The Reality of Aid 2014

An Independent Review of Poverty Reduction and Development Assistance

Rethinking Partnerships in a Post-2015 World:
Towards Equitable, Inclusive and Sustainable Development

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IBON INTERNATIONAL

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IBON Center, 114 Timog Avenue, Quezon City 1103, Philippines

Writer/Editor: Brian Tomlinson

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The Reality of Aid Network

The Reality of Aid Network exists to promote national and international policies that contribute to new and effective strategies for poverty eradication built on solidarity and equity. Established in 1993, the Reality of Aid is a collaborative, non-profit initiative, involving non-governmental organisations from North and South. 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 a critical analysis of how governments address the issues of poverty and whether aid and development cooperation policies are put into practice.

The Reality of Aid International Coordinating Committee is made up of regional representatives of all participating agencies.

REALITY OF AID NETWORK International Coordinating Committee (2014)

Rev. Malcolm Damon
Chairperson
Economic Justice Network (EJN)
Church House 1, Queen Victoria Street
Cape Town, Republic of South Africa
Tel: (27) 21 424 9563
Email: mpd@ejn.org.za
www.ejn.org.za

Fraser Reilly-King
Vice Chairperson/Representing non-European OECD Country CSO members
Canadian Council for International Cooperation (CCIC)
450 Rideau Street, Suite 200
Ottawa, Ontario, K1N 5Z4
Tel: +01 613 2417007
Fax: +01 613 2415302
Email: freillyking@ccic.ca
www.ccic.ca

Vitalice Meja
Reality of Aid Africa
Wanandege Flats Apt 4D Kirichwa Road Kilimani

P.O.Box 36851 - 00200 Nairobi Kenya
Tel: + 254 202345762/ 254 704353043
Email: roaafrica-secretariat@realityofaid.org
www.roaafrica.org

Erin Ruth Palomares
Reality of Aid Asia Pacific
3/F IBON Center, 114 Timog Avenue
Quezon City 1103, Philippines
Tel: +63 2 9277060 ext. 201
Telefax: +63 2 9276981
Email: epalomares@realityofaid.org

Jeroen Kwakkenbos
Representing European Country CSO members
European Network on Debt and Development (EURODAD)
Rue d'Edimbourgh 18-26
1050 Brussels, Belgium
Tel: +32 2 8944645
Fax: +32 2 7919809
Email: jkwakkenbos@eurodad.org
www.eurodad.org

Alberto Croce
Representing Latin American CSO members
Red Latinoamericana de Deuda, Desarrollo y Derechos (LATINDADD)
Fundación SES
San Martín 575 6°A
Buenos Aires, Argentina
Tel: +54 11 5368 8370
Email: dir@fundses.org.ar
www.fundses.org.ar

Jennifer del Rosario-Malonzo
Global Secretariat Coordinator
3/F IBON Center, 114 Timog Avenue
Quezon City 1103, Philippines
Tel: +63 2 9277060 ext. 204
Telefax: +63 2 9276981
Email: global.secretariat@realityofaid.org
www.realityofaid.org

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Overall editorial control of the Reality of Aid 2014 Report 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.

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Preface

The Reality of Aid Reports analyse and advocate key messages relating to the performance of aid donors from a unique perspective of civil society in both donor and recipient countries. These Reports have developed a reputation in many donor countries as an important independent comparative reference for accountability and public awareness of development cooperation issues.

As the world transitions from the Millennium Development Goals (MDGs) to a post-2015 sustainable development framework, donors, South-South Cooperation providers, partner country governments, as well as non-state actors, like civil society actors and the private sector, must take stock of their partnerships, in their varied forms. This is why the theme of the 2014 Report is Partnerships and the Post-MDGs.

Some of the key questions that the Reality of Aid Network (RoA) urged civil society organizations to reflect on ahead of 2015 are: What have we learned from previous partnerships? In what ways can diverse partnerships with a broader array of development actors contribute to achieving the post-2015 goals? How do we ensure that these partnerships are consistent with human rights standards and the goals of eradicating poverty, inequality and social injustice? What are the preconditions and the principles to ensure that future partnerships are equitable?

Contributors to this Report explored the following: the principles and practice for inclusive partnership at the global and national levels; new (and existing) models of partnering for positive development outcomes for the poor; and preconditions for equitable partnerships that contribute to sustainable development outcomes for the poor. Comprised of 27 contributions, this RoA 2014 Report provides a global civil society perspective on the issues, with key messages framed by the network's focus on maximizing contributions to poverty eradication, within a framework that is defined by human rights standards.

Rev. Malcolm Damon
Chairperson
The Reality of Aid Network

Part 1

Reports

A New Global Partnership for Ending Poverty and Reducing Inequality

The Reality of Aid International Coordinating Committee

UN Secretary General, Ban Ki-Moon, is pressing the international community "to redouble our efforts and make inclusive partnerships -- a core aspect of the Busan Partnership agenda – a reality."[1] Nothing short of a renewed and transformed globally inclusive partnership will enable the achievement of the post-2015 Sustainable Development Goals (SDGs). Building on the leadership of member states, the Secretary General points to important private sector roles in contributing to development, to civil society's efforts as a partner in delivering services, monitoring progress and strengthening accountability, to parliamentary oversight, and to the contributions of aid providers from both the global North and global South.

This *2014 Reality of Aid Report* brings together civil society experience and perspectives on recent trends in partnerships and development cooperation. It points to some essential conditions that may determine the effectiveness of global, regional and country level partnerships in achieving the post-2015 SDGs. And it makes a series of recommendations for structuring partnerships that are informed by the *Millennium Declaration* commitment "to spare no effort to promote … respect for all internationally recognized human rights and fundamental freedoms, including the right to development."[2]

What can we learn from previous partnerships? In what ways can diverse partnerships with a broader array of development actors contribute to achieving the post-2015 goals? How do we ensure that these partnerships are consistent with human rights standards and the goals of eradicating poverty, inequality and social injustice?

In recent years, a new set of principles has helped shape the way we need to think about such partnerships. At the 2013 UN Development Cooperation Forum (DCF), all development actors affirmed the essential importance of renewed global partnerships, "based on the principles of solidarity, equality, national ownership and self-determination, mutual respect and global responsibility."[3]

The *Busan Partnership for Effective Development Cooperation* is itself a voluntary and global multi-stakeholder partnership involving traditional donors, civil society, parliamentarians, local government, southern aid providers and the private sector. In 2011 this highly inclusive partnership established four important principles to guide development cooperation practice – democratic country ownership, focus on results with a long-term impact, inclusive partnerships, and mutual accountability and transparency, including to citizens – "consistent with our agreed commitments on human rights."[4]

In combination, the full implementation of the DCF and Busan principles form crucial benchmarks for the achievement of the goals of the post-2015 period. For their part, civil society and global leaders have affirmed and acknowledged the importance of the eight *Istanbul Principles for CSO Development Effectiveness*, which include a focus on pursuing "equitable partnership and solidarity."[5]

Given this normative context for reforming development cooperation, and an acknowledgement of important roles for a broad set of actors in development, authors in this *2014 Report* reflect on a number of questions, including the following:

- What principles should guide governments, CSOs, and the private sector to ensure an inclusive global partnership for the post-2015 agenda?
- How do South-South Cooperation (SSC) aid providers change the development landscape in terms of the principles for a global partnership?
- As outcomes for poor and vulnerable people are realized mainly at the national and local levels, to what degree are global principles for inclusive partnerships reflected at the national level?
- Given the changing context for Northern CSOs, how are they redefining their relationships with Southern CSOs, and vice versa?
- What is the experience with private sector partnerships on the part of donors and other actors?

The various contributions in turn inform the key messages and recommendations that the global Reality of Aid Network bring to the final months of deliberation on the post-2015 development goals and the means to implement and achieve the targets. These messages are set out in the concluding section of this chapter. In many respects they are consistent with recent civil society proposals for the post-2015 development agenda.[6]

Partnerships and the Millennium Development Goals: Foundations for success?

"Partnership" has become a much-repeated and ill-defined buzzword in the global arena. The word alone assumes a joint initiative between two or more *equal* participants. It also presumes that participation in, and the sharing of, benefits to all parties are transparent and equitable. Taurai Chiraerae, writing from AFRODAD, referencing the OECD approach to partnerships, points to a potentially more instrumental donor rationale as "an agreement to do work together in ways that will benefit all involved, bringing results that could not be achieved by a single partner operating alone, and reducing duplication of efforts."[7]

Shannon Kindornay's contribution goes a bit further, usefully parsing four types of actual partnerships in current practice, providing examples of each:

- Philanthropic partnerships limited to one-way transfer of resources;
- Transactional partnerships involving a reciprocal contribution/exchange of resources;
- Integrative partnerships bringing together multiple ways of working together on a specific common initiative; and
- Transformative partnerships based on mutually agreed social goals and working together towards a medium-term change process.

