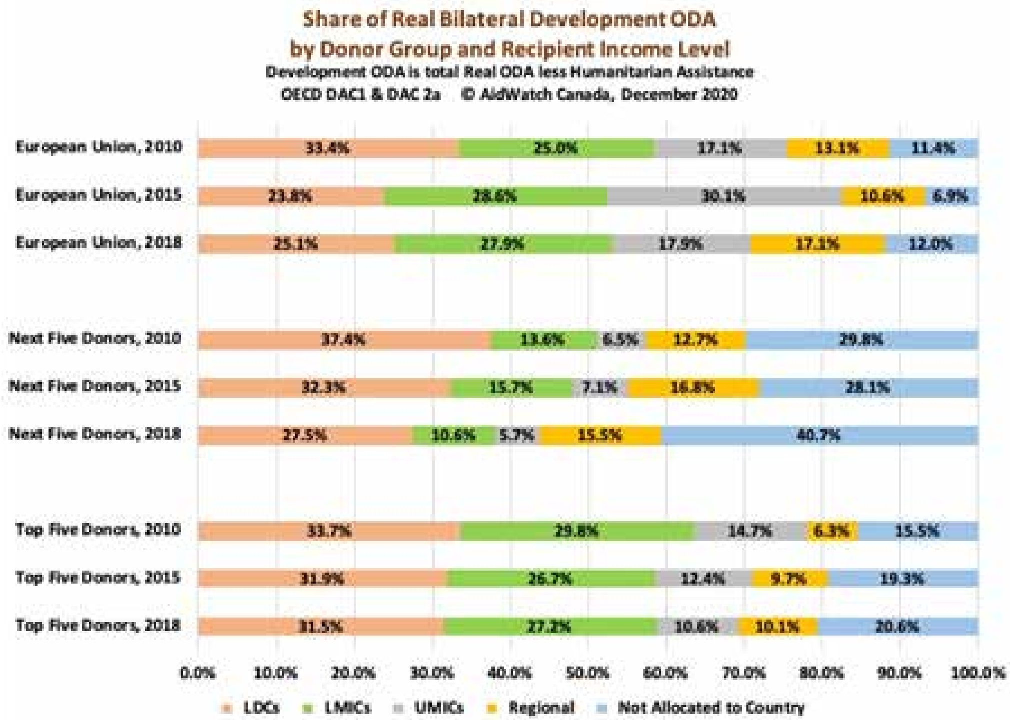

In 2018, $48.7 billion in aid went to Low Income (LICs) and Least Developed Countries (LDCs). An additional $32.7 billion was allocated to Lower Middle-Income Countries (LMICs). Poverty and vulnerability is endemic in these countries. However, in 2018 only a third (32.4%) of nominal ODA ($150.1 billion) was spent in LICs and LDCs and Lower Middle-Income Countries received just 21.8%. In total just over half (54%) of aid was spent in these countries, which had the highest concentrations of poverty.

An examination of the allocation of Real ODA (i.e. excluding in-donor costs which cannot be allocated by country)[91] reveals that donors are increasingly focussing on LICs, LDCs, and LMICs. Over the past decade more than 60% of Real ODA went to LICs/LDCs and LMICs, of which approximately 36% targeted LICs/LDCs. But at 60% in 2018, this share was the smallest since 2013, when 73% of Real ODA was allocated to these two country income groupings. (See **Chart 24**)

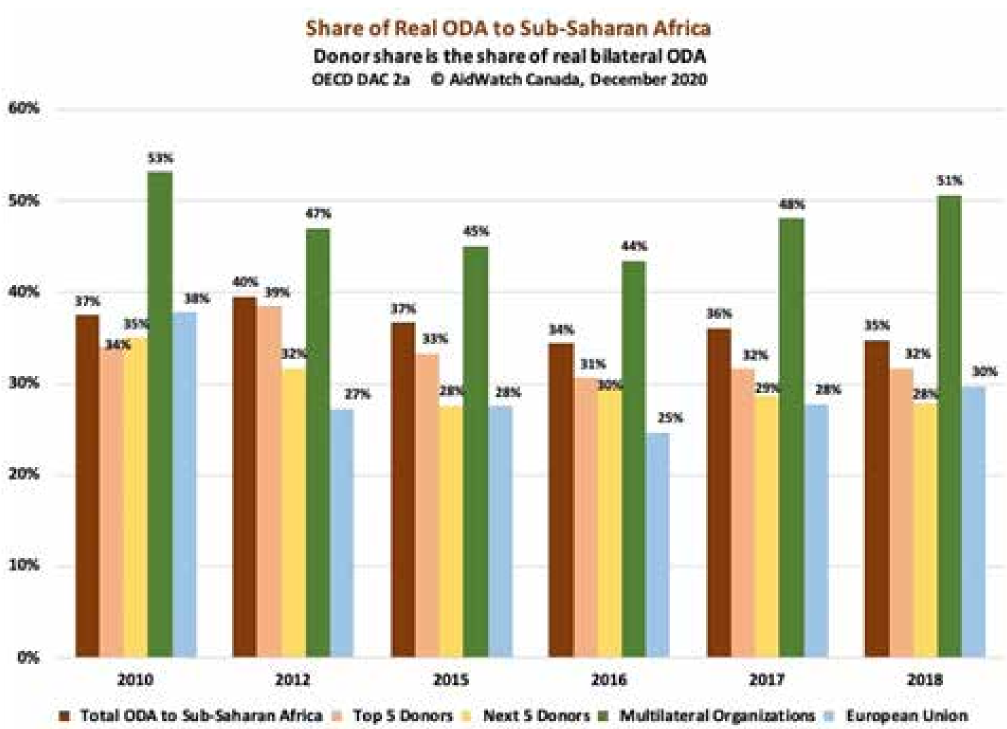
The trends over the decade are common among donors, whether one examines the top 5 donors, the next largest donors, or the European Union – since 2010 LDCs and LICs have received a somewhat smaller share in donor Real Bilateral ODA dedicated to long term development (i.e., excluding humanitarian assistance).

Yet there are some differences. (See **Chart 25**) An examination of funding for LDCs/LICs and LMICs indicates that the top five donors provide the majority of their Bilateral ODA (59% in 2018) directly to these countries. This performance compares to the next five donors, where the level was only 38%. This latter group of donors, collectively, have a much larger share of their Real Bilateral ODA allocated to regional programming that cannot be allocated by country. The European Union, as a multilateral donor, has a large share of its Real ODA going to UMICs (18%), although the share going to UMICs by the top five donors has slowly increased over the decade.

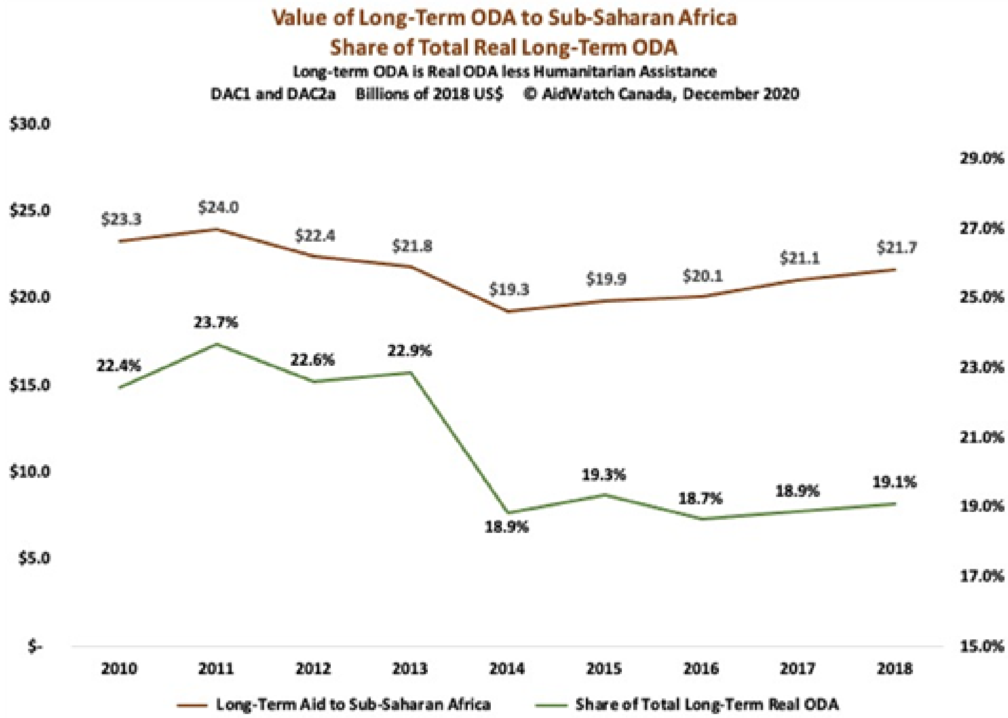
## CHART 25: BILATERAL ODA ALLOCATIONS TO RECIPIENT INCOME GROUPS BY DONOR GROUPS




## CHART 26: SHARE OF REAL ODA TO SUB-SAHARAN AFRICA



## CHART 27: LONG-TERM DEVELOPMENT ODA TO SUB-SAHARAN AFRICA




*(iv) ODA allocated to Sub-Saharan Africa*

**The multilateral system provides the largest share of its aid to Sub-Saharan Africa (51% in 2018). In contrast, DAC donors have slightly reduced the share of their Real ODA to the region, from 37% in 2015 to 35% in 2018. Despite being the region with the highest levels of poverty DAC donor commitment to long-term development in Sub-Saharan Africa (less humanitarian assistance) remains flat lined at about 19% of their total Real ODA.**

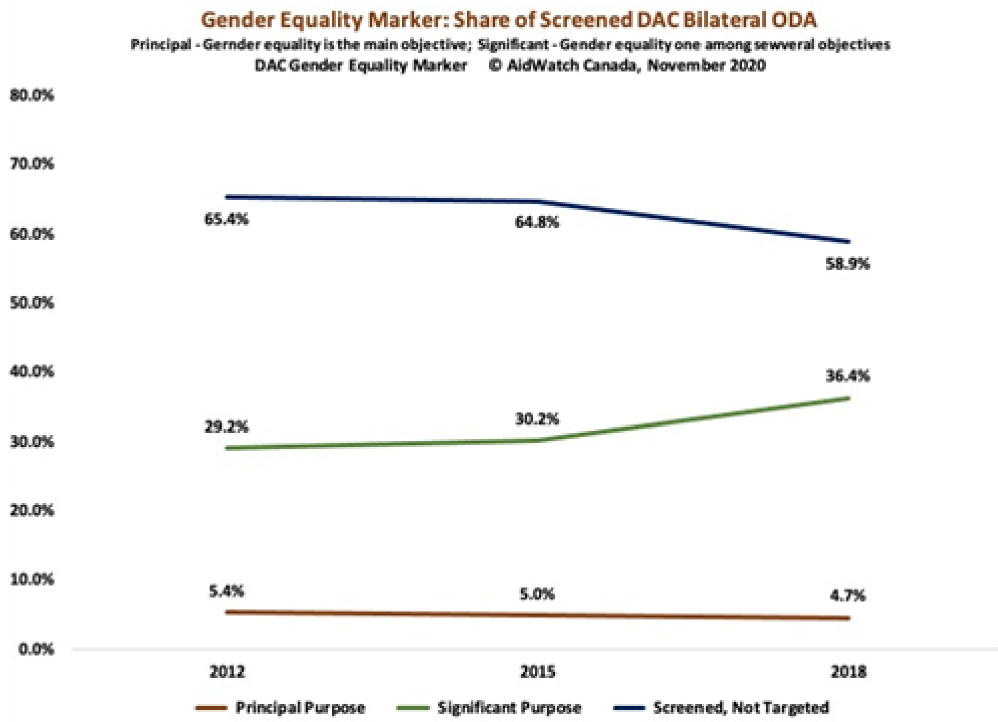
Sub-Saharan Africa has the highest share of the population living in extreme poverty (40%). There has been limited progress in reducing these levels over the past two decades. Since 2015, the share of Real ODA to this sub-region has declined slightly, going from 37% to 35% in 2018. (See **Chart 26**) This decline has been largely driven by bilateral donors and the European Union.

Multilateral donors, including the United Nations and the Development Banks, increased the share of their aid going to Sub-Saharan Africa from 45% in 2015 to 51% in 2018.

As noted above (**Chart 9**), humanitarian assistance makes up a significant portion of DAC aid to Sub-Saharan Africa. While this assistance is critical for meeting immediate needs of populations affected by conflict, climate events and insecurity, ODA devoted to long-term development aims is essential to catalyze progress to meet the SDGs in this region.

Long-term development aid to Sub-Saharan Africa has clearly declined over the past decade. (**Chart 27**) In 2018 the value of this aid fell by 10% since its high of $24 billion in 2011. As a share of total Real ODA dedicated to long-term development, aid to the Sub-Saharan region has flat lined at 19% since 2014 and declined from 23% in the early years of the decade.

**CHART 28: TRENDS IN THE GENDER EQUALITY MARKER AS A SHARE OF BILATERAL ODA**




*(v) Gender Equality and Women's Empowerment*

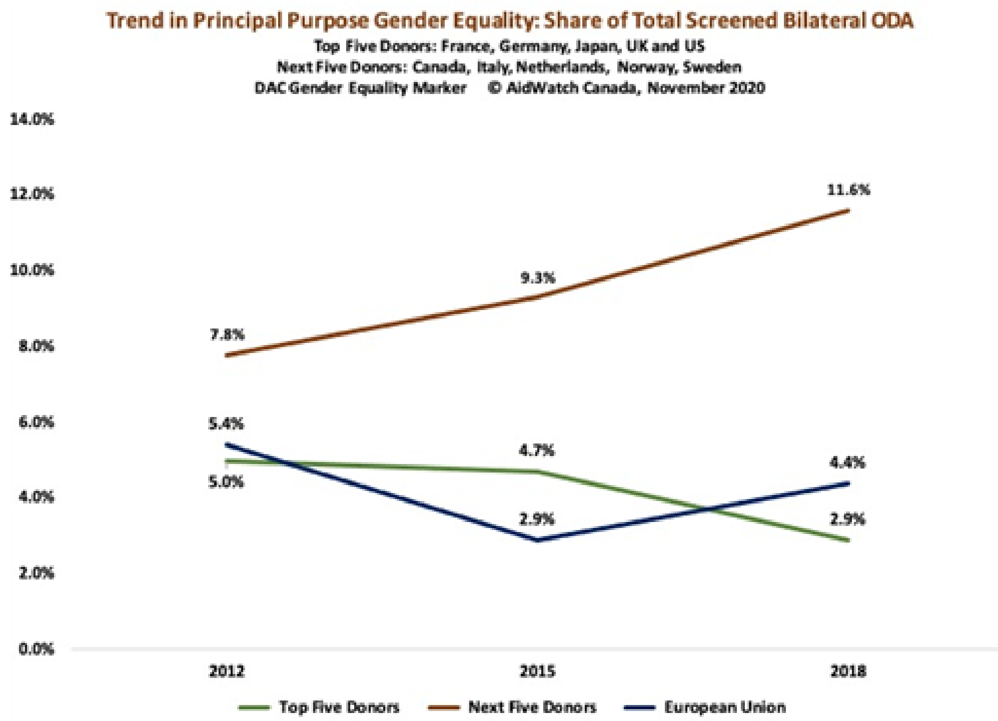
**Donor performance on gender equality is worsening. Only 41% of bilateral project had any objective relating to gender equality and women's empowerment in 2018. Gender mainstreaming is improving, but projects where gender equality is the principal purpose have declined from 5% to 4.7% of bilateral aid from 2015 to 2018. Women's rights organizations received less than 1% of this bilateral aid in 2018.**

Setting gender equality and women's empowerment as a priority for DAC donors and the multilateral system is a key condition for making progress in reducing poverty and inequalities. It is essential if SDGs focusing on health, education or climate adaptation are to be achieved.

Unfortunately, there is no overarching measure of actual ODA devoted to these purposes. Instead, the international community relies on a DAC purpose marker for gender equality to monitor DAC members intentions and commitments to gender equality and women's empowerment. Donors screen and score their projects according to three criteria: 1) Gender equality is the *principal* objective of the project (gender equality is the stated primary goal); 2) Gender equality is a *significant* objective (gender equality is one of several objectives of the activity); or 3) There are no gender equality objectives in the activity. The DAC produces an annual report on progress using this marker as its reference point.[92]

A study of this gender marker indicates an improvement in a focus on gender equality by DAC donors since 2015, rising from 32% of bilateral aid to 41% in 2018. (**Chart 28**) However, this improvement can largely be accounted for by greater allocations through "significant purpose" projects. Projects where gender equality is the principal purpose have declined slightly, from 5% to 4.7% in the same period (and from 5.4% in 2010). In 2018 almost 60% of bilateral projects still did not have gender equality among their objectives.

## CHART 29: GENDER EQUALITY MARKER: TOP DONORS' PERFORMANCE




Having gender equality as a principal purpose is a critical indicator of the degree to which donors are focusing on women's empowerment. Overall, all DAC donors have failed to explicitly address major barriers to women's empowerment or to commit to progress in gender equality. Saying, this, it is also true that there are major differences among donors. (**Chart 29**) The lack of commitment to gender equality is most evident with the five largest donors, whose principal purpose performance declined from 5.0% of their bilateral aid in 2012 to 2.9% in 2018. In contrast, the performance of the next largest donors (Canada, Italy, the Netherlands, Norway and Sweden) shows considerable improvement since 2012, with an increase in principal purpose projects from 7.8% of their bilateral programs to 11.6% in 2018. These improvements for this group of donors are likely to advance even further as the impact of Canada's Feminist International Assistance Policy comes into play. (commitments to increase Canada's principal purpose projects from 5.6% of bilateral aid in 2018 to 8.6% in 2019).

Donor support for women's rights organizations and government institutions promoting women's rights is a key indicator for assessing progress in gender equality and women's rights. The results since 2012 have been disappointing. In 2018 DAC donors disbursed $407 million to these organizations, down from $429 million in 2015 (2018 constant dollar value). Multilateral organizations did provide an additional $110.2 million in 2018.

As a share of overall bilateral aid, women's rights organizations have attracted a declining proportion of DAC support, falling from 1.3% in 2015 to less than 1% in 2018. DAC support has also been a declining as a share of its principal purpose gender projects (from 9.5% in 2015 to 8.2% in 2018). But civil society organizations are continuing to support this work and have consistently channelled 45% of this bilateral support for women's rights organizations since 2015.

## 6. UNDERMINING THE QUALITY OF ODA: PROMOTING DONOR PRIVATE AND FOREIGN INTERESTS?

### *6.1 Declining coherence in donor practices respecting country ownership*

**The Global Partnership's 2019 monitoring of development effectiveness principles found little progress in donor respect for country ownership, pointing to a decline in some indicators of donor practices consistent with support for country ownership.**

**In 2018 less than half (49%) of gross bilateral aid reached developing countries as a programmable resource (Country Programmable Aid), down from 55% in 2010. In theory, this aid should be available for partner country priorities.**

**Aid to developing countries as budget support is an important mechanism to advance a country's ownership of its development priorities. But this support has declined by 25%, going from a high of $12 billion in 2009 to $8.6 billion in 2018.**

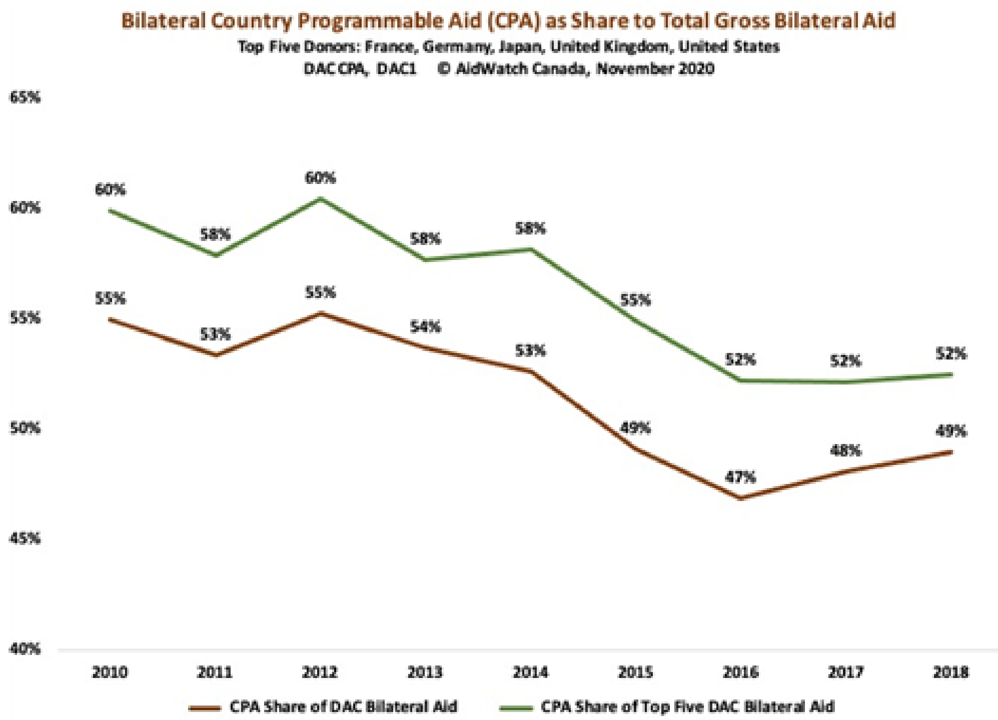
**The continued donor practice of tying aid disbursements to commercial purchases in donor countries diminishes opportunities for country ownership and the strengthening of recipient country suppliers. In 2018 more than a fifth (22%) of DAC bilateral aid was tied to donor country purchases, down only 4% since 2010, and up from 2017 (19%). This share does not include technical assistance, which accounted for a further 18% of Real Bilateral Aid in 2018. Aid contract procurement through suppliers in donor countries represents about 65% of these bilateral contracts by value, with only 26% procured in recipient countries.**

Four development effectiveness principles – democratic country ownership, focus on country-determined results, inclusive partnerships, accountability and transparency – have been affirmed by the international community, including CSOs, in the Busan Partnership for Effective Development Co-operation (2011). These principles have been identified as playing a central role in development cooperation's contributions to achieving the SDGs. DAC donors have repeatedly committed to orienting their ODA in ways that strengthens developing country capacities in "owning" their own development priorities.

Since their adoption, the implementation of the Busan principles has been subject to biennial monitoring by the Global Partnership for Effective Development Cooperation (GPEDC). In 2019, the third monitoring round was conducted, involving a country-led multi-stakeholder process in more than 80 partner countries. Evidence from this round demonstrated mixed progress in donor practices to strengthen democratic country ownership.[93] Some of the findings are as follows:

- Donor project alignment with partner Country Results Frameworks declined since the second monitoring round in 2016. "While alignment at the level of project objectives is fair, only 59% of results indicators outlined in individual projects are drawn from the CRFs." (*Progress Report*, pages 101 – 103)
- "National development planning is becoming more inclusive, but more systematic and meaningful engagement of diverse stakeholders throughout the development processes is needed." Only 17% of Governments confirmed that they allowed CSOs to engage in a participatory process to shape the national development strategy. (*Progress Report*, page 58)
- Fewer than half of the 86 countries were found to have quality mutual accountability mechanisms in place and functioning. (*Progress Report*, page 83) These mechanisms are central to government policy dialogue

## CHART 30: TRENDS IN COUNTRY PROGRAMMABLE BILATERAL AID




with donors and other country-based stakeholders and for orienting donor policy and behaviour change at the country level. In a 2018 survey of mutual accountability the UN Development Cooperation Forum (DCF) found that a third of the countries in its survey had no involvement of CSOs and another 20% reported minimum involvement.[94]

- Improvements in developing country financial management systems have not translated into significant increases in donor use of these systems in their development cooperation. No correlation was found between quality financial systems and provider use of these systems. (*Progress Report*, page 115) There has been only limited progress in public access to fiscal information, transparent procurement methods, and access to findings of external audits (Progress Report, page 48). The proportion of development cooperation subject to parliamentary review has decreased. (*Progress Report*, page 50)

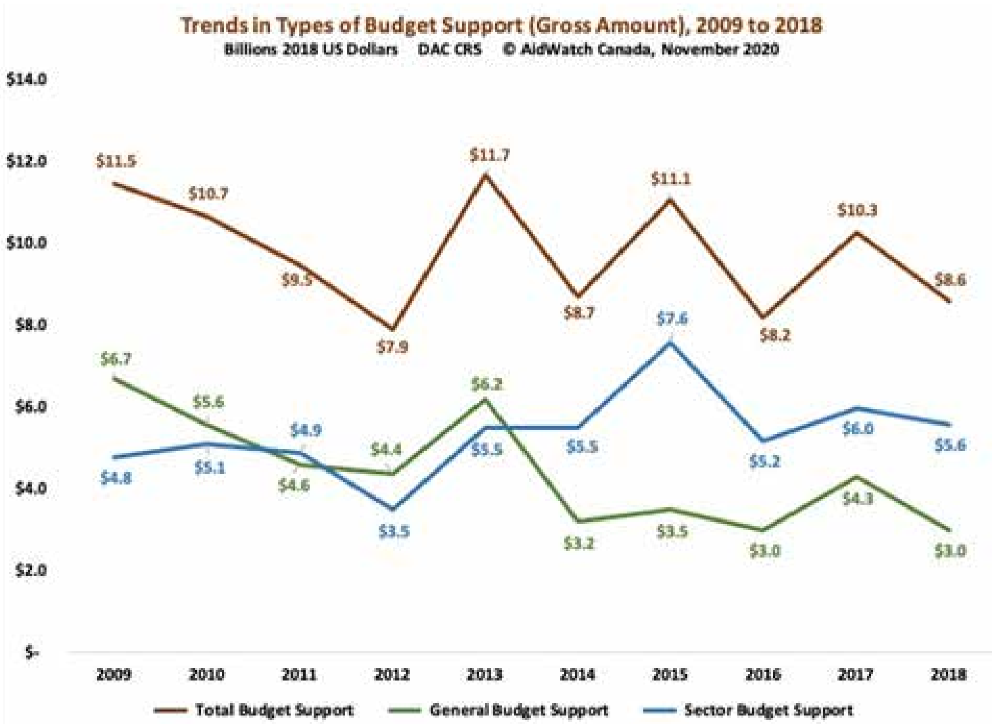
Trends in the level of DAC bilateral aid that reaches developing countries, the degree to which DAC donors continue to support different forms of budget support and the levels of aid tied to donor country suppliers are also indications of donor support for country ownership. Findings in these areas are as follows:

### *i) Diminishing Country Programmable Aid*

The DAC has a measurement for the extent to which ODA is available for programming at the country level. Country Programmable Aid (CPA) is the proportion of bilateral aid disbursements where partner countries **may** in principle have a significant say in defining the priorities for its use. As a concept it goes beyond the notion of 'Real Aid' and excluded donor administration, humanitarian assistance, and other forms of aid that is unavailable for programming at the country level.[95]

In 2018 less bilateral aid reached developing countries as a programmable resource than earlier in the decade (as a share of gross

## CHART 31: TRENDS IN BUDGET SUPPORT




bilateral aid, i.e. including loans at full face value). (**Chart 30**) While rising from a low of 47% in 2016 to 49% in 2018, the latter is 6% lower than the high of 55% in 2010. This is the share that is available to developing country priorities but makes no assumption about whether the donors are programming this aid according to their own priorities and interests.

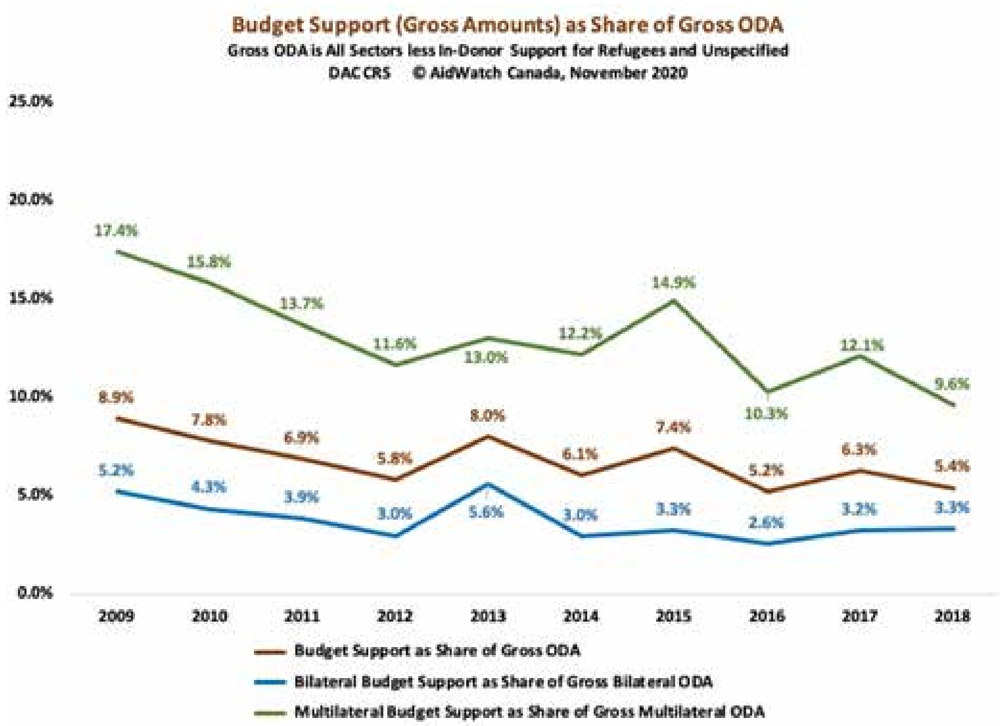
The top five donors performed somewhat better in CPA, at 52% of their gross bilateral aid in 2018. But this share is 8% lower than the 60% realized in 2010, at the start of the decade. On a more positive note, DAC donor bilateral aid to the 30 countries with fragile contexts (see **Table 3 above**) allocated more than 57% as CPA in 2018. When humanitarian assistance is taken into account, almost 90% of gross bilateral aid to these countries is included.

### *ii) Declining donor resources for budget support mechanisms*

The provision of aid to developing countries as direct budget support or sector-wide programming (SWAPs) is an important mechanism for advancing a country's ownership of its development priorities. With budget support, a developing country government has the authority to establish its budgetary framework for development initiatives within its national or sector/ ministerial budget. Donors then agree, in the context of policy dialogue and capacity development, to support these budgetary priorities with either general budget support or assistance to line ministries.

Unfortunately, budget support has declined by 25% in the past decade, from a high of $12 billion in 2009 to $8.6 billion in 2018. (**Chart 31**) This decline was largely due to a major reduction in General Budget Support, which collapsed by 55%. In contrast Sector Budget Support increased by 17% over the same period, from $4.9 bullion in 2009 to $5.6 billion in 2018. Issues of fundability have plagued general budget support, particularly where the recipient government has been able to use general budget support intended for one area to offset higher expenditures in another. Sector-wide programs were understood to be

**CHART 32: BUDGET SUPPORT AS A SHARE OF GROSS BILATERAL AND MULTILATERAL AID**




more effective, as it promoted collaboration with line ministries to build capacity and strengthen poverty-oriented expenditures.[96]

**Chart 32** indicates that budget support has been an important delivery mechanism for multilateral organizations (including the European Union). But this modality for assistance in multilateral aid has also declined significantly in recent years moving from 17% of gross multilateral aid in 2009 to only 9.6% in 2018. However, its share of multilateral aid is still much higher than with gross bilateral assistance. The share of bilateral budget support in gross bilateral aid has been much lower than multilateral aid, and has also fallen, but at a lesser rate from 5.2% in 2009 to 3.3% in 2018.

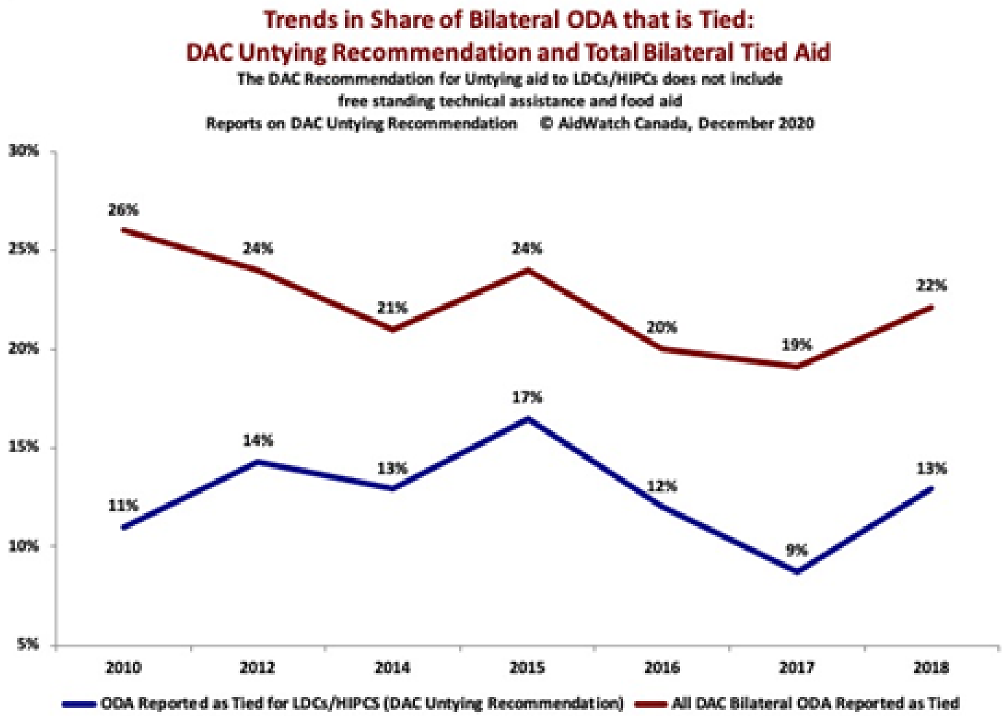
### *iii) Little Progress in Reducing Formal and Informal Aid Tying*

The continued donor practice of tying aid disbursements to commercial purchases in donor countries reduces aid effectiveness and diminishes opportunities for country ownership through strengthening recipient country suppliers and aligning with country requirements. In many cases these purchases, which often are not aligned to a recipient country's priorities and needs, have raised project costs by as much as 30%.