Current international discourse presumes that working in partnership is an implicit good and can better achieve development outcomes than actors working alone. However, as Kindornay highlights,

> "partnerships in and of themselves do not necessarily guarantee sustainable development outcomes or that benefits translate to marginalized populations. Indeed, the extent to which partnerships lead to sustainable development outcomes, such as the realization of human rights, poverty reduction and environmental sustainability, is an obvious and critical determinant of success. In the excitement of the post-2015 discussions, stakeholders should not develop partnerships simply for the sake of partnership. … [B]enefits from partnership are not automatic nor are they necessarily equally shared among partners."

Indeed, "partnerships" in the context of development cooperation have had a long and troubled history. In the name of "partnership," poverty-focused development outcomes have often been severely distorted and compromised by self-serving motivations on the part of more powerful donors, by the unilateral imposition of severe policy conditions on developing country governments and implementing partners, and by the absence of serious attempts to fully include poor and vulnerable people in setting development priorities. The post-2015 development framework must acknowledge and address these structural issues and the actual political experience of partnership on the part of many counterparts in the global South.

Following the adoption in 2000 of the *Millennium Declaration*, the global community established eight Millennium Development Goals (MDGs) to be achieved by 2015. Goal Eight was distinct, calling for a reciprocal "global partnership for development," which was to address the means for achieving the first seven Goals. While some modest progress has been made since 2000 on cancelling unpayable debt and on initial increases in Official Development Assistance (ODA) – see the Global Aid Trends chapter in this *Report* for further details – civil society has been highly critical of both the formulation and weak donor commitment to Goal Eight. Unlike the other Goals, Goal Eight had no specific, measurable benchmarks, was disconnected from the targets for the other Goals, and was not considered time-bound (i.e. to be achieved by 2015). More recent rising debt levels in many developing countries, and the abandonment by many donor countries of the 0.7% aid target, is a testament to this.[8]

At the global level, and parallel to the MDGs and the weak donor commitments on Goal Eight, a series of informal High Level Forums on Aid Effectiveness (HLFs) – Rome in 2002, Paris in 2005, Accra in 2008 and Busan in 2011 – identified key areas for aid reform, including norms and voluntary commitments to improve the quality of aid practices, alongside the global calls for increased aid quantity. Key among these proposed reforms have been donor commitments on the following:

Directing aid to areas of development priorities determined by partner country governments and their citizens (democratic ownership);

- The use of partner country budgetary systems as the default option for aid disbursements;
- Engagement in mutual assessment of results based on country priorities;
- Making transparent the full range of development activities; and
- Providing regular, and timely indicative forward expenditure and/or implementation plans.

Starting in Accra in 2008 and culminating in Busan in 2011, donors and partner countries also acknowledged civil society organizations (CSOs) as independent development actors in their own right. They committed to create an enabling environment, based on their existing human rights obligations, which would maximize CSOs' contributions to development. Strongly related, the Busan HLF stressed the need to "accelerate our efforts to achieve gender equality and the empowerment of women through development programmes grounded in country priorities, recognizing that gender equality and women's empowerment are critical to achieving development results."[9]

The Busan HLF created a unique opportunity to fully include a diversity of development actors – CSOs, parliamentarians, local government, the private sector, trade unions, women's and grassroots organizations – in launching the multi-stakeholder Global Partnership for Effective Development Cooperation (GPEDC).

Together, the full implementation of these HLF commitments over the past decade could have strengthened MDG Goal Eight in real terms towards a truly inclusive partnership for development. But while there have been some improvements in aid transparency and mutual assessment of development results, for the most part only very modest improvements have been documented in other areas of aid practice.[10] For example, Ahmed Swapan Mahmud and Farjana Akter, VOICE Bangladesh, point out in their chapter that to date there is little evidence of effective donor/government partnerships at the country level. Despite the creation in Bangladesh of a Local Consultative Group mechanism and a Joint Cooperation Strategy (JCS) in 2010, donors remain divided, wedded to their own aid management systems and have failed to translate the JCS into a practical action plan. With respect to commitments to CSOs and women's empowerment, the evidence suggests that the legal and regulatory environment and space for inclusive CSO dialogue has deteriorated in many countries since Busan.[11]

While recognizing these limitations in progress, Alex Shankland and Jennifer Constantine, from the Institute of Development Studies, argue in their chapter that the GPEDC may nevertheless be well positioned to make a contribution to the post-2015 agenda. Its comparative advantage may be so "because of the way that development cooperation is changing – and in particular because of the growing importance of multi-directional knowledge exchange and multi-stakeholder partnerships involving non-state actors."

Partnerships in Development Cooperation

Indeed development cooperation has been changing over the past decade, not least in the growth of various forms of partnerships through which aid providers are working to maximize both resources for development and the achievement of globally agreed development goals. What are some of the forms of these partnerships? How effective have they been in advancing the rights of poor and marginalized people?

The contributors to this *Reality of Aid Report* focus critical attention on three major areas of partnership: 1) Civil society partnerships; 2) Private sector partnerships; and 3) South-South Cooperation (SSC) and Triangular partnerships.

Civil Society Partnerships

Partnerships with and among civil society organizations (CSOs) have had a very long, and sometimes challenging, history in development cooperation. Today CSOs are major development actors in their own right. Civil society partnerships support on-the-ground service delivery, strengthen accountability of development actors to beneficiary populations, and engage in policy dialogue at all levels based on a wide diversity of experience and in-country knowledge and research.

The "Global Aid Trends" chapter in this *Report* estimates that CSOs are managing approximately US$65 billion in development assistance annually (equal to more than 50% of DAC Real ODA in 2013. Eight of the largest global International NGO families (for example, Oxfam International and World Vision International) had an estimated US$11.7 billion in global revenue in 2011, up more than 40% since 2005. This chapter also points to a growing body of Southern NGOs raising funds domestically and regionally.

While a number of donors such as Denmark and Belgium have adopted strong policies governing their partnerships with civil society organizations, CSO platforms from New Zealand, Australia, Canada, the Netherlands, and Japan report a deterioration in conditions governing donor partnerships in recent years, which has profoundly affected the capacities of CSOs to maximize development outcomes.

In the Netherlands, for example, the government's budget for CSO co-financing partnerships has been reduced by 50%. Support is now available only for lobbying and advocacy roles, with no resources for service delivery, irrespective of the necessary linkages between these roles in the practice of many CSOs. While there have been recent increases in available ODA resources for Japanese CSOs, these CSOs state that new financing schemes now require a much closer alignment between CSO projects and specific priority areas set by the government, with a corresponding loss of CSO program autonomy. As this report went to print, the Japanese government was considering revising their ODA Charter to shift support away from civil assistance projects in developing countries to support foreign militaries.[12]

The Canadian chapter demonstrates the essential linkage of enabling funding modalities and CSO development effectiveness. In 2010, the Canadian government reverted from a history of sustained and responsive program funding for CSOs to an exclusive government-directed call-for-proposal approach, with a focus on government priorities, one-off project funding, and highly unpredictable and sporadic calls. Canadian CSOs have documented the resulting widespread disruption on their capacities to sustain programs and long-standing partnerships. Declining revenue and uncertainty over three years has lead to cuts in CSO partnerships in developing countries and significant reductions in staffing on the part of almost half of Canadian CSOs surveyed in 2013.[13] The situation may be shifting now. Following this period of tense relationships with Canadian CSOs, the government launched consultations on a draft Civil Society Partnership Policy in June 2014. Canadian CSOs are eager to restore a productive and respectful partnership with the Department of Foreign Affairs, Trade and Development – something that the new Policy could be set to do.

Inclusive partnerships that engage poor and vulnerable people in their communities often benefit from engagement with a diversity of CSO actors in development cooperation. The contribution by the Trade Union Confederation of the Americas highlights the importance of broad coalitions of trade unions, grassroots peasants, women, and indigenous organizations, alongside other CSOs, to engage governments in political debate on policies for development alternatives based on fair income distribution and social protection measures.

Women's organizations have stressed the importance of deepening an inclusive engagement on the manifestations of gender issues and women's empowerment at the national and local levels. The "Global Aid Trends" chapter, however, points to a worrying decline in the value of donor funding support for women's rights organizations – a trend that is evident between 2008 and 2012. Partnerships with women's rights organizations are essential to the full inclusion of women in development activities and to assure accountability to stated goals for gender equality and women's empowerment on the part of all development actors.

In another example, Laura Becerra Pozos, from Equipo Pueblo (Mexico), highlights in her contribution the engagement of CSOs in complex partnerships in rural/urban settings with municipal authorities, community-based organizations, and other local economic actors. CSOs have deep experience in local social processes. CSOs bring this experience to policy dialogue, alongside a solid commitment to strengthening capacities for local actors, local knowledge, and accountability in democratic governance – factors that Pozos notes CSOs often have to struggle to assert in national debates on development priorities.

The inclusion of CSOs as equal partners in implementing a post-2015 agenda requires not only appropriate, diverse and flexible modalities for partnerships with donors in terms of resources, but also measures to address the deteriorating enabling environment of CSOs as development actors in an increasing number of developing countries. In the absence of an enabling environment, in Pozos' words, "the circle of partnership" cannot be complete.

Among other impediments to CSOs realizing their full potential as independent development actors, CSOs are facing increasing numbers of legal and regulatory constraints on registration, restrictions on receipt of foreign funds, attacks on human rights defenders, including women's rights defenders, and limited access for a diversity of CSO dissenting voices to policy dialogue at country and regional level.[14] This is an underlying, if not always explicit, theme in many of the chapters included in this report.

While CSOs are facing multiple barriers in fulfilling their mandates and roles, several contributing chapters acknowledge that CSO partnership practices are also characterized by unequal and paternalistic relationships, often constraining the work of local partners on the ground. The Australian theme chapter suggests that traditional partnerships of Australian CSOs may be ill equipped to deal with a changing development environment. They may need new skills to transforming themselves, to promote learning and mediation roles, so that they may work in more complex and unusual partnerships and coalitions. The latter are needed to more effectively address key CSO concerns for the post-2015 agenda – inequality, local empowerment and the inevitable political challenges to redistribution of power relations on the ground.

Similarly, the Japanese theme chapter points to increased interest among Japanese CSOs to promote more equitable partnerships with developing country partners. The latter are sending a strong message that the operational presence of Japanese CSOs on the ground is no longer required and is becoming a significant issue. On the other hand, consideration of operational reforms is limited by the Japanese government's continued insistence for Japanese staff on the ground to manage activities.

Several chapters (Bangladesh, Mozambique, Canada) call attention to the importance of the *Istanbul Principles and the International Framework for CSO Development Effectiveness* as a framework for addressing CSO issues in governance, accountability and effectiveness. All development actors in the Busan Partnership have recognized the *Istanbul Principles* as important norms that should guide CSOs as development actors. These *Principles* call on CSOs to "commit to transparent relationships with CSOs and other development actors, freely and as equals, based on shared development goals and values, mutual respect, trust, organizational autonomy, long-term accompaniment, solidarity and global citizenship." CSOs in many countries have reflected on their current partnership practices in light of these principles, and the guidance provided for their implementation. [15]

Private Sector Partnerships

Proposed Sustainable Development Goal (SDG) number 17, calls for strengthening the means for implementing the SDGs through the mobilization of additional financial resources from multiple sources. In this regard, expanding partnerships with the private sector have been identified repeatedly in support of different SDGs, in UN processes, and in bilateral donor policies and practices. (See examples in the chapters for the Netherlands, Japan, New Zealand, Australia, Canada, Finland, the United Kingdom and the Philippines,).[1]

Facing ODA levels that have been stagnating, governments are looking to the international private sector, and in particular multinational business and finance corporations, to increase resources for the SDGs and to contribute private sector initiatives and skills to achieve development outcomes. Whether in the UN, among bilateral donors, or multilateral finance institutions, the private sector is seen as a crucial development actor to promote "inclusive growth" and expand job opportunities.

Raijiv Shah, as USAID Administrator, is characteristic of the strong push towards private sector partnerships: "The new model of development requires us to do things differently – to be more nimble and more flexible, to reach out to private sector partnerships at home and abroad, and to bring more engagement to tackle the kinds of problems we want to solve."[16] Similarly, Justine Greening, UK's Secretary of State for International Development, noted in a speech before the London Stock Exchange in March 2013:

> "[W]e can't just see business as a risk to developing countries. We must also see it as an opportunity. Business interests and developing country interests can align far more often than not. … I want to see far more (British) businesses joining the development push with DfID. … We're not doing anyone a favour leaving the economic coast clear to those with lower standards than our own, and I believe British companies can have a real role in growing developing economies through trade. …

1 For a more comprehensive overview of the evolution of private sector partnerships and related donor policies, see the 2012 Global Reality of Aid Report, Aid and the Private Sector: Catalysing Poverty Reduction and Development?, Accessible at http://www.realityofaid.org/?roa_report=aid-and-the-private-sector-catalysing-poverty-reduction-and-development.

> Finally, expect to see my department looking at innovative financing approaches to help support this new style of development investment. … And I want to look at other innovative ways to do more direct investment, including more projects based on returnable capital …. This is good for investors, who earn a financial return. It's good for the poorest, who receive jobs and support. And good for DFID as it allows us to leverage in far more private sector finance, meaning each pound of our budget has even more impact."[17]

CSOs in Canada, Japan, Australia and New Zealand have highlighted the many ways in which their donor policies have also more closely aligned ODA priorities with donor investment and commercial interests in developing countries. Many CSOs are deeply concerned about the growing corporate influence at the United Nations, pointing to the Global Compact and a trend towards the "privatization of the UN agenda".[18] Critics suggest that MDG 8 and its Global Partnership, which focuses on the accountability of governments in developed countries for their policies, may be shifting in the post-2015 agenda towards multiple corporate partnerships with various private sector stakeholders.

The responsibility and accountability for implementing the SDGs as an agreement between sovereign governments at the UN is being replaced in practice by multiple private-public "partnerships" with various "stakeholders."[19] Not only are these arrangements over-riding political decision-making by governments, through unaccountable access and lobbying, they also weaken an accountable and transparent multilateral system. On this front, the Communiqué from the first Ministerial meeting of the Global Partnership for Effective Development Cooperation in April 2014 laid the stage for further emphasis on such private-public partnerships. But it also at least recognized the need to "put in place platforms and hubs for inclusive and structured multi-stakeholder dialogue on the broad range of public-private partnerships, including trade unions and civil society organizations, and - for the first time – acknowledged "the importance of private sector accountability."[20] How the Global Partnership, the private sector and other stakeholders respond to these commitments remains an open question. They nevertheless provide an essential minimal framework for implementing private sector engagement with the post-2015 agenda.

For such partnerships not to ring hollow, there is growing pressure to demonstrate concrete evidence that private sector partnerships are "good for the poorest." The story to date is less than promising. Japanese CSOs report that Japanese companies are now able to make direct proposals with JICA, the Japanese aid agency, for funding the development of their plan for a business opportunity or for the business operation itself, with limited or no reference to development outcomes for the poorest. Canadian CSOs note that the Canadian government is using aid to aggressively push a strong role for the (Canadian) private sector in development, in particular Canadian mining companies. On a more positive note, the Netherlands have created a revolving loan fund for partnerships between Dutch and local small and medium enterprises, although CSOs note there is little knowledge on the impact of such funds on beneficiaries and particularly the extremely poor.

The contribution from IBON International examines public-private partnerships (PPPs) in the Philippines, and asks the question, "development partnerships for whom?" The author of this chapter, Christopher Chanco, highlights the impact of private sector-led development strategies, with its emphasis on PPPs for large-scale infrastructure, which "has often come at the expense of agriculture, public services and other social infrastructure investments critical for broad-based, equitable and balanced economic development." PPPs are often an avenue for corruption and back-room deals, reinforcing patronage politics, where resulting privatizations leave millions of poor people without access to basic social services.

CSOs also describe some progress among several donors. In Belgium, there have been reforms in the governance of its Development Finance Institution, BIO, which may no longer engage with tax havens, including the practice of transfer of profits to tax havens in order to avoid taxes. A recent strategic note on working with the private sector places less focus on large corporations and more on strengthening the local private sector. While Finland places more emphasis on the private sector in its development strategies, it is implementing an overall human rights based approach. There is strong emphasis on norms for corporate social responsibility, the prevention of tax evasion, the curbing illicit capital flight and actions to close tax havens.

Several donor country CSO reports document increased attention to development-oriented and human rights policy coherence. Belgium has passed a new law for development cooperation, which calls for inter-ministerial meetings and an external Advisory Council that includes CSO membership. Denmark also has a new legal framework focusing on development partnerships with developing countries, guided by a human rights based approach and an action plan for policy coherence. In Japan, it is the CSO platform, JANIC, which has taken the lead to create a network of 30 leading Japanese CSOs with 20 major Japanese companies to share views with the private sector, with a focus on human rights and business practice.

South-South Cooperation Partnerships

The UN Secretary-General has underscored the importance of South-South Cooperation (SSC) in financing and knowledge-sharing to achieve the post-2015 SDGs. Middle income aid providers of SSC are estimated to contribute US$23.6 billion to development cooperation, an amount that has been growing rapidly in the past five years, during a period when Northern donors have reduced or flat-lined their ODA. More detail on these flows can be found in the Global Aid Trends chapter.

The MDGs have been largely driven by partnerships between traditional donors and developing countries supported by North-South aid flows. The post-2015 SDGs are intended to be a comprehensive agenda, which are universal in their application not only in the poorest developing country, but also in emerging and industrial countries. Making progress will therefore be increasingly determined by the degree to which the new SDGs are also embraced by emerging developing countries, target the poorest and most marginalized in their practice, and inform their partnerships in SSC.[21]

CSOs are devoting increasing attention to understanding the nature of SSC and its implications and impacts on development outcomes for poor and marginalized populations. Vitalice Meja, Reality of Aid Africa, in his chapter, examines the growing political motivations and challenges among African governments to promote SSC and partnerships. He asks whether African countries really benefit from SSC. He concludes,

> "The challenge for Africa in SSC seem to revolve around Africa's political and emotional approach to SSC partnerships, rather than focusing on the actual strategic, economic and technical interests such partnerships can generate. The effect has been a lack of relevant institutions in Africa, both technical and academic, to facilitate and deepen and more substantially benefit from these partnerships."