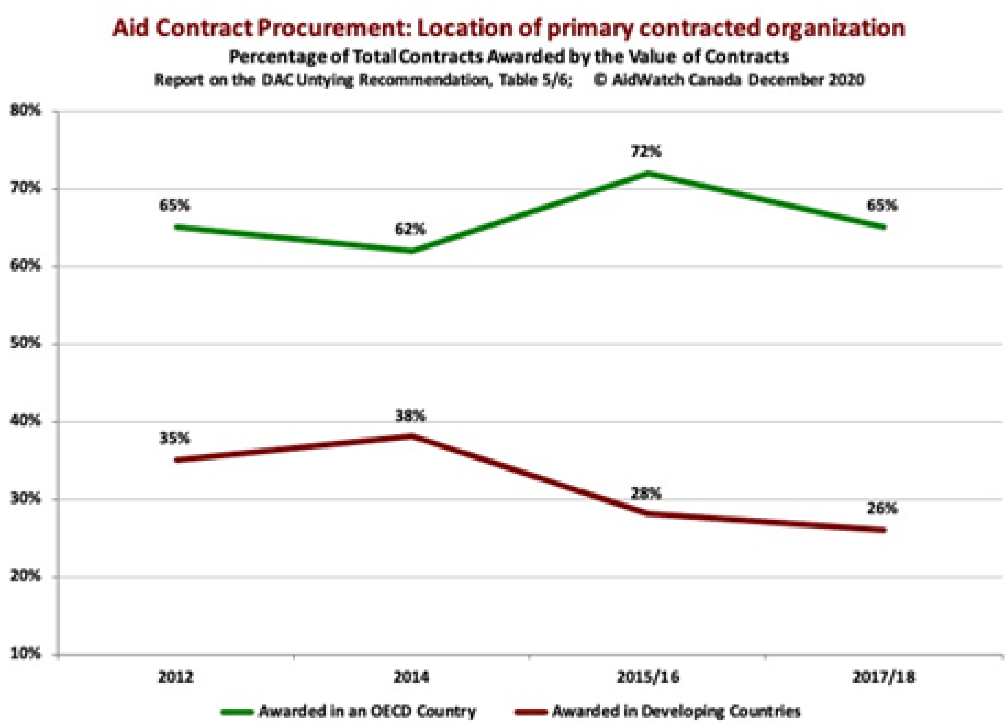
In 2001 the DAC agreed to fully untie aid to Least Developed Countries (LDCs). In 2008 this was extended to Highly Indebted Poor Countries (HIPC), with progress reports to be issued each year. At the 2011 Busan High Level Forum, providers agreed to develop a plan for accelerating the untying of aid by 2012. At the Global Partnership's 2016 High Level Meeting in Nairobi, all providers of aid agreed to "accelerate untying of aid and promote development cooperation that supports local businesses throughout the supply chain" [Nairobi Outcome, §42(g). Despite these multiple commitments, only very modest progress has been made over this past decade.

While some progress has been made since 2010, more than a fifth (22%) of DAC bilateral aid continued to be tied to donor country

## CHART 33: THE SHARE OF DAC BILATERAL AID THAT IS TIED TO DONOR COUNTRY PURCHASES




## CHART 34: PROCUREMENTS FOR AID CONTRACTS IN DONOR AND RECIPIENT COUNTRIES



purchases in 2018, down only 4% since 2010, and up from 2017 (19%). (Chart 33) The downward trend in tying of aid for LDCs was also reversed in 2018, up from 9% in 2017 to 13% in 2018. For several donors much of this aid tying has been linked to programs for interest rate subsidization as well as loans in support of infrastructure development involving donor country firms.[97]

Donor technical assistance is not included in the determination of tied aid, which compounds this lack of progress in formally tied aid. Technical assistance accounted for 18% of Real Bilateral Aid in 2018, much of which was contracted to donor-country based consultants.

Donors report the legal status of their aid contracts to the DAC to determine the above official trends. But the actual donor practices of aid procurement paint a more dire picture for country ownership. (**Chart 34**) The proportion of aid contracts awarded to firms/suppliers in OECD donor countries, rather than in a developing country, has varied from year to year. But on average about 65% of these contracts have been awarded in donor countries since 2010. The share awarded in a developing country has actually declined from a high of 38% in 2014 to just over a quarter (26%) in 2018.

### *6.2 Aid as a Subsidy for the Private Sector?*

**In this Decade of Action for the SDGs ODA has flat lined. Donors are looking to the private sector to fill an SDG finance gap, one that is likely to increase substantially due to the pandemic. However, responding to the highly unequal impacts of the pandemic require a strengthened public sector in developing countries, for which private sector resources are ill suited.**

**Despite an often-repeated donor narrative focusing on the mobilization of private sector resources with ODA, current indicators show only modest use of ODA to date along these lines.**

**Using a private sector proxy indicator, based on select DAC sector codes oriented to private sector investments, ODA for these sectors have had only modest growth in the past decade, leveling off at around 25% for bilateral donors and 28% for multilateral donors, up from 22% and 23% respectively since 2010.**

**Starting 2018 DAC members have been able to include as ODA official investments through Private Sector Instruments (PSIs) such as Development Finance Institutions (DFIs). Only $2.7 billion in ODA was recorded for PSIs in this first year of reporting, which represented 2.5% of DAC donors' Real Gross Bilateral Aid.**

Since the adoption of *Agenda 2030*, donors are relentlessly promoting a narrative that aid resources will only be effective if they act as catalyst for filling a funding gap of $2.5 trillion for the SDGs by attracting major private sector investments. Accordingly, the international community must move from billions in aid to trillions in SDG investments.[98]

The OECD has estimated that this funding gap could increase by up to 70% due to the pandemic. In practice, this means that the international community is potentially facing a $4.2 trillion gap going into the Decade of Action for the SDGs.[99] This seminal OECD report in November 2020 posits the need for transformative policies to shift the trillions of private resources in the system that are currently contributing to inequalities and unsustainable practices towards investments that can build a sustainable post-pandemic sustainable recovery. To do so, these policies must move private investment to take account of equality, leaving no one behand, and sustainability, avoiding 'SDG-washing' of business as usual, in their investment decisions. But policy shifts of this order, affecting not only the incentives for investment but also its profit orientation, are very challenging and highly unlikely.

As ODA is now flat lined, with diminished prospects for substantial increases in concessional public finance for developing country recovery (see Section 2.3), donors are shifting attention to aid mobilization of private sector finance for tackling the deep socio-economic impacts of the pandemic:

> *"The leveraging capacity of official development finance should be used to "stop the bleeding" (i.e. avoid a collapse of development finance) and "build back better" (i.e. increase the quality and SDG alignment of development finance). Development co-operation providers should: Leverage official development finance better to remedy market failures and attract new sources of financing (e.g. blending, de-risking instruments and increasing risk appetite), with a focus on building effective partnerships across public, private and civil society stakeholders, geared towards development results and leaving no-one behind."*[100]

Over this past decade, both bilateral and multilateral aid actors have focused on instrumentalizing ODA to leverage private sector capital. This has often been to the detriment of cost-effective public solutions or alternative finance directed at reducing poverty and inequalities. The World Bank, for example, has been implementing a new private sector-centric approach to development finance, 'Maximizing Finance for Development' (MFD). Through MFD, the Bank now intends to:

> *"consistently [be] testing—and advising clients on—whether a project is best delivered through sustainable private sector solutions (private finance and/or private delivery) while limiting public liabilities, and if not, whether WBG [World Bank Group] support for an improved investment environment or risk mitigation could help achieve such solutions."*[101]

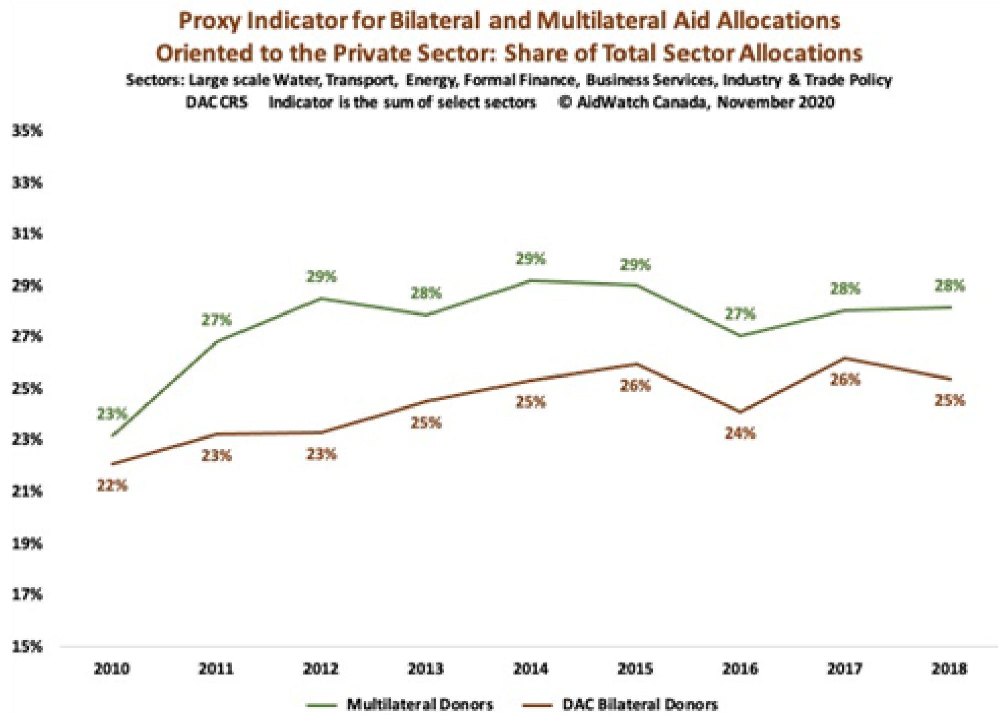
MFD is based on an assessment approach in which public funding is the last option when all private sector options are determined to be not feasible.[102] With this Bank orientation, alongside a similar growth of private sector instruments by bilateral donors, aid-dependent developing countries may be facing 1990s-style aid conditionality, with donors uncritically pushing broad privatization across essential development areas.

As noted above, major impacts of the pandemic are being experienced unequally, disproportionately affecting poor and marginalized people. These include women and girls, workers, the elderly, persons with disabilities, and Indigenous Communities. In this context, it is vital to strengthen public sector responses to the pandemic in the poorest countries, many of whose public institutions have been weakened by decades of imposed austerity measures. The pandemic has accentuated the essential importance of a strong state and public sector capacities to govern and manage short term lockdowns, health systems' capacities and longer-term recoveries.[103]

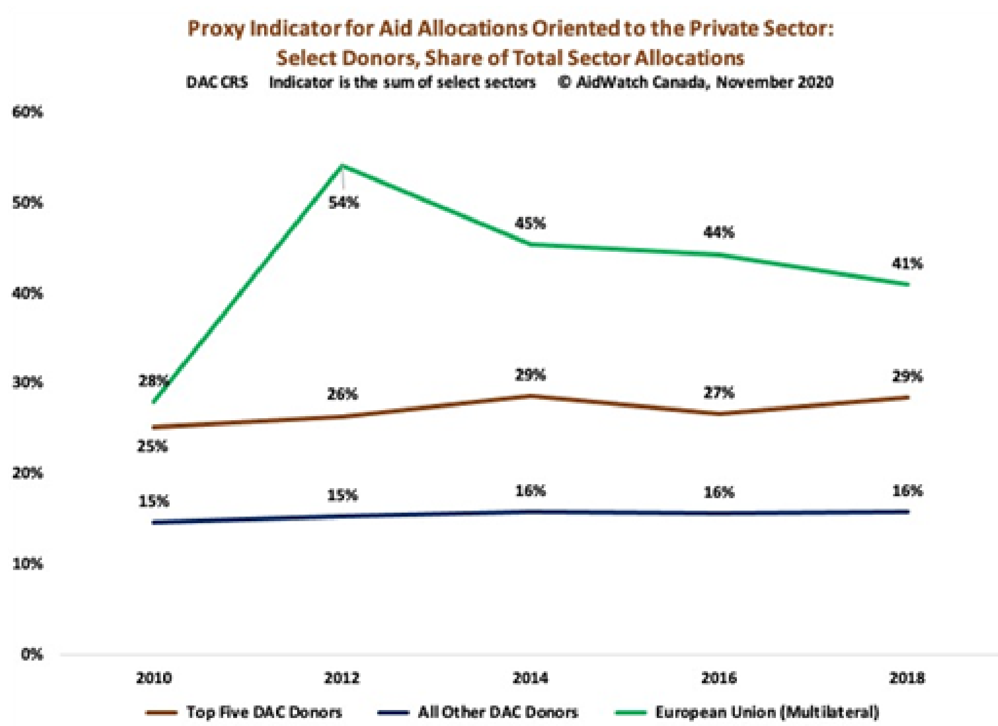
Private finance in the first instance is allocated by investors guided by the need for profit maximization, not development effectiveness. These investments are assessed with principles and criteria that are different, and cannot be assumed to serve the public interest, particularly in areas where the need for profit generation skews resources away from vulnerable poor populations. The DAC and the Global Partnership (GPEDC) have acknowledged these issues and have been bringing considerable attention to aid and development effectiveness principles to guide donor Private Sector Instruments and blended finance initiatives with the private sector.[104] Despite this attention, there is little evidence that these principles and frameworks are being meaningfully applied in practice.[105]

For example, WEMOS, a Dutch CSO, has examined the experience of an initiative

## CHART 35: PRIVATE SECTOR PROXY INDICATOR




## CHART 36: SELECT DONORS AND THE PRIVATE SECTOR PROXY SECTOR INDICATOR



for healthcare through the Dutch 'Aid and Trade' Agenda in Sub-Saharan Africa. WEMOS concluded that the most important objectives became the strengthening of private healthcare and health insurance and/or the enhancement of commercial actors' role in healthcare. They found little or no assessment of the effect these approaches had on poor and vulnerable people's access to health care.[106] They also documented evidence from other parts of Africa where health-oriented public/private partnerships have been highly problematic for vulnerable populations in low- and lower middle-income countries.

To date, the growth in ODA finance dedicated to the mobilization of private sector resources has seemingly been modest. Two indications of this deployment of ODA have been examined: i) a private sector proxy indicator based on trends in specific DAC sector codes, and ii) DAC donor official financing for bilateral Private Sector Instruments (i.e. Development Finance Institutions), which the DAC members agreed to count towards ODA starting in 2018.

These relatively modest trends could change sharply in the near future as a result of major aid reforms in the United Kingdom.[107] DIFID, a highly respected aid agency, has been folded into the Foreign Office in 2020 and major shifts in UK aid priorities are expected. Aid is expected to become geared to the United Kingdom's economic and diplomatic interests, particularly in the wake of the BREXIT agreement and the UK's pursuit of its particular interests abroad. UK aid strategy is to focus on countries where the UK's "development, security, and economic interests align." There will be increased attention on the private sector through the UK development finance institution, the CDC Group.

### *i) A Private Sector Proxy Indicator*

The OECD DAC does not track different private sector partnerships in the implementation of ODA. Therefore, in order to estimate trends in the engagement of the private sector in aid, the author has developed a "private sector proxy indicator." This proxy aggregates ODA in a number of DAC sectors in which the private sector plays a major role and/or aligns with private sector interests in development. These sectors include ODA investments in large scale water and sanitation projects, transportation, energy, formal financial institutions, business services, industry, mining and construction and trade policies.[108]

The proxy indicator shows a modest growth in bilateral and multilateral donors' attention to these sectors since 2010. (**Chart 35**) These aid investments have levelled off since 2015 to about 25% of all sector allocated aid for bilateral donors, and 28% for multilateral donors, up from 22% and 23% respectively since 2010.

Convergence, an organization which tracks blended finance investments (combining official flows with private flows) for the SDGs, noted a growth in blended finance in the early part of the decade, But this rise has been declining since 2017, averaging at about $11 billion in public finance. These transactions include both ODA and non-concessional Other Official Flows (OOFs). In the last three years, 69% of blended investments went to the energy, financial services, infrastructure, industry and trade sectors (similar to those in the private sector proxy above). They also confirm that 77% of blended investments in the last three years went to middle-income countries, while the proportion for low-income countries has been reducing since earlier in the decade.[109]

**Chart 36** indicates differences among DAC donors in their emphasis on private sector-oriented ODA, as measured by the proxy. While the European Union Institutions (considered a multilateral organization) allocated more than 40% of their ODA to these sectors in 2018, the top five DAC donors (by total ODA) allocated a modest 29%. All other DAC donors allocated only 16%, up slightly from 15% in 2010.
This finding corresponds with the stronger

emphasis on poverty-oriented sectors by these latter donors (see **Chart 22**).

*ii) Private Sector Instruments*

DAC members agreed to track and include in their ODA public sector investments in Private Sector Instruments (PSIs) starting in 2018. These investments focus primarily on Development Finance Institutions. Unfortunately, they could not agree on the rules for reporting these investments. Accordingly, they have been reported either on an instrumental basis (according to the ODA eligibility of each transaction) or on an institutional basis (an estimate of the share of ODA eligibility for the total official investment in the financial Institution). The number of bilateral Development Finance Institutions for blended finance has grown exponentially since the 2000s, with more than 160 counted by the OECD DAC.[110] But the level of reported investment of ODA resources in PSIs was modest in this first year of reporting (2018).

In 2018, the DAC Creditor Reporting System (CRS) documented $2.7 billion in official investments in Private Sector Instruments, which represented 2.5% of DAC donors' Real Gross Bilateral Aid. Of the $2.7 billion, 55% was reported using the institutional method. ODA eligibility is less clear using this method as it is often an estimate of **future** allocations by the PSI for projects that the donor **might** deem as being ODA-eligible. Reported ODA through PSIs is highly concentrated among five donors (85% of reported PSI ODA) – United Kingdom with 37% of reported PSI aid, France at 20%, Germany at 11%, Canada at 9% and Norway at 8%.

In the years to come, it is expected that PSIs will increase in line with a wide range of donors that have indicated ambitions to allocate additional resources through these Instruments.[111] Currently there is very little information available to properly assess the financial and development additionality of PSI mobilized private sector investments (See **Box One** for some of these issues).[112]

According to the DAC analysis of the CRS data, PSI investments in 2018 are concentrated in Lower Middle-Income Countries (59%), with Least Developed and Low-Income Countries receiving 24% of PSI investments and Upper Middle-Income Countries receiving 14%.

### *6.3 Increasing Use of Loans in ODA*

**The impact of the pandemic on low-income, debt -distressed countries is a major concern for CSOs as well as the IMF. To date the response of the G20 has been weak. Debt cancellation for the most distressed should be urgently negotiated.**

**Trends in the share of loans in the multilateral system as well as in bilateral aid over the decade are worrying. Loans have increased significantly in multilateral aid, one of the main channels for pandemic support in developing countries. Loans also play a major role in the bilateral ODA of Japan, France and Germany. The share of loans in bilateral aid for Japan and France reached over 60% in 2018.**

In the fall of 2020, the IMF warned that "the COVID-19 pandemic has greatly lengthened the list of developing and emerging market economies in debt distress."[113] The response of the G20 countries, which was to extend the period for the suspension of debt service payments into 2021, is seen to be too little too late.[114] The IMF reports that almost half the countries eligible for G20 debt relief (73 low-income countries with access to the World Bank's International Development Association (IDA) concessional window) were in debt distress at the beginning of 2020, prior to the pandemic.[115] With urgent financing for pandemic-related support in developing countries coming mainly from the IMF and the Development Banks, CSOs are projecting another lost decade for development as

## Box One: DFIs and Development Effectiveness

While CSOs involved in development cooperation have been critical of Development Finance Institutions, they acknowledge that certain carefully targeted private sector initiatives may benefit poor and marginalized populations. Their concerns revolve around the following issues:

- The OECD DAC is clear that only private finance that is **additional** "to what would have been available without blending" is considered mobilized finance. But the methodology for determining **whether such finance is additional or a mere subsidy for the private sector** is not spelled out, nor is it clearly a yes/no answer. Public support may be useful but not essential. A project may go ahead with adjustments without these public resources, thus confusing what is "additional". Eurodad's former analyst, Polly Meeks, quotes a 2016 European Union evaluation of blended finance programs noting that half the cases from 2007 to 2014 had no clear added value.

- **Development additionality** is equally important in determining the fit with Agenda 2030. With few evaluations, there is little evidence about the impact of blended finance on development outcomes. The EU evaluation, noted above, found that "the projects selected for blending did not emphasize the pro-poor dimension" and "gender was rarely targeted." DFIs often have scant policy guidance on labour or social and environmental standards. There is also little evidence that DFIs are supporting projects **consistent with development effectiveness principles**, such as those that strengthen country ownership or inclusive partnerships at the country level.

- **Concessionality** of finance is not a DFI condition for blending, but it is a crucial condition for Low-Income Countries and those facing a growing potential debt crisis, now compounded by the pandemic.

- **Weak transparency** plagues any assessment of projects supported through blended finance. Improving aid accountability is a challenge where these resources cannot be traced in the multiple layers of DFI financial transactions with intermediaries.

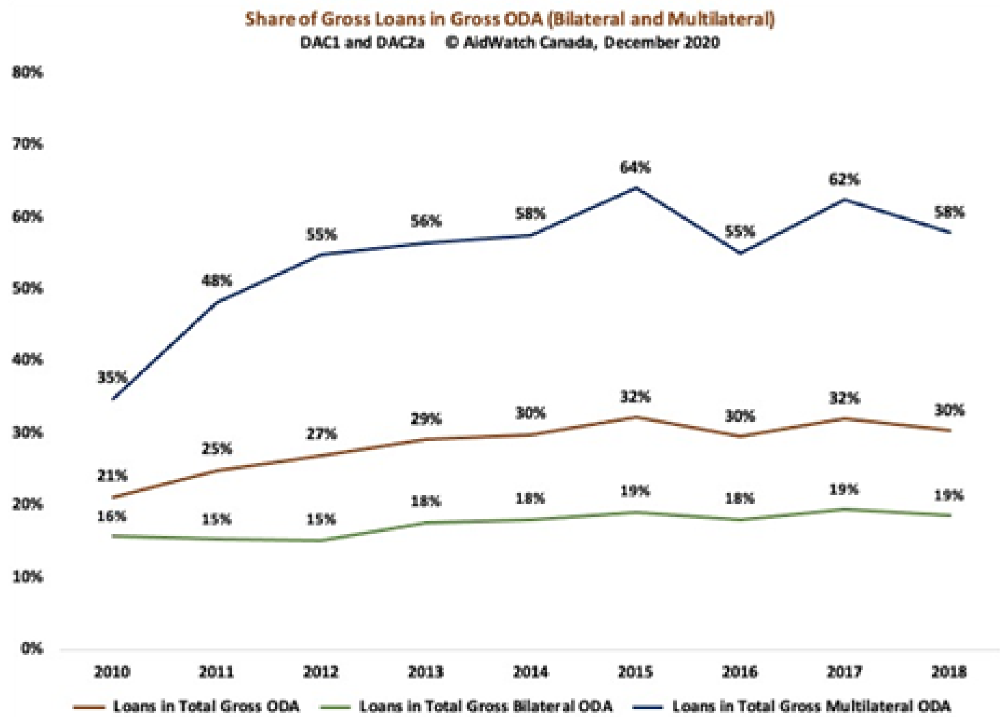
- Activities funded through PSIs have the potential to erode finances available for developing country governments, as they can be a factor in introducing unsustainable levels of public and private **debt**, or through **tax avoidance** by the corporations involved.

- There are **major confusions and a lack of agreement on the rules** in reporting DFI-related ODA to the OECD DAC. There are many questions that need to be addressed: How will the DAC determine whether such activities are sufficiently 'development oriented' to count as ODA? How will the DAC resolve the anomalous treatment of guarantees under the institutional approach, which currently risks inflating ODA? How far will the final reporting rules deviate from the concessionality principles applied to public sector loans?

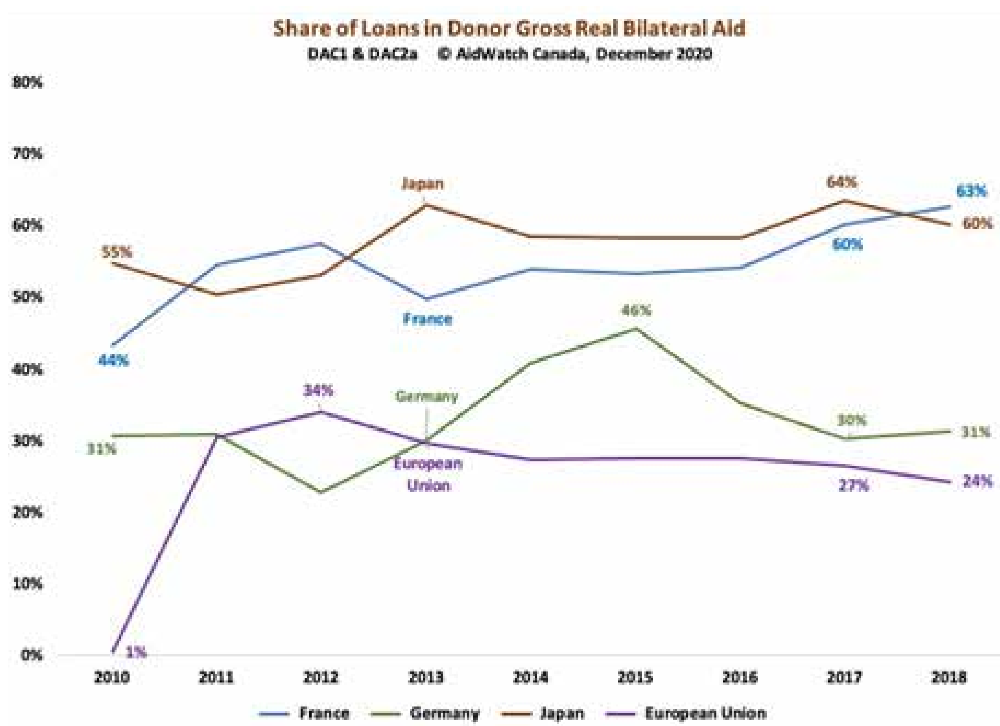
- There is a strong risk that donors will **increase tied aid** through the engagement of donor private sector companies in DFI initiatives. This outcome has been documented for U.S. PPPs.

Extracted From: Brian Tomlinson, "Trends in the Reality of Aid, 2018: Growing diversions of ODA and a diminished resource for the SDGs," in *The Reality of Aid 2018*, pages 261-262 , accessible at https://www.realityofaid.org/wp-content/uploads/2018/12/Full-Version-RoA-Report-2018-min.pdf. For references see the original.

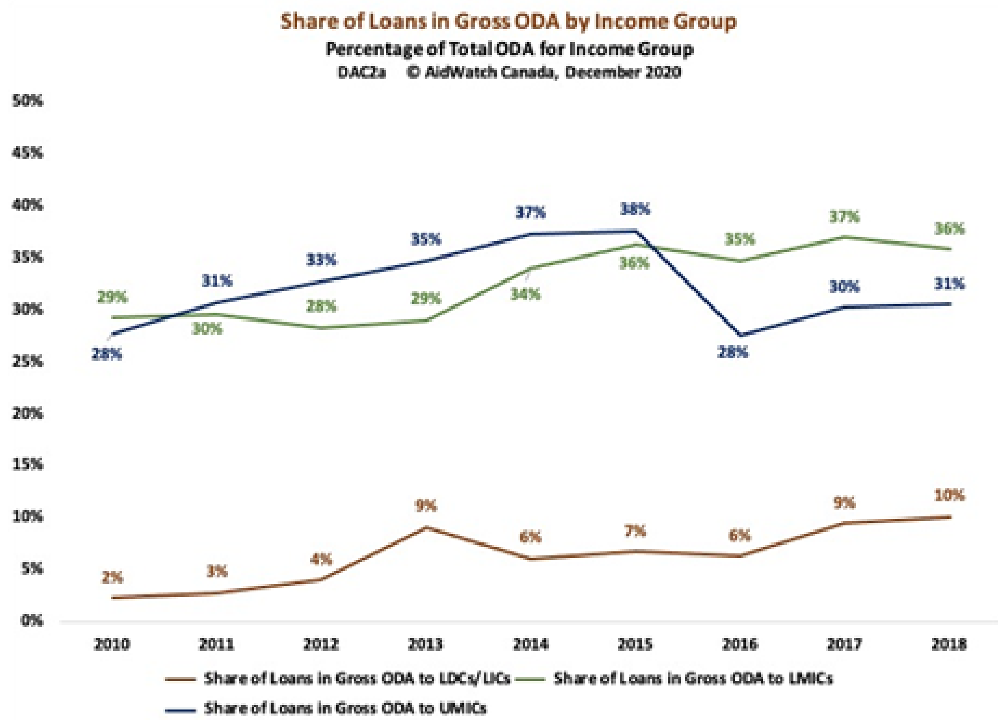
## CHART 37: SHARE OF LOANS IN GROSS ODA




## CHART 38: LOANS IN DONOR BILATERAL REAL ODA



## CHART 39: LOANS AS A SHARE OF ODA BY INCOME GROUP




creditors impose conditionalities that will result in more austerity in debt stressed countries.[116]

Fears that a renewed debt crisis is likely are reinforced by the profile of loans in the delivery of ODA. **Chart 37** reveals that the share of loans in ODA has increased over the past decade. This trend is driven primarily by multilateral assistance where 58% was delivered as loans in 2018, up from 35% in 2010 (mainly from the World Bank and Regional Development Banks). Overall, loans in DAC ODA rose from 21% in 2010 to 30% in 2018. Loans in bilateral programming have remained relatively constant over the decade at about 18%.

More than 93% of bilateral loans are from the top five donors (by quantity of ODA) with Germany, France and Japan making up 92% of total bilateral loans in 2018. The European Union accounted for 18% of multilateral loans in the same year. As indicated in **Chart 38**, loans account for a significant share of these donors' bilateral ODA, particularly France and Japan.

In 2010, loans made up only 2% of ODA to LDCs/LICs. This has grown to 10% by 2018. (**Chart 39**) In Lower/Middle-Income Countries loans comprise 36% of ODA, a share that has grown from 29% in 2010. The latter have large numbers of poor and vulnerable people and low levels of per capita government revenue. These conditions make it difficult to meet the demands for finance for SDG commitments, repay loans and to support the needs of the pandemic and its recovery. Loans in ODA to Upper/Middle-Income Countries have remained relatively constant since the 2010, standing at 31% in 2018.

### *6.4 Migration and Security: A new conditionality?*

**The conditioning of aid projects, particularly in the European Union, as a strategy for foreign policy objectives to limit the movement of irregular refugees to Europe, is a growing concern in the quality of European aid.**

**The DAC has implemented a new purpose code on the facilitation of orderly, safe, regular and responsible migration and mobility to which donors reported in 2018. The DAC will be reviewing the content of projects reported to this code in 2021 to ensure their consistency with the December 2018 Global Compact for Safe, Orderly and Regular Migration.**

**A focus on security sector reform is a significant priority for the European Union, the United States, the United Kingdom, Germany, and Korea.**

*i) Facilitating Migration*

At the end of 2020, the European Union announced that a compromise had been reached for approval of the new EU development budget from 2021 to 2027. The compromise focused on the role of EU aid in tackling the root causes of migration and EU aid conditionality to leverage border and other measures to prevent irregular migration to Europe. Equally important was the need to put agreements in place on the return of migrant nationals to partner countries. These are key foreign policy goals for the European Union and its member states. The agreement is vague (in early January 2021) as it seems to allow for EU conditionality for projects only related to facilitating orderly migration, but other EU members interpret the wording to imply full conditionality of all EU projects in support of these foreign policy objectives.

For a number of years, CSOs have been observing a worrying trend, particularly in Europe following the large influx of refugees in 2015 and 2016, to consider aid as foreign policy tool to leverage restrictive measures in partner countries. These measures could limit the protection and promotion of rights of people on the move, illegalize or stigmatize irregular migration, in countries where human rights violations are already endemic.[117] Donor migration objectives should be coherent with the December 2018 Global Compact for Safe, Orderly and Regular Migration, with all relevant agreements made public.[118]

In 2018 the DAC members adopted a new purpose code to track aid for the purposes of "facilitation of orderly, safe, regular and responsible migration and mobility," a measure that was actively promoted by the EU. While welcoming greater transparency, CSOs working with the DAC CSO Reference Group called upon the DAC to review the eligibility of activities reported to this new code and their consistency with the Global Compact referenced above.[119] This review is now underway through a DAC Temporary Working Group on ODA and Migration (TWG) that was set up in late 2020.

As yet there has not been an independent review of migration-related projects that were reported to the CRS by DAC donors in 2018 and 2019. Oxfam has published a review of project proposals for the 'EU Emergency Trust Fund for stability and addressing root causes of irregular migration and displaced persons in Africa, which was established in 2015. This study concluded that "the design and adoption of projects has been directly linked to the political migration dialogue between the EU and African countries."[120] The authors were unable to apply their analysis to all projects approved over the life of this Trust Fund. However, they did document a strong correlation between the design and objectives of many projects and the European domestic political priorities on managing irregular migration.

A review of CRS data for 2018 and 2019, the first two years in which DAC donors reported activities to the new purpose code, reveals some of the basic parameters of these projects. More information and analysis into the content of these projects is required. It should also be noted that donors may be continuing to report activities related to this new purpose code under other existing codes such as security systems management or legal and juridical development.

**TABLE 5: LARGEST DONORS FOR FACILITATING MIGRATION, 2018 AND 2019 (DAC CRS CODE 15190)**

| **DAC Donors** Millions of US$ Commitments | **Amount 2018** | **Amount 2019** | **Share of Total Migration Code** (Two Year Average) | **Share of Donor Real Bilateral Aid** (Two Year Average) |
|---|---|---|---|---|
| European Union Institutions | $311.8 | $290.9 | 31.2% | 1.7% |
| Netherlands | $17.9 | $463.1 | 24.9% | 7.8% |
| Switzerland | $87.6 | $147.5 | 12.2% | 5.7% |
| Germany | $65.0 | $138.9 | 10.5% | 0.7% |
| United Kingdom | $76.3 | $100.7 | 9.1% | 0.7% |
| Sweden | $46.6 | $20.1 | 3.4% | 1.0% |
| Italy | $17.6 | $26.7 | 2.3% | 2.2% |
| Norway | $18.0 | $29.2 | 1.9% | 0.6% |
| **Total, Purpose Code 15190** | **$650.2** | **$1,155.5** | **Eight Donors: 93.5%** | **Total Real ODA: 0.7%** |

**TABLE 6: REGIONAL DISTRIBUTION OF FACILITATING MIGRATION, 2018 AND 2019 (DAC CRS CODE 15190)**

| **DAC Donors and EU** (Two Year Total) | **Regional Share of Facilitating Migration** | **Regional Share of Facilitating Migration Excluding Unspecified** |
|---|---|---|
| Africa Regional | 10% | 18% |
| Sub Saharan Africa | 10% | 18% |
| North Africa | 6% | 10% |
| Middle East | 8% | 15% |
| Asia | 11% | 19% |
| Europe | 11% | 18% |
| Other Regions | 2% | 4% |
| Bilateral Unspecified | 42% | |

DAC donors reported a total of 650.2 million under this code in 2018, increasing by 78% in 2019 to $1.2 billion. (**Table 5**) Eight donors, including the European Union, accounted for 94% of project commitments under this code over these two years. Two donors (the EU and Sweden) reduced their commitments in 2019. But one donor, the Netherlands, made up 88% of the increase between 2018 and 2019 with its commitment to one project, the Prospects Partnership. Prospects is a joint project with the World Bank, UNICEF, UNHCR, and ILO, which is intended to shift the paradigm from a humanitarian to a development approach in responding to forced displacement crises and the dependency of refugees on humanitarian assistance.[121]

**Table 5** demonstrates the predominance of the European Union Institutions in directing ODA to these purposes, but these activities represent only 1.7% of the EU's development assistance for that year. Only Netherlands, Switzerland and Italy devoted a relatively large proportion of their Real Bilateral Assistance, at 7.8%, 5.7% and 2.2% respectively.