He suggests that evidence to date indicates highly unequal state-driven SSC partnerships with African counterparts, ownership only at the highest political level of the state, and limited one-off dialogue on the challenges of SSC among African leaders at either the regional or Africa Union level.

On a more positive note, Meja points to increasing numbers of examples of CSO SSC, with partnerships that are embedded in human rights-based approaches to development, and that as such work within a framework of solidarity, justice and mutual benefit. Shankland and Constantine also identify the gap between the practices of SSC as government-to-government partnerships and the norms for good aid practice emerging from the GPEDC. They suggest that Southern CSOs and think tanks may be an acceptable bridge to stimulate discussion with the different SSC stakeholders to promote reflection and reform on current SSC practices.

Bianca Suyama and Melissa Pomeroy, writing from Articulação SUL in their chapter on Brazilian SSC, highlight the tensions and potential contradictions between the principles of SSC – horizontality, non-conditionality, and responsiveness to the demands of partners – and the economic and political interests that inform Brazilian foreign policy and development cooperation. They suggest that there is not one single partnership model in Brazilian development cooperation, but rather many policies and multiple practices, deeply influenced by the implementing agencies and involved partners, including participatory processes inherent in recent Brazilian national development. Brazilian SSC can enhance a pluralisation of voices in the post-2015 debate and the potential emergence of new paradigms of development. But in order to realize such outcomes, it will be essential to systematize evidence on SSC impact in relation to human rights and social justice.

The contribution by the Voluntary Action Network India (VANI) focuses specific attention on the growth of Indian SSC since the 1960s. A mixture of diplomatic, security and economic interests has motivated Indian development cooperation. Development cooperation policy has combined economic cooperation (trade and technology flows) and technical cooperation (sharing technical experience through training and exchange of experts). A lack of coherence in Indian aid architecture was addressed in 2012 with the creation of the Development Partnership Administration (DPA) within the Ministry of Foreign Affairs. VANI suggests that the DPA would benefit from learning from other donor expertise on project impact analysis and other practices to improve the quality of delivery and better assessment of SSC modalities. They also point to a common theme in SSC – the failure to date to take advantage of the tremendous development experience of Indian CSOs, calling for better mechanisms for consultation and partnerships with CSOs in Indian SSC.[22]

Conditions for Effective Partnerships for the Post-2015 Agenda

A renewed post-2015 global partnership must be capable of meeting the urgent challenges of a world at the crossroads of ecological, political and socio-economic crises. The global community will assemble in September 2015 to agree on a new set of sustainable development goals. But will these SDGs and their related targets galvanize people and governments to address both poverty and growing inequality? Will the SDGs create the basis for strong, diverse and well-resourced partnerships to mobilize action? Under what conditions can such partnerships be effective in realizing peoples' human rights?

1. The international human rights regime establishes the framework that structures the post-2015 SDGs and their implementation.

An agenda that addresses poverty and inequality is already inherent in legally binding international human rights commitments. The question is the level of effort and the timeframe for protecting and fulfilling peoples' human rights. CSOs are therefore advocating for a post-2015 development agenda closely aligned with international human rights standards:

> "At its essence, a post-2015 framework anchored in human rights moves from a model of charity to one of justice, based on the inherent dignity of people as human rights holders, domestic governments as primary duty-bearers, and all develop actors sharing common by differentiated responsibilities. […] The post-2015 framework must then *at the very least respect and reflect pre-existing human rights legal norms, standards and political commitments* to which governments have already voluntarily agreed [emphasis in the original]."[23]

An enabling environment for implementing sustainable development goals will require not only a diversity of targeted financial resources, but also significant reforms. These reforms must affect change in development cooperation, international investment, trade relations, employment and social protection policies in ways that enable governments to act to respect, protect and fulfil the rights of their citizens and for people to work together to claim their rights.

2. A strong developmental state, which facilitates an enabling environment for a diversity of actors to contribute to development, is the basis for a renewed Global Partnership for SDGs.

All states bear the primary responsibility to promote and protect human rights, including the immediate fulfilment of civil and political rights and freedoms, and the progressive realization of economic, social and cultural rights. Governments are not solely responsible for development, but play a leading role in establishing an environment for different actors to realize their potential roles in development, and in setting priorities and providing resources for development outcomes. Given these human rights obligations, a pro-active and leading role by government – the "development state" – is the starting point for a renewed post-2015 Global Partnership, one that creates the space for diverse development actors to engage their various competencies in the process of development.

While all governments have human rights obligations, an effective Global Partnership for the SDGs recognizes the differential responsibilities and capacities of developed, developing and emerging economies to make progress. In maximizing their efforts for the SDGs, governments, in their joint and separate actions, bring the necessary political, financial and policy resources to bear on measures that truly "leave no one behind." In doing so, they may work with and/or support diverse partnerships with relevant development actors – civil society, the private sector, local governments, social movements, and parliamentarians, among others.

The Post-2015 Women's Coalition for example, seeks SDGs, related targets and implementing means, which will lead to government policies that not only fulfil the centrality of gender equality and the human rights of women and girls, but also enable women to fully and actively participate in the economic, social and political life in their community, nation and world.[24]

3. Inclusive partnerships for the SDGs must integrate key principles and practice that address inherently unequal power relations between different stake-holder groups.

Various levels of government, civil society and private sector stakeholders enter into partnerships with different interests and unequal political/economic power to influence partnership goals and outcomes accordingly. The expressed interests of communities of poor and discriminated populations are often the most marginalized in 'inclusive' partnership arrangements. At the other end of the spectrum, the international private sector has access to global political influence, local patronage, levels of resources and multilateral agreements that allow it to shape domestic regulatory regimes, distort national development priorities and avoid local accountability.

The power of donors over both development priorities and the modalities of aid delivery has limited progress in a number of important areas, particularly for the poorest and least developed countries – use of developing country systems, accountability to developing country stakeholders, predictability of available resources. We have already noted similar issues of unequal power in civil society North-South partnerships that also persist in distorting the actual priorities and organizational autonomy of Southern counterparts.

The 2011 Busan Global Partnership established "inclusive partnerships" as one of the four foundational principles that should guide cooperation among development actors for effective development: "Openness, trust, and mutual respect and learning lie at the core of effective partnerships in support of development goals, recognising the different and complementary roles of all actors." [paragraph 11] Inclusive participation is closely related to *democratic* ownership of development policies and processes. But, in reality, current discourse on inclusive partnerships often masks or depoliticizes highly unequal power relations among development actors that significantly affect development outcomes.

The Busan principles, openness, trust, mutual respect and democratic ownership, as well as notions of voice, action and results, should be embedded in the post-2015 goals and means of implementation for global, national and local partnership. Inclusion is only achieved when development gives space for "voice" (i.e. democratic processes and fora that provide for diversity of perspectives and priorities) and a place for "action" (opportunities for a range of development actors, beyond the state, to contribute to development). Together inclusive voice and action leads to inclusive "results," benefiting all segments of society.[25] The outcome of the September 2015 Heads of State UN meeting, the future SDGs, and the corresponding accountability and implementation framework, must integrate principles and practice that address equity and inclusivity in future partnerships.

4. Partnerships with the private sector that aim to catalyse private sector resources for the SDGs should take account of human rights standards and other key pro-development criteria, giving priority to the local/national private sector and to social economy partnerships in developing countries.

The determination of priorities for private sector partnerships should be based on an analysis of the specific areas and sectors where poor and marginalized people live and are economically active, and the impact of these initiatives on their livelihood, assets and capacities. Such partnerships must respect international human right standards, including the International Labour Organization core labour standards and the right to free, prior and informed consent. Initiatives to expand productive employment should be guided by the ILO Decent Work Agenda.

A strong and enforceable government regulatory and accountability regime is essential to create the environment in which private sector interests for profitable investments do not distort public/private partnerships (PPPs). The latter must aim to contribute to sustainable development goals and outcomes. CSOs have proposed a number of measures to guide such partnerships, namely that:

a) clear criteria are in place for due diligence assessment of current and past practices of specific private sector actors and these actors can demonstrate a track record to (potentially) deliver on the SDGs;
b) partnerships are guided by the Busan effectiveness principles of democratic ownership, inclusive partnerships, transparency and accountability, and lasting results;
c) binding corporate social and environmental accountability standards are in place, are transparent, and are taken into account;
d) development outcomes are assessed independently, with a focus on accountability to local partners and stakeholders ahead of accountability to shareholders; and
e) the use of public resources to catalyse private investment is based on clear and transparent analysis of the financial additionality of the latter (i.e. that the resources would not constitute a subsidy).

Most development projects and programs are already held to such rigorous criteria, and there is no reason why private sector investments or PPPs should be subject to anything less. Donors should be prepared to demonstrate that the allocation of public resources in a PPP is consistent with realizing relevant human rights standards and is a more effective means to make progress on these standards than through public investment alone. A multi-stakeholder accountability mechanism for PPPs should be transparent and accessible, but also address inherent power imbalances between potential stakeholders affected by the PPP.[26]

5. Governments must ensure an environment for civil society organizations (CSOs) that maximizes their roles and contributions to development, including enabling legal and regulatory conditions, access to funding, and institutionalized spaces for policy dialogue.

Establishing and implementing an ambitious set of SDGs, rooted in human rights commitments, is nothing short of a far-reaching and ambitious undertaking. A fully inclusive multi-stakeholder dynamic is therefore essential to realize partnerships for meaningful ownership and commitment to this post-2015 agenda by all development actors.

At the 2011 Busan HLF, all actors committed to "enable CSOs to exercise their roles as independent development actors, with a particular focus on an enabling environment, consistent with agreed international rights, that maximizes the contributions of CSOs to development." [paragraph 22a] These are important principles and commitments that must also shape the implementation of global partnerships for the Post-2015 development agenda.

But rather than witnessing improved enabling conditions since Busan, CSOs have documented in many countries increased harassment, repression and shrinking spaces for policy dialogue, research, advocacy and project and program implementation. Civil society's ability to operate as independent actors is being compromised. The capacity for CSOs to enter into and shape partnerships with governments, the private sector and others requires that minimum enabling conditions be upheld.

A multi-stakeholder Task Team on CSO Development Effectiveness and Enabling Environment (composed of donors, CSOs and partner country governments)[27] have made some widely endorsed proposals to strengthen civil society partnerships to implement the post-2015 SDGs:

a) Recognize the full diversity of CSOs as independent development actors that play roles that complement, but are distinct from, those of governments and the for-profit private sector, whether in provision of services, enabling people to claim their rights, promoting rights-based approaches, or shaping development policies and partnerships and overseeing their implementation.
b) Commit to and promote an enabling environment for CSOs as independent development actors, consistent with agreed international human rights commitments that guarantee: freedom of association, freedom of expression, the right to operate free from unwarranted state interference, the right to communicate and cooperate, the right to seek and secure funding, in the context of the state's duty to protect and promote all human rights.
c) Affirm the importance of inclusive, transparent and institutionalized multi-stakeholder dialogue between CSOs, developing and donor country governments at local, national and international level.
d) Strengthen donors' enabling conditions for CSOs through policies and requirements that effectively promote CSOs' roles as independent development actors.
e) Encourage CSOs' efforts to enhance their effectiveness and accountability through the context-specific adoption and application of the Istanbul Principles for CSO Development Effectiveness.

In advocating partnerships as an essential means for implementing the SDGs, the Secretary General and member states in the UN should explicitly endorse these proposals as the basis for the conditions that enable CSOs to participate effectively in implementing the SDGs.

6. **South-South Cooperation (SSC) aid providers should continue to develop partnerships in support of the post-2015 development agenda in ways that focus on the rights of poor and marginalized populations and that advance a devel-**

opment cooperation paradigm based on principles of mutual benefit and equality.

As a growing form of development cooperation, SSC partnerships will be an increasingly important source of development finance and innovative partnerships between developing countries in ways that comprehensively address their development challenges.

CSOs are seeking greater engagement with SSC aid providers to expand and diversify SSC partnerships, respecting the principles of aid effectiveness, human rights and democratic ownership. Authors in this *Report* make a number of recommendations to strengthen the impact of SSC partnerships:

a) SSC recipient governments should mainstream SSC into their development planning, endeavouring to ensure that SSC partnerships are aligned to their own national development plans and priorities.
b). Broaden country ownership of SSC by creating space and enabling civil society actors to participate directly in SSC, as well as supporting civil society exchange of their own experiences in SSC.
c). Increase the transparency and accountability of SSC to ensure that resources will be used in pursuit of national development goals and priorities.
d) Make resources available through regional and multilateral finance institutions to exchange knowledge and experience and to support SSC partnership projects and initiatives.
e) Develop a framework for assessing evidence of results and impacts arising from the various modalities of SSC, including a reflection on the responsibility to promote human rights and social justice.

7. **Donors and other aid providers should maximize the allocation of grant and truly concessional finance for the SDGs, guided by an assessment of actual conditions of poverty and inequality, not by arbitrary country per-capita income categories, as dete**rmined by the World Bank.

As noted in the Global Aid Trends Chapter, increasing public resources are a key means for implementing the SDGs. In their absence, partnerships will be largely meaningless. All aid-providers must be prepared to increase overall aid budgets to reverse recent reductions and flat lining.

CSOs are encouraged by the work of the OECD Development Assistance Committee to clarify what counts as ODA. The expectation is that DAC members will sharpen the definition of ODA as clearly concessional resource flows to developing countries. The overarching purpose of ODA is to enable the realization of the human rights of populations most affected by poverty, marginalization and inequality, wherever they may live. A new metric for "Total Official Support for Development" can include a wider range of (non-concessional) resource transfers, but should also be fully transparent and directly linked to outcomes that advance the SDGs.

ODA is a unique resource that can catalyse development across all developing countries. Aid modalities, different counterparts and levels of funding may vary according to country conditions. But donors should always take account the very significant numbers of people that live in conditions of poverty, including in middle income countries, where most governments have severe limits on their capacity to allocate resources to these ends.

Fully two-thirds of the population of developing countries, or 3.9 billion people, live on less than $4.00 a day. These populations remain very poor, often highly marginalized, and vulnerable to economic, climatic and political shocks at the household, community, national or global level. Aid resources for achieving the SDGs cannot ignore the human rights of these populations. If we want a truly global post-2015 partnership, it must envisage a comprehensive agenda to end all forms of poverty, not just chronic poverty (living on less than $1.25 per day).

8. **Accountability of all development actors through effective independent mechanisms and institutions is the essential foundation for implementation of significant resource transfers, changes in policies, in political inclusion, and in partnership practices – the types of transformations that are needed to realize the SDGs.**

The Millennium Declaration and the MDGs provided no means to distinguish the responsibility, and therefore the accountability, of different actors for realizing these Goals. In practice, accountability has focused on holding developing country governments and CSOs accountable to donor policy agendas and development priorities.

If the post-2015 agenda is to be universal in its application and ambitious in its scope, then it must address the political and structural barriers that sustain poverty and inequality. But a new global agreement that intends to be transformative, will amount to only good intentions in the absence of a robust accountability framework that can hold all actors, and particularly the most powerful, to account for its realization.

Accountability is already well established in the international human rights system. A strong alignment between the SDGs and international human rights norms and standards provides the foundation for people to hold their governments accountable for making progress. The Universal Periodic Review of the Human Rights Council or a similar parallel mechanism, supported by independent expertise, could provide effective monitoring and accountability. But such mechanisms will be effective only when accompanied by strong human rights/ SDG accountability bodies at the country level, with measures for full transparency and access to relevant information, which ensure effective participation of, and opportunities for legal redress by, all actors and affected populations at the local level.[28] National implementation of the SDGs can also be held to account through parallel independent shadow reports produced by national and local civil society.

CSOs suggest, "a new accountability framework, rather than a new partnership for development, should be the priority for the post-2015 development agenda."[29] In the words of the 2014 Social Watch Report, accountability is only meaningful if it includes the powerful – donor governments, transnational corporations, international finance institutions and some of the largest NGOs and foundations. Heads of State, meeting in the UN in September 2015, must approve not only new SDGs, but also an intergovernmental accountability framework, with robust mechanisms to ensure transparency and comprehensive monitoring, as well as commit to similar mechanisms at the national level.

As noted above, such a framework should be closely aligned to the international human rights good practice. The UN Office of the High Commissioner for Human Rights summarizes the essence of such good practice:

> "While their functions and mandates vary, accountability mechanisms should monitor adherence to human right standards, independently review Government performance, and recommend measures for remedy, redress or other corrective action in the case of non-compliance. … Effective systems of accountability promote systemic and institutional progress that creates conditions in which rights can be more fully enjoyed. Human rights accountability must be integrated into all stages of the domestic policy cycle, from initial planning, to budgeting, implementation, monitoring and evaluation, generating what has been described as a virtuous 'circle of accountability'."[30]

If burgeoning multi-stakeholder partnerships are not to undermine inter-governmental accountability mechanisms, these mechanisms must ensure all stakeholders, and especially the most powerful, are transparent and demonstrably align with many of the principles and approaches we have highlighted in this chapter. The fabric that informs such accountability at all levels are human rights standards, which are inherent in Sustainable Development Goals that are truly transformative, planet-friendly and people-centered.