**TABLE 7: COUNTRIES OF FOCUS FOR FACILITATING MIGRATION, 2018 AND 2019 (DAC CRS CODE 15190)**

| **DAC Donors** (Two Year Totals) | **Country Share of DAC Facilitating Migration*** | **EU** (Two Year Totals) | **Country Share of EU Facilitating Migration*** |
|---|---|---|---|
| Bangladesh | 5.6% | Iraq | 6.4% |
| Afghanistan | 5.4% | Bosnia | 6.3% |
| Uganda | 5.0% | Serbia | 4.0% |
| Lebanon | 4.0% | Bangladesh | 3.3% |
| Turkey | 2.9% | Central Africa Republic | 3.2% |
| Niger | 2.6% | Montenegro | 2.6% |
| Colombia | 2.4% | Africa Regional | 24.7% |
| Africa Regional | 20.3% | Europe Regional | 9.9% |
| Sub-Saharan Africa Regional | 8.9% | Middle East Regional | 6.7% |
| South Asia Regional | 2.3% | South Asia Regional | 5.5% |
| Europe Regional | 2.3% | Sub-Saharan Africa Regional | 3.5% |
| Other | 32.1% | Others | 12% |

* Excluding Bilateral Unspecified

Almost half (42%) of the commitments for these two years have not been allocated by region. Taking account only commitments allocated to regions, with more than 60% of these commitments, Africa and the Middle East are the primary regions in which DAC donors and EU Institutions concentrate their assistance for this purpose. (See **Table 6**) Asia (19%) and Europe (18%) are also significant regions of interest.

**Table 7** provides a breakdown of the key countries of interest, although it is important to recognize the significant regional allocations and the degree to which DAC donor aid is classified as "bilateral unspecified" (See **Table 6**). Country allocations by DAC donors are much more dispersed than by EU Institutions. The latter is much more concentrated in the Balkans and Europe (23%). Both DAC donors and the EU focus on Afghanistan and Bangladesh.

### *ii) Security Sector Reform*

Select DAC donors and the EU have been directing aid resources to prevent extremism and terrorism or to control insurgency through measures in security sector reform. Since 2010 approximately $840 million has been regularly dedicated to security sector reform (DAC CRS 15210). The United States provided 38% of this assistance in 2018, with the European Union a close second at 30%. These donors are followed by the United Kingdom (11%), Germany (6%) and Korea (4%). Together the top five accounted for 89% of all finance in security sector reform in that year.

More than half (56%) of these investments in 2018 focused on Central America and Caribbean Regional activities (19%), Afghanistan (9%), Niger (7%), Ukraine (6%), Somalia (3%), Caribbean Regional activities (3%), Sub-Saharan Africa Regional activities (3%), West Bank and Gaza (3%) and Libya (3%).

## 7. CONCLUSIONS

It has become a cliché to say we are living in unprecedented times. But with the pandemic's capacity to spread throughout the world (early 2021) an unprecedented response by the international community is indeed urgently necessary. The pandemic has put into sharp relief the profound inequalities that structure the lives and prospects of millions of people at both global and country levels. Vulnerable populations in the Global South are experiencing the economic, health and social consequences of the pandemic where few, if any, special social protection measures are available.

A graphic example is "vaccine nationalism". Overwhelming economic and political power have directed the first batches of vaccine to vulnerable populations in developed countries, while millions of similarly vulnerable people throughout the Global South continue to wait for access through COVAX or South South Cooperation measures on the part of China, India and Russia.[122]

The pandemic, sharp declines in economic activity at all levels, and the relentless impacts of the climate emergency, make for a daunting picture. They have great potential to create an international environment which undermines rather than strengthens international cooperation. ODA may not provide the largest pool of financial resources to meet these challenges. But it is a key strategic resource to establish measures that favour cooperation and promote the interests of vulnerable people in the Global South. The aid system itself will be deeply affected by the nature of the global recovery and the ways in which the international community responds to these challenges in the next few years will be critical.

This chapter has described a challenging starting point for aid and development cooperation in facilitating a just recovery for the Global South. Recent trends reveal a system that has largely atrophied in meeting commitments to expand aid resources; is failing to catalyze development initiatives that prioritize reducing poverty, inequalities and exclusion; and is moving away from strengthening democratic ownership of development priorities in the Global South.

International leadership is urgently needed to stimulate donors to work together to transform development cooperation and reform the role and modalities for aid. Aid is a unique resource that can be ramped up, with a renewed commitment to the 0.7% UN target, to

1. Address the wider complexities of poverty, near-poverty and exclusion across all developing countries, consistent with the SDGs, beyond a focus on meeting the essential obligation to eradicate extreme poverty.

2. Reinforce public sector responses, not as stop gap measures or promotion of private/public partnerships, but in ways that strengthen the role of state institutions to meet their obligations and human rights standards for universal social protection, health protection and education opportunities for all. Just as important are measures for effective adaptation to the inevitable local impacts of the climate emergency.

3. Catalyze and enable all levels of civil society to maximize its contributions to development by addressing factors that are shrinking civic spaces in many countries (North and South). This includes localizing aid resources for development at the country level and ensuring opportunities for meaningful policy dialogue on the difficult paths forward in the post-pandemic world.

4. Be an integral part of donor foreign policies in ways that 1) build policy coherence with human rights-based standards, 2) creates checks on the roles of private sector

actors in the Global South (consistent with development effectiveness principles), 3) respects international obligations to the growing number of migrants, refugees and asylum seekers, and 4) promotes more equitable global governance in the UN system and multilateral development banks.

It is now more important than ever to shift the narrative for development cooperation towards one of solidarity and obligations to the global common good, while acknowledging responsibility for deep inequalities. In the words of Jonathan Glennie, let us move from "the commonly-used language of the aid sector [that is] outdated and colonial, misleading the public, patronising recipients and entrenching an embarrassing saviour complex."

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Arrival of 217 Cuban health specialists in South Africa to support efforts to curb the spread of COVID-19.

SOURCE: Government of South Africa

# CHALLENGES FOR THE CONSTRUCTION OF SOUTH-SOUTH COOPERATION BY AND FOR THE PEOPLE

*Henry Morales, Tzuk Kim-pop Movement, Guatemala*

The process of building new, alternative proposals for a solidarity-based, dignified, sovereign and liberating cooperation amongst people is the great task and challenge for the Latin American and Caribbean region and its governments. This is especially so for those rebuilding a new model of living, where South-South Cooperation (SSC) is a crucial and strategic tool for integration and identity.

The Latin American experience and its historic ties with internationalism demonstrates that no amount of financing will allow us to transform the reality of marginalization, oppression, discrimination and poverty faced by our people. This can only be achieved through "conscientization" (a process of achieving critical consciousness), brotherhood, justice as well as a political awareness that building another world is possible. We must not lose the utopia, the hope that all living beings (people, animals, nature, planet Earth) have the right to a dignified, just and sovereign life.

The Latin American region has the opportunity to transcend and promote new ways of life with South-South Cooperation playing a vitally important role. Already, aspects of Latin American culture are being recognized as having important values to inform new political, economic, social, cultural and environmental relationships among our people. This includes recognition of prior knowledge working with lessons learned and the consolidation of new concepts. Fundamental to a new way of thinking is the development of proposals that are strongly opposed to the current system of capitalist neoliberalism.

In the past, international relations have been designed and built on the basis of geopolitical and economic interests. “International governance” institutions (such as the United Nations (UN), the World Trade Organization (WTO), the Organization for Economic Co-operation and Development (OECD), international financial bodies, and the Organization of American States (OAS) established a framework that originated in the 1940s, following World War Two. These institutions continue to steer the destiny of our planet, giving oxygen to a model that, can be seen as outdated, unviable, and dysfunctional.

When we talk about a new international financial or political architecture, or cooperation, this necessarily involves the reconstruction and creation of new institutions. Building transformative processes, while maintaining delegitimized structures and organizational forms, the bulwark of the very system we want to change, is simply inappropriate and unfeasible.

The emergence of regional mechanisms with a Latin American identity, such as the Economic Commission for Latin America and the Caribbean (ECLAC), the Bolivarian Alliance for the Peoples of our America (ALBA) and Union of South American Nations (UNASUR), are transformative steps forward, as they are creating new forms of organization and participation. The establishment of new financial and economic instruments has the potential to give the region a sense of sovereignty and freedom. The region must move away from those institutions and nations that have had a role in the impoverishment of our countries (international banks, the Organization of American States (OAS), the United States).

There are people in the Latin American and Caribbean region who are increasingly aware of their rights, who are demanding structural transformations and are fighting for justice, peace, dignity and self-determination. These are essential parts of the changes being mobilized in this region.

Political, economic, institutional, social and peoples’ conditions to strengthen and consolidate processes of change have been put on the table. It is essential to work towards complementing these transformative manifestations. A true process of integration and engagement must be generated among these forces and initiatives that are taking place as part of this commitment to change. Creating this integration will be one of the great challenges that we will face in the coming years in Latin America and the Caribbean.

A first step is to conduct a critical and purposeful review of the processes carried out to date through South-South Cooperation in the region. States that are currently engaged in SSC should evaluate their methods, forms of action and institutional development for this cooperation. Likewise, recipient countries should focus on ways for deploying these resources that allow for sustainable contributions that address the economic and social issues facing the most impoverished and marginalized populations. Finally, other actors engaged in these processes (Indigenous Peoples, social movements, organizations, academia, private sector) must identify their main challenges and potentialities to engage in SSC more actively and decisively.

A review of current South-South Cooperation reveals the following organizational and operational weaknesses:

1. While SSC is influencing the construction of a new form of international cooperation governance at high-level fora, its overall political leverage has been limited. Inside the current economic and financial system where international cooperation has been nurtured, countries and donors that contribute the largest amounts of aid (without considering the aid to GNI ratio) have a strong voice in determining aid policies, priorities and guidelines. SSC must examine and learn how to use these same codes and forms of definition to establish a fair monetary value for its actions if it wants to reach or influence these fora.

2. SSC must be careful not to replicate traditional OECD cooperation practices. These include political conditioning of aid, promoting geopolitical or economic interests, 'verticalism', agenda impositions, and tied aid (trade, investment). In some cases, it has been reported that financial interests of banks or other SSC provider country commercial/economic interests have been allocated as SSC.

3. SSC must increase its information-sharing and the promotion of its forms of collaboration. SSC is currently not a well-known modality. Instead, it is often categorized only quantitatively rather than also identifying its different qualitative contributions.

4. SSC providers have established mechanisms to monitor their actions and manage the international cooperation resources they receive and provide. In most cases, these bodies are based in the President or Foreign Ministry offices.

   The lack of specialized SSC bodies at the country or regional level continues to be a weakness that should be reconsidered by governments and regional bodies. There is much to learn from donor countries that have built institutions that have communication, information, systematization and positioning capabilities that operate in international arenas. Regional bodies such as MERCOSUR (an economic and political bloc comprising Argentina, Brazil, Paraguay, Uruguay, and Venezuela) ALBA, ECLAC, UNASUR and the Central American Integration System (SICA) need to create dedicated SSC institutions. The founding declarations of these bodies refer to the need to foster and strengthen the collaborative capacities of its member countries. However, there are no concrete proposals on how to achieve this goal, no definitions of what these institutions would be responsible for, and no implementation mechanisms.

5. SSC implemented in the Latin American and Caribbean region has usually followed modalities that have been established by various institutions with a history of engagement in these collaborations. The three main modes of cooperation are evident: a) horizontal bilateral-multilateral; b) triangular; and c) regional cooperation.

   Bilateral-horizontal SSC, which currently represents over 80% of all SSC cooperation relations, is the result of political negotiations and intergovernmental relations. Triangular relationships, whereby more than two actors are engaged, generally focuses on issues promoted in international cooperation with European or Asian donors. On regional issues, the active participation by Latin American and Caribbean countries is still being developed. As with triangular cooperation, this cooperation is normally based on proposals and support from traditional donors.

Indigenous Peoples and social movements have called into question a form of SSC that has remained largely stagnant, except in bilateral country relations. Cooperation between peoples, between movements, in support of their struggles and transformative goals and processes, remains the greatest challenge in transcending these traditional bilateral forms of cooperation.

6. SSC is fundamentally a means to support collaboration amongst countries to strengthen social identities as well as political, social and economic relations. Every Latin American and Caribbean country participating in these processes determines the objectives and strategies it wants to implement and presents corresponding proposals and approaches. Some countries may focus on SSC objectives directly related to the search for structural transformations and collaboration in systemic processes to get out of poverty. Others may have more humanistic goals oriented to moderate democratic governance. Still others may concentrate on goals that link to the traditional cooperation processes.

   Regardless of the type of SSC approach that is adopted, it is essential that objectives and strategies respond to the reality of each participating country, and that they provide sustainable and systemic responses to the issues being addressed.

7. Every SSC process should include a thorough evaluation that asks the following questions: Is this cooperation linked to the participating country's interests and demands? Is it aimed at sustainably transforming structural causes of the problems being addressed? Does it reach the country's peoples and territories? Do recipient countries have real political will to support and monitor this cooperation? Does it establish basic conditions for participation, consultation and transparency? Is it socially sustainable?

   Undoubtedly these questions will lead to the identification of gaps, weaknesses and, above all, ideas on how to make SSC more effective. The starting point for a review of different types of cooperation lies in answers to the questions that have been asked about traditional international cooperation. In these situations, unilateral, conditional, non-consultative and non-transparent practices have frequently been applied and the focus has been often on issues that populations have not prioritized or requested.

8. SSC processes must include consultative mechanisms that involve all affected social sectors and peoples. Traditionally, international cooperation processes have often operated without the binding and inclusive participation of a recipient country's affected sectors and peoples. A change of this trend is needed to guarantee participation, political will and meaningful change.

9. At present, there is a lack of monitoring mechanisms to assess the coordination among SSC provider countries. While in some cases, episodic meetings have been held of all providers to follow up on common issues or a national context (Haiti), there is no agreed upon procedures.

   More information-sharing on country experiences and cooperation modalities is necessary. This would promote better coordination, avoid duplication, and generate expertise. It would also allow for better coordination with government institutions and other country actors (social movements, Indigenous Peoples, academia, political parties, other donors, private sector, multilateral organizations, among others).

10. Social movements and Indigenous Peoples are insisting that the necessary objective conditions (institutional, organizational and thematic) be put in place to carry out solidarity cooperation processes with a wide and diverse participation. But given the current political dynamics, there is no sustained mechanisms to support political dialogue between development actors in recipient countries. This results in the exclusion of social movements and Indigenous Peoples in decision-making on crucial and strategic issues affecting their lives.

    SSC can be an important mechanism for strengthening dialogue mechanisms, guaranteeing a direct engagement on issues that countries want to address. Populations that would benefit from this collaboration must be engaged as this will help ensure that processes have a strong and meaningful impact and provide indicators for the evaluation of objectives and results. The challenge is to generate political and institutional conditions for active participation of all social actors and peoples.

11. SSC-provider countries' monitoring instruments are currently quite weak. Cooperation processes require ongoing qualitative and quantitative evaluations to ensure effectiveness. Strong human and instrumental capacities that can identify obstacles and challenges are required to ensure a productive SSC that produces a positive impact. Monitoring should be implemented at two levels: a) in provider countries, where their actions can be controlled; and b) in recipient countries, through long-term follow-up.

12. The lack of a well-organized statistical and disaggregated analysis on South-South Cooperation has made it impossible to provide an accurate account of what SSC currently means for the region. Studies confirm that SSC involves important financial flows although this has not appeared in official reports.

    Cuba's SSC is a case in point. There are strong indications that a thorough and quantifiable study on the country's SSC would show that it contributes the most in Latin America and the Caribbean (a better performance than any OECD-DAC donor) and that in relation to GNI it likely represents at least 3% per year. Having verifiable information and analysis would strengthen SSC's awareness and credibility and help to assume its rightful place in the ranking of countries with very significant aid commitment worldwide.

13. There is a lack of public information so that people can learn about what countries are doing terms of SSC. It is difficult to find reliable and accurate information, even in countries with dedicated cooperation agencies (Mexico, Colombia, Chile, Brazil, Peru, among others). In international politics, information is essential to promote new ideas and forms of cooperation. Agile and up-to-date web-based mechanisms could make this information available.

South-South Cooperation has important challenges if it is to become an effective tool to address problems of inequality and injustice. It needs to be transformed, constructing new paradigms for political and economic support and for a more supportive, sustainable cooperation system. It can and must contribute to the eradication of the structural causes of social and economic inequalities within countries and inequities in Latin America and the Caribbean. The main challenges and ways forward to realize these goals are as follows:

1. It is important to build SSC that respects the self-determination and sovereignty that the people in Latin America and the Caribbean require. Traditional Northern cooperation practices must be abandoned and a collaboration with no conditional procedures, and where geopolitical interests are transformed into legitimate demands emanating from the countries themselves, must be generated. This should be aligned to national and regional interests, with countries being the masters of their own destiny.

2. SSC must confront and challenge the neoliberal model. Cooperation should question all those forms that produce – and reproduce - inequities (trade, illegitimate foreign debt, investments, illicit capital flows). SSC linkages as part of countries' foreign policies should not become a means for persuasion or conditioning, but a means for solidarity and internationalism. This is especially important inside the global crises that we are currently experiencing.

3. SSC should promote new paradigms that respect the role of political citizenship. Politicians uphold the will of the majority. Work must be done to realize 'Buen Vivir' for our people, one which supports a holistic vision and a sustainable coexistence. And in the face of increasingly alarming major climate imbalances, SSC should foster effective, sustainable practices for the conservation of the planet's natural resources and ecosystem.

4. SSC should not be a tool to sell charity or philanthropy. Instead, it should be understood as a process to socialize capacities and resource-sharing to serve and enhance human well-being.

5. A reconfiguration of South-South Cooperation involves recovering past practices where human rights were also understood collectively. The concept of "collaboration" cannot be based on an individualistic approach, but rather on communal sharing. Any practice aimed at seeking sustainable solutions to social or economic injustices must be based on the concept of community and humanity. A joining together of all the factors that coexist in a social reality must be connected to the socio-political, economic, cultural and environmental reality of each territory.

6. SSC should be a means to generate a revolution of humankind, one that promotes social awareness of citizens' highest democratic values and prioritizes the realization of all human rights (political, economic, social, cultural, environmental) that a society needs for its well-being.

7. SSC must be built on the basis of complementarity between the different actors and key country stakeholders. These includes governments, social movements, Indigenous Peoples, academia, women, and other key actors. Permanent spaces for political engagement must be promoted, ones that create willingness and capacities for joint work. Only if we are united in harmony will it be possible to face all the hardships and obstacles that humanity is currently experiencing.

8. SSC should work to define its own concepts and codes that respond to the reality of the people it is engaging. It should design

tools for impact assessment using social, redistribution of wealth and well-being indicators. It must respond to its own institutional framework and generate new and innovative implementation mechanisms.

9. SSC must focus its efforts on the consolidation of the instruments needed for institutional strengthening and sustainability. This approach requires innovation and institutions committed to democratic principles. Undoubtedly, there are international cooperation experiences that can serve as references to seek efficiency and create an effective SSC organization that responds to the realities of Latin America and the Caribbean.

10. Countries should establish a financial fund within the framework of SSC that is accessible for social movements and Indigenous Peoples. This will help strengthen and stimulate their political objectives aimed at: a) generating active citizens that stand up for their rights; b) supporting mobilizations to advocate for respect for human life, land and natural resources; c) strengthening peoples' international solidarity; d) expanding and improving alternative media; and e) working for community training and organization. Together these initiatives will consolidate the unity of all peoples and take up the challenge to work towards a sovereign, deeply fair and democratic Latin America and Caribbean region.

Because there are no regular schools at the Teknaf site, children from Burma read the Koran in a madrassa, or religious learning institute.

SOURCE: UNHCR

# INTERNATIONAL COOPERATION FOR EDUCATIONAL JUSTICE

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## 2030 AGENDA: STRIVING TO "LEAVE NO ONE BEHIND," ODA AND EDUCATION

The 2030 Agenda for Sustainable Development is an intergovernmental commitment undertaken by Heads of State and Government and High Representatives gathered at the United Nations Headquarters in New York, in September 2015. It is an action plan for the benefit of people, the planet and prosperity. This Agenda begins by recognizing that the eradication of poverty in all its forms and dimensions is the greatest challenge that the world faces, and that it is a necessary condition for sustainable development.

This universal Agenda encourages the consolidation of partnerships among multiple stakeholders to exchange knowledge, experiences, technology and financial resources. A fundamental principle is "to leave no one behind", reaching all those who are deprived and marginalized, wherever they may be, to address their problems and vulnerabilities. Another fundamental principle is based on the interconnected and indivisible nature of its 17 Goals, whereby all those responsible for their implementation have to address them comprehensively and as a whole.

Education is at the heart of the achievement of the 2030 Agenda for Sustainable Development. Within the Agenda's broad scope of action education is cited as an objective in its own right (SDG4). “Quality education” is broken into seven targets and three means of implementation as well as being recognized as integral to other objectives.[1]

In May 2015, the 2015 World Education Forum was held in Korea. Attendees included United Nations agencies, 120 Ministers of education, over 1600 stakeholders from 160 countries, delegation heads and members, government officials, multilateral and bilateral organizations officials, civil society representatives, teachers, students and the private sector. At this forum the Incheon Declaration for Education 2030 was adopted, which recognizes the important role of education as a main driver in achieving the 2030 Agenda:

> *“(...) the importance of increasing public spending on education in accordance with country context, and urge[s] adherence to the international and regional benchmarks of allocating efficiently at least 4 – 6% of Gross Domestic Product and/or at least 15 – 20% of total public expenditure to education. We recognize that the fulfilment of all commitments related to official development assistance (ODA) is crucial, including the commitments by many developed countries to achieve the target of 0.7 per cent of gross national product (GNP) for ODA to developing countries. In accordance with their commitments, we urge those developed countries that have not yet done so to make additional concrete efforts towards the target of 0.7 per cent of GNP for ODA to developing countries." (Incheon Declaration, 2015)*

Official Development Assistance (ODA) plays a unique role in the fight against poverty, including education.[2] It is the main external financial flow that explicitly focuses on economic development and improved welfare. The commitments made to education by rich countries in Incheon (May2015) are closely linked to ODA. Later in that year, at the Conference on Financing for Development in Addis Ababa (2015), they reaffirmed their commitment and the Addis Ababa Action Agenda (AAAA) included a suggestion to allocate 50% of ODA to the least developed countries (LDCs).

Unfortunately, these promises have not been kept. Instead, member countries of the Organization for Economic Cooperation and Development's (OECD) Development Assistance Committee (DAC) are moving away from the planned target and their commitments of 0.7 per cent of their Gross National Income (GNI). In 2017 DAC ODA stood at 0.31% of GNI and only five countries achieved the 0.7%. target.

In 2019, the global movement ONE produced a report ranking donor countries based on indicators linked to 1) aid volume; 2) aid targeting; and 3) aid quality.[3] This ranking placed the UK, Sweden, Norway, Denmark and the Netherlands at the top five of the 21 main donors. Spain was ranked last among European countries, due to a drastic decrease in its aid contributions over the past decade.

Statistics on ODA in Latin America show fluctuations in the contributions to different countries. The World Bank's report on net ODA received expressed as a percentage of GNI states that aid recipient countries from Latin America were Cuba (3.0% in 2016), Honduras (3.0% in 2018), Nicaragua (2.8% in 2018), Bolivia (1.9% in 2018), El Salvador (1.0% in 2018), Colombia (0.6% in 2018), Guatemala (0.5% in 2018), Ecuador (0.4% in 2018), Paraguay (0.4% in 2018), Peru (0.2% in 2018), Panama (0.1% in 2018), and Uruguay (0.1% in 2017).[4]

The expectations for education generated by the 2030 Agenda commitments by the world's richest countries have not been realized. According to the most recent data, the proportion of aid allocated to basic education in low-income countries decreased considerably in 2015. In those countries – highly dependent on aid – only 23% of their aid was allocated for basic education, compared to 29% in 2014.

UNESCO's 2017 Global Education Monitoring Report (GEM) warned that levels of aid for education had decreased for the sixth consecutive year.[5] It noted that total contributions to this sector stood at a rate 4% lower than in 2010, when estimates indicated that aid should be increased sixfold if the SDG4 goals were to be effectively met.

If we focus on the secondary school sector, the GEM report (2017) is even more discouraging:

> *"(...) In 2015, total aid for secondary education decreased by 9%, falling to levels similar to those of 2009-2010. ... Bilateral aid from DAC donors for secondary education was 14% lower in 2015 than in 2009."*

The report did note one promising sign: "multilateral donor aid to secondary education, however, has increased by 25% since 2009, despite a 10% decrease between 2014 and 2015."

In terms of basic education, which have been at the core of donor commitments to education, the results were mixed:

> *"As a result [of decreases in aid for secondary education], multilateral donors accounted for 38% of total aid to basic education in 2015, compared with 32% in 2009. Furthermore, while overall aid for basic education – primary education, basic life skills for young people and adults, and early childhood education – increased by 8% in one year, it is 6% below its level in 2010."*

In the current context and the impact of the pandemic, education as a whole is in state of emergency. In practically all countries face to face teaching has been suspended. Aid for education in emergencies only received 2.7% of total humanitarian aid in 2016, well below the 4% target. In 2016, the education sector received only 48% of the humanitarian aid needed and requested, compared to an average of 57% for all sectors.

It is important to highlight the urgency of revising ODA allocation eligibility criteria, which are currently based on middle- and low-income GDP indicators. These do not respond to the reality of the Latin American region where wide inequalities prevail. GDP measures fails to take inequality into account. Thus, inequality and poverty are differentiated but associated concepts. The World Bank Report (2018) also emphasizes this point. It notes that despite the fact that global wealth grew by approximately 66% (from US$690 trillion to US$1,143 trillion in constant 2014 US dollars at market prices, inequalities remained between countries.
In fact, in the high-income countries of the Organization for Economic Cooperation and Development (OECD) wealth per capita was 52 times higher than that of low-income countries. This disparity is an important factor in Latin America and one that has been adversely affecting ODA allocations, including those for education.

## HORIZONTAL COOPERATION. PEER EXCHANGES

Among the available forms of horizontal and solidarity cooperation inside international agendas, South-South Cooperation (SSC) and Triangular Cooperation is recognized as an important and necessary complement to traditional North-South development cooperation.

In Latin America, South-South Cooperation (SSC) dates back to the 1960s and 1970s, when the first inter-governmental initiatives were launched to support knowledge sharing. In the late 1980s and early 1990s, funds became available for bilateral cooperation and two cooperation agencies were born: the Brazilian Cooperation Agency (ABC) in 1987, and the Chilean International Cooperation Agency for the Development (AGCID) in 1990. By the 2000s momentum for this work had grown, largely through support through the new Development Agenda and the Millennium Development Goals (MDGs). Five new agencies were created including the Peruvian Agency for International Cooperation (APCI) (2002) and the Ecuadorian Agency for International Cooperation (AECI) in 2007, which was replaced in 2009 by the Technical Secretariat for International Cooperation (SETECI). As a result of legal instruments promoted between 2010 and 2011 the Presidential Cooperation Agency of Colombia (APC), the Mexican Agency for International Development Cooperation (AMEXCID), and the Uruguayan Agency for International Cooperation (AUCI) were established. As well, in 2005 Cuba's regulations for medical services' exports and economic collaboration and the Petrocaribe Fund under the initiative of Venezuela were approved.[6]

SSC's Latin America journey has been long, intense, evolving and diverse. It has had significant ups and downs, cycles of boom, bust and stagnation caused by various factors: international political and economic circumstances, the agendas of DAC and OECD donor countries, as well as vulnerabilities and shifts within Latin American cooperation policies.[7]

In 1978 the United Nations High Level Conference on Technical Cooperation among Developing Countries was held in Argentina where the Buenos Aires Plan of Action (BAPA) was created to guide and support this work.

BAPA's founding document (1978)[8] understands SSC to be an expression of peer solidarity and a partnership between developing countries. It states that the purpose of SSC is to contribute to the well-being of the peoples and countries of the South through mutual cooperation, by which developing countries agree to respect national sovereignty, anti-colonialism and independence, equality, non-conditionality; non-interference in internal affairs and mutual benefit. Two main factors were noted as influencing this process: 1) innovative cooperation modalities ranging from economic integration to the creation of regional and multilateral integration blocks and 2) the exchange of technical and technological knowledge, skills, resources and expertise.

The United Nations also provides a definition of South-South cooperation, describing it as the "interaction between two or more developing countries that pursue their individual or collective development goals through cooperative exchanges of knowledge, skills, resources and technical know-how."[9]

In 2019, within the framework of BAPA +40 (the follow up conference to the 1978 conference in Argentina), civil society organizations and movements called for:

> *"a people-centered South-South cooperation, where the people, their communities and their organizations lead the identification of development needs, setting of development objectives and targets, and designing, implementing, monitoring and evaluating of development programs,*

**TABLE 1. SSC DEVELOPMENT PLANS AND STRATEGIES**

| Country | Development Plan | Core objectives of the plan | Relationship with OECD | SSDC Strategy | Strategy core objectives |
|---|---|---|---|---|---|
| Argentina | Objetivos de Gobierno de la Argentina 2015-2019 | Unity of Argentinians, fight against drug trafficking and fight against poverty | Application for admission submitted in March 2017 | Decisión Administrativa 1146/2016. Lineamientos para la cooperación Sur-Sur (2013-2015) (not in force) | "Proposal for the design of a Development Assistance policy by Argentina, through technical cooperation and financial assistance when linked to technical cooperation." (Administrative Decision 1146/2016) |
| Brazil | Estratégia Nacional de Desenvolvimento Econômico e Social 2020-2031. Plano Plurianual 2020-2023 | Economic growth, business environment, infrastructure and competitiveness, environmental sustainability, social inclusion with a focus on equal opportunities | Application for admission submitted in May 2017 | Documento de estrategia da ABC, 2016. Diretrizes para o desenvolvimiento da cooperacao técnica internacional multilateral e bilateral, ABC, 2016.Diretrizes Gerais para a Concepção, Coordenação e Supervisão de Iniciativas de Cooperação Técnica Trilateral, ABC, 2018 | Alignment to national priorities; national, regional or local impact; knowledge dissemination potential; sustainability of results; capacity development; etc. |
| Chile | Programa de Gobierno de Chile 2018-2022 | Growth, quality employment and opportunities for all; family at the center; Citizen security; Free, vigorous and diverse civil society | Member since 2010 and DAC observer | Política y Estrategia de Cooperación Internacional de Chile para el Desarrollo 2015-2030.Estrategia de Cooperación Internacional de Chile para el Desarrollo 2015-2018. | Move towards inclusive and sustainable development; partnerships strengthening for shared development; Consolidation of the National System of international cooperation for development |

**TABLE 1. SSC DEVELOPMENT PLANS AND STRATEGIES**

| Country | Development Plan | Core objectives of the plan | Relationship with OECD | SSDC Strategy | Strategy core objectives |
|---|---|---|---|---|---|
| Colombia | Plan Nacional de Desarrollo. Legalidad, emprendimiento y equidad para todos (2018-2022) | Pact for legality, pact for entrepreneurship and pact for equity | Invited to become a member in May 2018 (access dialog since 2013) | Hoja de Ruta de la Cooperación Internacional (CI) 2015-2018. | Peace-building; Sustainable Rural Development, and Environmental Conservation and Sustainability |
| Costa Rica | Plan Nacional de Desarrollo y de Inversión Pública del Bicentenario 2019- 2022 de Costa Rica | Citizen security; Environment and Territorial Planning; Risk management; Competitiveness and Innovation, and Social Welfare | Application acceptance and in the process of accession since April 2015 | Política de Cooperación Internacional 2014-2022 | Citizen security; Environment and Territorial Planning; Risk management; Competitiveness and Innovation, Social Welfare |
| Cuba | Plan Nacional de Desarrollo Económico y Social 2030 de Cuba (2017-2030) | Tourism, food production, biotechnology and pharmaceutical industry, professional services abroad, and electricity and construction sector | No relationship | Principios de la colaboración económica. Resolución nº 43/2005. Normas para la contratación de profesionales y técnicos | Complementarity, economy integration and international solidarity |

Source: Malacalza, B. (2020): "Variaciones de las políticas de cooperación Sur-Sur en América Latina. Estudio de casos", Documentos de Trabajo nº 32 (2ª época), Madrid, Fundación Carolina.

*policies and projects… we want a South-South cooperation that institutionalizes these through frameworks, official spaces, mechanisms and resources for people-to-people cooperation and civil society organizations' engagement."*[10]

As indicated above, South-South Cooperation was born as an alternative to developed countries' cooperation in a context of transformation of the world order and self-assertion of developing countries' identity and independence.

The BAPA +40 document (2019) departs somewhat from the original vision established in the original BAPA outcome. While it emphasizes the need for inclusion and multi-stakeholder partnerships, it focuses primarily on attracting the private sector and international financial investments, with little or no mention of peoples' and civil society organizations' engagement. As such, it expands corporate uptake and reinforces the reduction of civic spaces in South-South Cooperation.

The working document "*Variaciones de las políticas de cooperación Sur-Sur en América*

*Latina*"[11] (Variations in South-South Cooperation Policies in Latin America), sheds light on various aspects related to the management of cooperation.

These new approaches are highly worrying and raise the tension between two ways of understanding the internationalization of education, and more specifically the importance of national educational policies. On the one hand, internationalization can follow the logic of the market as determined by the agendas set by international financing organizations and companies. On the other hand, internationalization should be guided by national educational policies, debated within the framework of national strategic plans and educational policies at different levels and modalities. The hope and expectation is that the countries of the Global South, in a decolonized way, build upon the latter approach as a strategy of solidarity, related to regional and national strategic projects, guaranteeing human development in the region based on nationally determined education policies.

Moreover, regional integration agreements in education can have a positive impact on the construction of knowledge and on the prevention of migration to developed countries that occurs through the co-optation of students and young professionals.

**Table 1** below provides an analysis of the relationship between national development plans, commitments made by most countries to the OECD, and the International Development Cooperation (IDC) national policy and strategy documents. It is important to note that with the exception of Chile and Argentina, where government programs have been developed, all the countries in the region have plans. Secondly, none of the countries in the region have prioritized the educational system in their core planning or cooperation strategies, thus contradicting the letter of their commitments where education has been identified as a main driver for development.

In the same document, Malacalza gives an account of horizontal cooperation recipients in the region. He creates an "interpretative framework" that allows us to monitor the relationship between narratives and practices. He notes:

> *"In general terms, sectoral distribution of initiatives focuses on those public policies that each country considers relevant at the national level, while geographic distribution focuses on border areas and/or the region, although it tends to be diversified only in extreme cases of larger extra-regional scale (Brazil and Cuba) or smaller scale (Costa Rica and Uruguay).*
>
> *"( ...) [G]eographical and sectoral orientations of initiatives at the country level respond to different interpretative frameworks. In some cases, these frameworks have elements aligned with the guidelines expressed in national development and cooperation policy documents set out in Table 1, while others respond to narratives and general patterns established in presidential speeches, or alignment with temporary foreign policy interests."*

Malacalza's research demonstrates that the educational field has been identified by only Cuba, Venezuela, Peru and Ecuador.

Emancipatory development has been a critical goal originating from the South. How much that has been achieved through SSC can be debated. However, this cooperation has allowed, even with the aforementioned fluctuations, a greater knowledge of the Global South. It has made way for academic cooperation, knowledge-sharing, and even an important growth of think tanks created and developed by the South as defined by target 17.6 of the 2030 Agenda. There has been cooperation in agriculture and technology applied to raw materials, something that would benefit from more study. However there continues to be is a huge gap in topics linked to education, human, social, political and sustainable development rights. These need to be prioritized, particularly at this time of regional vulnerability, deep inequalities and poverty.