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agencies, and partner countries. Established in 2009, the Task Team's experience demonstrates that consensus building through fully inclusive multi-stakeholder engagement is not only possible, but is essential for building real ownership of shared goals, and agendas and commitments for action that are politically feasible. The Task Team has fostered an important consensus, shared by donors, governments and CSOs, on minimum standards for enabling conditions for CSOs as effective development actors. This consensus in turn has had an impact on the outcomes of HLF4 and subsequent post-Busan discussions on enabling CSOs to participate fully in development. For Task Team detailed proposals and statements, see http://taskteamcso.com/.

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Chapter 1

Principles and practices of partnerships

A Partnership with Fragile States:

Lessons from the Belgian development cooperation in the Great Lakes Region

Bart Tierens and Thijs Van Laer

11.11.11 – The Coalition of Flemish North South Movement

With the deadline of the Millennium Development Goals (MDGs) approaching, the world is preparing for a new set of international goals. Important progress in fields such as education, poverty eradication and water supply has been made in many countries during the last fifteen years. Nevertheless, some countries have fallen far behind the achievement of these goals.[1] Many of these countries are considered by development experts to be "fragile states" because their state institutions are weak and lack legitimacy.[2]

Fragile states are characterized by governments that do not have the means or the will to provide essential services to their population. They often have a history of armed conflict and/or coup d'états and are vulnerable to internal and external threats.

In international development cooperation, awareness has grown regarding the necessity for a differentiated and adapted approach for these states. In 2007, the OECD launched a set of 10 "Principles for Good International Engagement in Fragile States" (Box One). Subsequently, by the end of 2011, a "New Deal for Engagement in Fragile States" was agreed upon by a larger group of states — including a score of fragile states themselves — during the Busan High Level Forum on Aid Effectiveness.

Belgium is a donor country that has a long history of engagement with fragile states, particularly in the Great Lakes Region in the heart of Africa. Almost half of the Belgian aid budget goes to fragile states. The Democratic Republic of Congo (DRC), Burundi and Rwanda are the three largest recipients of Belgian aid overall. Not surprisingly, Belgium was one of the countries that endorsed the OECD's principles and signed the New Deal for engagement in fragile states. It also drafted

Box 1 OECD Principles for Good International Engagement In Fragile States & Situations

1. Take context as the starting point.
2. Do no harm.
3. Focus on state-building as the central objective.
4. Prioritise prevention.
5. Recognise the links between political, security and development objectives.
6. Promote non-discrimination as a basis for inclusive and stable societies.
7. Align with local priorities in different ways in different contexts.
8. Agree on practical coordination mechanisms between international actors.
9. Act fast… but stay engaged long enough to give success a chance.
10. Avoid pockets of exclusion.

its own "Strategic Note on Fragile Situations" in 2013,[3] which was largely a synthesis of the international principles.

A May 2014 study by the Flemish coalition of development NGOs, 11.11.11, and the research institute IPIS, shows that a gap exists between the international and Belgian principles on engagement in fragile states on the one hand, and the practice of the Belgian development cooperation in the field on the other hand.[4] Without going into the details of these principles, this article will present some of the recommendations of the 11.11.11 report for (bilateral) development actors that can help to close the gap between theory and practice in fragile states.

Prepare well and involve all relevant actors

In fragile states, the central authorities often lack legitimacy or the capacity to define strategies and priorities and to implement them. Therefore, and in order to respect the aid effectiveness principle of ownership, a broad consultation of different actors is necessary when programming new development strategies and interventions. Although Belgian development cooperation already does make efforts to involve local populations during the preparation of its interventions, these consultations tend to focus on elites, even within local groups. In one case, although they were very happy with the new school in their village, local farmer representatives said that it was "like it fell from the sky," as they had not been informed or involved in the project. Reaching out to the broader population might not be an easy job, but it is a necessary one. It avoids the existence of "aid orphan" groups that are and feel excluded from aid, a phenomenon that might disturb the already vulnerable social contract in fragile states. Moreover, involving the local population contributes to their ownership of the intervention and to its sustainability. Involving civil society is one way to a more comprehensive approach.

A good knowledge of the context and of existing conflict dynamics is necessary in order to prepare a development intervention. A good context analysis helps donors avoid inadvertently fuelling existing tensions related to land, power, identity, natural resources, and other local issues. This process relates to the so-called "do no harm" principle. Conducting a profound conflict risk analysis, especially when engaging in war-torn areas such as parts of eastern Congo, is highly recommended. Such analysis would include consultation with existing expertise, which is present in local civil society and in international actors such as UN peacekeeping missions.

In the Belgian case, broader context analyses are carried out, but their impact on intervention strategies is rather weak. In one example, useful studies on the sectoral governance environment were only carried out after the cooperation programme with DRC had already been signed.

In addition to context analysis, it is important to integrate in new strategies good practices from previous interventions. Therefore, a good evaluation policy, internal information sharing, stocktaking and exchange of good practices among donors, are all essential. Too often, this does not happen, or even if information on previous good practices is available, it is not taken into account in new interventions, due to political, time-linked and procedural constraints.

Engage in sensitive sectors

Belgium — along with other donors — tend to prefer engagements in traditional socio-economic sectors such as healthcare, agriculture and infrastructure. These sectors give a higher visibility to the donor's interventions and its results, allow quicker spending, and generally limit the risk of interventions causing political tensions between the donor and recipient country.

Belgian development cooperation does recognize state-building as an important priority and defines it as a transversal theme for its cooperation initiatives, which means that it is not considered to be a sector in itself, but rather must be integrated in all different intervention sectors. Although the transversal integration of governance issues in the Belgian development interventions in sectors such as health or agriculture is laudable, the transversal focus leads in practice to relatively low budgets for specific state-building interventions. In 2012, Belgium spent less on support for government and civil society in fragile states, than it did in its non-fragile partner countries.

In fragile states, such as the partner countries of Belgium in the Great Lakes Region, more efforts are needed in sectors such as justice, security and state-building. These are difficult sectors, ones that are politically sensitive, where results are often intangible, and where it is hard to spend large amounts of money in a short time. However, to address vulnerability, lack of legitimacy and risks of conflict in fragile states, it is essential to work on the foundations of these states and to invest more in these sectors. Often Belgium makes the right analysis in its partner countries, especially in the Great Lakes Region, but it does not act accordingly by translating this analysis into its intervention priorities. A 2013 evaluation in Burundi even talked about a "particularly flagrant" gap between the analysis of causes of conflict and the Belgian priorities.[5]

Engage politically to resolve political problems

In fragile states, development cooperation has a significant political dimension, to a much larger extent than more resilient developing countries. This holds true even when intervening in more "technical sectors." Belgian agriculture programmes in DRC, for example, are anchored at the provincial level, which has important competencies in that field since decentralization is enshrined in the Congolese constitution. In practice, however the decentralization process falters, giving the provinces neither the means nor the staff needed to take up their new responsibilities, with dire consequences on the capacity of the provincial authorities to reform and improve agriculture in their province. Such issues are major hurdles for effective development interventions and have to be tackled in a more politically savvy way, including through a political dialogue with Congolese authorities to stimulate improvement and reforms. Even a mere technical intervention in the agricultural sectors always has a political character.

While interventions in such "technical" sectors have a political dimension that is difficult to ignore, investment in sensitive sectors entails an even bigger need to engage politically. Interventions in sectors such as public sector reform, justice, and security sector reform are not possible without a political engagement from the donor side. An evolution towards stronger awareness and action based on political considerations in the world of development cooperation seems inevitable. This approach definitely does not mean that development cooperation should serve donor diplomatic interests, but rather that interventions should take into account and deal with power relations and political economy.

For now, Belgian development cooperation is not yet sensitive to such a political approach, and tends to prefer "technical" solutions, although there seems to be a growing consciousness. A more political approach is only possible if policy makers are willing to bear the risk of potentially more difficult relations with the partner government.

Political dialogue is an important instrument in such a political engagement. Since governments of fragile states often lack democratic legitimacy, this dialogue should be pursued at different levels: national, regional, provincial and local levels. Moreover, involving civil society in this dialogue and coordinating with other donors, such as more 'neutral' UN agencies, can help to enhance its legitimacy and effectiveness.

In the DRC, the political dialogue between Belgium and the Congolese authorities was complemented by a roadmap aiming to improve governance in the sectors important for Belgian development cooperation. This roadmap, with commitments from each party, has been agreed upon by Belgian and Congolese authorities and has been followed-up jointly. Mutual benchmarks provide common ground and can help to improve dialogue and cooperation between donor and partner countries. Belgium is now expanding this approach to sub-national levels and is enhancing coordination with other donors on these issues.

In order to step up their political engagement in fragile states, donors should also try to enhance internal policy coordination. In the case of Belgium, interventions are executed by the development agency, BTC, while political dialogue is carried out by representatives of the development cooperation department (DGD) of the Belgian administration. Collaboration between these two institutions has not always been very smooth. As a result, important lessons from practice at the field level did not always affect the content of political dialogue. A closer collaboration between executing agencies and ministries is necessary in a more political approach of development cooperation.

Finally, a more political approach to development can be improved by providing more support to local civil society organizations (CSOs). For example, supporting CSOs that monitor corruption could help to improve a government's accountability. It is therefore important to ensure sufficient support for relevant CSOs in each sector of intervention or even in individual programmes.

Stay long enough

Working to improve the foundations of fragile states requires a long-term engagement. According to the World Bank's 2011 *World Development Report*, it takes one generation to create legitimate institutions and to get a fragile state on a path towards a functioning institutionalized state. Although this estimation seems to be rather optimistic, the message is clear: it takes time to overcome fragility.

According to the OECD's fragile state principles, donors should stay engaged long enough; but at the same time, they also suggest that donors act fast in order to create "peace dividends". According to this logic, local needs in post-conflict situations are so urgent that populations should be offered quick and visible results in order to gain confidence. Several cautions have to be made. Firstly, quick results might create high expectations. The long time period between public declarations and long-term achievements might lead to greater frustration among the population. A second problem with quick visible results is they might perpetuate a relationship-dependency between the population and the donor. Instead of focusing their demands towards the local authorities, they might continue to knock on the donor's door. These issues and dilemmas require a sensitive and synergistic balance between short and long-term needs that will be unique to each local context.

A strong focus on the sustainability of intervention is necessary. Due to the general weakness of fragile states, there is a high risk that government institutions and local populations do not assume the responsibilities to sustain the outcomes of development interventions once they end. Most of the interventions of Belgian development cooperation do not last longer than four years. Possible solution would include prolonging the duration of interventions, stimulating ownership from the beginning of the projects and improving the follow-up of past interventions, including with a specific budget for these purposes.

Conclusion

With the deadline of the MDGs approaching, more effort is needed to foster progress in fragile states. In order to overcome fragility, efforts should be focused on the state's "fundamentals." Particular attention is needed for sectors such as justice, state-building and security sector reform. As these sectors are more "sensitive" and more political than more traditional sectors, donors engaging in these sectors should accept that results are less tangible, that quick spending is not an option, and that difficulties can arise in the donor–partner country relationship.

Whether intervening in traditional or more sensitive sectors in fragile states, there is a high chance of involvement in political issues. Technical measures often do not provide a sufficient solution and there is no such thing as "nonpolitical" or "apolitical" development cooperation. On the contrary: strong political savviness and engagement from the donor's side is necessary. However, this more political approach definitely does not mean that development cooperation should serve the donor's diplomatic interests.

The volatile nature of social and political contexts in fragile states makes an extensive context analysis indispensable in preparing interventions. Due to the limited legitimacy of fragile state governments, donors should try to involve a broad spectrum of actors in the preparation of their strategies, including civil society and international actors. Finally, progress in fragile states is slow, and therefore donors should engage long enough to give durable progress a chance.

Endnotes

1 http://www.cgdev.org/page/mdg-progress-index-gauging-country-level-achievements.

2 The International Network on Conflict and Fragility that unifies donors that engage in fragile states, provides a list of fragile states.

3 The French version of this strategy is available at http://diplomatie.belgium.be/fr/binaries/note_strategique_situations_de_fragilite_tcm313-223149.pdf.

4 The study is available in French at http://www.11.be/11/11dossiers/artikel/detail/cooperation_belge_au_developpement_etats_fragiles_ecart_entre_politique_pratique,104833.

5 *Société d'Etudes et d'Evaluation, Evaluation conjointe de la coopération de l'Allemagne, de la Belgique, de la Commission européenne, de la France, des Pays-Bas, du Royaume-Uni et de la Suède avec le Burundi*, Luxemburg, 19 November 2013.

Harnessing partnerships for participatory development and transformative change

Christopher John Chanco
IBON International

2015 is a fork-in-the-road moment for development and its stakeholders. The year marks a transition from the Millennium Development Goals (MDGs), which many have critiqued as falling far short of their promises, toward a new set of objectives for the international community.

A new global partnership for development is envisioned, one capable of meeting the challenges of a world at the crossroads of interlocking ecological, political and socioeconomic crises. The process no doubt embodies a set of contradictory trends and divergent pathways to get us out of the current impasse, with some recommending more of the same market-oriented paradigms, and others pushing strongly in an opposite direction.

In an aid landscape characterised by unequal power, the competing concerns of global elites, North and South, have persisted in shaping the nature of development partnerships. There continues to be a lack of strong accountability mechanisms for donor states and private sector actors, and agreements on development effectiveness are for the most part voluntary. A comprehensive rights-based approach implemented through global aid architecture is notable only in its absence.

A key question for civil society is whether the convergence of global crises and the shift in economic power from the north to the emerging economies herald a broader, and much hoped-for, shift in development cooperation — toward more equitable, socially just and ecologically sustainable paradigms. Is it possible to secure even limited gains within existing institutions, or are much deeper changes in dominant policy frameworks required to take sustainable development goals seriously beyond 2015? How can partnerships truly work for development? If so, under what conditions are they effective in realizing peoples' rights?

This chapter considers the aid landscape in the Philippines, a case study of some of the global trends sketched out in the rest of this report. It notes that recent experience in aid partnerships have worked against democratic ownership of development policies in the global South, and concludes that solidarity among peoples and social movements can and should play a more prominent role in partnerships for development in the lead up to 2015 – and beyond.

Partnerships in the Philippines: development for whom?

Critics have long drawn attention to the links between foreign official development assistance (ODA) and a lack of democratic accountability in recipient states. Political institutions suffer where Southern governments and national budgets are tied to external channels of funding. In aid-dependent states, accountability is channelled *upward,* away from citizens and toward local elites and donors.[1]

In the Philippines, aid partnerships have been characterised by gross inequalities of power and influence that impact on the government's ability to carry out domestic policies independently and democratically.

Old paradigms still grace the pages of donor recommendations to national politicians, with ODA increasingly tied to core government programmes. In exchange, donors leverage significant influence on policy making, and debt-incurring loans continue to account for a significant share of ODA disbursements. Decisions about major policy thrusts are still being made behind closed doors in arenas like the Philippine Development Forum (PDF), which brings together foreign donors and leading policy makers, but rarely with adequate participation from civil society.[2]

ODA partners continue to exert a significant influence on domestic economic priorities (see the *Case Study*), and at times, relations with donors mirror those between local politicians and business elites. Indeed, politicians, donors, and big business have been found bound together in a web of patronage, corruption and mutual benefit, as when local tycoons profit from Public-Private Partnerships (PPPs) involving ODA. Today the legacy of the NBN-ZTE scandal involving Chinese aid under former president Arroyo drags on in a suite of questionable PPP bid-out deals under the Aquino administration[3].

In general, there has been a renewed emphasis on the role of the private sector in development – often taken to mean crudely the equation of growth with development – a neoliberal formula that has in many instances encouraged developing country governments to downsize their social role and instead emphasize the need to secure an 'enabling environment' for the private sector to take the lead in national development.

The impetus for this can be found in the wake of the 2008 global financial crash, when cash-strapped northern aid budgets had, by 2010, begun seeking out private sector-led development strategies to fill short-falls on real ODA.[4] ODA flows to the Philippines have been erratic, rising and falling over the past four years,[5] though there has been a general decline in gross ODA, especially since the mid-2000s, when increased tax revenues and foreign remittances have shored up budgets to meet MDG targets.[6]

ODA continues to constitute a major source of budgetary support, however, and with the protracted global crisis and declining overseas remittances, finding more sustainable sources of funding is an open question. By the end of 2013 total ODA to the Philippines amounted to US$12.1 billion, of which the bulk - US$ 9.1 billion – were in loans, financing a significant share of national budgetary allocations. Infrastructure alone received more than half of these loans (US$5.2 billion or 57%), with the agricultural sector a distant second (US$1.3 billion or 15%).

Government observers have pointed to major problems in the country's absorptive capacity including close to sixty key ODA implementation issues last year.[7] It is partly for this reason that Northern donors and international financial institutions (IFIs) continue to exert a powerful influence on domestic policies. Since the 1980s, neoliberal discourses have dominated aid partnerships in the Philippines, with donors proclaiming neoliberalism as the only possible way to lift societies out of poverty. Instead, market-oriented policies, pushed by the IFIs in particular, have come to be identified with falling real growth rates, gutted industries, and weakened democratic institutions.[8]

Numerous treaties, from the 2005 Paris Declaration to the Accra Agenda for Action had sought to correct this, with rich countries promising to detach ODA, once and for all, from policy conditionalities and the political considerations of donor states.[9] However by 2011, the Busan Partnership had abandoned any references to aid conditionality. The IFIs have themselves conceded to criticisms about the failures of the neoliberal model, yet many of the old policy frameworks still find their way into ODA, even if they have taken on different forms in recent years.