In addition to the many issues related to South-South Cooperation, there are also major concerns about foreign debt. This will be discussed further in the next section. But it is important to point out here that high foreign debt further compromises the potential for development cooperation based on the transformative principles of solidarity, horizontality, national sovereignty, self-sufficiency. It reduces the possibility and a true transformation of the power relationship currently at work in the global order. Much remains to be done in terms of coordination between States, civil society and trade union and social organizations to achieve an emancipatory vision of the Global South.

While recognizing the difficulties posed by these issues, it is good to be able to identify two initiatives that set examples for the possibility of creating a more humane world, based on cooperation between nations. In March 2020 the President of Argentina, Alberto Fernández, called on the leaders of the twenty main economies of the world to subscribe to "a great Global Solidarity Pact" because "no one is saved alone"; and to create "a Global Fund for Humanitarian Emergency" to fight against the coronavirus pandemic. Also hopeful is Pope Francis's call for a new education pact for the care of creation.[12] In May 2020 he launched a world event, with the theme 'Reconstructing the Global Compact on Education', to shape the future of humanity by "forming mature individuals who can overcome division and take care of our common home."[13]

Reconstructing the Global Educational Pact" has among its objectives "to rekindle the commitment by and with the young generations, renewing the passion for a more open and inclusive education, capable of patient listening, constructive dialogue and mutual understanding."

The Pact indicates three important steps that must be taken on the common path of an "education village": 1) "Courage to place the person in the center." For this, it is necessary to sign a pact that encourages formal and informal educational processes. These processes cannot ignore the reality that everything in the world is intimately connected, and that it is necessary to find - as a healthy anthropology - other ways of understanding the economy, politics, growth and progress; 2) The courage to invest the best energies with creativity and responsibility; and 3) Have the "courage to train available people to put themselves at the service of the community."[14]

## EXTERNAL DEBT, THE ENEMY OF EDUCATION FINANCING

This chapter calls for an increased investment in education as a necessary measure to help reduce world poverty and achieve the goals of the 2030 Agenda for Sustainable Development. Developing countries, however, are trapped in a vicious cycle, which undermines their capacities to realize this vital objective. In particular external debt and tax fraud pose serious risk to education financing.

The year 2015 should have been a wonderful moment – 193 countries signed Agenda 2030, the great global pact to "leave no one behind". But this was also the year of dreadful contradiction as global debt reached its highest level in recent times. And this trend, of rising global debt levels, is only worsening.

Low-income countries are facing the most difficult challenges in terms of untenable debt

**TABLE 2: PERCENTAGE OF GDP THAT REPRESENTS DEBT, DEBT SERVICE PAYMENTS AND EDUCATIONAL INVESTMENT ***

| Region or group of countries* | External debt total (as % of GDP) | | Total payments for "Debt Services" (as % of Exports) | | Total educational investment (% of GDP) |
|---|---|---|---|---|---|
| | 2009 | 2017 | 2009 | 2017 | 2016 |
| Sub-Saharan Africa | 27.8% | 33.5% | 5.6% | 11% | 4.55% |
| Latin America and the Caribbean | 21.9% | 35% | 18.1% | 23.5% | 4.51% |
| East Asia and the Pacific | 13.1% | 17.1% | 4.9% | 8.9% | 3.59% |

*In the regions, high-income countries are excluded, and only low-income and highly indebted countries are taken into account
Source: Prepared by the author with World Bank data Statistics 2010-17.

loads, both because of the levels of debt owed and their capacities to pay. The imposition of adjustment policies is reducing low-income countries' national sovereignty and capacities to make their own decisions, particularly in face of the demands of the pandemic. Central to these concerns are decreasing investments in public policies and responsibilities, such as education.

Table 2 below gives an overview on the increase in total debt and debt services in relation to GDP and exports in countries in Latin America, sub- Saharan Africa and Asia/Pacific. It also provides data on educational investment as a percentage of GDP, showing the present gap between the budget required and what is available, numbers which clearly demonstrate that the future of social development in many countries is at risk.

Estimates suggest that there is a general annual requirement for additional public financing equivalent to approximately 27% of GDP in low-income countries and 7% in middle-income countries. Education accounts for about a fifth of that requirement in low-income countries and a third in middle-income countries. The additional financial requirement is estimated at US$1.4 trillion annually. Optimistic assessments of potential national revenue mobilization to contribute to bridge this gap still leaves US$150 billion or more missing each year, towards which ODA could be a critical additional resource.

In addition to the risks posed by global debt increases, corruption by large global corporations operating in the Latin American region is also critical. This corruption, which is often associated with sectors of political power (what we call "State capture") results in "tax fraud" (tax evasion, avoidance and privileges), thus reducing the GDP and tax revenue for needed public services, such as education.

The global political, economic and social crisis that began in 2008 is not over yet for many people. In the past two years there have been a series of geopolitical changes that include fractures and changes in global governance, especially in the field of international taxation. The latter has been identified as one of the main global challenges. The need to address these issues becomes more evident every year, as demonstrated with scandals exposed by the mega-leaks of financial information such as Luxleaks (2014), SwissLeaks (2015), Panama Papers (2016), Bahamas Leaks (2016) and Paradise Papers (2017). Successive scandals indicate the existence of a global network of fiscal and financial hideouts that, through various mechanisms of flight, evasion, and concealment, greatly reduce States' much needed tax revenue for education and other urgent needs such as social security in response to the pandemic.[15]

The impact of aggressive corporate tax planning in Latin America is alarming. The

Economic Commission for Latin America and the Caribbean (ECLAC) has estimated that illicit financial flows associated with international trade prices manipulation amounted to US$765 billion between 2004 and 2013. Other reports have estimated that general tax evasion in the Latin American/Caribbean region reaches US$340 billion annually.[16]

We are at a time of instability in the global regulation system, one that is increasingly favouring corporate and elite interests. This is having political, economic, social and environmental impacts. While these trends can be seen in various continents, they are particularly evident in Latin America, where the fight between the dominant neoliberal model and alternative policies has been waging for the last four decades and with greater vigor in the last decade and a half.[17]

A well-monitored tax system is a necessary foundation for ethical and sustainable development practices. It is vital if there is to be an equitable distribution of wealth and to guarantee compliance with the Goals set forth in the 2030 Agenda for Sustainable Development. Central to this Agenda is the achievement of SDG 4, the right to education.

## ENDNOTES

1. The seven Targets of SDG4 are:

   Target 4.1: By 2030, ensure that all girls and boys complete free, equitable and quality primary and secondary education leading to relevant and effective learning outcomes.

   Target 4.2:By 2030, ensure that all girls and boys have access to quality early childhood development, care and pre-primary education so that they are ready for primary education

   Target 4.3: By 2030, ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university

   Target 4.4: By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship

   Target 4.5: By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations

   Target 4.6: By 2030, ensure that all youth and a substantial proportion of adults, both men and women, achieve literacy and numeracy

   Target 4.7: By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development

   The three means of implementation of SDG 4 are:

   4.A: Build and upgrade education facilities that are child, disability and gender sensitive and provide safe, non-violent, inclusive and effective learning environments for all

   4.B: By 2020, substantially expand globally the number of scholarships available to developing countries, in particular least developed countries, small island developing States and African countries, for enrolment in higher education, including vocational training and information and communications technology, technical, engineering and scientific programmes, in developed countries and other developing countries. When developed countries award scholarships to students from developing countries, they should be geared towards developing skills in their countries of origin. Furthermore, scholarships should be allocated transparently and preferably to young people from disadvantaged backgrounds.

   4.C:By 2030, substantially increase the supply of qualified teachers, including through international cooperation for teacher training in developing countries, especially least developed countries and small island developing States. The equity gap in education is exacerbated by the uneven distribution of professionally trained teachers, particularly in the most disadvantaged areas. Given that teachers are a primary requirement to ensure equity in education, they should be hired and paid under adequate conditions and should be motivated and professionally qualified.

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15. In the regions, high-income countries are excluded, and only low-income and highly indebted countries are taken into account

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Children in Malawi pumping water at a well

SOURCE: Widad Sirkhotte

# A WORSENING POVERTY LANDSCAPE WITH COVID-19[A]

*Zach Christensen, Amy Dodd, and Gail Hurley,*
*Development Initiatives*

## INTRODUCTION

The Covid-19 pandemic has impacted health, income and education alike. The UN has warned that human development faces an unprecedented hit due to the pandemic. These impacts will be felt not only in the short term but also over the long term as people's life chances – especially among the poorest and most disadvantaged – are impacted by missed learning opportunities, widespread job losses and more insecure and lower-paid work. In the worst cases, this will affect basic food security and nutrition. Preliminary estimates from the UN suggest that the Covid-19 pandemic could increase the number of undernourished people by between 83 and 132 million people in 2020.[1] As a result, the crisis will undermine sustainable development progress for years to come.

Covid-19 has caused the world's deepest recession since the Great Depression[2] and has impacted countries at all income and development levels.[3] Growth is projected to decline by almost 5% globally in 2020 according to the International Monetary Fund (IMF), with some countries expected to experience output losses of more than 10% in 2020.[4] As countries around the world struggle with second – or

a This chapter is extracted from Chapter 2 in Development Initiatives, *Adapting aid to end poverty: Delivering the commitment to leave no one behind in the context of Covid-19*, November 2020, which is accessible at https://devinit.org/resources/adapting-aid-to-end-poverty/

even third – outbreaks of the virus, as well as localised spikes in infection rates, the prospects of a swift economic recovery look increasingly unlikely.

The situation is of particular concern in developing countries, especially the least developed countries (LDCs) and fragile states where poverty and deprivation were widespread and macroeconomic positions were weak even prior to the crisis. With capacities to respond to the crisis unequal among countries, recovery will also be uneven, further exacerbating global inequalities.

Research by Development Initiatives (DI) and the Overseas Development Institute (ODI) highlights concerns that the poorest regions within countries are not well targeted by domestic government resources or donor aid, adding to concerns that the poorest and most vulnerable regions (and the communities within them) will be left even further behind due to Covid-19.[5]

In this chapter we explore how the Covid-19 pandemic is impacting the landscape of global poverty and analyse what this means for aid financing looking forward.

## THE ERADICATION OF EXTREME POVERTY IS FURTHER OUT OF REACH

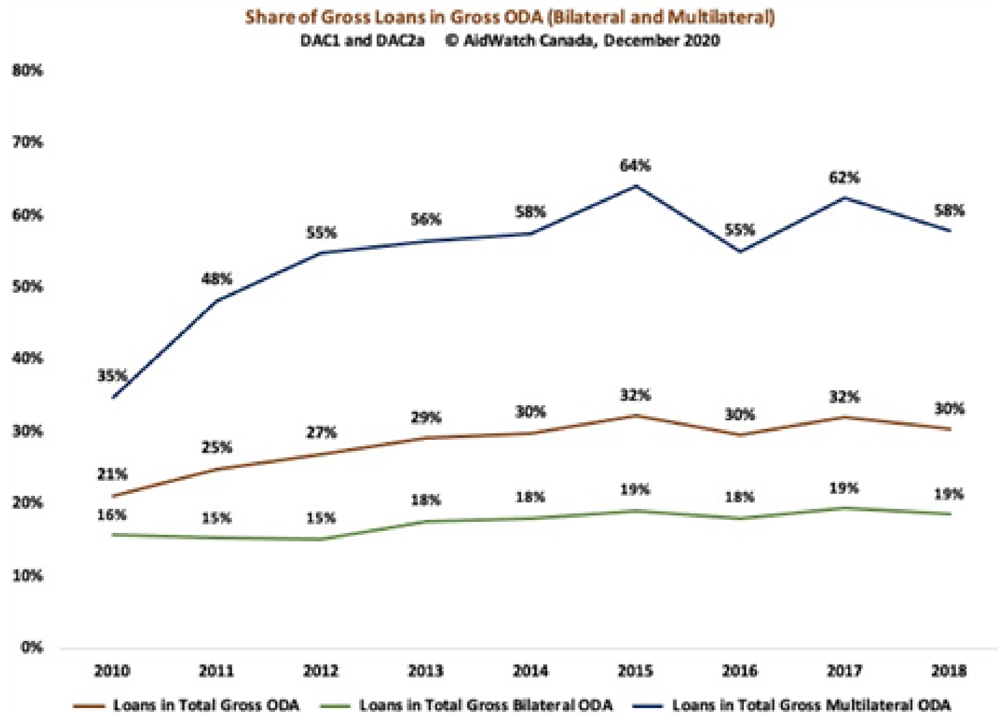
The Covid-19 pandemic has exacerbated long-standing challenges in tackling extreme poverty and deprivation around the world. Even prior to the pandemic, the world was not on track to meet Sustainable Development Goal (SDG) target 1.1 – to eradicate extreme poverty by 2030. In 2018, almost 10% of the global population was living in extreme poverty, defined as living on less than US$1.90 per day. Most of the extreme poor reside in South Asia and sub-Saharan Africa, with the latter having just over 40% of its population living in extreme poverty in 2020.[6]

Before Covid-19, baseline projections suggested that 6% of the global population would still be living in extreme poverty in 2030 (missing the SDG target date), and that the vast majority would be concentrated in fragile contexts in sub-Saharan Africa.[7] Only 15% of LDCs' economies were growing at the level of 7% per annum needed to eradicate extreme poverty by 2030, according to the World Bank,[8] and our models have drawn similar conclusions. However, the fallout from the pandemic threatens to rapidly increase the incidence of extreme poverty globally and to undo decades of progress in the fight against poverty.

Our analysis shows that the average low-income country will see its extreme poverty headcount increase by 2.5% in 2020 due to Covid-19 (Figure 1). This compares with 1% for lower and upper middle-income countries combined. In sub-Saharan Africa, the number of people living in extreme poverty is expected to increase from 40% to 43%, and in South Asia from 6% to 8%. The Middle East and North Africa is also projected to experience a 2% increase in extreme poverty levels in 2020, from 7% to 9%, largely driven by countries in the region affected by conflict and fragility. Countries experiencing protracted crises (not shown) are expected to see an average 2% increase in extreme poverty in 2020 due to Covid-19.[9]

These projections are based on estimates that global Gross Domestic Product (GDP) growth will contract by 5% in 2020, as per current IMF estimates. With this baseline scenario, it is estimated that 88 million people worldwide will be pushed into extreme poverty this year. With a downside scenario, however, based on global growth contracting by 8% in 2020, the number increases to 115 million. South Asia will be the region hardest hit, with 49 million additional people (almost 57 million under the downside scenario) pushed into extreme poverty. Sub-Saharan Africa would be the next most affected region, with between 26 and 40 million

**FIGURE 1: DESPITE THE PANDEMIC DRIVING INCREASES IN POVERTY, DISTRIBUTION REMAINS SIMILAR PRE- AND POST-COVID-19, COVID-19 IMPACTS ON EXTREME POVERTY BY COUNTRY GROUPING, BASELINE SCENARIO, 2020**




additional people predicted to be pushed into extreme poverty.[10]

At slightly higher poverty lines, the regional distribution of additional people falling into poverty changes markedly. World Bank data suggests that at a US$3.20 poverty line (the international poverty line for lower middle-income countries) with the baseline scenario of a 5% global drop in GDP in 2020, an additional 177 million people are expected to be pushed into poverty worldwide, two-thirds of whom are living in South Asia. This rises to 223 million people with the downside scenario.[11] At the US$5.50 poverty line (the international poverty line for upper middle-income countries) a further 177 million people will become poor in 2020 due to Covid-19, mostly throughout East Asia and the Pacific.[12]

It is important to note that these slightly higher income levels reflect national poverty lines and show that poverty eradication is far from attained once the extreme poverty threshold of US$1.90 a day has been reached. Indeed, in sub-Saharan Africa and South Asia, progress against the slightly higher international poverty lines has been much slower than at the extreme poverty line, suggesting that many people have barely progressed out of extreme poverty.

Beyond the headline numbers, some countries are forecast to be harder hit than others. For example, Zimbabwe is projected to see a 6% increase in the incidence of extreme poverty in 2020 due to Covid-19; Burkina Faso, Niger, Rwanda, São Tomé and Príncipe, and Sierra Leone are all forecast to see a 5% rise; Belize, Botswana, Guinea-Bissau, the Solomon Islands and Tanzania stand at a 4% increase.[13]

With the exception of Belize, these countries are all classified as LDCs with moderate-to-high extreme poverty rates. Most are also in sub-Saharan Africa. Poorer countries may be more vulnerable to higher increases in poverty because of the significant size of the poor population and the extent of the informal sector, which is characterised by low and variable income and wage levels and non-existent job protection. Low-income populations are also at greater risk because they lack the ability to provide emergency funds when a shock occurs; similarly, low-income governments lack the capacity and financing needed to mitigate the worst impacts of the crisis on these same populations (as shown in the next section).

Projecting what happens in 2021 and beyond comes with even more uncertainty. Recent forecasts from the World Bank suggest that the number of people in extreme poverty is expected to decrease in most world regions from 2021 to 2030. Sub-Saharan Africa is an exception, where the number of people in extreme poverty is expected to continue to increase until 2030, in part due to high population growth within the region. Extreme poverty is therefore predicted to become increasingly concentrated in the region, where people face multiple monetary and non-monetary deprivations. The data also shows the enduring negative effect of conflict and fragility on extreme poverty levels.

Under all scenarios, reaching the SDG target 1.1 of eradicating extreme poverty by 2030 appears increasingly out of reach. Reaching this target without the Covid-19 crisis would have required all countries to grow at 7% annually, which for the sub-Saharan African countries represents more than a quadrupling of the growth rates observed between 2008 and 2018. Now, with the Covid-19 crisis, the outlook is even bleaker. With a baseline scenario in which growth contracts by 5% in 2020 and the same rates of growth are seen between 2021 and 2030 as between 2008 and 2018, the number of people living in extreme poverty globally will still stand at 573 million or 6.7% of the global population in 2030. With the downside scenario of an 8% drop in GDP combined with historical growth rates, the number will rise to 597 million or 7% of the world population.[14]

## COVID-19 IS EXACERBATING LONGSTANDING INEQUALITIES

The Covid-19 pandemic is having a disproportionate impact on population groups in society, worsening poverty for some more than others and exacerbating inequalities within countries as well as between them. These impacts are felt most by women and girls who are comparatively earning less, saving less and holding more insecure jobs. Their capacity to absorb economic shocks is therefore less than that of men. The vast majority of women's employment – 70% according to UN Women – is in the informal economy with few protections against dismissal or for paid sick leave and limited access to social protection.[15]

Women have also been hard hit by the impacts on particular industries, such as manufacturing and tourism. The UN World Tourism Organisation estimates that more than half of tourism workers are women.[16]

The impacts of the Covid-19 global recession will result in a prolonged dip in women's incomes and could reverse recent gains in labour force participation, with compounded impacts for women already living in poverty. Unpaid care work has also increased, with children out of school and heightened care needs of older people putting an additional strain and demand on women and girls. Gender-based violence has increased as countries around the world have implemented lockdowns. The health of women may also be impacted by the reallocation of resources and priorities, away from sexual and reproductive health services. All of these impacts are further amplified in contexts of poverty, fragility and conflict. SDG 5 on gender equality has been put even further out of reach due to Covid-19.

At the same time, there are concerns about the impact of Covid-19 on the world's children and young people, especially from disadvantaged families, who have been affected by widespread school closures and loss of learning, and now an increasingly difficult labour market. The UN estimates that nine in ten children worldwide have been impacted by school closures, representing the largest ever change in the 'effective out-of-school' rate, opening new gaps in human development as children from poorer families are less able to access remote learning opportunities.[17]

The International Labour Organisation (ILO) estimates that 400 million jobs could be lost worldwide due to Covid-19. It estimates that global labour income has declined by 10.7% in the first three-quarters of 2020, amounting to income losses of US$3.5 trillion worldwide. The biggest drop has been in lower middle-income countries, where labour income losses reached 15.1%. In Africa, the total working-hour loss in the second quarter of 2020 is estimated at 12.1%, or 45 million full-time equivalent (FTE) jobs, up from the previous estimate of 9.5%.[18]

Crucially, the decline in income is due to an increase in inactivity rather than unemployment. This has important implications. Experience from earlier crises shows that activating inactive people is even harder than re-employing the unemployed, so higher inactivity rates are likely to make the job recovery more difficult.

Moreover, younger people have been hit particularly hard by the economic impacts of the Covid-19 pandemic and even prior to the crisis experienced more elevated unemployment levels, especially in many developing countries. Global youth unemployment jumped after the 2008 global financial crisis and has yet to recover. There is a danger that they will face long-term labour market disadvantages. This is of particular concern in Africa where demographics are shifting steadily towards a younger population. By 2050, sub-Saharan Africa will be home to one-third of the world's young people (i.e. those under 24 years old).

## CLIMATE CHANGE DISPROPORTIONATELY AFFECTS THE POOREST PEOPLE

Other global challenges will also hinder the world's progress toward SDG 1. It is widely accepted that humans have created the conditions for diseases such as Covid-19 to emerge through relentless – and accelerated – pressure on ecosystems worldwide.[19] The UN reported recently that the world had failed to meet a single Aichi biodiversity target in full.[20] These conditions threaten to worsen poverty and increasingly become a source of major conflict in, and migration from, the poorest countries.

In addition, climate change will have major impact on the number of people living in extreme poverty around the world. Climate change disproportionately affects people in poverty, who have fewer resources to mitigate the negative impacts and less capacity to adapt. The poorest people are particularly dependent on the natural environment for their subsistence. Their livelihoods are already being hard hit by more frequent and severe extreme weather events, such as droughts, storms and floods.[21] People in poverty also have unequal access to environmental resources and derive a smaller share of the value obtained by the exploitation of those resources.

People in poverty spend a larger share of their incomes on food and are therefore particularly vulnerable to fluctuations in the prices and availability of key food staples, which can be impacted by changing climate conditions. According to World Bank forecasts on the impacts of climate change on poverty, fluctuations in food prices will play the largest role in pushing people into extreme poverty in sub-Saharan Africa and South Asia over the next decade, where the largest populations of people in extreme poverty reside. Indeed, they will play a larger role than natural disasters.[22]

## 'BUILD BACK BETTER' MUST FOCUS ON THE POOREST PEOPLE AND PLACES

Some analysts have pointed to low overall infection and death rates from Covid-19 in some of the world's poorest countries as evidence that they have been spared the worst impacts of the virus.[23] The reality is, however, that due to lower testing and administrative capacities, the prevalence of Covid-19 in many developing countries remains uncertain. In addition, it may be too early to say where some countries are on the infection curve.

Because our world is highly interconnected, the poorest countries and most disadvantaged communities have not been spared the immense social and economic impact of the virus. Sharp falls in demand in high- and middle-income countries for commodities, certain manufactured products and tourism services have all impacted income, livelihoods and jobs.

## CONCLUSION

Our analysis shows that the poorest people and places are at heightened risk of being left behind due to Covid-19, which will have a devastating and long-term impact on human development. In terms of increases in the percentage of people in extreme poverty, these are most concentrated in countries with moderate-to-high extreme poverty rates, predominantly in sub-Saharan Africa. In terms of the number of people living in extreme poverty, as well as those at the slightly higher poverty line of US$3.20 per day, the increases are particularly notable in high-population countries in South Asia.

Countries have different capacities to respond to – and recover from – the crisis. This includes the ability to mobilise and deploy financing to support the most vulnerable. While countries in South Asia can be expected to experience a quicker economic rebound from the Covid-19 crisis, recovery will be even more challenging across the LDCs and fragile states where SDG financing gaps were already severe prior to the crisis. This risks further exacerbating inequalities between the poorest and the richest countries.

In this context, the 'build back better' message of the international community must put the poorest people and places at the centre.

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ODI in conversation with DAC Chair Susanna Moorehead. The OECD's Development Assistance Committee (DAC) recently released a new set of rules for how it will record debt relief as official development assistance (ODA). That document is intended to resolve how DAC members deal with debt write-offs following the " modernisation of ODA ."

SOURCE: ODI

# DEBT RELIEF AND ODA

*Nerea Craviotto, Eurodad*[1]

## INTRODUCTION

The world is in an unprecedented, multi-faceted crisis with the COVID-19 pandemic hitting developing countries particularly hard. In January 2021, the World Bank (WB) estimated that the number of people who would be pushed into COVID-19-induced poverty could increase to between 143 and 163 million. While these estimates are still preliminary, they suggest that the only certainty is that this crisis is truly unparalleled in modern history.[2]

Oxfam has estimated that half a billion people could be pushed into poverty, leading to increased social, economic and gender inequalities.[3] The spread of the pandemic is likely to erase the limited gains made in the past few decades to advance the Beijing Platform for Action,[4] across every sphere − from health to the economy, security to social protection. The impacts of COVID-19 are exacerbated for women and girls simply by virtue of their gender,[5] with strong evidence of a rise in gender-based violence.[6]

Economically speaking, developing countries have taken an enormous hit with record capital outflows, tightened financial conditions, currency depreciations and drops in export earnings, tourism and remittances. This is occurring in a context where debt obligations were already at high levels, a situation which has a significant negative effect on public service expenditures.[7]

The United Nations Development Programme (UNDP) expects that these factors will result in developing countries losing more than US$220 billion of their expected income.[8] Against this is the predication of the UN Conference on Trade and Development (UNCTAD) that the 'financing gap' for developing countries to stay at least somewhat on track to reach the Sustainable Development Goals (SDGs) is a staggering US$2 to $3 trillion over 2021 and 2022.[9] As the poorest and most vulnerable countries lack the monetary, fiscal and administrative capacity to respond adequately, the consequences of a combined health emergency and global recession are likely to be catastrophic.

Since the start of the coronavirus pandemic, the G20 has settled for repurposing established Paris Club debt treatment mechanisms to tackle developing countries' unsustainable debts. In April 2020, the G20 adopted the Debt Service Suspension Initiative (DSSI) whereby bilateral official creditors will, for a limited period, suspend debt service payments from the poorest countries that request this suspension. In total 73 countries are eligible for this program; but only 46 countries have applied. Parallel to this announcement, the International Monetary Fund (IMF) has offered a token amount of debt relief.

However welcome, these are limited and short-term solutions. On the one hand, these initiatives do not cover multilateral and external private creditors. On the other hand, for countries to be able to benefit from these initiatives, they must request support from the IMF and are expected to pay back the missed payments to their creditors over a six-year window. Essentially, they are only buying time.

But most importantly, it is unlikely that DSSI-eligible countries will be able to redeploy the temporarily saved resources to tackle COVID-19.[10] There are two main reasons: 1) These countries still have to meet their public external debt service obligations to private and multilateral creditors; and 2) The lack of commitment by the international community to provide long-term financing reduces the likelihood that countries will be able to redeploy all available resources towards emergency response efforts.

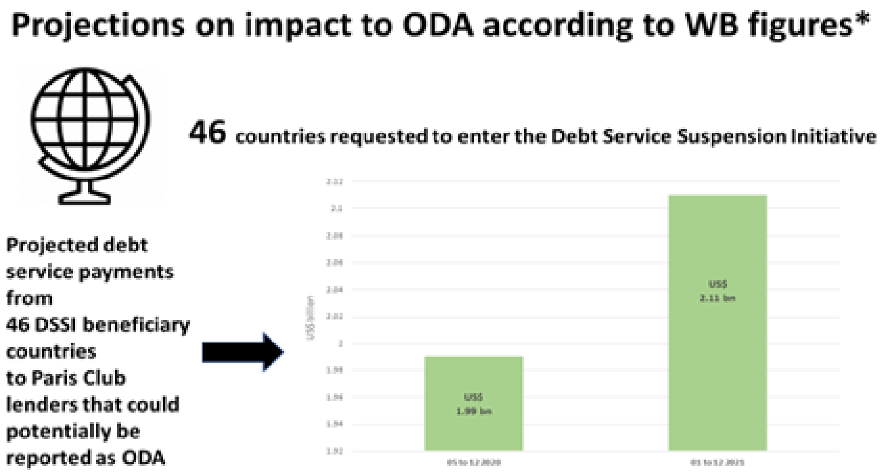
### *What about aid?*

Official Development Assistance (ODA) has the potential to play a crucial role in tackling the immediate impacts of the coronavirus crisis and in supporting a recovery, one centred on human rights, gender equality and a just transition. However, the April 2020 joint statement from the Organization for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) – a forum of the main providers of aid – made just a modest call to "strive to protect aid budgets."[11] It seems certain that aid spending will remain at current levels, if not less, in the years to come.[12] Recent trends show that donors prefer loans over grants,[13] while the level of concessionality (the degree of 'softness' of a credit reflecting the benefit to the borrower compared to a loan at the market rate) has decreased. In this context, debt relief is expected to return as an aid modality.

Effective aid, in the form of unconditional grants, matters today more than ever. Equally important is the realization of donors' longstanding commitment to the 0.7 per cent target for ODA. With the exception of a few countries this commitment has not been fulfilled.

This chapter examines the recent agreement taken by the OECD DAC on the reporting of debt relief as ODA. It highlights a number of problematic effects that follow from this methodology as well as several concerns about the process.

**FIGURE 1: PROJECTIONS ON IMPACT TO ODA FROM DEBT SERVICE PAYMENTS BY DSSI BENEFICIARIES (46)* ****




* These figures are total debt payments, but we can expect that any debt rescheduling or cancellation for these 46 countries will impact ODA figures in the coming years.
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Source: Source: Eurodad from International Debt Statistics, World Bank, October 2020

## THE OECD DAC AGREEMENT ON THE REPORTING OF DEBT RELIEF AS ODA

In July 2020, the OECD DAC confirmed new rules for reporting debt relief as ODA.[14] This agreement was reached in the midst of an escalating debt crisis, compounded by the pandemic, and is likely to only exacerbate this crisis. More directly, it is likely to have an immediate impact on the future amounts of reported ODA (see Figure 1).

### *Not a new issue*

At the 2014 High Level DAC Meeting, members agreed to change the way loans would be reported as ODA in the future, from a system based on cash flows to a grant equivalent system.[15] This change in reporting was implemented for 2018 ODA data.

With the earlier cash flow approach, donors counted the full face-value of the loan and deducted repayments further down the road. Under the new methodology donors will would no longer count the full amount of a loan but only its 'grant equivalent'[16] will be recorded as ODA (i.e. based on the extent to which a loan is concessional). The more generous the loan and related conditions are, the higher the ODA value that can be reported. The grant-equivalent system is also sensitive to the risk profile of the loan so the higher the risk donors take with their loan programming, the more ODA value they can report. With this methodology repayments are not deducted.

Originally, with this new approach, it was not anticipated that the 'grant equivalent system' would be combined with additional recording of ODA for debt cancellation or rescheduling. At the time members of the DAC acknowledged that:

> *"the ODA measurement from net flows to risk-adjusted grant equivalents will also change the basis for reporting on debt relief of official loans. Given that the new system would value upfront the risk of default on ODA loans, the eventual forgiveness of these loans would no longer be reportable as a new aid effort."*[17]

However, some DAC members were dissatisfied with the system in place and pushed for more generous rules for the reporting of debt relief. They argued that the new rules after 2018 did not fully capture the financial effort related to ODA loans and, thus, would 'disincentivise' debt relief from happening in the first place.

In 2020 further changes to the reporting rules allow DAC members to report any debt rescheduling or cancellation as ODA, even though these loans had already been reported as ODA when they were issued. In practice this means that they can report increases in their ODA figures without actually raising their ODA budgets in real terms.

## WHAT ARE THE PROBLEMATIC EFFECTS OF THE NEW RULES FOR DEBT RELIEF?

The 2020 announcement of further changes to the rules for reporting debt relief as ODA was welcomed by many members of the DAC community. This was less the case for civil society organizations (CSOs) including Eurodad.[18] Some of the issues and effects that follow from these changes relating to debt relief include:

### *1. The new method generates inflated ODA figures and allows double counting.*

There are political reasons for pursuing the reporting of debt relief as ODA. The more transactions a donor can include as ODA, the better their statistics would look relative to the United Nation's 0.7 per cent of Gross National Income target. And the better the statistics look, the less pressure the donor faces to scale up their ODA budgets in real terms and their contribution to eradicate poverty and inequalities. With the new rules, DAC members will be able to claim ODA for debt relief without any actual transfer of resources.

The new rules allow donors to double count their aid contributions. Under the grant equivalent system, ODA loans are recorded using 'risk-adjusted discount rates' that factor in the possibility of a loan not being paid back. The higher the risk, the higher the risk-adjusted discount rate.[19] In practice this means that donors receive a special benefit – they can designate a greater percentage of a high-risk loan as ODA when the loan is granted to compensate for the fact that some of these loans may not be fully paid back. But to record debt relief for the same loan as additional ODA is clearly double counting.[20]

### *2. Delaying debt relief increases the amount of ODA that can be reported.*

The methodology to calculate how much ODA can be recorded for debt relief uses the grant equivalent risk-adjusted discount rates. These rates are used to calculate the 'present value' (at the time of debt treatment) of the original loan and to measure the value of the amounts due, including interests and arrears.

The use of a discount rate allows donors to take account of the fact that the original value of a loan, in monetary terms, has likely decreased over time (due to inflation). Thus, a loan of US$1 million in a given year will not be worth US$1 million anymore in future USD, but less. For example, US$100 in 2021 will be equivalent to US$75 in ten years at a 2.93 per cent annual rate of inflation.[21]

As mentioned above, the DAC agreement on debt relief uses the grant equivalent risk adjusted discount rates (see footnote 18 for details) to calculate the 'present value' of a loan at the time of debt treatment. These discount rates are significantly above the average inflation rate (close to 3 per cent)[22] and, consequently, so the loan's value is decreased accordingly.[23] The lower the value of the money that is still due, the more ODA the creditor country can record at the end of that year.

Furthermore, the later debt relief is granted in the loan maturity timetable, the lower the value of the amounts due and, thus, the more ODA the creditor country can record at the end of that year. For example, if a credit has a maturity of 20 years, from an ODA recording point of view, it would be much more advantageous for the creditor country to grant debt relief at year 15 rather than at year five (considering how much loss of value the amounts due, interest and arrears would have accumulated). Thus, the later debt relief is granted, the higher amounts of ODA that can be recorded.

### *3. An equal amount of ODA can be recorded for rescheduling a loan as for forgiving this loan.*

The new methodology allows the recording of ODA for both the cancellation of loans and the rescheduling of loans. Thus, creditor countries have all the incentives to reschedule debt payments rather than cancelling them. According to these rules they can record ODA in the year when a debt has been rescheduled but then continue to receive repayments. As well, guidelines have not been established for how long a loan can be rescheduled or how long the creditor country can report ODA for it.

### *4. The methodology encourages the provision of loans to lower-income countries.*

In theory the new rules aim to encourage debt relief (rescheduling or forgiveness) to lower-income countries. As noted above, the methodology uses the grant equivalent risk-adjusted discount rates to calculate the amount of ODA to be reported when debt relief is granted, and these are higher for lower-income countries (9 per cent). Thus, creditor countries are able to record higher volumes of ODA when debt relief is granted to lower-income countries. However, there are potential incentives to provide loans to lower-income countries in the very first place for the very same reasons. The amount of ODA the creditor country can record if debt rescheduling or cancellation is granted will be higher for lower-income countries. Yet, what countries with the most fragile economies most need is ODA in the form of grants.

### *5. An agreement taken with little transparency or inclusivity.*

In July 2018, the DAC took an historic step forward by agreeing the framework for dialogue with civil society organisations, which includes a commitment that the DAC will "provide space for consultation with CSOs before key decisions are made."[24] Despite this commitment, negotiations on the reporting rules for debt relief were taken with high levels of secrecy and little timely inclusion of CSO views. Official documents relating to these discussions and negotiations were not made available, including previous ones, dating to 2017. According to the OECD DAC rules these 2017 documents should have been made public.[25]

This lack of transparency is concerning. CSOs had repeatedly requested access to relevant analysis and options on the negotiation table but were denied this information. Furthermore, while CSOs and other independent experts have been largely shut out of the process, the Paris Club – an informal group of creditor country treasury departments with very different objectives to ensuring ODA is a credible reflection of donors' efforts – has been invited to be involved in the decision-making process. Legitimacy, transparency and accountability are three fundamental principles for ODA and relevant to the DAC to ensure that stakeholders are able to assess the impacts of its deliberations.

## THE WAY FORWARD

The new debt relief rules have the potential to create a situation where loans, rather than grants, are favoured by ODA donors. The benefits for a donor, particularly in terms of ODA reporting, are very attractive. But the decision to provide debt relief should be informed by the economic necessity of a recipient country rather than ODA accounting considerations.

The agreement reached in July 2020 includes a commitment "for close monitoring of the implementation of the new method."[26] It also pushes for a close monitoring by the Secretariat of the grant equivalent system and an assessment of "the impact of the debt relief methodology including trends in ODA loans versus grants," which is to be completed in 2023.[27]

CSOs expect clear commitments from the OECD DAC to monitor and review this agreement going forward. The review should also include the re-evaluation of the 'risk-adjusted discount rates' agreed to in 2014, particularly their relevance in a context where debt relief is now being recorded. In keeping with the spirit of the 2018 DAC-CSO framework for dialogue, CSOs should be invited to contribute to all aspects of the review.

The top priority for DAC members should be to ensure that the systems put in place promote responsible and sustainable financing. In this sense and following the whole ODA modernisation process and related reporting,[28] members of the DAC should seriously consider an external review of the changes made over the last few years to continue ensuring the quality of ODA statistics.

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3. Oxfam (2020). *Dignity not destitution: An 'Economic Rescue Plan for All' to tackle the Coronavirus crisis and rebuild a more equal world*: https://www.oxfam.org/en/research/dignity-not-destitution

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14. Available here: https://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/Reporting-Debt-Relief-In-Grant-Equivalent-System.pdf.

15. These figures are total debt payments, but we can expect that any debt rescheduling or cancellation for these 46 countries will impact ODA figures in the coming years.

16. Fresnillo, I. (2020). Briefing paper: *The G20 Debt Service Suspension Initiative. Draining out the Titanic with a bucket?* Eurodad: Belgium.

17. See https://www.youtube.com/watch?v=-O4oFS7O-jg&t=40s.

18. This is equal to the difference between the total value of the loan at day one and the present value of future repayments (from the understanding that money loses value throughout the years). To calculate the future value of the repayments throughout the life of the given loan discount rates are being applied. These discount rates are supposed to reflect the risk of lending to different country income levels. The discount rates for lending to least developed countries or low-income countries is 9 percent, and the discount rates for lending to lower and upper middle-income countries are 7 percent and 6 percent, respectively.

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23. Average inflation between 2009 to 2019 according to World Bank data.

24. Ibid. 23.

25. See, for example, the examples in section two (p. 10) of Euan Ritchie's paper *New DAC Rules on Debt Relief – A Poor Measure of Donor Effort:* https://www.cgdev.org/sites/default/files/WP553-Ritchie-DAC-Debt.pdf

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Tropical cyclone Pam, a category 5 storm, formed in the central south Pacific in early March 2015. The resulting swell propagated throughout the central Pacific, causing flooding and damage to communities in Tuvalu, Kiribati and Wallis and Futuna, all over 1,000 km from the typhoon's path.

SOURCE: Tyler Rozenbaum

# A PACIFIC COMPACT

*Mara Bonacci, Aid/Watch Inc. Australia*

## INTRODUCTION

In September 2020, senior officials from Australia's Department of Foreign Affairs and Trade (DFAT) told a parliamentary hearing they were investigating the concept of a "Grand Compact" with some small Pacific nations.[1]

A Compact is an agreement between states or nations on matters where they have a common concern. Compacts have the potential to improve quality of life and achieve sustainable development goals. However, the devil is in the details. Without proper scrutiny, Compacts can be used to achieve geopolitical aims and to further colonial, neoliberal and corporate interests, resulting in negative consequences such as increased carbon emissions, environmental degradation and increased poverty.

If Pacific nations were interested in developing a compact with Australia, the Covid-19 pandemic may present them with a unique opportunity to have a good measure of power and leverage in these negotiations. This is largely due to the fact that the pandemic has highlighted Australia's dependence on seasonal workers as travel restrictions have caused significant shortages of workers to harvest crops.

## EXISTING COMPACTS

There are currently four main compacts operating in the Pacific region. Probably the best known is the UN Global Compact. Despite all its good intentions to convince business and transnational corporations to adopt principles on human rights, labour, environment and anti-corruption, this Compact is still viewed as being far from satisfactory by developing countries. Pacific Forum Island Countries (PICs), with a large rural and subsistence population and on the frontline of the climate crisis, are not truly protected by this Compact. This is particularly the case when they are pushed to embrace global capitalism and the free trade agreements that are often imposed on them, ones which often only cause further environmental degradation and poverty.[2] Such compacts are Eurocentric and do not take into account Pacific Island voices or those from the Global South.

New Zealand has a Compact with the Cook Islands and Niue. The agreement with the Cook Islands focuses on strengthening the public sector, especially building capacity in health, education and tourism. It also includes support for critical water, sanitation and communications infrastructure.[3] The Cook Islands are self-governing in ‘free association’ with New Zealand. It administers its own affairs, and Cook Islanders are New Zealand citizens who are free to live and work there.

The United States has a Compact of Free Association with Palau, the Marshall Islands and the Federated States of Micronesia. This Compact is due to expire in 2024, and negotiations for new agreements have begun. These discussions seem to largely aim to counter Chinese influence in the region.[4] Renewing a Compact is thus seen as crucial to Washington's Pacific allies but is sometimes perceived as colonial in approach.

In 2009 the Pacific Islands Forum Leaders agreed to the (Cairns) Forum Compact on Strengthening Development Coordination.[5] This Compact comprised various initiatives including:

1. Annual Millennium Development Goals (MDGs) tracking;

2. Peer reviews of national institutions, policies and systems;

3. Development partner reporting on aid effectiveness commitments;

4. Public Financial Management (PFM) reforms;

5. More effective climate change financing;

6. Private sector engagement/dialogue; and

7. Investment in infrastructure development

A Compact between Australia and the Pacific, depending on timing and detail, may present an opportunity for all parties to benefit; however, there is a risk that benefits are skewed towards furthering Australia’s geopolitical, development and security aspirations.

## A PACIFIC COMPACT

The push for a “Grand Compact for the Pacific” appears to come from Professor John Blaxland, of the Australian National University's Strategic and Defence Studies Centre.[6] On offer is residency towards Australian citizenship for about 244,000 Pacific peoples in return for Australia to "help administer and guarantee sovereignty to a cumulative Exclusive Economic Zone (EEZ) of over an area of 5.118 million square kilometers.” This proposed Pacific Compact is clearly driven by Australian interests and is of concern to civil society organizations

(CSOs) in the Pacific. It intersects the Pacific diaspora in Australia, who are seasonal workers and overstayers, with climate displaced migration (now and into the future) in a time of COVID-19.

According to media reports, in September 2020 senior officials from Australia's Foreign Affairs Department told a parliamentary hearing they are investigating the concept of a "Grand Compact" with some small Pacific nations.[7] Details are scant, and it is difficult to ascertain which politicians are supportive of, or driving, this push for a Pacific Compact. Luke Gosling, Federal Member of Parliament for Solomon in the Northern Territory, and Vice-Chair of the Pacific Islands Country Group, has thrown his support for the need for such a compact. He has echoed John Blaxland's concerns that "... these ideas for a new Pacific compact should be handled respectfully, seriously and urgently."[8] But does the Pacific need a Compact? Would it further marginalise Pacific Island voices?

Given Australia's predilection to support extractive industry developments in the Pacific region and Global South, it is difficult to imagine that the shadowy players in the push for a Pacific Compact are approaching the matter in an altruistic manner that would ensure environmental and social justice protections. The companies that are likely to profit from a Pacific Compact that grants Australia access to Pacific resources are also unknown. A push for shared control of the Pacific Island Economic Exclusive Zones indicates a neo-colonial grab of ocean resources including "proposals for seabed mining, deep-sea oil and gas exploration, climate geoengineering and the biopiracy of marine life."[9] The question is whether Pacific leaders will be prepared to give up their sovereignty for such a proposal.

Currently there is no evidence to suggest that a compact between Australia and Pacific nations would build capacity in health, education and tourism or support critical water, sanitation and communications infrastructure. As noted above, this is the case with the Compact between New Zealand and the Cook Islands. If the Pacific Compact is sincere in offering citizenship then why has Australia not established a Pacific access visa category with no strings attached, similar to the arrangement New Zealand has in their Compact with the Cook Islands and Niue?

The same questions apply to the Pacific Compact's claim that it will consider "Pacific environmental sensibilities." As Solomon Islands' scholar Tarcisius Kabautalaka states,

> *"Climate change is exposing not only the vulnerability of island nations, but also the responsibility of countries such as Australia to reduce carbon emissions. A compact must address "the risks of environmental disaster" as well as its causes ... Canberra must change its climate policies before it reaches out to island countries for a compact of association, otherwise this will be seen as a way to excuse itself from reducing its carbon footprint."* [10]

The key concern regarding an Australian Pacific compact is its true political purpose. Rather than an agreement about migration, labor and aid, if implemented, its real aim seems to be to gain access to the Pacific's resources, while undermining the influence of China, and presumably bolstering that of the US. Rather than strengthen the Pacific It would essentially be an agreement to swap Australian citizenship for Pacific resources.

If Australia were granted sovereignty of resources in the Pacific as part of a Compact, development and extraction of those resources could increase negative impacts of climate change, cause further environmental degradation, increase poverty and displace residents. With these outcomes, the Compact would, in turn, necessitate more people from Pacific Island nations to migrate to, or take on seasonal work in, Australia. Without stringent measures to ensure environmental, social and cultural protection, a Pacific Compact has the potential to further marginalise people from low lying Pacific nations.

## AUSTRALIA'S AID AGENDA IN THE PACIFIC

Since the closure of the former Australian Agency for International Development (AusAID), Australian aid has been increasingly directed towards national interests and private finance over developing countries' humanitarian and development needs for real aid. It is now closely integrated with Australian diplomatic, strategic and military priorities.

AusAid was merged with the Department of Foreign Affairs and Trade (DFAT) in 2013. With this merger came a change of priorities and the way that Australian Aid was administered. A more explicit focus on using aid to pursue foreign and trade policy goals and increased focus on "aid-for-trade" was implemented, with aid being fully integrated into Australia's "economic diplomacy". It is telling that the language used has changed from "aid" to "development assistance."[11]

The declared objective of DFAT's "Australian Aid" division is to "promote Australia's national interests by contributing to sustainable economic growth and poverty reduction."[12] In official terms, the main objective of Australian ODA is no longer the "economic development and welfare of developing countries," as required by the OECD, but the promotion of "Australia's national interest." The primary purpose of aid has been transformed to be a means of serving Australian private interests.

Australia's foreign policy framework continues to prioritize the US alliance above regional Asia Pacific engagement, as well as pursuing corporate interests at the expense of public interests. The 2017 Foreign Policy White paper states that

> *"Our alliance with the United States is central to Australia's approach to the Indo–Pacific. Without strong US political, economic and security engagement, power is likely to shift more quickly in the region and it will be more difficult for Australia to achieve the levels of security and stability we seek. To support our objectives in the region, the Government will broaden and deepen our alliance cooperation, including through the United States Force Posture Initiatives."*[13]

Australia's relationship with the US is prioritised over that with its Pacific neighbours.

Australia has not assisted in strengthening effective global responses to current global crises, whether they be climate, food, financial or humanitarian crises. For example, Australia's response to the COVID-19 pandemic was to announce a "gas-led recovery,"[14] appointing members of the gas industry to the government-appointed coronavirus taskforce.[15] This approach is profoundly short-sighted. Rather than focusing on a "green recovery," Australia's commitment to the gas industry means that carbon emission reductions has not been a priority.

It is now widely accepted that the impacts of climate change most greatly affect low-lying nations in the Global South.[16] Australia's "gas-led recovery" from the coronavirus pandemic is a lost opportunity to minimise the negative impacts of Australian industry and shows Australia's lack of regard for its climate impacts on its Pacific neighbours.

Research confirms that there is concern in the Pacific about "a lack of balance and equality in the Australia-Pacific relationship and a belief [that] Australia doesn't truly hear the perspectives of its neighbours."[17] It also identifies other problems saying:

> *"[there are] "problems with the role of international NGOs working in the Pacific, many of which are based in Australia. Participants were concerned by the Pacific's over-reliance on international NGOs, the crowding out of local partners and the failure of governments and international NGOs to appreciate and acknowledge the value of local knowledge."*[18]

Australia's activities in the Pacific are self-serving at best. Until Pacific voices are respected and heard and DFAT's priorities are overhauled, it is unlikely that any agreement between Australia and its Pacific neighbours will truly benefit all parties.

## THE IMPACT OF COVID-19

Australia's aid program is managed by DFAT, the same federal department that manages the "Pacific Step Up" and seasonal workers programs.

The COVID-19 pandemic has highlighted Australia's dependence on seasonal workers from Pacific nations. With international borders closed, Australia's agricultural industry has been struggling to recruit enough workers to harvest its produce. There is a fear that the lack of casual workers allowed to enter the country will have a significant impact on the country's export agricultural industry.

In response, the Australian Federal Government initiated a seasonal worker program, which aims to get Pacific seasonal workers working on Australia's farms during the coronavirus pandemic. Industry groups have chartered flights to bring in seasonal workers. The workers must spend two weeks in quarantine before being able to work.

Seasonal workers from countries such as Vanuatu can earn up to $25 an hour in Australia — about nine times the minimum wage in Vanuatu.[19] While this is good news, there have also been allegations about poor working conditions, exploitation[20] and mistreatment,[21] issues which urgently need to be addressed.

The attention that Pacific seasonal workers in Australia are currently receiving has increased awareness of the Australian agricultural industry's dependence upon them. This awareness may provide an opportunity to have greater influence in any discussions or negotiations regarding a Pacific Compact. If a Compact were to be advanced, the current climate may assist with establishing an agreement based on equity and justice.

## CONCLUSION

Historically Australia's relationships with its Pacific neighbours has been paternalistic, colonial, and focused on exploitation of the Pacific Islands' natural resources. Current discussions about a compact could be no different, as reflected in the attitude by Australian officials. For instance, According to Professor Blaxland, who has been an important leader in this proposal has stated "The ball's in the court of the individual Pacific Islands. If they want this, they can discreetly [and] quietly approach their high commissioner and say ... we are interested."[22]

In an ideal world, a compact agreement centered on Pacific Island nations interests would "genuinely listen to and respect the sovereignty of these ocean states."[23] It would apply a social, environmental and gender justice lens to the common concerns being considered and would ensure that sustainable development principles are implemented. The impacts of climate change would not be minimised and Australia would recognise that it is part of the problem.

Unfortunately, this is not an ideal world; it is one of uneven power dynamics as is evident in the relationships between the Pacific Islands states and Australia. The Pacific region is particularly vulnerable to the impacts of climate change. In the not-too-distant future these impacts will increase and the ability for people to live a traditional lifestyle on the Islands will likely decrease. As a consequence, larger numbers of Pacific peoples will be drawn to migrate or undertake seasonal work in Australia. The number of climate refugees wanting to migrate is certain to increase significantly.[24] These are important factors that will affect equitable negotiations on a Pacific Compact.

While there is currently no urgent need for Pacific countries to initiate discussions for the development of a Compact, at this moment, they may have an advantage, largely due to Australia's need for seasonal workers in its agricultural industry. As long as Pacific Islander voices are not marginalised, current power relations are in their favour. This process to create a fair compact should be one that does not "underestimate the dynamism of contemporary Pacific regionalism, ignores current debates over security, self-determination and sovereignty in the region, and perpetuates neo-colonial values that devalue Pacific culture, identity and agency."[25]

If a Compact between Australia and Pacific nations was established, it must be mutually beneficial and not perpetuate the negative impacts of extractive industries, development aggression and colonial practices. Rather, it should be a fair and balanced agreement that provides the labour Australia requires while improving quality of life and ensuring sustainable development in the Pacific nations involved. It should support the "international call for people to be brought to the centre of development and that development co-operation and aid effectiveness processes are people centered, respect human rights and achieve social justice as cornerstones of aid and development effectiveness."[26]

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The aftermath of conflict in Syria. The Belgian Ministry of Foreign Affairs have recently announced 18 million euro in additional humanitarian aid for the Syrian people. They stressed that a permanent solution to the conflict is only possible if all parties involved take responsibility and return to credible diplomatic negotiations.

SOURCE: FAMSI

# **AID PERFORMANCE:** BELGIUM CALLED TO DO BETTER

*Géraldine Dezé, CNCD-11.11.11*

Following the federal elections in May 2019, Belgium had to wait 16 months for a government coalition to be formed. The new Belgian government continues to face a budget deficit, which once again puts Official Development Assistance (ODA) at risk. Although ODA is not a panacea, it remains an essential tool particularly well suited to the fragile contexts of low-income countries. It is predictable and concessional, and it can be invested directly in strengthening social protection and health systems, the importance of which is all the more critical in the current crisis.

Prior to the formation of the new government in October 2020, the existing trends within Belgian development cooperation were maintained. These included a decrease in ODA; a focus on the least developed and fragile countries; and a growing emphasis on the private sector. Analysis of OECD data shows that Belgium's aid program has a mixed record of gender mainstreaming. In addition, there has been a decrease in in-donor refugee costs, a consequence of the decreasing number of asylum seekers since 2015. The trajectory of Belgium's ODA confirms that the quantity of aid was not a priority for the previous government. In fact ODA remained a budgetary adjustment variable although the commitment of 0.7% is a legal obligation in Belgium.

## BELGIAN AID AT ITS LOWEST LEVEL SINCE 2004[1]

In 2002, Belgium set out in law a requirement that the Belgian Government define a trajectory to reach the 0.7% target by 2010 at the latest. A commitment to allocate 0.7% of donor countries' GNI to development aid was again reiterated in 2015 by the United Nations General Assembly as part of the adoption of Agenda 2030 for sustainable development (cf. the objective 17.2).

In November 2019, the House of Representatives in Belgium asked the government to "define for the coming years a growth scenario that will enable us to achieve the objective of reaching as quickly as possible from a budgetary point of view, and by 2030 at the latest, the objective of 0.7% of GNI."[2] Knowing that this objective was supposed to have been reached since 1975 and in view of the increased needs caused by the COVID-19 pandemic, civil society organisations (CSOs) have repeatedly called on the government to adopt a faster scenario, so that this commitment is fulfilled by 2024 at the latest.

The chart below provides an overview of Belgium's ODA as a percentage of its GNI from 2000 to 2019. According to the latest statistics available, Belgium's 2019 ODA stood at EUR 1.95 billion (US$1.66 billion). In terms of Gross National Income (GNI), which grew by 2.8% over the same period, Belgian ODA fell from 0.43% to 0.42%, reaching its lowest level since 2004. Belgium has fallen to 10th place in the donor ranking in relative terms and 16th in absolute terms. Belgium also remains below the EU average: aid provided by the EU and its Member States represented 0.46% of their consolidated GNI in 2019.

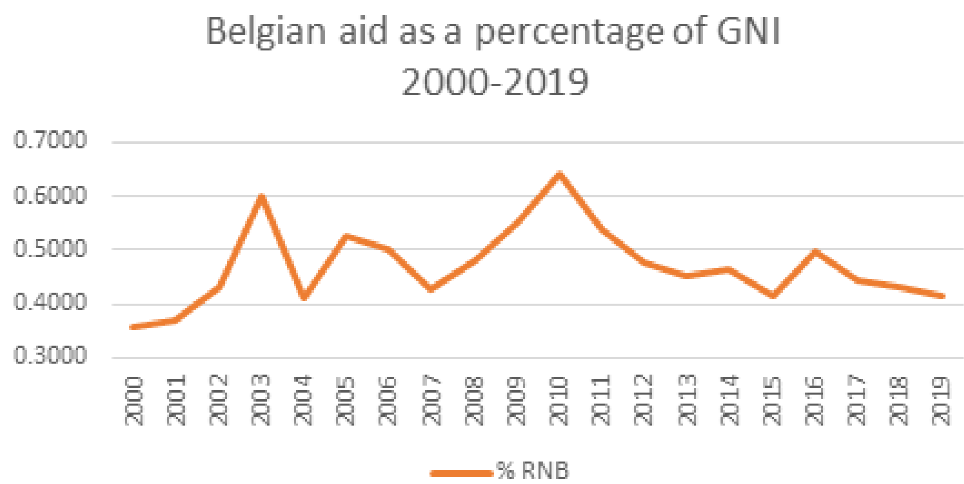
This situation is the result of two consecutive austerity-oriented legislatures following the 2008 financial crisis. ODA has become one of the main budgetary areas subject to adjusted by the federal government. Developing countries have seen aid promised by Belgium cut by EUR 5.762 billion ($4.9 billion) between 2015 and 2019. Moreover, the share of total aid managed by the Belgian development cooperation administration (DGD) has been decreasing from 68% in 2000 to only 56% in 2018. One exception was in 2019 when there was a slight increase (59%) and the share of DGD-managed aid reached EUR 1,159 million (US$985 million). This was very much welcomed, as DGD-managed aid is used to finance concrete development projects and programs.

## CLIMATE FINANCE: A MISSED OPPORTUNITY

Recently there has been a strong increase in the share of ODA devoted to "environmental conventions". In fact, this budget line has tripled in just two years, from EUR 17 million ($14.5 million) to 57 million ($48.5 million). However, it is difficult to reconcile these amounts with those used to report Belgium's climate finance to the UNFCCC. For instance, in 2018, the government justified EUR 80.7 million ($68.6 million) in this respect, almost all of which (EUR 79.3 million or $67.4 million) came from the development cooperation budget.

While financing climate action is an essential part of the implementation of the Paris Agreement, Belgium should not account for its climate contributions as Official Development Assistance. This is contradictory to the international commitment made at the Copenhagen summit in 2009, which states

**FIGURE 1: BELGIAN ODA AS A PERCENTAGE OF GROSS NATIONAL INCOME**




Source: OECD (2020), Net ODA : https://data.oecdr.org/oda/net-oda.htm.

that these funds are supposed to be new and additional to ODA.

Belgium's performance is quite good in terms of the quality of its climate finance. On the one hand, it concentrates its funds on adaptation[3], a sector which is essential for developing countries, and often ignored by donors in favour of mitigation projects. On the other hand, Belgium's climate finance comes mainly in the form of grants rather than loans. Finally, Belgium pays particular attention to the most vulnerable countries and actively supports certain multilateral funds such as the Least Developed Countries Fund or the Adaptation Fund.

While all these measures are positive, there are still major issues with the reporting rules. In the absence of clear international criteria, countries can choose the type of funding they wish to report. Hence, consistent rules governing climate finance and mainstreaming of transparency remain essential to enable a relevant comparison between contributions to the different climate-related entities.

## GENDER APPROACH: A MIXED PICTURE

Analysis of OECD data shows that Belgium has a mixed record on gender mainstreaming in its aid.[4] In 2015, 76% of Belgian aid was gender mainstreamed, which dropped to 53% in 2016. A revision of the OECD guidelines for the application of the marker partly justifies this drop of more than 20 percentage points. However, Belgium has been struggling to sustain growth in this area. In 2017, 60% of Belgian aid was gender mainstreamed. But by 2018 the percentage had fallen again to 57%.[5]

Funding of women's rights organizations in developing countries is another major challenge that Belgium does not seem to be able to meet. As a result, it is currently not in a position to provide a thorough and accurate report to the Development Assistance Committee (DAC) on the share of its budget allocated to these organizations.[6] A specific marker identifies support to feminist movements, organizations and institutions working for the rights of women and girls without indicating whether they are in developing countries. It reveals that Belgium barely supports these actors: less than 0.3% of Belgian aid was devoted to supporting them in 2018. This is a significant increase after two years of it being between 0.03% and 0.04%, but it is still insufficient.[7]

The role of feminist organizations is crucial in bringing about political, legal and social change, gender equality and the empowerment of women and girls. Autonomous women's movements have many roles to fill and are essential in influencing political, legal and social changes. These can range from the presence of more elected women, to support for progressive political parties, improvement of national wealth, or the adoption of progressive policies on violence against women.

## IN-DONOR REFUGEE COSTS: A DECREASE IN INFLATED AID

Between 2016 and 2018, in-donor refugee costs exceeded the total amounts of ODA allocated to bilateral governmental aid. This led the Belgian network of development CSOs, *CNCD-11.11.11*, to highlight the fact that Belgium had become the main recipient of its own development aid. Financial support is obviously essential if Belgium is to respect its commitments under the Convention on the Rights of Refugees. But meeting this commitment does not constitute funding to finance the sustainable development of partner countries.

A major reduction in the number of asylum-seekers has reduced in-donor refugee costs, which is considered by NGOs as “inflated aid”. The fall in numbers has been significant: the allocation to Fedasil (the Federal Agency for the Reception of Asylum Seekers) has decreased by almost a third from EUR 340 million ($290 million) in 2016 to EUR 123 million ($105 million) in 2019.

Other amounts which are traditionally allocated to the category of “inflated aid” include administrative costs, the hosting of foreign students, and debt relief, have not changed. The result is that "real" or “genuine” aid has increased by EUR 63 million ($54 million) in absolute terms between 2016 and 2019, from EUR 1.675 billion ($1.424 billion) to EUR 1.738 billion ($1.477 billion). The share of inflated aid has decreased over the same period from 20% to 11% of the total ODA allocated – a welcome change.

## AID FOCUSED ON THE LEAST DEVELOPED COUNTRIES

Between 2015 and 2019 developing countries saw Belgian aid cut by EUR 5.7 billion ($4.8 billion). However, according to the Belgian Federal Planning Bureau[8], which provides information on Belgian’s progress towards the 17 Sustainable Development Goals (SDGs), in 2018 Belgium spent nearly 32% of its ODA in the least developed countries (EUR 46 million ($39 million), i.e. 0.14% of GNI).

This share of ODA devoted to the poorest countries remains below the 34.6% Belgian average for the period 1990-2018,[9] but slightly above the DAC average of 30.6% in 2018. It is also above the international average of 27.7% over the period 1990-2018. The Belgian average over the entire period is therefore seven percentage points higher than that of the DAC countries.

It also should be noted that since 1990, Belgium has outperformed the DAC countries every year in terms of its support of the least developed countries, with the exception of 2012. Despite the efforts of recent years, the gap with other donors continues to narrow, and by prolonging the trend observed since 2000, the target of 50% of ODA to LDCs (Least Developed Countries), set by the Addis Ababa Action Agenda (AAAA), will not be reached in the short term.

## THE PRIVATE SECTOR

Belgian development cooperation has recently shown a growing interest in *blending* (i.e. the use of aid to mobilize private sector finance for development). This growth is despite the fact that it has not proven to be the most adequate tool in the least developed countries. Indeed, according to the OECD, only 30% of the private financing mobilised by Belgian development cooperation between 2012 and 2017 went to least developed countries.[10]

The Belgian law of March 2013 defines four priority sectors for Belgian cooperation: health, education, agriculture and basic infrastructure. Three of these (health, education and basic infrastructure) normally fall under the responsibility of the public sector. Agriculture is the only area that is essentially managed by the "private sector", which is primarily made up of smallholder farmers in Belgium's partner countries. However, according to the OECD, "the private funds mobilised by Belgium during the period 2012-2017 [through blending mechanisms] have mainly concerned activities in the sectors of manufacturing, extractive industries and construction (59%); energy (17%); and banking and financial services (16%)."[11] The amounts allocated to the private sector, through the Belgian investment company BIO,[12] and to humanitarian aid, are stable overall, representing EUR 46 million ($39 million) and EUR 170 million ($145 million), respectively.

## CONCLUSION

Belgium's official development assistance has decreased, reaching only 0.44% of its GNI in 2018. The following year (2019) it dropped to 0.42% - its lowest level since 2004. This is the result of budget cuts decided at the opening of the legislature as Belgian ODA has become one of the main variables in the government's budgetary adjustments. Over the last couple of years, the decrease in Belgian aid has also been the consequence of a decrease in in-donor refugee costs, which the OECD allows to be counted as ODA. The international 0.7% target has thus moved further away, and Belgium remains below the European average. Belgium falls to 10th place in the donor ranking in relative terms (percentage of GNI) and 16th in absolute terms (ODA volumes).

There is a legitimate concern that instrumentalising development cooperation in order to meet Belgium’s security, commercial and migration objectives, may undermine the fight against global poverty, a primary objective of Belgian development cooperation. However, the current discussion (2020) on a new strategy paper on migration and development that puts migration at the service of sustainable development, in the spirit of the Global Compact signed in 2018, is encouraging.

The COVID-19 pandemic reminds us of the importance of strengthening international cooperation to respond to global challenges. As tens of millions of people fall into extreme poverty and hunger as a result of the coronavirus crisis, it is more necessary than ever to respect international commitments. The new Belgian government must adopt a plan to increase Belgian development aid in order to reach the international target of 0.7% of GNI by the end of the legislature.

Recommendations to the Belgian government:

- Adopt a budgetary plan to ensure that Belgium will respect its 0.7% commitment by 2024, starting with an increase required as soon as 2021;
- Ensure additional climate finance to ODA, in line with the Copenhagen commitment;
- Continue to concentrate governmental ODA towards LDCs and fragile states with a clear and comprehensive strategy;
- Invest in social sectors such as universal health and social protection;
- Adapt the private sector strategy so as to support the local private sector as much as possible;
- Ensure that leveraged international private sector funds do not divert ODA but do provide additional sources of funding, meet transparency rules, respect development effectiveness principles and contribute to sustainable development on the ground; and
- Ensure that policy coherence for development (PCD) becomes a political reality by making full use of the potential of its mechanisms available at the Belgian level.

## ENDNOTES

1. The data in this section comes from the Belgian development cooperation administration, and can be found in this report: CNCD-11.11.11, *Rapport 2020 sur l'aide belge au développement. Faire face aux pandémies*, 24 September 2020.

2. Chambre des représentants de Belgique. Résolution relative à l'affectation de 0,7 % du RNB à la coopération au développement. Bruxelles, 28/11/2019. DOC 55-0692/006

3. OCDE (2020), *Net ODA* : https://data.oecdr.org/oda/net-oda.htm.

4. For example, 75% of Belgian climate funding has been allocated to adaptation in 2018 (60 million EUR out of 80 million):

5. http://cdr.eionet.europa.eu/be/eu/mmr/art16_finance/envxxut9w/MMR2018_Belgium_art16_climatefinance_official_corr.xlsx/manage_document

6. OCDE. Aid in Support of Gender Equality and Women's Empowerment Donor Charts., June 2020.

7. Figures for 2019 are not yet available.

8. Twenty-fifth Anniversary of the Fourth World Conference on Women and the Adoption of the Beijing Declaration and Platform for Action (1995), Guidance Note on In-Depth Reviews at the National Level: Belgium, June 2019, p.59 https://www.unece.org/fileadmin/DAM/Gender/Beijing_20/Belgium.pdf

9. UN WOMEN, Twenty-fifth anniversary of the Fourth World Conference on Women and the adoption of the Beijing Declaration and Platform for Action (1995). Belgium, June 2019, p.59.

10. Bureau fédéral du Plan. *Aide publique au développement les moins avancés*. Site web: www.indicators.be, consulté le 10 juillet 2020.

11. Bureau fédéral du Plan. *Aide publique au développement les moins avancés*. Site web: www.indicators.be, consulté le 10 juillet 2020.

12. OCDE. *Development cooperation profiles* – Belgium. 2019.

13. *Ibid*.

14. The mission of the Belgian Investment Company for Developing countries (BIO) is to support a strong private sector in developing and emerging countries, to enable them to gain access to growth and sustainable development within the framework of the Sustainable Development Goals.

Awaho Talla is the first woman in her family to own land. Next, she plans on building a house that she can rent to supplement her income. In her tribe, socio-economic status is often determined by the number of cattle they own and women rarely own property or have decision-making powers in the family.

SOURCE: UN Women

# CANADA'S INTERNATIONAL ASSISTANCE: UNDERFUNDED FEMINIST AMBITIONS

*Gloria Novovic, Cooperation Canada*[1]

## OVERVIEW

- In 2017 Canada launched its Feminist International Assistance Policy (FIAP), committing to a rights-based approach that positions gender equality as an intrinsic global objective and a requisite for the achievement of all other goals. FIAP has resulted in significant shifts but the key framework targets are yet to be achieved. While the 2018/2019[2] statistical report shows that 95% of development bilateral assistance in some way integrates gender equality objectives, just over 6% of it has gender equality as its main objective, which is far from the Government's target of 15%.

- FIAP has positioned Canada among leading donors focused on the empowerment of women and girls. Canada has recognized the importance of investing in local women's rights organizations, as shown by its Cdn$300 million[3] contribution to the Equality Fund and Cdn$150 million[4] to the Women's Voice and Leadership Program, the world's largest commitment of this nature. It remains to be seen whether this approach will be scaled up, especially in light of the ambitious program objectives that are matched with limited funding and short program cycles.

- Policy priorities of Canada's Official Development Assistance (ODA) and ambitious targets of the FIAP are undermined by low funding allocations. Canada's ODA for 2018-19 fiscal year amounted[5] to Cdn$6.2 billion, only 0.27% of the country's Gross National Income (GNI). This put Canada below average[6] donor effort of the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD).
- The current pandemic has put the global governance structures and actors under scrutiny. With the humanitarian needs rising and development objectives threatened, Canada's international political ambitions and persistently low levels of ODA funding stand in contradiction, which may in part explain the latest UN vote for Canada's failure to be elected to the Security Council.[7]

## INTRODUCTION

Canada's Feminist International Assistance Policy (FIAP) established the country's donor profile as one that is strongly supportive of human rights and transformative gender equality efforts. Canada is increasingly recognizing the importance of flexible funding for feminist organizations and sustained and comprehensive investments in sexual and reproductive health and rights (SRHR).[8] However, persistently low budgets have seriously hindered the effectiveness of the country's international ambitions.

Canada's civil society's calls to increase official development assistance (ODA) are gaining momentum in the current context of the global pandemic of COVID-19, which has highlighted the interdependent nature of our economies and social safety nets. Canada has responded by announcing[9] an additional Cdn$400 million in COVID-related programming in September 2020, followed by an additional investment of Cdn$485 million in December 2020, resulting[10] in Cdn$865 support for partners of the Access to COVID-19 Tools (ACT) Accelerator alone and approximately Cdn$1.23 billion of "new and additional" international spending. It remains to be confirmed the degree to which these funds will be considered ODA-eligible,[11] or what the development and humanitarian setbacks resulting from the pandemic will mean for the Government's development cooperation agenda over the next few years.

Canada's ODA performance, which stood at 0.27% of the GNI in 2019, is below the OECD donor average[12] performance (0.38% for 2019). Low levels of ODA, combined with the projected rise in humanitarian and development costs resulting from pandemic-containment measures and its impact in developing countries, constrain Canada's ability to achieve its policy objectives without a significant budgetary increase.

## PART I: UNPACKING REQUISITES FOR A TRANSFORMATIVE AGENDA

After a yearlong public consultation, Canada announced its Feminist International Assistance Policy (FIAP) in June 2017.[13] Through a human rights-based approach, FIAP positions gender equality and the empowerment of women and girls as an intrinsic global objective and a requisite for the achievement of all other international assistance goals. Consistent with the ODA Accountability Act (ODAAA), this human rights-based framework highlights the normative values of "equality and non-discrimination," "participation and inclusion" and "transparency and accountability." All of the above is in line with the 2030 Agenda for Sustainable Development[14] (Agenda 2030), which addresses gender equality as the stand-alone Sustainable Development Goal 5 (SDG5) as well as through targets and indicators across other SDGs.

The realization of the SDGs has been threatened by the current pandemic with experts warning that global goals have been set back by a decade.[15] Canada's new and additional funding for COVID-19 related programming have largely been oriented towards crisis containment, with steps geared towards a more just and sustainable recovery still awaited. In relation to its commitments to the SDGs, Canada produced *Towards Canada's 2030 Agenda National Strategy*[16] in 2019, which outlines key areas for national engagement. In July 2018, Canada presented its first Voluntary National Review[17] (VNR), although concerns about the inclusivity and the rigor of the reporting process remain, as outlined in the 2018 Report of Canada's Commissioner on the Environment and Sustainable Development.[18]

In adopting the FIAP Canada joins an informal global coalition of countries with a "feminist foreign policy." These donor countries include Sweden,[19] a long-standing champion with a strong feminist foreign policy, as well as France[20] and Mexico, which joined this group[21] in 2019 and 2020 respectively. While fears of oversimplified feminist approaches remain, Canada's FIAP is showing results with a clear set of benchmarked targets. In the 2018/2019 fiscal year, Canada reportedly reached[22] its goal of ensuring that 95% of bilateral international assistance budget addressed gender equality as a principal or a significant objective. However, only a fraction of that funding is allocated to initiatives that directly address gender equality (6.2% in the same fiscal year).

More significant is Canada's goal of ensuring that at least 15% of its bilateral development funding directly targets gender equality, which remains to be realized. Canada's progress places the country above the global average, which is around 4% for all OECD donors, as a 2020 OECD report[23] indicates. The FIAP target to allocate 15% of bilateral assistance to gender-focused initiatives represents an effort to address this global funding imbalance that, as UN Women argues,[24] has resulted in "unacceptably slow" progress towards gender quality as a global goal. Programs with gender equality as the main target generally address underlying gender norms and other causes of gender-based discrimination and other harmful practices, making them an essential investment of any feminist actor.

The ambition encapsulated by the benchmark of 95%, however, leaves room for bureaucratic "gender-washing" against which the latest OECD report warns, calling on Canada not to undermine the integrity of the gender marker system that ranks the level of gender equality considerations in international assistance programming.[25] The danger is twofold: the figure of 95% obscures significant difference between gender markers, conflating programs where gender is a significant objective, but not the main objective, with those where gender equality is the principal goal of the project. Secondly, the departmental pressure to meet the objective of 95% of gender-responsive programming risks technocratic exaggeration of the extent to which gender equality objectives are integrated, thus invalidating the reliability of gender markers as a tool.

While investments in programs addressing root causes of gender inequality are yet to materialize, Canada is taking an important normative stance arguing for long-term, predictable, and flexible funding to women's rights organizations. As of December 2020, this commitment has included a Cdn$150 million local fund to women's rights organizations (the Equality Fund)[26] and over Cdn$180 million channelled through the Women's Voice and Leadership[27] initiative working with feminist actors in historically disadvantaged countries. This funding is normatively significant, as Canada joins Sweden in the call for flexible funding targeting women's rights organizations. To effectively work towards these goals, however, Canada's funding should be matched with the ambitions and duration of the programs themselves. Ambitious transformative commitments are far too often translated into modestly funded grants, allocated to too many CSOs and for short time periods.[28]

Canada's deliberate focus on a feminist lens has resulted in the development of vital policy instruments to support this framework. This includes the action area policy: A Feminist Approach: Gender Equality in Humanitarian Action,[29] as well as the Civil Society Partnerships for International Assistance Policy and its Action Plan,[30] constructed with input from civil society representatives. To help enact these policy shifts, Global Affairs Canada (GAC) has set up the International Assistance Operations Bureau, which includes a Task Force on Improving Effectiveness in which Canadian civil society participates.

By investing in the often-neglected areas of SRHR and the empowerment of women and girls, Canada's approach involves a thematic focus in terms of areas of intervention, which is expected to supplant the previous "countries of focus" model, although it is unclear what this entails in practice. This shift has often been described as a strategic and a more purposeful approach for Canada's international assistance although specific guidance in this regard is still pending.

Canada has continued to maintain its commitment to the most disadvantaged countries, with the target of earmarking 50% of funding for Sub-Saharan Africa,[31] although the latest statistical report would suggest the current levels are closer to 40%. More recently, the 2019 Mandate Letter of the Minister for International Development has highlighted the need for integrated programming, especially linking gender equality, climate finance, and agriculture.[32] Climate finance, however, is an area for which civil society is advocating for increased and more diverse funding. Canada's fair share of international climate finance until 2025/26 is $1.8 billion annually (3.8% of US$100 billion global target). Canada has not yet announced its commitment for the period of 2021 to 2025. However, the Government's 2015 commitment of $2.65 billion over five years until 2020, and $800 million per year in 2020/21, are a far cry from this fair share.[33] Future climate finance investments should aim for a more even ratio of adaptation (essential for poor and vulnerable populations) and mitigation in its climate finance. The current ratio is approximately 3:7 in favour of mitigation. Canada's climate finance portfolio should also increase its investment in projects that address gender equality as a principal target and those that are channelled through the civil society, which currently implements only about 7% of allocations. Lastly, Canada is among a few Paris Agreement donors whose climate finance largely consists of loans.[34]

## PART II: FIAP, HUMANITARIAN ASSISTANCE, AND NEGLECTED HUMANITARIAN AND DEVELOPMENT OBJECTIVES OF THE TRIPLE NEXUS AND LOCALIZATION

Canada's FIAP is strongly aligned with objectives outlined in the Grand Bargain document from the 2016 World Humanitarian Summit, which calls for unearmarked and multi-year funding for increasingly protracted and complex humanitarian crises. To achieve these objectives, GAC needs to re-structure its funding mechanisms to allow for long-term, integrated, and flexible funding that also recognizes the expertise and agency of local actors, proven to be the most effective strategy for reaching the most marginalized populations.[35] Such a shift is clearly needed, given the evolving nature of increasingly predictable and protracted emergency settings that require sustained and strategic investments to both save and sustain lives and elaborate sustainable long-term solutions for displaced populations and their host countries. This is especially important given the increasing proportion of Canada's ODA allocated for humanitarian purposes.[36]

Investment in core global issues such as displacement, conflict, climate change effects, or food insecurity offer an opportunity to expand Canada's funding and programming categories. The present practice, of earmarking funding as purely humanitarian or development, discourages integrated programming envisioned under the label of "triple nexus"[37] in the United Nations' New Way of Working. Endorsed during the same 2016 World Humanitarian Summit, the triple nexus is the objective of integrating efforts across the continuum of operational environments spanning across what are traditionally classified as humanitarian (emergency), peace and security (conflict) and development (long-term poverty alleviation) settings. As a member of the OECD DAC Canada is now accountable to its 2019 "Recommendation on Humanitarian, Development and Peace Nexus," which will be explicitly monitored by the OECD DAC in various processes including its peer reviews.[38] Without such integrated approaches, investments in neglected yet highly impactful areas of emergency preparedness, disaster risk reduction, and in sustainable exit strategies are highly unlikely.

Added to this concern is a rigid regulatory system that constraints innovation and equitable partnerships, such as the "direction and control"[39] regulations of Canada's Revenue Agency that prohibit attempts to boost country ownership, encapsulated by the global goal of "localization".

Localization[40] emerges as a largely unaccomplished objective of the 2016 World Humanitarian Summit, as outlined in the Grand Bargain document and other development frameworks. Local ownership, decision-making, funding, and operational control of ODA remains normatively imperative yet operationally elusive.[41] Canada, as a feminist donor, has yet to articulate its strategy for effectively shifting decision-making opportunities to local actors with intimate knowledge of local contexts and accountability to target populations across the triple nexus. Women's organizations, in particular, are proven to be the most effective at reaching the most marginalized, especially in humanitarian settings, yet they receive the least financial support.[42]

More generally, these lessons are also emerging in the civil society report from the Women's Voice and Leadership initiative, which calls for a greater investment in organizations' institutional capacity to mainstream gender.[43] This report also calls for greater consistency in the use of gender markers, which track the extent to which GAC-funded programs integrate gender equality as primary, significant, or non-targeted objective.

## PART III: INTERNATIONAL ASSISTANCE BEYOND ODA

The Canadian government continues to struggle to allocate substantial increases in its ODA to properly address root causes of key development challenges such as climate change, poverty and inequality. Instead, it has been encouraging alternative funding tools to maximize the impact of its ODA.

In 2018, the Government allocated Cdn$1.5 billion over five years and Cdn$492.7 million thereafter to support "innovation" in its international assistance. However, this funding has remained largely unused as of October 2020, despite being available through the International Assistance Innovation Program and the Sovereign Loans Program.[44] The goal of these programs is for GAC to offer sovereign loans to countries and to make long-term equity investments in companies or in innovative financing mechanisms, working to support development objectives.

The Government announced the creation of the Development Finance Institute Canada (FinDev) in Budget 2017. FinDev Canada focuses on the role of direct foreign investment in boosting economic growth in high-risk environments with limited access to financing for small and medium sized enterprises. As per its last annual report (2019), FinDev Canada's portfolio[45] included 9 clients for a total of USD$94 million in commitments, 82% of which are equity investments. While the portfolio lags behind the desired level, the institution has retained a strong focus on the economic empowerment of women. FinDev modalities largely focus on direct (32%) and indirect (50%) equity, compared to only 18% in loan finance.

## PART IV: TO CHANGE EVERYTHING, WE NEED EVERYONE: A CASE FOR CANADA'S FEMINIST FOREIGN POLICY

Canada's FIAP is increasingly being strengthened by additional policy tools, guidelines, and strategic investments that build on sector experience on how to achieve the highest and the most transformative impact. However, Canada's donor profile in many partner countries has been tainted by a fragmented and at times incoherent foreign policy approach. Ensuring that diplomatic and trade branches reinforce the humanitarian, development, and peace areas of intervention is an urgent next priority.

Canada's feminist foreign policy aspirations are discredited by trade and security choices such as arms deals that aggravate some of the direst humanitarian crises and enable human rights abuses.[46] An egregious example is the current situation in Yemen. Canada's largest military export deal,[47] valued at Cdn$14.8 billion with Saudi Arabia, fuels the conflict in the country, resulting in acute hunger, cholera outbreak, internal displacement and other humanitarian needs, to which Canada has contributed Cdn$220 million since 2015. Ensuring the integrity of Canada's missions and the coherence between its interventions across political, economic, and environmental spheres is a complex yet a fundamental requisite for Canada's good standing in conflict affected and fragile contexts.

To craft a coherent feminist foreign policy, GAC launched consultations in October 2020, with the initial white paper expected in February/March 2021. It will be important that this policy is supported by appropriate budgetary allocations to allow for internal capacity strengthening within GAC, at the headquarters level but also in country missions. A feminist foreign policy would also be interrogated in relation to commitments towards a more intersectional approach, as Canada's development investments have so far not explicitly accounted for priorities of racial equity or the protection and the empowerment of people nonconforming with traditional gender norms. Given (1) the current fiscal outlook, (2) the pressure for international development assistance to increase, and (3) the trend of a reduced GAC overall budget since 2012 and the capacity strengthening investments to ensure GAC's readiness to implement a comprehensive feminist policy are constrained.

## CONCLUSION

Canada's current ODA is at near historically low levels, at a time when the world is reeling from the impact of the global COVID-19 pandemic. It remains to be seen whether the interconnected nature of key global challenges and their consequences will mobilize the wealthiest governments, including Canada, to maximize investments in international assistance. Given Canada's current fiscal deficit, aggravated by the pandemic-containment measures, future ODA levels are difficult to predict.

Canada is facing the challenging task of achieving ambitious FIAP objectives on a historically low budget. As noted above, the traditional funding modalities and silos based on decades-old differentiations between humanitarian, development, and peace interventions undermine Canada's feminist and transformative ambitions. Overall, Canada's FIAP is a normatively sound and evidence-based policy framework, as demonstrated by the hopeful trend of providing direct and flexible funding to women's rights organizations. However, the evidence also calls for legislative, financial, and regulatory improvements the framework needs for its effective implementation.

For FIAP to be effective, Canada's entire foreign policy must be transformed to include a coherent set of transformative objectives encompassing trade, diplomacy, and international assistance, consistent with feminist principles. This will require a different narrative about Canada on a global stage: one focused less on specific Canadian achievements and more on Canada's role in propelling forward a feminist agenda of progressive peer countries and integrating the perspectives of marginalized groups in key decision-making processes on global, regional, and national scales.

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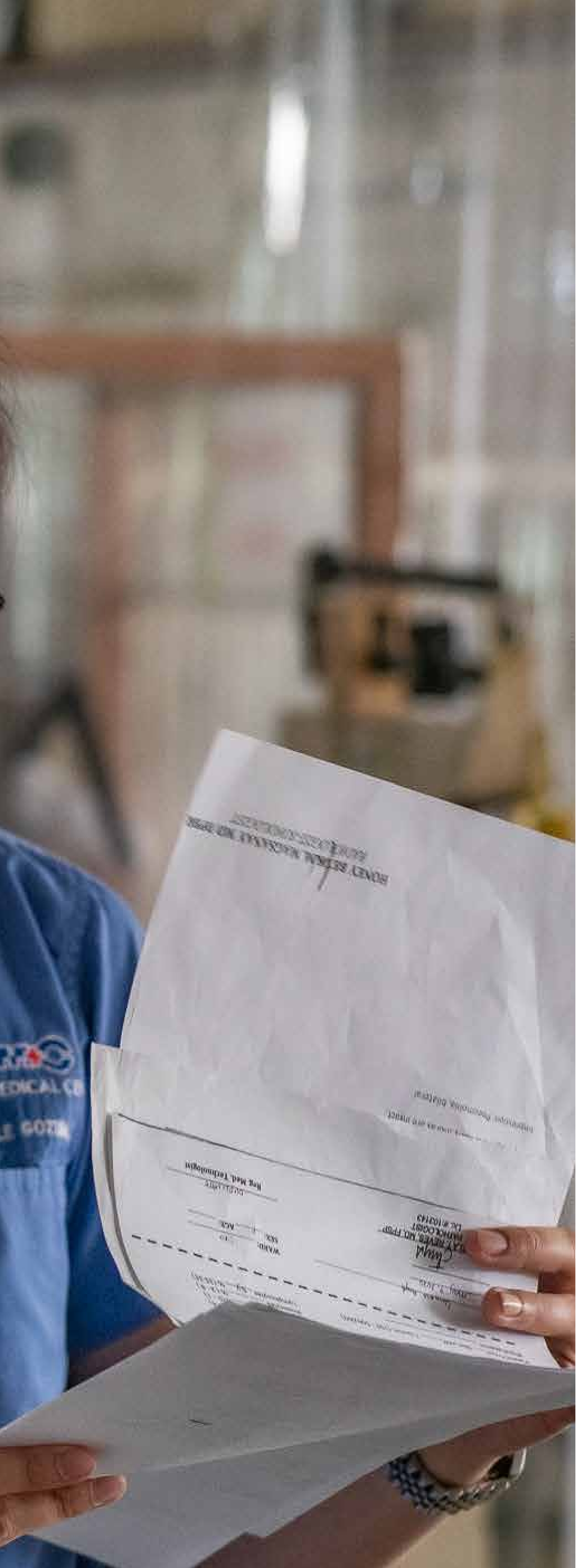
The Philippine response to COVID-19 has been described as being one of the longest and strictest lockdowns in the world.

SOURCE: Asian Development Bank



# DOES THE 'GLOBAL EU RESPONSE' TO COVID-19 MATCH THE GLOBAL EXPECTATIONS FOR THE BIGGEST BLOC PROVIDING ODA?

*Riccardo Roba, CONCORD Europe*

## SCARCE DATA AND TRACKING DIFFICULTIES[1]

The European Union (EU) has deployed a rapid global response to COVID-19. In April, the 'EU Global Response to COVID-19'[2] was adopted to give a European coordinated answer to EU partner countries facing coronavirus surges and its consequences.[3]

Although the European Commission (EC) has fully backed the idea of having a COVID-19 marker to trace donors' responses in the OECD Development Assistance Committee (OECD DAC),[4] a comprehensive monitoring report on the implementation of the EU Global Response to COVID-19 is still not publicly available.

The EC, however, is already using an internal COVID-19 marker to identify any disbursements by the European Union Delegations (EUDs) related to the EU package. The data collected through this internal marker is providing the basis for the EC monitoring report, which is regularly updated and accessible to the College of Commissioners. Such a report, including a breakdown of the EU Member States contributions to the package and specifying if these are additional resources, if made publicly available, would provide a much-needed resource. It would be an essential tool for transparency and accountability vis-a-vis the public. This lack of transparency surrounding data availability puts into question the accountability of the EU’s response and has prevented a comprehensive evaluation beyond the analysis which follows.

## REORIENTATION OF FUNDS AND FIRM COMMITMENT TOWARDS MULTILATERALISM

At the outset of the COVID-19 outbreak some European donors’ operational capacities were considerably reduced due to lockdowns and the repatriation of expat employees. This fact demonstrates the importance of strengthening country systems when delivering ODA, not only through partner countries’ public sector structures but also by increasing the number of local employees. Robust and consolidated local engagement is key to reinforcing resilience and the continuity of programs and projects, which represent a lifeline for many people in need.

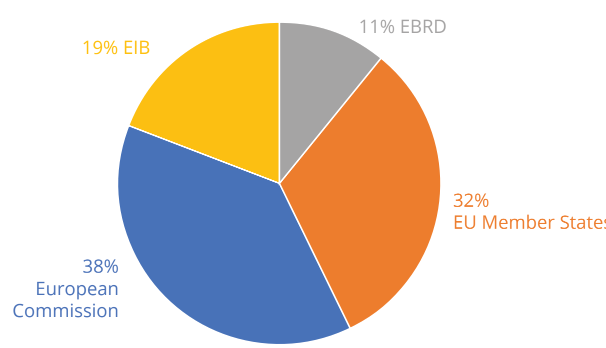
EU donors have carried out efforts to restore those initially diminished capacities. However, new money earmarked for the response has not been available, except in a few cases and these have been small. **Resources to support the EU Global Response have usually been redirected from already budgeted items. A different approach is needed, one that recognizes COVID-19 as a new shock requiring additional funds.**

Mainly due to the unexpected character of the COVID-19 pandemic and its global dimension, **donors have prioritised multilateral options** in their responses. The newly created Team Europe, the UN system, the World Bank and its Pandemic Financing Facility have been the main structures employed by EU donors. Contributions have also been made to the World Health Organisation, to the Global Alliance for Vaccines and Immunisation and to different national pharmaceutical sectors to support the development of a COVID-19 vaccine. Information scarcity has raised concerns on **the lack of attention to “Leave No One Behind” (LNOB) approaches, limited relevance given to the gender dimension, and uneven consultations with civil society organizations (CSOs)** by governments.

After the Foreign Affairs Council meeting and the adoption of the Council Conclusions on COVID-19 in June, the EU Member States scaled up their efforts to help contain the virus in partner countries. They agreed on mobilising up to almost €36 billion ($31 billion) (compared to €20 billion ($17 billion) previously granted) through the Team Europe initiative, making the Member States as a whole, key players in the EU response. Out of the total, Member States’ contributions now account for about a third of the resources mobilised from the EC; the rest comes from the European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD).

The chart below provides an overview of the different contributions.

**Contributions to Team Europe response**

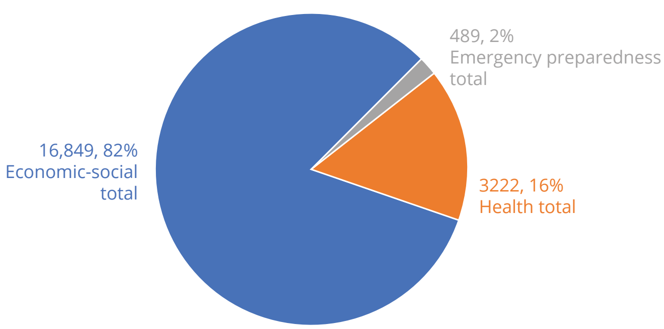


## SECTORS SPENDING: CHALLENGES FOR CSOS, CHALLENGES FOR SUSTAINABLE DEVELOPMENT

The EU response is targeting three main sectors: (1) emergency response; (2) support to healthcare systems; and (3) economic and social consequences of the pandemic. Based on information shared in an EC interview with CONCORD, the humanitarian-related budgets are nearly depleted. It has also been confirmed that spending related to health is being disbursed faster than the funding committed to address social and economic consequences.

The chart below provides an overview of the different sectors of the package.

Contributions to Team Europe response




The redirecting of funds in response to COVID-19 is an important concern as it has a major impact on already-planned actions. Some calls-for-proposals, which had been in the pipeline, have been cancelled. In other cases, deadlines to submit proposals have been postponed so they can respond to the COVID-19 context. In addition, EU donors are exercising considerable flexibility and have been redirecting funds from already planned activities to actions related to the COVID-19 package. Donors have also been dipping into contingency reserves to support COVID-19 response activities.

Examples of these measures include:

- In the Gambia, the EUD cancelled a call-for-proposals that was already at Full Proposal stage and the funds were redirected to different priorities.
- In Ethiopia, the EUD launched an EU Trust Fund call-for-proposals on economic development at the beginning of 2020 (prior to COVID-19). Due to the pandemic, the initial early May deadline was delayed until early August, but not cancelled. While the EUD first stated that it would go through with the call, it cancelled it in June. Instead the funds were directly awarded to a consortium that EUD was already working with under another component for the same program. The EUD in Ethiopia switched from an open transparent procedure to a direct award, causing a questionable reorientation of priorities and raising issues for those CSOs that had invested resources in applying for the open call.
- In Nicaragua, the EUD has not published any calls-for-proposals since the 2018 socio-political crisis. Instead it has adopted a practice of allocating grants that are directly negotiated. However, the EUD had negotiated funding of a project with a consortium of CSOs to support children and youth. This long-planned project was recently transformed into a COVID-19 response activity.
- In other countries, such as Yemen, already-planned ongoing direct procedures have been cancelled with no explanation.

All these factors have presented CSOs with big and unexpected challenges. The overwhelming and growing use of multilateral responses has already diminished the role of CSOs. Due to the nature of the COVID emergency, time is key for both preparedness measures and health as well as to address the economic and social consequences of the crisis. With CSOs' expertise in these key sectors, along with their deep knowledge of local realities and dynamics, development NGOs are well placed to complement governments' actions and to work in the interest of the well-being of citizens, local communities and marginalised people.

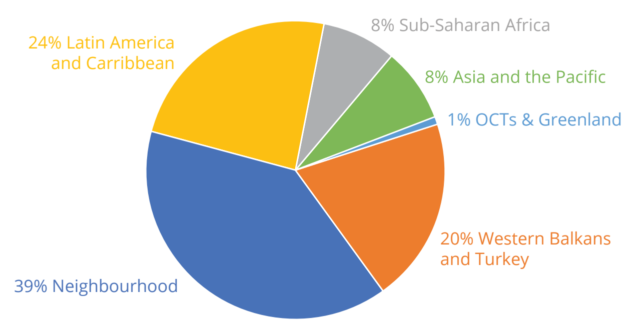
## THE GEOGRAPHIC DIMENSION OF THE EU GLOBAL RESPONSE: THE IMPORTANT ROLE OF THE EU DELEGATIONS

EU Delegations have been playing a key role in the response to the pandemic. In the early days, the Brussels headquarters asked them to identify any unspent budgets and to redirect these funds towards the EU response to COVID-19. Since HQ guidelines are not public, it is difficult to assess whether EUDs have carried out a review of country priorities taking account the COVID-19 outbreak and its consequences. From available data, it seems that this is occurring since allocations per country have changed slightly.[5] Because the funding per country/regions comes from the EU decentralised budget managed by EU Delegations, adjustments of allocations are not happening between, but within, countries and regions.

In terms of commitments, it is important to highlight a mismatch between the political statements backed by the Council and the Commission and the actual allocations per countries and regions. The Joint Communication on the EU Global Response to COVID-19 in April as well as Council Conclusions on COVID-19 from the Foreign Affairs Council (development) meeting in early June put Africa, Least Developed Countries (LDCs) in particular, at the forefront of the EU response. But the updated figures (June 2020) show that the allocated funding for Neighbouring countries, including the Western Balkans and Turkey, amounted to €11.8 billion ($10 billion) and for Sub-Saharan Africa only €4.8 billion ($4.1 billion) (see chart below).

It appears that out of the total funding managed by Directorate-General for International Cooperation and Development (DG DEVCO), 52.2% is going to the least developed countries (LDCs). It is important that resources in Sub-Saharan Africa, are scaled up, given the prediction that Sub-Saharan Africa will be one of the worst hit regions in terms of the economic and social consequences of this pandemic.

**Contributions to Team Europe response**




## AID MODALITIES

The EC reports[6] that the majority of funding disbursed under its response framework is in the form of grants. According to CONCORD's monitoring exercise,[7] it appears that the most common funding mechanisms are direct awards, negotiated procedures with CSOs or open calls-for-proposals.[8] In the near future the EC is likely to push for an increase in the use of budget support[9] to address the social and economic consequences of the crisis as well as private sector instruments and technical assistance, which, in the Commission's view, can be very effective.[10]

There are several worrying trends that are developing in these responses to the pandemic. The emphasis on the use of non-grant modalities is a cause for concern. In addition, the EU is aiming to leverage private sector investment as part of its response, mainly through bank guarantees. As part of the 'Team Europe' approach, private-public partnerships are being promoted as a way to reduce costs and to avail of free services in COVID-19 responses. The European Fund for Sustainable Development (EFSD) is giving public and private investors access to a number of EU blending facilities, backed by the EFSD Guarantee and the EFSD Guarantee Fund. As well, the European Investment Bank, the EU's lending arm, has developed a special plan to respond to the coronavirus pandemic outside the EU[11] with to €6.7 billion ($5.7 billion) being allocated. This financing is also part of the Team Europe response and is supported by guarantees from the EU budget.[12]

## A GENDER-BLIND RESPONSE

Despite evidence of the disproportionate impact of the outbreak on women and girls and its medium- and long-term consequences for this population, little attention has been paid to gender equality or women/girls' empowerment in donor's responses to the COVID-19 pandemic.[13] As noted in CONCORD's reaction to the EU's global response[14] and recently by CONCORD Sweden,[15] the gender analysis on how the pandemic is affecting girls and boys, and women and men, is flawed and limited. For instance, in the European Commission's communication published in early April, which will form the basis of the EU's global response to the coronavirus pandemic,[16] issues relating to gender equality is mentioned only once in a 17-page document. Women and girls' special concerns are identified just twice. The EU Commission's proposal contains no concrete measures linked to advancing gender equality.

## THE TEAM EUROPE: A SOLID STEP FORWARD ON HARMONISATION AND EFFECTIVENESS

The European Commission has attempted to provide a European face to the response to COVID-19 in partner countries. This is consistent with some previous efforts to avoid EU aid fragmentation and to improve coordination in partner countries. In March, the European Commission called on the forum of the EU and its Member States' Director Generals for Development Cooperation to start working on a joint EU plan to COVID-19. This forum has always existed, but it has been an informal venue.

This call stimulated the establishment of the Team Europe package, which aims to support the most vulnerable countries and people most at risk. These efforts will include those in the EU's neighbourhood, with special emphasis on Africa, as well as attention to the needs and circumstances in the Pacific, Latin America and the Caribbean.[17] **It is a clear step forward in terms of effectiveness**. While effective harmonisation and coordination are always considerations, Team Europe's plan has the potential to also strengthen local ownership aspects. Team Europe is not only pivotal in the EU´s response to the pandemic, it also could become a model and crucial feature of EU development cooperation to address medium and long-term social and economic consequences. Team Europe has already influenced the EU development cooperation programming process through its joint programming initiatives.

## RECOMMENDATIONS

- The European Commission and its Member States should align the EU Global Response implementation to the national priorities of partner countries. Development effectiveness and the 2030 Agenda must guide the EU response implementation through a just recovery toward an equitable and sustainable future.

- The European Commission should make its monitoring reports on the implementation of the EU Global Response to COVID19 public and include a table with the breakdown of the EU Member States' contributions to the package, specifying if those are additional resources.

- The European Commission should provide the EUDs with clearer guidelines on how to design call-for-proposals, which are part of the EU Global Response to COVID-19 and ensure that the EUDs consult CSOs in the design of these calls-for-proposals, in particular for those actions that aim to have a long-term impact in partner countries.

- The European Commission and EU Member States should keep prioritising grants-based finance over loans and ensure that there are no grant/loan conditionalities that would impose further cuts in public services of partner countries. The European Commission, as well as EU Member States, should ensure that its increasing support to private sector instruments in the EU Global Response does not come at the expense of grants-based modalities.

- Team Europe should speed up the disbursements of the package to address the economic and social consequences so that these are in line with the national strategies for development.

- Team Europe should increase the funding committed to Sub-Saharan Africa, since this will be the most significantly impacted region in terms of the economic and social consequences of the pandemic.

## ENDNOTES

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2. https://ec.europa.eu/info/sites/info/files/joint_communication_global_eu_covid-19_response_en.pdf.

3. In terms of transparency, the European Commission published online a short report which gathers the breakdowns of the commitments:
   - from several EU institutions (notably DEVCO, NEAR, ECFIN, ECHO, EIB);
   - for the sectors the package is targeting;
   - for the regions and countries where the funding would be disbursed.

   The European Commission has kept this document constantly updated, as the figures have been slightly readjusted throughout recent months (https://ec.europa.eu/international-partnerships/system/files/20200624-eu-institutions-response-to-covid_en.pdf).

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5. For changes over time, we would like to thank our member CARE International aisbl who has actively monitored the changes in the allocations throughout the recent months.

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7. Ivi page 17.

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A woman ironing a face mask and garment manufacturing factory.

SOURCE: International Labour Organization

# **FRANCE:** A KEY PLAYER IN THE FUTURE OF AID, DESPITE AN INADEQUATE RESPONSE TO THE CRISIS?

*Louis-Nicolas Jandeaux, Oxfam-France*

## INTRODUCTION

When the 2018 *Reality of Aid Report* was released, Emmanuel Macron had been President for only a few months. In France, civil society was wondering about the future of Official Development Assistance (ODA) under his Presidency. At that time, many elements seemed positive, starting with the government's intention to quantitatively strengthen the French aid budget, a first since 2010. But an analysis of the strategy developed around that increase in ODA has been less positive than hoped for, primarily because it has mainly focused on France's national interests. More than two years later, the situation remains basically the same, except that the international context has clearly deteriorated, making France's ODA practices even more problematic.

## WEAK ODA IN THE CONTEXT OF THE CRISIS

France's ODA is largely inadequate for the crises the world is currently facing. On the positive side, Emmanuel Macron's promise when he came to power to dedicate 0.55%

of France's Gross National Income (GNI) to ODA has been very much welcomed. ODA has again become a central component of France's international political priorities. However, with the present crisis, this target is becoming disconnected from new needs emerging because of the pandemic. Instead, pre-existing needs have been merged with needs caused by the pandemic.

In April 2020 the United Nations, through the United Nations Conference on Trade and Development (UNCTAD), called for the creation of a $500 billion emergency aid fund to respond to the health and social crisis. According to Oxfam's calculations, the DAC donor countries' fair share of this response would be close to $300 billion. This is a reasonable and feasible amount, given what rich countries have pledged for their own stimulus packages. To meet UNCTAD's estimate and contribute its fair share in line with its rank in the world economy, France would have to increase its ODA by nearly $16.5 billion from current levels. This is a particularly small amount compared to the $320 billion of the budget envelope devoted to the fight against the crisis and is in addition to a public guarantee package of $370 billion.[1]

France’s current 0.55% ODA target is not sufficient to fund the necessary response to the many negative consequences of the pandemic in developing countries. This is complicated by the economic crisis that is likely to result in a drastic drop in France’s GNI in 2020, 2021. As a result, France will reach the 0.55% target this year without any additional funds. This is not acceptable – significant additional funds must be mobilized to support developing countries during this pandemic.

At their March 2020 meeting the G7 Member States declared their desire to "design and promptly implement the international assistance needed to help countries, particularly emerging and developing countries, deal with the health and economic shock caused by COVID-19."[2] France must therefore be more ambitious.

Developing countries, particularly in Sub-Saharan African, have been particularly affected by the Covid-19 crisis. The resulting consequences for millions of vulnerable people are having an impact on the modest progress to date towards achieving the Sustainable Development Goals. In West Africa, for example, the fight against poverty could be set back 30 years.[3] It is estimated that the financing gap from 2019-2030 to achieve the 17 SDGs in the world’s 59 low-income countries is 4.3 trillion euros.[4] Achieving the SDGs worldwide by 2030 will require ambitious international development policies.

This pandemic is a brutal reminder of the "cost of inaction". A recent study by Oxfam shows that in the past 50 years $5.7 trillion promised to developing countries were never allocated, if donors had respected their commitment to the UN 0.7% of GNI target for aid.[5] By not respecting France’s 1970 commitment to the 0.7% target for ODA, France has had a shortfall of about $230 billion for the poorest countries, including $68 billion over the last 10 years alone - an amount that would have made it possible to cancel all of West Africa's external debt while at the same time financing one year's anti-retroviral treatment for more than 300 million people.

The current crisis is having a major impact on all the world’s countries. Budgets in Northern countries have been significantly revamped. France is currently allocating more than €690 billion to revive its economy and companies. Its development aid must also be strengthened by reaching and maintaining at least 0.7% of its GNI.

## FRENCH AID INAPPROPRIATE TO A SCENARIO OF HEALTH AND SOCIAL CRISIS

In addition to the quantitative debate, French aid has not been doing enough to address this crisis and to strengthen the resilience of the poorest countries to deal with the effects of the pandemic. Aid is a powerful tool for justice, but if misdirected, it can sometimes worsen inequalities and the situation for poverty. In the case of France, there have been certain worrying tendencies whereby aid has been oriented to specific interests and the domestic priorities of France.

The current economic crisis has hit developing countries hard and greatly exacerbated the debt crisis. Even before the pandemic, 46 developing countries were spending an average of four times as much money on debt repayment as on public health services. Ghana has been spending 11 times more on debt repayment than on public health. The increased indebtedness of countries due to the coronavirus crisis has the potential to exacerbate inequalities as debt service obligations will reduce the flexibility of states in public spending on health, education and social protection.

Debt repayment is becoming one of the main sources of government spending in an increasing number of developing countries. In this context, the choice of modalities and instruments through which donors provide aid is not neutral, and recourse to loans can increase countries' debt. In terms of its ODA loan-to-grant ratio, France is in the top three "creditors " behind Japan and South Korea. On the other hand, countries such as Denmark and Australia provide ODA exclusively as grants. According to the OECD database, in 2018, nearly 50% of France's gross bilateral ODA was in the form of loans, compared to an average of 16% for DAC countries as a group.

The pandemic exposes another failure in France's ODA. Its aid does not sufficiently target the world's poorest countries - known as the Least Developed Countries (LDCs). The COVID-19 crisis has served as a reminder of the alarming situation in which these countries find themselves. For example, Mali has only three respirators per one million people; the Sahel region has less than one doctor per 10,000 citizens (compared to 15 times this number globally and 32 times more in Europe). These numbers reveal deep global inequalities. In 2018, France allocated only 14.8% of its bilateral aid to LDCs, 36.2% to Lower-Middle-Income Countries[6] and 22.8% to Upper-Middle-Income Countries. Thus, France dedicated only 0.12% of its national wealth to the Least Developed Countries, failing to meet the United Nation's target of allocating at least 0.15% to 0.2% of GNI to these countries. The same observation applies to the so-called "fragile" countries.

In 2018, France gave ten times more to non-fragile contexts than to "extremely fragile" countries through its bilateral aid, with only $455 million for the second category.[7] This geographic distribution of French aid is largely due to the importance of loans.

The share of loans in France's bilateral aid has been constantly increasing over the past decade. In the 2018 DAC Peer Review of France, the DAC peers closely examined the operations of L'Agence Française de Développement (AFD), the main implementor of French aid. It concluded that the AFD's growth model, based on increased loans, encourages it to invest in potentially profitable sectors to the detriment of social sectors, and Middle-Income Countries to the detriment of LDCs.[8]

The coronavirus pandemic has demonstrated the fragility of a world where more than half of the world's population has no access to the most essential health services or safe drinking water sources. For France, despite the political rhetoric, adopted sector strategies and international leadership, a significant gap remains between political commitments and the reality of the country's aid funding. While France's total ODA has been increasing since 2015, this increase has not benefited these social sectors as their share in total ODA has stagnated or decreased.

At the same time, the share allocated to "infrastructure" and "economic services" continues to increase. In 2018, basic social services represented less than 20% of total ODA. While this figure is already problematic, it is even more so because a growing share of aid does not leave French territory and thus does not contribute to the reduction of inequalities and poverty in priority countries. For example, the government's expenditures for receiving refugees on French territory represented 9.8% of ODA in 2019, a figure that has been rising steadily since 2015.[9] Scholarships for foreign students and school fees (expenses for the reception and formation of foreign students on French territory) now represent as much as 75% of France's bilateral aid to education.[10]

By excessive use of loans in its ODA instead of grants, France is aggravating the debt situation of developing countries and is providing insufficient aid to the poorest countries. This emphasis on loans does not contribute to the strengthening of basic social services. France's aid has therefore not been supporting the resilience of poor countries. Unfortunately, the current pandemic only highlights these failings.

## INCOHERENCE BETWEEN A STRONG PRESENCE ON THE INTERNATIONAL STAGE AND FRANCE'S ACTUAL RESPONSE

Without drastic measures to consolidate the economies of developing countries, the present crisis could push half a billion people into poverty, leading to a major set-back of perhaps a decade in the fight against poverty, and as much as 30 years in some cases.[11] In this context, it will be impossible to achieve the SDGs by 2030.

France has had a major presence at the international level, insisting on the importance of multilateralism at a time when the temptation of nationalism is growing. This has been an important position, but unfortunately one that lacks action.

From the beginning of the pandemic, France has positioned itself in favor of debt relief for developing countries in order to prevent their economic collapse. In his April 2020 presidential address Emmanuel Macron came out in favor of cancelling the debt of some of its African partners. France has had a strong role in leading G20 countries in negotiations on the debt relief. The French investment on this issue is positive and crucial given the extent of growing debt and its implications for resolving the crisis.

But the ambition for debt cancellation is far from achieved. The world's largest economies have only agreed to a "small" suspension of debt repayment for developing countries. For 2020, the suspensions granted to date represent only 1.6% of the repayments due by developing countries.[12] Indeed, only 46 countries have benefited from the moratorium, with a postponement of only $ 5.3 billion.

This temporary suspension initiative is very limited, both in terms of the amount of debt suspended and the beneficiary countries or creditors concerned, especially when one takes into account the severity of the current crisis in developing countries.

France must ensure coherence between its international commitment to debt cancellation and its development policy and practice. To date, France's only aid initiative that specifically responds to the consequences of the pandemic has been the €1.2 billion "Covid-19 - Santé en commun (Common Health)" initiative to support the fight against the virus in Africa. This response is disconnected from real needs and does not involve additional money but a redirection of existing aid budgets. France is thus side-lining pre-existing needs and thinking outside the framework of the SDGs. Moreover, most of this initiative is delivered in the form of loans (more than 80%), which is an inappropriate solution given as is noted above, the excessive indebtedness of a large number of developing countries.

## TOMORROW'S ODA: FRANCE WANTS TO PROGRESS

The crisis facing the global community provides an opportunity for Europe to think about the "world of tomorrow." So far, this debate has not reached discussions on ODA, an important and unique tool for catalyzing change and structuring this new world.

When Emmanuel Macron became President, he promised a program law for international development and a fight against global inequalities, which would include a budgetary trajectory for ODA until 2022. This law had the potential to be an important tool to participate in the constitution of this "ODA of tomorrow." After two years of repeated postponements, the law was finally presented in December 2020 and discussed for the first time in Parliament in February 2021. It has a number of important positive points.

Since the beginning of the crisis, the French government has maintained that the budget program initially planned for 2018 would remain the same.[13] In practice this means that, despite the consequences of the pandemic, the government believes that its budget projections made before the crisis are sufficient. As noted above, this projection targets no more than 0.55% of GNI for development aid. In 2019 it achieved only 0.44%. However, the members of parliament have now decided "to strive to reach 0.7% by 2025." Even if the wording is not perfect, it is a major step forward that ensures a continuous strengthening of French development aid by 2025.

With inequalities increasing around the world due to the pandemic, France has decided to make the fight against inequalities the priority of its development aid. This focus has yet to be operationalized, but the French presidency of the G7 in 2019 introduced it and the law confirms it. It includes a greater focus of its ODA on social sectors and the fight against climate change, as well as an increase in its humanitarian funding.

It is nevertheless important to remain vigilant, as France risks artificially inflating its development aid. As already mentioned, France is the largest country-recipient of its own ODA (schooling, migrants' health costs, and In-donor refugee costs, etc.). If the current situation worsens, the coming years' implementation of debt relief will permit France to potentially account for billions in ODA. The Ministry of Finance has already planned to record $4 billion in debt cancellation as ODA in 2021. While debt cancellation is welcome, the focus is on the cancellation of Sudan's unpaid interest and defaults over the past 30 years. How can we think that such money has served the development of this country and should be considered as ODA?

President Macron has played a central and positive role in the debt debate and France remains a key player on issues such as ensuring that the COVID-19 vaccine is a global public good. Unfortunately, these declarations are too rarely accompanied by actual policy measures by France. There has been no additional funding announced to deal with the pandemic. There has been no change in the structure of France's ODA, which has aggravated the indebtedness of developing countries and does not help improve the resilience of the world's poorest countries. This is the time to be ambitious quantitatively but also to redesign the workings of our ODA if France wants to maintain its position as a defender of multilateralism and a major player in the "world of tomorrow" on the international arena.

With its new development law, France is trying to revive its ODA to really address global inequalities. The Sahel region, which is the priority of France's international policy, can become a test case to demonstrate the relevance of this new policy. For too long, France has looked at the region exclusively through the prism of its own interests (commercial interests, the fight against migratory flows) and has limited itself to a purely security-based response to the challenges in that region. It is now time to massively increase its development and humanitarian aid while ensuring that it focuses on reducing inequalities and strengthens good governance, which are France's written priorities but not yet realities.

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An evacuation center for those displaced by the armed conflict in Marawi, Mindanao, Philippines.

SOURCE: EU Civil Protection and Humanitarian Aid

# **INCREASES IN JAPAN'S ODA/GNI RATIO:** SHOULD WE CELEBRATE IT?

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## SUMMARY

- Japan's aid volume (ODA) and its ODA/GNI ratio officially rose between 2017 and 2019, despite that fact that its aid actually did not increase. Rather, these increases were the result of changes in the OECD's Development Assistance Committee's (DAC) definition of ODA and the accompanying statistical rules and methodologies. Under the new grant-equivalent methodology, repayment of loans which makes up the major component of Japan's aid program, is no longer deducted from a country's ODA. An examination of the figures based on the net disbursement methodology, reveals that Japan's aid volume did not increase. ODA based on this methodology was lower in 2019 than 2017.

- Japan's aid program has two main characteristics. The first is its heavy use of loans. In fact, over 70% of Japan's aid is provided as loans, and the proportion of loans in Japan's ODA program has gone up in the past decade. A second characteristic is an emphasis on economic infrastructure, something which has also strengthened over the past decade. One reason for this profile is that economic infrastructure support is a pillar of the government's "Free and Open Indo-Pacific" strategy, reportedly a strategy

to contain or compete with China's rising influence.

- In recent months Japan has provided support to 50 countries to help them respond to the COVID-19 crisis. A major concern, however, is that a significant proportion of this assistance has been provided in loans, particularly to several countries in Asia.

- A new DAC Peer Review report for Japan was launched in October 2020. CSOs sent their key messages during the process. The Peer Review recommendations include that Japan should develop and implement a plan for achieving the 0.7% ODA/GNI ratio and that Japan should develop a clear approach to poverty reduction and ensure that the needs of those left behind are addressed.

## TAKING A CLOSER LOOK JAPAN'S AID VOLUME

Japan performance on ODA volume has benefitted as a result of the "modernisation of ODA" by the OECD's Development Assistance Committee. In 2017, Japan's ODA was US$11,634 million, which was 0.23% of its GNI. In 2018, this volume jumped to US$14,164 million, representing 0.28% of GNI. In 2019 volume increased even further to US$15,224 million and 0.29% of GNI.[1] Is this a case for celebration? Does it mean that Japan dramatically increased its aid in 2018 and 2019? Unfortunately, the answer is a definite No. Instead, this increase is a function of changes in ODA's definition and corresponding statistical rules and methodologies. The figures up to 2017 were calculated based on net ODA, roughly speaking - gross disbursement minus repayment of loans from partner countries. In 2018, the rules were changed. So that ODA is now calculated based grants plus the grant equivalent for loans – that is, "multiplying the annual disbursements on the loan by the loan's grant element as calculated at the time of the commitment."[2]

According to OECD,

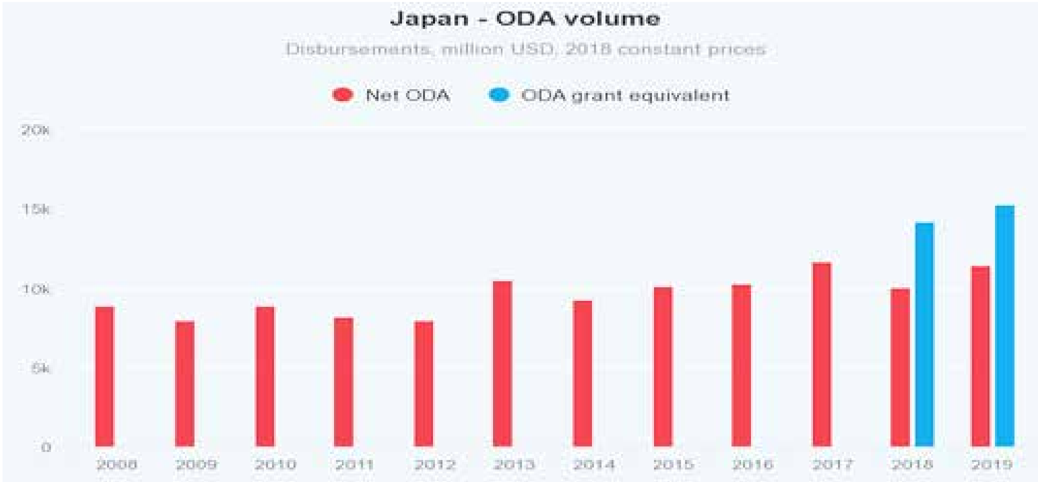
> *"The implementation of the ODA grant equivalent methodology added 2.5% to 2018 ODA levels for all DAC countries combined, with impacts on individual country figures ranging from 40.8 % for Japan, 14.2% for Portugal and 11.4% for Spain to -2.7% for Korea, -2.8% for France, -2.9% for Belgium, and -3.5% for Germany. In 2019, the ODA grant equivalent methodology added 3.7% to ODA levels for all DAC countries combined, with significant impacts on a few countries: Japan (+33%), Portugal (+8%) and Spain (+9%)."*[3]

It would seem that Japan has "benefitted" the most from the "modernisation" of the revised ODA statistical methodology. Figure 1 below reveals that Japan's ODA volume, based on the traditional net disbursement methodology, decreased in 2018 and increased in 2019, although it did not reach 2017's levels.

Why and how did Japan "benefit" from these changes to grant-equivalency for loans? Historically, the proportion of loans among Japan's ODA has been significantly higher than other DAC members. Until 2017, according to the net disbursement methodology, a huge amount of repayment from partner countries (about US $ 7 billion in 2018) was deducted, but with the new grant equivalent methodology implemented in 2018, this is no longer the case.

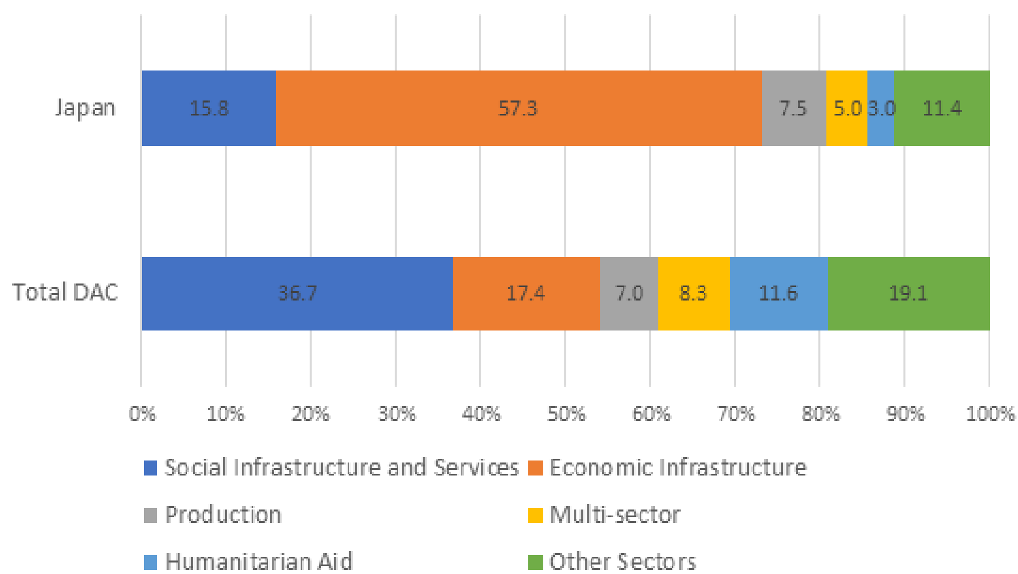
Japan's ODA/GNI ratio is still far below the internationally agreed target of 0.7%, and the government does not have a time frame to achieve it. The recent DAC peer review recommends that "Japan should develop and implement a plan to increase ODA level in line with its international commitment to allocate 0.7% of gross national income."[4]

## FIGURE 1




Source: OECD, Development Co-operation Profiles, https://www.oecd-ilibrary.org/sites/b8cf3944-en/index.html?itemId=/content/component/b8cf3944-en (accessed 20 September 2020).

## FIGURE 2: SECTORAL ALLOCATION OF ODA (COMMITMENT 2018, %)




Source: OECD, Development Cooperation Profiles

## JAPAN'S INCREASED USE OF LOANS IN ITS AID PROGRAM

A long-time, constant feature of Japan's aid program is its heavy use of loans. For example, in 2018 eighteen out of 29 member countries provided 100% of their ODA in grants, and DAC members in total provided 78.5% of their ODA in grants. In contrast, less than 30% of Japan's bilateral aid and slightly more than 30% of its total aid was provided as grants. Japan's grant element for its whole aid program in 2018 was 78.5%. It failed to meet the internationally agreed norm of 86%.[5]

A major concern is that the proportion of loans in Japan’s ODA has recently increased. The share of grants in its ODA was between 40% and 50% in the 2000s but stands at approximately 30% in recent years.

Throughout Japan’s ODA history, loans instead of grants have been the dominant means of financial assistance, requiring a large amount of loan repayment from partner countries. As the loan repayment principal is no longer deducted under the new grant equivalent methodology, the ODA/GNI ratio of Japan went up, as noted above.

## LARGE ALLOCATIONS TO ECONOMIC INFRASTRUCTURE, ESPECIALLY TRANSPORTATION

Figure 2 provides an overview of Japan’s 2018 ODA sectoral allocations against the relevant shares for all DAC members. As demonstrated, Japan’s sectoral allocation differed markedly from the totals for all or most DAC members. Japan allocated nearly 60% of its ODA to economic infrastructure with nearly 90% of this amount going for transport and storage. This priority compares with its aid for social infrastructure (education, health, population, water, government and civil society, etc.) and humanitarian aid, which were significantly less than for most DAC members.

Throughout the 2010s, Japan strengthened its emphasis on economic infrastructure. The allocation for this sector was 52% in 2015-16, 48% in 2013-14 and 41% in 2012.[6] The increased aid for economic infrastructure is a reflection of prioritizing “‘quality growth’ and poverty eradication through such growth” in the Development Cooperation Charter (2015). It is consistent with the government’s growing emphasis on “high-quality infrastructure.” It may also be partly due to a demand from the business community to increase economic infrastructure aid in order to to give business opportunities to Japanese corporations.[7]

Because of the global COVID-19 pandemic, Japan’s allocation to social infrastructure, particularly health, is expected to rise in 2020, which will be addressed in a later section.

## INSTRUMENTALISATION OF AID FOR THE GOVERNMENT’S “FREE AND OPEN INDO-PACIFIC”

“Quality infrastructure” is considered to be one of the pillars of the “Free and Open Indo-Pacific” (FOIP) strategy, as announced by Prime Minister Shinzo Abe (stepped down because of illness in September 2020) in 2016.[8] ODA is recognized as an essential instrument of this strategy.[9] Many economic infrastructure aid projects in Asian and some African countries (those facing the Indian Ocean) are part of FOIP. Examples include roads and highways development in Vietnam and Cambodia, port development in Sihanoukville, Cambodia and Mombasa, Kenya and the Mumbai – Ahmedabad speed train in India.[10]

Then Prime Minister Abe maintained that cooperation with China was necessary for the implementation of FOIP. However, FOIP is often identified as a mechanism to compete with China’s “Belt and Road” strategy and its rising influence in the “Indo-Pacific” region. Commercially, FOIP is also seen as a means of business competition with China in infrastructure development in the region.

## JAPAN'S COVID-19 RESPONSE: EMPHASIS ON LOANS

At the time this chapter was written (September 2020), Japan's aid had not been cut because of the COVID-19 crisis. In fact, since the global outbreak began, the government has announced support for over 50 partner countries responding to the crisis. Examples of initiatives with over one billion Yen[11] in support include:

- Myanmar: 2 billion Yen in grants, 30 billion Yen in loans
- Cambodia: 2 billion Yen in grants
- Philippines: 2 billion Yen in grants, 50 billion Yen in loans
- Mongolia: 1 billion Yen in grants
- Bangladesh: 1 billion Yen in grants, 35 billion Yen in loans
- Indonesia: 2 billion Yen in grant, 50 billion Yen in loans
- India: 1 billion Yen in grants, 50 billion Yen in loans
- Vietnam: 2 billion Yen in grants[12]

In addition to small grants for COVID-19 support, there have been a significant number of loan projects provided to countries in Asia. The terms and conditions (number of years for repayment and interest rate) are considerably more generous than Japan's usual requirements for its loan projects and programs. They will have a large grant-equivalency. But from the perspective of civil society organizations' (CSOs'), grants would be greatly preferred to loans, however lenient the conditions. In its CSO key messages for the DAC High Level Meeting (HLM) in 2020 the DAC-CSO Reference Group, called on the DAC members to "disburse ODA in the form of grants, since many developing countries are in debt distress, with low capacities to absorb additional loans."[13]

## DAC'S 2019 PEER REVIEW AND CSOS REACTIONS

In 2019/20, Japan was the subject of a DAC Peer Review. The reviewers were the European Union and Italy. The headquarter and field visits (Cambodia and Ghana) were carried out in late-2019 and early-2020, and the report was launched in October 2020. CSOs prepared their own shadow report for the Peer Review. Among the key messages of the Review is that ODA should be more focused on poverty reduction and that the government should reconsider their heavy use of loans and significant allocations to economic infrastructure.[14]

The Review pointed out that "Japan does not yet have a clear integrated approach, guidance or tools to ensure – and ascertain whether – its growth-enhancing priorities delivers shared benefits to everyone, including those furthest behind." It recommended that "Japan should develop a clear approach to poverty reduction and specific guidance on designing, monitoring and evaluating its ODA interventions to maximise their contribution to poverty reduction and to address the needs of those left furthest behind."[15] From a CSO perspective, this recommendation is important and they hope it is taken seriously by the government.

How Japan's aid program partners with CSOs was an issue highlighted in the Peer Review. While total aid channelled to and through CSOs for all DAC members was 15.1%, only 1.7% of Japan's ODA was directed through CSOs. Also, Japan's aid projects with CSOs are for the most part project-based. The Peer Review recommended that Japan should provide "greater institutional support to civil society organisations in Japan and partner countries as strategic partners and development actors in their own right."[16]

## CONCLUSION

A superficial review of recent trends in Japan's ODA/GNI ratio would seem to indicate that it had increased from 0.23% in 2017 to 0.29% in 2019. Unfortunately, in reality, these numbers are misleading. Instead, it was merely the result of changes in the statistical methodology for ODA at the DAC.

As noted above, Japan's ODA program, with its emphasis on loans and significant allocations for economic infrastructure rather than social infrastructure, has always been quite different from that of other DAC members. These tendencies have been strengthened in the past decade. CSOs hope that the Peer Review recommendation asking for a clear approach to poverty reduction will be taken seriously by the government.

Japan's allocations of aid in the health sector in response to the global COVID-19 pandemic might bring about changes in sectoral allocation, which would be welcome. But against this outcome is the fact that a significant number of loans have been part of this aid package to several countries in Asia. These loans may increase the debt burden of the partner countries in the future.

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A failed crop in Mabalane district. This community (where the food distribution took place) lost over 4,000 hectares of corn crops due to the drought. Hundreds of thousands of hectares of crops have failed across Mozambique due to drought conditions caused by the El Niño weather phenomenon.

SOURCE: Aurélie Marrier d'Unienville / IFRC

# SWEDEN: DRIVE FOR DEMOCRACY, FEMINIST FOREIGN POLICY, CLIMATE AND BIODIVERSITY REMAIN KEY PRIORITIES IN THE CONTEXT OF THE COVID-19 PANDEMIC

*Åsa Thomasson, CONCORD Sweden*

## OVERVIEW

- Sweden has had a longstanding target of providing 1% of GNI in Official Development Assistance (ODA). It continues to live up to this commitment. This means that Sweden is among the top three donors in relative terms, together with Norway and Luxembourg.

- As an international donor, Sweden has received positive remarks for being a principled and long-term development partner. It is known for having relatively flexible funding modalities as well as a high proportion of core funding for multilateral organisations. These characteristics were noted in the OECD DAC peer review in 2019 and the latest monitoring round of the Global Partnership for Effective Development Cooperation, among other international reviews.

- Five years ago, Sweden rapidly expanded its counting of in-donor refugee costs (even more than the admittedly high number of refugees received) and used high shares of its ODA budget for domestic costs for in-donor-country reception of refugees from low- and middle-income countries. This initiated a trend followed by other large donors in the EU including Germany who also increased in-donor costs substantially in 2016-2017, after Sweden did so in 2014-2015. Since the EU has essentially closed its borders and few people seeking asylum are able to reach Sweden, the amount of in-donor refugee costs reported as ODA are down to lower levels again. These lower levels are also because of the limited mobility for people during the pandemic. The current political debate in Sweden on ODA has been influenced by the highly politicized debate on migration and development in the EU.

- In an international comparison, a few things stand out in Sweden's development cooperation: 1) a high proportion of Sweden's multilateral aid (60% of total ODA) includes considerable support to UN institutions in the form of core funding; 2) a higher-than-average support for democracy, human rights, gender equality and the rule of law; and 3) a strong result against the OECD DAC Gender Markers: in 2018 83% of Swedish aid had gender equality as a principal or significant objective. 4) Sweden has a slightly higher percentage of support to civil society than the DAC average.

- Sweden's definition of additional climate finance is close to the one advocated by many in civil society in the global climate negotiations. Climate finance includes an emphasis on grants not loans, and levels above the international 0.7 ODA target. Swedish civil society organisations argue that additional should mean additional to the Swedish ODA target, which is 1 % of GNI, or else a continued increase in climate finance within the 1% risks crowding out funding for other development and humanitarian work.

## AGENDA 2030

In 2020, the Swedish Government proposal on the implementation of Agenda 2030, domestically and globally, was adopted by parliament. In this proposal Sweden reconfirmed its commitment to policy coherence for development. Human rights and people living in poverty and oppression were identified as being the starting point for all policy making. The Leave No One Behind principle was emphasized as the guiding principle for all of Sweden's 2030 Agenda implementation efforts.

The most recent Swedish aid budget has several positive elements. It emphasizes international development cooperation as central to Sweden's contribution to the implementation of the 2030 Agenda. As well, Sustainable Development Goals (SDGs) are included in the government 2021 budget bill under international development cooperation, but as well as in the section on economics and financial management. The budget bill describes the importance of Sweden's efforts to contribute to sustainable development in society as a whole, both nationally and internationally. The Government highlights the link between the 2030 Agenda and human rights with the following statement: "human rights policy is an important part of the government's work to achieve the global goals for sustainable development and the agenda's principle that no one should be left behind."[1]

Civil society organisations recognize that Sweden has played a constructive role in the realization of many of the global goals and continues to do so. However, there are several issues that need attention as identified in a recent review of Sweden's policies for global development conducted by members of CONCORD Sweden. This includes a lack of coherency and contradictions regarding certain development issues. Some examples would be the country's arms exports to the conflict in Yemen and resistance to EU legislation to promote tax transparency of multinational corporations, amongst others.[2]

## THE BUDGET FOR SWEDISH DEVELOPMENT ASSISTANCE

Sweden's 2021 national budget included good news in regard to the country's commitments to international aid. Most importantly, the Government with the support of all other political parties has adhered to the longstanding parliamentary pledge of one per cent of GNI for international development. The forecast for economic growth, which looked gloomy shortly after the start of the pandemic, turned out better than anticipated. Compared with the budget for 2020, Swedish ODA will be marginally higher in 2021 (SEK 52.3 billion compared with SEK 52.1 billion). In the 2019 budget bill, before the COVID-19 crisis, the government predicted that one percent of GNI in 2021 would amount to SEK 54 billion. So, there is a difference of SEK 1.7 billion ($200 million) between what was hoped for in 2019.

## IN-DONOR REFUGEE COSTS REDUCED FROM PREVIOUSLY HIGH LEVELS

The total budget for Sweden's ODA includes budget items which are allowed to be reported as development assistance under OECD DAC rules even though they fall under other budget headings. This includes support for newly arrived asylum seekers, costs which are often criticized as not being linked to development assistance goals, however important they might be domestically. Including these costs under ODA, which are essentially domestic costs, has led many donor countries to artificially inflate their ODA numbers. For example, Sweden has received many refugees, especially in 2015, leading to a peak in ODA reporting of 1.4% of GNI. This gave the impression that Sweden had exceeded its one per cent target for ODA. But in fact, 22% of the actual 1% aid budget was domestic costs for the reception of refugees, as well as the additional 0.4% reported.

Because the EU has increasingly closed its borders fewer asylum seekers are reaching Sweden. The result has been that, since 2016, in-donor refugee costs have gradually come down as a proportion of ODA. These costs are once again only a few per cent of Swedish ODA, as they were a decade ago.

One outcome has been that the Swedish budget for international aid activities in partner countries has risen, increasing from SEK 45.9 billion in 2020 to SEK 46.8 billion in 2021.

There has also been some progress in terms of transparency. In the most recent aid budget, the Government provided information on how it calculates in-donor refugee costs as part of its ODA. Previously this was done with a lack of transparency, something that was heavily criticized by members of CONCORD Sweden.

With better clarity on these costs, it will be more possible to make comparisons from year to the next.

The system of calculating in-donor refugee costs based on hard-to-assess estimates remains a challenge. For example, in 2020 SEK750 million ($90 million) was returned from the migration authorities' budget to development assistance activities. This was welcome, as huge investments are needed to address the impacts of the COVID-19 crisis on people living in poverty around the world. At the same time significant budget increases, when there are only a few months left in the fiscal year reduces predictability and creates planning challenges for the development assistance budget. This is particularly the case if resources are linked to a completely different area of expenditure, such as support for asylum seekers, in which rapid and unforeseen budget changes can occur.

## PRIORITY AREAS OF SWEDISH DEVELOPMENT POLICY

The priorities set out in the policy framework for Sweden's development assistance are: human rights and democracy, gender equality, environment and climate, peace, economic development, migration, health, education and research, and humanitarian aid.

## DEMOCRACY AND HUMAN RIGHTS

Democracy and human rights continue to be central issues for Swedish development assistance, comprising a wide range of priorities. The government has announced further work on anti-corruption. Higher demands will also be placed on partner countries to live up to the rule of law, partly in response to the setbacks for democracy in many countries. The most recent budget bill also placed an emphasis on local community perspectives, both rural and urban, in the government's "Drive for Democracy."

Support for human rights will be a priority in Sweden's international assistance, at both the local and regional level. CONCORD Sweden's working group for the democratic space of civil society has been a strong advocate for the role of local human rights defenders and actors in civil society.[3] In its dialogues with the government, CONCORD has emphasized how important it is for Swedish development cooperation to take into account peoples' voices and actions. The need for support for locally based human rights defenders is noted in the report on Sweden's development assistance's results in the national budget bill:

> *"Swedish support aimed at particularly exposed groups, e.g. journalists, human rights defenders, especially women human rights defenders, LGBTQ activists, indigenous peoples and those who defend the environment and natural resources, plays an important role."*[4]

## ENVIRONMENT AND CLIMATE

The government has recently launched an initiative to strengthen investment in conservation and the protection of biodiversity and ecosystems through its development assistance. Investments in the protection of oceans and rainforests in Africa were announced in the most recent aid budget. The biodiversity initiative has been a particular priority of the Green Party, which holds the Minister of International Development Cooperation position in the government.

In 2019, Sweden provided 7.5 Billion SEK in climate finance, which equalled 0.145 % of its GNI. In the past five years, Swedish aid for climate and environment has more than tripled.[5] Sweden is one of the largest per capita contributors to the Global Environment Facility and the Green Climate Fund, which funds adaptation and mitigation equally. Sweden also gives substantial contributions to other climate funds such as the Adaptation Fund and the LDC Fund.

The policy framework for Swedish aid states that a climate and environment perspective must be integrated in all bilateral aid. Compared to other international donor countries, Sweden has a good balance between adaptation and mitigation, and provides its full share of climate finance as grants. What is less positive is the fact that climate finance is not additional to the Swedish aid target of 1% GNI. As an EU member state, Swedish ODA also contributes to part of the budget of the EU institutions. In EU aid, reports indicate that very little funding is allocated for adaptation, and much of the climate finance comes in the form of loans, credits and guarantees rather than grant aid. Neither Sweden nor the EU are officially committed to loss and damage financing.[6]

## SEXUAL AND REPRODUCTIVE HEALTH AND RIGHTS (SRHR)

Funding for SRHR as well as initiatives to address violence against girls and women have been strengthened increasing Sweden's focus on gender equality. Through CONCORD, Swedish CSOs have raised these issues as critical points for Sweden's interventions in the EU and the UN.

## SOCIAL SECURITY AND PROTECTION MEASURES

These measures have received greater attention since the pandemic and the subsequent social and economic crisis. It is an area that will receive increased support in Swedish aid in 2021. For example, strengthening domestic resource mobilization in partner countries through better tax systems is a clear priority. These were important areas for CONCORD Sweden in its report on strengthening financing for sustainable development.[7]

## PEACE AND SECURITY AND HUMANITARIAN AID

As a priority for Sweden, these areas reflect the international discussions on creating better cooperation between humanitarian work, development cooperation and peacebuilding, i.e. the triple nexus. However, in the most recent budget bill there is no clear mention of the need to strengthen local dialogues for peacebuilding or of the role of local actors in humanitarian aid. In 2016 many donors made commitments to pursue localization through the Grand Bargain, but these commitments have had a minimal impact on local situations and actors to date. Sweden recently adopted a new strategy on Humanitarian aid, which aims to strengthen these aspects and was well received by civil society organisations for the gender equality and localisation focus.[8]

## MIGRATION AND DEVELOPMENT

Sweden emphasizes the importance of upholding the rights of migrants and refugees in accordance with international frameworks in the field of migration and asylum. The EU Trust Fund for Emergency Measures in Africa has been identified as a tool to address the root causes of forced migration through strengthened resilience and increased economic livelihoods. CONCORD Sweden has called for a better risk analysis and evaluation of the EU Trust Fund. There have been several examples of human rights violations in connection with border surveillance and migration management financed by this Trust Fund.

As in the rest of the EU, Sweden's political climate continues to be influenced by the restrictive migration policies and their impact on international aid. The government and a majority of the political parties in parliament still profess their allegiance to a principled approach to development cooperation in line with effectiveness principles, ODA reporting rules and human rights commitments. However, an increasing number of parties have promoted or adopted the view that Sweden should disregard its international commitments and start applying migration policy conditions in its development assistance.[9]

## TRANSPARENCY – STILL GOOD BUT NOT KEEPING PACE WITH OTHER DONORS?

The Government has prioritized the fulfilment of its commitment to **transparency in development assistance** and to ensure that the reporting of its development assistance on openaid.se is further developed. This is welcome and will ensure that Sweden continues to maintain a high-level ranking in international comparisons of donor on aid transparency. Last year, Sweden had a reduced ranking in the Aid Transparency Index, mainly because other donors improved their efforts more than Sweden.

## DELIVERY CHANNELS FOR SWEDISH AID

Swedish aid delivered through UN agencies, other international institutions, and the Multilateral Development Banks continues to make up the majority of its funding for 2021. This is relatively unchanged from the previous year. Humanitarian aid increases by SEK100 million in the 2021 budget. In December 2020, Sweden adopted its new strategy for humanitarian aid. This strategy was well received by civil society organizations who had advocated for an emphasis on the role of local actors, gender equality, and other aspects, as noted above. Although the new strategy was welcomed, there were some criticisms regarding partner decisions by the Swedish International Development Agency (SIDA).

Like many other donors, Sweden has recently increased its support for private sector development and the mobilisation of private investments. Capitalization for Swedfund, the Development Finance Institution in charge of direct investment, has gradually increased. It received an allocation of SEK 1 billion ($120 million) in 2021.

Sida's strategies for providing loan and investment guarantees differ from that of many other donors. The Swedish Government backs guarantees, and its ODA funding is not used for the repayment of defaults. When necessary, a part of the guarantee fee of the bank or recipient organization can be subsidized through Sida grants. But other than that discount, along with Sida staff costs, no ODA money is used. Since Sida uses less ODA for its guarantee operations compared to many other donors, the amount of private capital mobilised is higher for every SEK of invested ODA. By the end of 2019 Sida had mobilised 16.7 billion SEK in its current portfolio (accumulated resources made available for lending) at a cost of 260 million SEK in subsidies of fees.[10]

Allocations to different geographic regions have more or less maintained the same pattern. Support for operations in Africa have received the largest increase. Allocations for the Middle East and Latin America also increased in 2021, but only slightly. Aid to Latin America had declined somewhat recently but because this region has been particularly hit hard by the pandemic, aid increased this year. Swedish aid for activities in Asia saw a small decline in the budget for 2021.

Support through civil society organizations has almost doubled as a share of Swedish development cooperation in the last 10 years. This increase consists primarily of support to international organizations and networks. Support to national and local CSOs based in ODA recipient or donor countries has increased very little. Support for long term partnerships between civil society actors and Swedish organizations remains at the same level as last year at SEK 1.8 billion ($220 million). This amount has been relatively unchanged for several years, and so it currently receives a reduced share of total ODA. This could potentially change with the increased priority on strengthening democratic processes and an independent civil society in partner countries, part of the government's "Drive for Democracy."

## THE PANDEMIC CONTINUES TO SHAPE THE DISCUSSION ON DEVELOPMENT COOPERATION

Swedish aid will continue to be defined by COVID-19 and its consequences. In 2020, a considerable amount of aid was redistributed to new interventions addressing this crisis. Also, many existing development programs implemented by Sida's existing long-term partners have had to change focus to deal with the demands resulting from the pandemic. In his first few weeks in office the new Minister for development cooperation came out strongly in support of Covax, the international initiative to provide more equal access to COVID-19 vaccines for all.

Sweden has emphasized the importance of certain measures to address the COVID-19 pandemic. These include: 1) global health and strengthening health systems; 2) social protection; 3) building sustainable societies and climate resilience; 4) sexual and reproductive health and rights including access to maternal health care, safe abortions and contraception during the crisis; 5) gender equality, especially in the context of men's violence in close relationships during lockdown; 6) livelihoods, economic opportunities and decent work; and 7) access to accurate information, freedom of information and free journalism, democracy and human rights facing restrictions due to COVID-19.[11]

## CONCLUSIONS

Going forward, the challenges for Swedish development cooperation are quite political in nature. In negotiations with other donors at the EU level and in OECD DAC, Sweden is often perceived as a principled donor that is reluctant to let national security and other domestic interests shape its development policy. This is positive. Adhering to international commitments and the rule of law at the global level allows Sweden to engage internationally in negotiations relating to human rights issues without fearing a backlash. At the same time, staying true to principles is hard work when the country is clearly in the minority on some issues.

The current Swedish government is facing an uncertain political situation ahead. National elections are coming up in 2022. This political reality has the potential to have a bigger impact on Swedish aid than in the past. Since 2006 the Swedish parliament has had a majority consensus on providing one per cent on GNI in development assistance. In mid-2019, the Moderate Party, one of the larger opposition parties, abandoned this commitment and campaigned to reduce the aid budget by a third. In remains to be seen if these changing political dynamics will have a negative impact on Sweden's ODA in the coming years.

## ENDNOTES

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Victims of conflict in Nigeria find refuge in Cameroon camp. Nigeria is one of the countries receiving more than 58% of aid cuts from the United Kingdom.

SOURCE: UNHCR

# UNITED KINGDOM: COVID AS CATALYST: SEISMIC SHIFTS IN UK AID

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## AN OVERVIEW

- The Department for International Development (DFID) has been merged with the Foreign and Commonwealth Office (FCO) to create one department, with a view to strategically aligning UK foreign and development policy.

- The shrinking of GNI in 2020, caused by the Covid pandemic led to reductions in the total amount of UK Official Development Assistance (ODA) for that year. Originally forecast as a cut of £2.9 billion, the final amount is not yet confirmed but likely will be slightly less than this amount. No information on the package of cuts has been formally shared.

- In November 2020, the UK government announced their intention to reduce the percentage of ODA from 0.7% to 0.5% GNI, with a view to returning to 0.7% "when the fiscal situation allows."[1] The commitment to 0.7% is a legal requirement, and it is not yet clear how the government intends to adjust this, particularly when the announcement was made just 4 months in advance of the start of the fiscal year.

- The move to 0.5% is predicted to reduce UK aid by 30%, cutting the budget by an estimated £4.5 billion. Where these cuts will fall is unclear, but calculations suggest that bilateral aid will fall by at least 50%.[2]

- The decision to merge departments and the cuts to UK ODA were made with little consultation or transparency. At the time of writing, information on where the cuts fell in 2020 or were planned for 2021 has not been shared, though an independent inquiry by the Independent Commission on Aid Impact (ICAI) found that 68% of the 2020 cuts were made by rescheduling multilateral commitments.[3]

- The lack of transparency around the cuts to ODA raises concerns that decisions will not necessarily protect poverty-eradication as a core focus. The scale of the cuts, 1/3 of the UK's total ODA budget, means that cuts will likely be felt across the board, including in the poorest and conflict-affected states.

- There was a significant shift in the UK's ODA to a focus on health in 2020, with 37% of new spending and 21.5% of total spend going towards the health sector. Spending on emergency response and government and civil society saw reductions in their funding share.[4]

- The UK reported a total commitment of £1.3 billion to the global pandemic response by the end of 2020. Much of this funding went to support research and the development of vaccines, treatments and testing. Support was also given to the COVAX AMC to support developing countries' access to vaccines.

- The UK announced the doubling of its international climate finance investment, committing to spend at least £11.6bn between 2021 and 2026.[5] At least £3bn of this will be spent on solutions that protect and restore nature and biodiversity.[6] As COP26 President, the UK is working to encourage others to make similar commitments before the conference in November 2021.

## INTRODUCTION

The year 2020 proved to be one of seismic changes for UK aid. Against the backdrop of the Coronavirus pandemic, the UK Government restructured the UK's aid architecture, re-centralised aid spending, and reduced the UK aid budget, first in response to falling GNI and then by abandoning the commitment to spend 0.7% of GNI on ODA. Amidst these changes, the strategic and rhetorical commitment to aid in the national interest remained the constant guiding principle, reinforcing concerns that the primacy of poverty reduction in UK aid allocations is at risk.

Wider changes in the UK's international strategy have also demonstrated the intention to redefine the UK's strategy for aid. The Integrated Review of Security, Defence, Development and Foreign Policy, launched in February 2020, planned to set out the parameters for the UK's role in the world as well as its long-term strategic vision.[7] With big announcements like the DFID-FCO merger, cutting the aid budget and setting out the strategic priorities for development taken prior to publication, the Review itself focused primarily on defence and diplomacy, with aid given less discussion. Where it was discussed, the Review indicated the intention to align UK aid with future trading and security partners.[8] The language of 'Global Britain'[9] continues to promote the UK as a 'force for good' in the world, including its role as host of both the G7 and COP26 in 2021.

Trust between the UK's international development sector and the Government has been undermined. Many of the significant decisions of 2020 were made with no warning or consultation, and as cuts to aid spending are being implemented the sector has struggled to access any information about them.

In 2020 UK ODA has seen major changes to its fundamental aid architecture. These are, in part, the culmination of trends to re-purpose UK aid in service of foreign policy objectives. The coronavirus pandemic has provided the opportunity to do so. Underlying all these decisions is the continued strategy to more closely align UK aid with Britain's national interests. This is not a new rhetoric – over the past five years UK ODA has continuously been shaped to fit with diplomatic and trade interests. However, the scale, speed and institutional nature of the changes over the past year indicate a new era and framing for UK ODA.

## THE FCO AND DFID MERGER

In June 2020, the UK Government decided to merge the Department for International Development (DFID) and the Foreign and Commonwealth Office (FCO) to create a new department, the Foreign, Commonwealth and Development Office (FCDO). The Secretary of State for International Development stated that the rationale behind the merger was "to maximise our impact around the world, project our values and be a stronger force for good in the world."[10] The various public statements from the Government around the merger made it clear that this decision came from a desire to more closely align the UK's development spending and strategy with wider foreign policy priorities. Prime Minister Boris Johnson stated that it was time to "mobilise every one of our national assets, including our aid budget and expertise, to safeguard British interests and values overseas."[11] This positioning continues a trend in the UK over the last five years of seeking to align UK ODA with wider national interests overseas.

While the UK has had a history of merging and re-establishing independent international development departments, DFID has existed, in its most recent form, since May 1997.[12] It had built a good international reputation for effective, transparent and strategic aid programming. The FCO has been less admired and had historically not performed as well as DFID on the Aid Transparency Index, with the former being rated 'fair' to DFID's 'very good'.[13] On the Real Aid Index[14] the FCO was rated 'moderate' on effectiveness and transparency and 'weak' on poverty-focus of aid spending, where DFID scored 'strong' across the board.[15] This past performance record raised concerns that the merger would hurt the effectiveness of UK aid and damage the UK's reputation as a global development leader.

In 2019 DFID managed 73.1% of UK ODA, with the FCO managing just 4.5%.[16] The new FCDO will manage 81% of UK ODA in 2021/22.[17]

While rumours of a merger had been circulating, its announcement and timing came as a surprise to the UK civil society. It was made while the integrated review was on-going and a week after the International Development Committee recommended against a merger in its interim report on the Effectiveness of UK Aid.[18] Observers questioned the impact of making such large bureaucratic changes during a global humanitarian emergency. There was no consultation with the sector prior to the announcement. The strong negative reaction has potentially undermined any early relationships between the sector and the new department as it establishes priorities and processes.

Bringing together two departments with such distinct roles, expertise and cultures does, however, present opportunities to strengthen policy coherence across government, particularly on issues that previously straddled the two departments such as human rights and civic space. But there is also the risk that the merger will undermine the UK's performance as a global leader on poverty reduction, sustainable development and humanitarian response. The long-term impact of this decision remains to be seen. British Overseas NGOs for Development (Bond) has produced a set of 15 hallmarks against which the success of the merger will be measured.[19] A six-month assessment has found areas to be commended, including the intention to shift to bilateral programming as a default for ODA and progress on global challenges such as open societies and climate. However, for many of the benchmarks progress had been poor or too early to assess.[20]

## THE INTERNATIONAL DEVELOPMENT COMMITTEE AND THE INDEPENDENT COMMISSION ON AID IMPACT

Alongside the creation of the FCDO, it is clear that the UK Government wanted to disband the International Development Committee (IDC),[21] the Parliamentary oversight body of the now defunct DFID. It also undertook a rapid review of the Independent Commission on Aid Impact (ICAI), which scrutinises the impact and value for money of UK aid spending. Together the two bodies have been the primary vehicles for holding the Government accountable for UK aid and development.

While it was technically out of the control of the Government, its public statements indicated that the intention was to disband the IDC and transfer its role and responsibilities to the Foreign Affairs Committee.[22] This proposal quickly ran into opposition in Parliament and ultimately the Government was forced to retreat.[23] The U-turn followed a concerted campaign within Parliament, supported by development NGOs, to save the committee and safeguard the essential role it plays in scrutinising UK aid. The campaign brought together both aid champions and sceptics alike, who effectively rallied around the common cause of parliamentary scrutiny and accountability.

Although the Foreign Secretary in the end responded by confirming a continued role for ICAI,[24] there had been concerns that its independence and ability to hold government to account could be significantly undermined by the review by the Government of its remit, particularly in the absence of a strong Parliamentary counterpart. These fears were alleviated as the review, published in December 2020, stated that ICAI "provides strong external scrutiny of UK overseas development assistance (ODA) and offers excellent support to Parliament in its role in holding the Government to account."[25] Crucially, the review explicitly confirmed that ICAI must remain independent and able to produce robust analysis, challenging assessments and ambitious, but practical recommendations.[26]

The review found that ICAI could do more to help the Government ensure that its aid is as impactful as possible. This included a series of recommendations to both ICAI and the FCDO on achieving that aim. Several recommendations called for an increased role for ICAI in supporting aid spending departments, particularly the FCDO with learning.[27] It remains to be seen how ICAI's relationship with the FCDO will develop, and how the new focus on learning will impact the scope and practice of ICAI's reviews. ICAI has set out an ambitious review agenda for 2021, and the IDC has launched an important inquiry into the Philosophy and Culture of Aid.

## A SHRINKING GNI: 2020 AID CUTS

Since 2013, the UK government has consistently provided 0.7% of GNI as ODA. This commitment was enshrined in law in 2015.[28] The UK has interpreted this 0.7% target as both a floor and a ceiling, each year carefully balancing expenditures against projected GNI.[29]

In July 2020, Foreign Secretary Dominic Raab wrote to three Parliamentary committees to update them on plans to ensure that the UK realized its 0.7% GNI commitment.[30] Reductions in UK GNI caused by the COVID pandemic pushed the Government to make reductions to 2020's ODA budget. Raab chaired a review process across all ODA-spending departments, with stated priorities for allocating ODA for poverty reduction, tackling climate change, championing girls' education, UK leadership in the global COVID response and campaigning on religious and media freedom.[31] Implementation of the £2.9 billion package of cuts was to begin immediately, with provisions built in to adjust further if the level of GNI was lower than forecast.

Although the Foreign Secretary's letter outlined a broad plan to make cuts to ODA, little detail was provided on which areas or departments would see reductions. Stakeholders and Sarah Champion MP, the Chair of the IDC, voiced their concerns that the proposed cuts risked falling hardest on the world's poorest people, who were already bearing the brunt of COVID-19.[32] The lack of consultation around this package was a major concern. As 2020 progressed and cuts were implemented, the Government continually resisted sharing any details of cuts with the sector or public.[33]

While the exact details of the package of reductions in 2020 remain unknown, it is possible to draw some conclusions on where the Government has targeted these cuts. An investigation by ICAI into the government's previous management of the 0.7% target found that 68% of savings were found from rescheduling multilateral commitments.[34] Analysis of published IATI data of formerly-DFID now-FCDO programmes by Development Initiatives found that the former DFID disbursed £2.2 billion less than originally forecast for the year.[35] Bilateral spending saw particularly high cuts, in contradiction to the Foreign Secretary's stated intention to use bilateral spending as a default.[36] In terms of allocations to sectors, increases in spending to health, action relating to debt and social infrastructure coincided with decreases to emergency response, government and civil society, development food assistance and education.

Albeit partial, the available data indicates UK ODA priorities as well as potential risks and opportunities. Unsurprisingly, the UK has prioritised global health spending and the environment, in preparation for its role as President of the G7 and COP26 in 2021. But the overall reduction in ODA has meant that there are cuts to other, much needed sectors. These sectors have become even more critical with the effects of COVID-19 exacerbating poverty and inequality. Decisions around ODA disbursements for 2021 will provide a clearer picture of the department's priorities and future directions.

## ABANDONING THE 0.7% COMMITMENT

Following the 2020 £2.9 billion reductions, the Chancellor, Rishi Sunak, announced in the November 2020 Spending Review the intention to reduce the Government's commitment to ODA from 0.7% to 0.5% of GNI. It justified this move by citing the financial impacts of the pandemic.[37] It is worth noting that just before announcing this cut, the Government allocated an additional £16.5 billion for defence spending over the next four years.[38] The additional £4 billion plus a year will be more or less equal to the savings from cutting the aid budget.[39]

This move, which cut the aid budget by 30%, was on top of any further reductions caused by the continuing poor prospects for economic growth. The announcement received an immediate backlash from the international development sector, former Prime Ministers, and across Parliament.[40] The following day, the Foreign Secretary appeared before Parliament to set out a £10 billion aid budget with seven strategic priorities.[41] In setting out the new approach, the Foreign Secretary emphasised that UK aid would be focused on countries where UK development, economic and security interests align.[42] Observers were quick to comment on the absence of a commitment to poverty reduction in the Foreign Secretary's new strategic approach to ODA.[43]

Since the announcement, the Government has been moving quickly to make 0.5% a reality. Once again, decisions have been taken in secret, with no consultation and at speed. The Government has continued to rebuff parliamentary questions and sector requests for information on the cuts. A recent interview with Minister James Cleverly gives the clearest statement yet that the Government has no intention of discussing the aid cuts with international development experts until after the decisions had been made.[44]

Despite these obstacles, a picture of UK aid in 2021 and beyond is emerging. At the March 2021 Yemen Pledging conference, the first concrete evidence on the scale of the cuts was made public. The UK pledge went down 60% from 2019, provoking renewed condemnation of the decision to scrap the 0.7% commitment.[45] By the end of the week, and thanks only to a leak from within the Government,[46] the details of proposed cuts country by country revealed the full scale of the costs of the move to 0.5%. Although humanitarian response and preparedness is officially still a UK strategic priority, countries experiencing the world's largest humanitarian disasters can expect cuts from 58–93%. Yemen, South Sudan and Nigeria, which top the UK government's famine watchlist,[47] will have their aid budgets slashed by over 50%. Others, like those in the Sahel, will see their budgets slashed by 93%.

## UK'S DEVELOPMENT RESPONSE TO COVID-19

Like other donor countries, the UK has found itself responding to the global emergency at home and abroad. The UK's development response to the effects of the pandemic have been shaped by both the domestic fallout and the broader changes to UK aid. Early in the pandemic, infection rates and deaths were concentrated in developed countries. The secondary impacts of the pandemic, resulting from widespread economic shutdowns, had had a more immediate impact on developing countries. The UK played its part globally early in the pandemic, co-hosting pledging events and committing new funding.

Statements by the DFID Secretary of State as well as the Prime Minister confirm that the UK views global action on COVID-19 as essential. In a joint statement with some of her European counterparts, then DFID Secretary of State, Anne-Marie Trevelyan set out an ambitious agenda for a global response that would help “fight the pandemic, mitigate its consequences, strengthen preparations and improve our changes of recovery.”[48] In May 2020, the UK co-hosted the Coronavirus Global Response International Pledging Conference and in June hosted the Global Vaccines Summit. The UK also joined the rest of the G20 in suspending debt service payments to the poorest countries until the end of 2020.[49]

The UK acted quickly, initially pledging £544 million in UK aid to vaccine and treatment development, supporting developing countries health systems and mitigating the economic impact by the end of March 2020.[50] By the May 9th Pledging Conference UK pledges had risen to £788 million. By the end of 2020, the UK Government stated that £1. 3 billion in new ODA had been committed to counter the direct and indirect impacts of the pandemic and to support the search for treatments and a vaccine.[51] This amount is in addition to the re-purposing of existing funding to respond to the pandemic in humanitarian contexts. The UK was the fifth largest donor to the global Coronavirus emergency, committing $462 million to meet humanitarian needs globally.[52] With the reality of a shrinking ODA budget, this will necessarily have required cuts elsewhere, the detail of which is yet to be published.

The UK has channeled the majority of its COVID response funding to multi-lateral partners including WHO, UNICEF, UNHCR and WFP. UN agencies have received £130 million in funding from the UK. The Red Cross and Unilever each received £50 million. Just £18 million was allocated directly to NGOs via the Rapid Response Facility – much less than the £200 million NGOs estimated was needed to adequately respond in support of civil society on the ground. The IMF received £150 million to tackle economic recovery. Another basket of funding went to vaccine and treatment development,[53] with £250 million went to CEPI for vaccine development, with additional funding going to the Foundation for Innovative New Diagnostics (FIND) and the COVID Therapeutics Accelerator (CTA). An additional £75 million went to the WHO’s critical health systems response. Later in 2020, the UK committed £571 million to the COVAX AMC supporting vaccine procurement.[54]

The categorisation of all the UK’s contributions to vaccine development, treatments and testing as official development assistance is contested. In their interim report the International Development Committee raised concerns that some of the funding may ultimately be disqualified and urged the UK Government to voluntarily re-categorise spending on research and development from ODA, arguing that this could also offset some of the £2.9 billion in reductions required by the drop in GNI.[55] The UK Government has stood by their claims that the funding meets OECD DAC definitions of ODA.[56]

## CONCLUSION

2020 has been a pivotal year globally. Many countries have been forced to evaluate their priorities and processes. For the UK, the COVID crisis has been the catalyst for big decisions around the basic architecture for UK aid, including the decision to reduce ODA to 0.5% of GNI. Against a backdrop of Brexit and a new vision for the UK’s role in the world, the ongoing shift to allocate UK aid according to UK’s interests has resulted in seismic changes to the fundamentals of UK development policy and practice.

The UK has long played its part on global development spending, demonstrating how to use large amounts of aid effectively and partnering with countries to foster sustainable development. DFID’s expertise and proven track record of effective development assistance is well recognized. This, as well as a sizeable aid budget ensured by the 0.7% GNI commitment, has formed the basis of the UK's strong reputation on global development.

The changes to the UK's aid architecture, aid budget and strategic approach have rightly raised concerns that that UK aid will shift away from effective, pro-poor development and humanitarian programmes. The lack of consultation, engagement and transparency with which major decisions were taken over the past year has done little to reassure the UK's international development sector of the Government's intentions.

Even if the UK Government's decision to drop the 0.7% is temporary, as promised, the changes implemented by the current Government have highlighted a number of points of concern. The top five to watch are: 1) The continued primacy of poverty reduction and principled humanitarian aid in determining the UK's spending priorities in 2021 and beyond; 2) Safeguarding accountability to UK taxpayers and the communities aid is meant to help; 3) Reversing the decline in transparency in UK aid; 4) Improving engagement with the UK international development sector; and 5) Maintaining a strong evidence-based approach to aid effectiveness. Without strong performance across all of these areas, the UK's reputation on global development could be at risk.

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# GLOSSARY OF AID TERMS

**AAAA** – Addis Ababa Action Agenda

**ADB** – Asian Development Bank

**Aid** – See Official Development Assistance

**ACT Accelerator** – A global coordinating mechanism launched by the WHO, France, the European Commission, the Bill and Melinda Gates Foundation, the Global Fund, the World Bank and Gavi. It is intended to draw together significant official and private sector finance around four pillars of work – diagnostics, treatment, vaccines and health system strengthening – focusing on the needs of low- and middle-income countries.

**Adaptation (dis. Climate Change)** – Climate change adaptation is the process of adjusting to current or expected climate change and its effects.

**AF** - Adaptation Fund

**AfDB** – Africa Development Bank

**Additionality** – Funds should not replace, but be an addition to national regional policy funds.

**ALBA** – Bolivarian Alliance for the Peoples of our America

**Alignment** - Donors base their overall support on partner countries' national development strategies and co-ordinate development actions

**ASG** – Abu Sayyaf Group

**AU** – African Union

**AUPSC** – African Union Peace and Security Council

**BAPA** – Buenos Aires Plan of Action

**BDPfA** – Beijing Declaration and Platform for Action

**BF** - Blended Financing

**Bilateral Aid** - is provided to developing countries and countries on Part II of the DAC List on a country-to-country basis, and to institutions, normally in Britain, working in felds related to these countries.

**BIFF** – Bangsamoro Islamic Freedom Fighters

**Boko Haram** – Radical revivalist Islamic Movement waging insurgency from the less developed region of northern Nigeria.

**Budgetary Aid** - is general financial assistance given in certain cases to dependent territories to cover a recurrent budget deficit

**CBOs** – Community-Based Organizations

**CDC Group** – Commonwealth Development Corporation

**CCIC** – Canadian Council for International Cooperation

**CODA** - Climate-related Official Development Assistance

**Concessionality Level** - is a measure of the 'softness' of a credit reflecting the benefit to the borrower compared to a loan at market rate (cf. Grant Element).

**CIVICUS Monitor –** is a research tool that provides close to real-time data on the state of civil society and civic freedoms in 196 countries.

**CEDAW –** Convention on the Elimination of All Forms of Discrimination Against Women

**Coherence (dis. Policy Coherence) –** Policy Coherence is defined by the OECD as the systematic promotion of mutually reinforcing policy actions across government departments and agencies creating synergies towards achieving agreed objectives.

**Collective Outcome –** A concrete and measurable result that humanitarian, development and other relevant actors want to achieve jointly over a period of 3-5 years to reduce people's needs, risks and vulnerabilities and increase their resilience.

**Conditionality** - is a concept in international development, political economy and international relations and 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.

**Concessionality Level –** is a measure of the "softness" of a credit reflecting the benefit to the borrower compared to a loan at market rate.

**COP –** Conference of Parties

**CPA –** Country Programmable Aid

**CRF –** Country Results Framework

**CRS –** Creditor Reporting System

**COVAX Partnership –** Organized within the Accelerator to ensure the purchase, equal access and delivery of more than 2 billion vaccines to vulnerable people and health care workers in low- and middle-income countries by the end of 2021.

**COVAX Advanced Market Commitment –** Global mechanism focused on vaccine access for least developed and low-income countries. The AMC is supported by ODA, the private sector and philanthropy.

**COVID-19 –** Coronavirus Disease 2019

**CPDE –** CSO Partnership for Development Effectiveness

**CSOs –** Civil Society Organisations

**DAC –** Development Assistance Committee. The DAC of the OECD is a forum for consultations 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 definitions and criteria for aid statistics internationally.

**DCF –** Development Cooperation Forum

**Debt relief** - may take the form of cancellation, rescheduling, refinancing or re-organisation of debt.

**Debt cancellation** - is relief from the burden of repaying both the principal and interest on past loans.

**Debt rescheduling -** is a form of relief by which the dates on which principal or interest payments are due are delayed or rearranged.

**Decade of Action for Agenda 2030** - A campaign initiated by the United Nations that calls for accelerating sustainable solutions to all the world's biggest challenges — ranging from poverty and gender to climate change, inequality and closing the finance gap.

**Developing Country –** The DAC defines a list of developing countries eligible to receive ODA.

**DFIs –** Development Finance Institutions

**DGD –** Belgian Development Cooperation Administration

**DRC –** Democratic Republic of Congo

**DSSI –** Debt Service Suspension Initiative (DSSI)

**EC –** European Commission

**ECLAC –** Economic Commission for Latin America and the Caribbean

**EEZ –** Exclusive Economic Zone

**EIB –** European Investment Bank

**Escazú Agreement –** Regional Agreement on Access to Information, Public Participation and Access to Justice in Environmental Matters in Latin America and the Caribbean

**ESFD –** European Fund for Sustainable Development

**EU –** European Union

**EUDs –** European Union Delegations

**FAO –** Food and Agriculture Organization

**FDI –** Foreign Direct Investment

**FIAP –** Feminist International Assistance Policy, see also Global Affairs Canada

**FinDev –** Development Finance Institute Canada, see also Global Affairs Canada

**FPIC –** Free, Prior and Informed Consent is a specific right that pertains to indigenous peoples and is recognized in the United Nations Declaration on the Rights of Indigenous Peoples.

**FOIP –** Free and Open Indo-Pacific

**Fragility –** The OECD DAC defines fragility as "the combination of exposure to risk and insufficient coping capacity of the state, systems and/or communities to manage, absorb or mitigate those risks."

**G7 –** Group of 7 is an intergovernmental grouping of the world's major industrialized countries. It consists of Canada, France, Germany, Italy, Japan, UK and USA.

**G20** - Group of 20 Finance Ministers and Central Bank Governors. Established in 1999, it brings together systematically important industrialized and developing economies to discuss key issues in the global economy.

**GAC –** Global Affairs Canada

**GCF –** Green Climate Fund

**GDP –** Gross Domestic Product

**GHG –** Greenhouse Gases

**GNI –** Gross National Income

**GPEDC –** Global Partnership for Effective Development Cooperation

**Grand Bargain –** Launched at the World Humanitarian Summit in 2016, the Grand Bargain is an agreement to implement 51 commitments by 63 multi-stakeholder signatories, including some of the largest donors and humanitarian organizations (25 Member States, 22 NGOs, 12 UN Agencies, two Red Cross movements, and two inter-governmental organisations).

**HDP –** Humanitarian-Peace-Development

**HIPCs –** Highly Indebted Poor Countries

**IATI –** International Aid Transparency Initiative

**IBRD –** International Bank of Reconstruction and Development

**ICICI –** Industrial Credit and Investment Corporation of India Banks

**ICSID –** International Centre for Settlement of Investment Disputes

**IDA –** International Development Association, see also World Bank

**IDPs –** Internally Displaced Persons

**IDRC –** In-Donor Refugee Costs

**IFC –** International Finance Corporation

**IFIs –** International Financial Institutions

**IISD –** International Institute for Sustainable Development

**IMF –** International Monetary Fund

**INDCs –** Intended Nationally Determined Contributions

**INGOs –** International Non-Government Organisations

**IPCC –** Intergovernmental Panel on Climate Change

**ILO –** International Labour Organization

**IOM –** International Organization for Migration

**ITUC –** International Trade Union Conference

**JICA** – Japan International Cooperation Agency

**LDCs –** Least Developed Countries

**LICs –** Low-Income Countries

**LMICs –** Lower Middle-Income Countries

**LNOB –** Leave No One Behind

**Loss and Damage –** Refers to permanent loss or repairable damage caused by manifestations of climate change, including both severe weather events and slow onset events such as se level rise and desertification.

**MIGA –** Multilateral Investment Guarantee Agency

**MDGs –** Millennium Development Goals

**Mitigation (dis. Climate Change) –** Climate change mitigation consists of actions to limit global warming and its related effects.

**MDBs –** Multilateral Development Banks

**MFD –** Maximizing Finance for Development

**MICs –** Middle Income Countries

**NDCs –** Nationally Determined Contributions, see also UNFCCC

**NEAR –** Network for Empowered Aid Response

**New Way of Working –** Rooted in ongoing UN reform process for UN agencies to synergize work across the humanitarian and development spectrum.

**OAS –** Organization for American States

**ODA –** Official Development Assistance

**OECD –** Organisation for Economic Co-operation and Development

**OOFs –** Other Official Flows

**PA –** Palestinian Authority

**Paris Agreement –** Legally binding international treaty on climate change adopted by 196 Parties at the COP 21 in Paris on December 12, 2015 and entered into force on November 4, 2016.

**Paris Club –** Group of officials from major creditor countries including Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Ireland, Israel, Italy, Japan, Netherlands, Norway, Russia, South Korea, Spain, Sweden, Switzerland, UK, and USA.

**PCBS –** Palestinian Central Bureau of Statistics

**PFM –** Public Financial Management

**PICs –** Pacific Island Countries

**POs –** Peoples' Organizations

**Programme Aid –** is financial assistance specifically to fund (a) a range of general imports, or (b) 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 World Bank/IMF coordinated structural adjustment programme.

**PSIs –** Private Sector Instruments

**REDD+** - Reducing Emissions from Deforestation and Forest Degradation. REDD+ is a UNFCCC modality meant to encourage developing countries to contribute to climate change mitigation efforts by (a) reducing GHG emissions by slowing, halting and reversing forest loss and degradation; and (b) increasing removal of GHGs from the earth's atmosphere through the conservation, management and expansion of forests.

**RoA** - The Reality of Aid Network

**SAT-VG –** Early Warning System on Violence Against Women and Girls in Conflict Contexts

**SIDS –** Small Island Development States

**SDGs –** Sustainable Development Goals

**SDC –** Swiss Agency Development Cooperation

**SRHR –** Sexual and Reproductive Health and Rights

**SSC –** South-South Cooperation

**SSDC –** South-South Development Cooperation

**Sub-Saharan Africa –** Geographic and ethnocultural are of the continent of Africa that lies south of the Sahara. It consisted of all countries and territories that are fully or partially south of the Sahara.

**States of Fragility Report –** Annual report that reports and explores trends and financial resource flows in fragile and conflict-affected states and economies.

**SWAPs –** Sector-wide Programming

**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.

**Triple Nexus –** Development approach that acknowledges the international community is working in countries that face the triple challenges of poverty/inequality, conflict/fragility and humanitarian need. While unique to each situation, it seeks dialogue, relationships and programmatic connections between humanitarian, development and peace actors.

**TRIPS –** Trade-Related Aspects of Intellectual Property Rights

**UMICs –** Upper Middle-Income Countries

**UNASUR –** Union of South American Nations

**UN –** United Nations

**UNCT –** United Nations (Humanitarian) Country Team

**UNCTAD –** United Nations Conference on Trade and Development

**UNHAS –** United Nations Humanitarian Air Service

**UNICEF –** United Nations Children's Fund

**UNDP –** United Nations Development Programme

**UNFCCC –** United Nations Framework Convention on Climate Change

**UN OCHA –** United Nations Office for the Coordination of Humanitarian Affairs

**UCDP –** The Uppsala Conflict Data Program is a data collection program on organized violence, based at Uppsala University in Sweden.

**USAID –** United States Agency for International Development

**Technical Assistance or Cooperation –** Technical Assistance / Cooperation includes both grants to nationals of aid recipient countries receiving education or training at home or abroad, and payments to consultants, advisers, and similar personnel as well as teachers and administrators serving in recipient countries (including 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.

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**VAWG –** Violence Against Women and Girls

**VNR –** Voluntary National Review

**WB –** World Bank

**WCZs –** Women in Conflict Zones

**WHO –** World Health Organization

**WHS –** World Humanitarian Summit

**WMO –** World Meteorological Organization

**WPS –** Women, Peace and Security Agenda

**WTO –** World Trade Organization

Sources consulted include: *Reality of Aid*, *Annual Development Cooperation Report of the DAC*

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The COVID-19 pandemic has revealed disturbing limits in global solidarity, particularly on the part of the international donor community. In a matter of months, the pandemic has exposed long-standing structural inequalities both within and between countries. Despite some progress, COVID has increased vulnerabilities for millions of people, pushing many into poverty, in the context of the ever-more-present impacts from climate change.

Faced with these compounding global challenges, there is an unparalleled and urgent need to maximize development finance, while focusing on the rapidly worsening conditions for poor and vulnerable people. Yet the evidence in this Report, and several parallel civil society commentaries, point to largely stagnant aid flows, an aid system with systemic ineffectiveness highly resistant to change, and a growing pre-eminence of donor economic and political interests in aid priorities.

The Reality of Aid Report 2020/2021 provides new evidence from CSOs, both in the South and the North. They write on the role of aid in the convergence of fragile contexts, escalating impacts of the climate crisis and a global pandemic. Chapters critically examine the reform of aid in these fragile country contexts. How are donors approaching the Triple Nexus, which calls for greater coordination amongst humanitarian support, development, and peace actions? In seeking a more holistic approach, the Triple Nexus has gained increased attention since the 2016 World Humanitarian Summit and the 2019 agreement by all donors at the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC) on a DAC Recommendation on the Humanitarian-Development-Peace Nexus. Experience and issues in its implementation are elaborated through country case studies and thematic perspectives on peace and security, social protection and violence against women and girls.

Altogether this body of evidence accentuates the urgent call by the Reality of Aid Network for systemic aid reform. Can the pandemic be a moment of opportunity? Might the dramatic spread of COVID-19 change the future of aid? Could it bring the needed transformations in development and humanitarian aid delivery that have eluded those seeking reform for the past ten years? The Report puts forward a number of recommendations for moving along these directions.

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