Through rules that have liberalised trade and eased regulations on the private sector,[10] policy conditionalities tied to ODA have continued to weaken the Philippines' industrial base and agricultural sector, contributing to unemployment figures that are today among the worst in Asia.[11] ODA disbursements have facilitated a disproportionate emphasis on roads and hard infrastructure spending like ports and skyways — a key demand by private investors with interests in the export sector. This has often come at the expense of agriculture, public services and other *social* infrastructure investments critical for broad-based, equitable and balanced economic development. In addition, the government's industrial roadmaps privilege foreign investors and their local counterparts to a significant extent, and feature few provisions to protect domestic enterprises. This orientation is suggested in the links between Australian and New Zealand ODA and the mining sector, where firms from both countries account for about a fourth of all mining investments in the Philippines.[12]

Crucially, donors have done little to work with Philippine institutions to enact more equitable growth policies, or worse, have systematically worked against these goals by warning against domestic support for agriculture and industry, and promoting the privatisation of social services. Indeed, while considerable structural problems in the nation's economy remain, the Philippines' current growth trajectory is still held up as the ideal model by development banks and credit rating agencies.

The next sections assess the nature of the country's current development partnerships, particularly its relations with IFIs such as the World Bank (WB) and the Asian Development Bank (ADB). Policy recommendations by these institutions have in many ways worked against the principles of democratic ownership, limiting positive development outcomes and the country's ability to cope with extreme events.

Banking on Development

With support from multilateral banks like the ADB and the WB, the Philippine government has accelerated the liberalisation process to encompass more and more areas of the economy, including the financial sector. A Foreign Equity Law (RA 10574) passed in 2014 has lifted limits on total foreign ownership of banks, with dramatic implications for domestic lending to national industries and the economy's exposure to the vagaries of international finance capital.

The ADB remains the country's biggest multilateral lender, at US**$625.6 million in loans and grants last year (2013), which stems from** a country partnership strategy it sealed with the Aquino administration in 2011.[13] Designed to run through 2016, the ADB is shifting its attention from stand-alone projects and towards lending to government programmes that target key sectors of the economy, including energy, education and agriculture.

Last year, the ADB funnelled up to US$372 million to the Philippine government's KALAHI-CIDSS National Community-Driven Development Project and US$250 million to the Local Government Finance and Fiscal Decentralization Reform Program.

These projects are in line with the ADB's efforts to promote decentralized budgetary mechanisms as a way to encourage efficiency and cut back on corruption. In the context of already weak central governance structures in the Philippines and weak oversight by local government units, the positive gains from these efforts are difficult to assess. KALAHI-CIDSS,[14] for its part, offers the veneer of a bottom-up participatory development programme, but in reality is a top-down affair, with government agencies making many of the key decisions and passing down patchwork poverty reduction projects, often with little consultation from host communities on the ground.[15]

Elsewhere, the ADB has been at the heart of a recent push for Public-Private Partnerships (PPPs) in several major areas nationwide.[16] PPPs are essentially partnerships between corporations and the government under a shared funding rubric, where investors bid for projects to make up for scant public resources. Private sector control over formerly government-mandated projects is then expected to lead to better efficiency and service delivery. PPPs, however, can be an avenue for the corruption and back-alley dealings that have characterised patronage politics in countries like the Philippines for years, where privatization is leaving basic social services out of reach of millions of impoverished people.

The government has since identified over 55 PPP priority projects in 2014[17] mostly in infrastructure, but the construction and maintenance of public schools and hospitals are also being given over to greater private sector involvement. This trend includes the 'modernization' of the Philippine Orthopedic Center (POC), which risks introducing and raising user fees charged to patients, with a dramatic slash in charity ward space that will leave only 10%, or 70 beds, for indigent patients.[18]

PPP deals have been roundly criticized for favouring bidders from a narrow circle of well-connected business elites and conglomerates that have come to dominate the Philippine economy.[19] Their disproportionate influence on policy-making is seen clearly in the nature of these partnerships, which are among the government's flagship development programmes.

PPPs often feature generous tax and legal incentives, lax labour regulations, favourable land deals and guaranteed subsidies – courtesy of public money – for companies that are failing to meet their profit targets of their investors.

Some of the corporations involved in PPPs are bidding on multiple projects at the same time. A major public transit system, the Light Rail Transit (LRT) 1 Cavite Extension rail project, for instance, is to be given over to a consortium of investors like Ayala and the Metro Pacific Investments Corporation. These corporations are already investing in several other road and public transit projects. The LRT-1 concession threatens to raise fares by up to 20% to100%, with guaranteed price hikes every few years, adjusted to inflation and power costs passed on to consumers.[20] The government is to shoulder Php 34.6 billion, or over half of the total project cost (Php 64.9 billion), on top of an additional Php 5 billion for LRM in 'viability gap funding', alongside property tax subsidies and other incentives.[21]

Despite these subsidies to the private sector with seemingly limited public benefit, ADB and the former Canadian International Development Agency (CIDA) committed to financing US$3 million in grants for technical assistance (TA) to PPPs in 2012, with the explicit aim of increasing

CASE STUDY: Trends both old and new - the geopolitics of aid

Aid ties between the United States and the Philippines offer perhaps the starkest example of ODA's extended use as an instrument to further foreign policy objectives. Bilateral economic aid from the US has grown by 18.5% per year between 2009 and 2011, or an annual average of US$ 152.2 million. It seeks to raise that figure to US$204.5 million by 2015.[a]

Already one of the top recipients of US aid in the region, the Philippines has strengthened ties with the United States through economic arrangements like the Partnership for Growth (PFG)[b] and military deals like the Enhanced Defense Cooperation Agreement (EDCA).[c] Formalised this year, EDCA's constitutionality is still in doubt, as it effectively grants the US military a permanent presence in bases located throughout the country, and even provides for rent-free use of subsidized utilities and local army camps and bases, among other perks.

Rising tensions with China and the US "pivot to Asia" has made ODA all the more useful for its strategic value. But just as alarming in the context of country ownership is the PFG's potential influence over domestic economic policies.

PFG is an extension of past economic arrangements, but with even more leeway to further trade and investment liberalisation, deregulation, public-private partnerships and other policies to promote free trade, business competitiveness, fiscal austerity and tax reforms.

The PFG is said to align with the Philippine Development Plan (PDP), but also requires direct coordination with American government agencies led by the State Department, the US Agency for International Development (USAID), the Millennium Challenge Corporation (MCC), as well as multilateral donors including the World Bank, the International Monetary Fund, United Nations (UN) agencies, and non-state representatives from non-government organizations and private corporations.

Its main objective, according to US President Barack Obama's Presidential Policy Directive on Global Development, is to "elevate economic growth in countries committed to good governance as a core priority for US development efforts."[d] Five-year Joint Country Action Plans (JCAP) are meant to align with PFG objectives, and underscore key areas for policy reforms in partner countries.

PFG's cornerstone project is the Millennium Challenge Corporation (MCC),[e] a five-year, US$433.9 million grant conditional on the country maintaining high ranks on measures of economic freedom as defined by the MCC's Trade Policy Indicator. Grants are made on the basis of the country's adherence to open trade policies based on average tariff rates and non-tariff barriers to trade. MCC has funded KALAHI-CIDSS and a $54.3-million Revenue Administration Reform Project (RARP) focused on tax and corruption-related issues.

Under the PFG framework, USAID has been especially aggressive in pushing through The Arangkada Philippines Project (TAPP), in partnership with the American Chamber of Commerce (AmCham). A paper[f] prepared by the Joint Foreign Chambers of Commerce in the Philippines (JFC), of which Amcham is a member," outlines starkly what TAPP implies.

The JFC lists no fewer than 471 recommendations that include completely lifting all barriers on foreign capital ownership, amending the Labor Code to allow for easier subcontracting, employee termination, and lifting of minimum wage laws; privatising remaining government-owned corporations, reducing corporate taxes while raising taxes on consumers, among other reforms that collectively amount to charter change. American ODA is financing other projects along these lines:[g]

The Phiilippines is one of only four countries participating in the PFG - one other being El Salvador,[h] where civil society groups have recently spoken out again the MCC's considerable influence over the El Salvador government's economic policies. The potential exists for a significant reinforcement of neoliberal reforms in the Philippines along similar lines.

- Trade-Related Assistance for Development (TRADE) – US$ 12.8 million
- Facilitating Public Investment (FPI) – US$14.8 million
- Investment Enabling Environment (INVEST) – US$ 3.2 million
- Advancing Philippine Competitiveness (COMPETE) - US$ 18.9 million
- Philippine-American Fund – a US$ 24 million project with the objective of aligning civil society organisations, the academe, and other stakeholders behind the PFG

[a] *IBON Foundation. "The Philippines and aid conditionality" <http://iboninternational.org/resources/pages/EDM/64/296> Philippine Aidwatch Network. "NGOs to foreign donors: Conditionalities, not corruption, biggest problem with aid" <http://iboninternational.org/resources/pages/EDM/68/180>*

[b] *http://www.usaid.gov/news-information/fact-sheets/partnership-growth*

[c] *Department of National Defense*

[d] *http://www.state.gov/r/pa/prs/ps/2011/11/177225.htm*

[e] *http://www.mcc.gov/pages/activities/activity/partnership-for-growth*

[f] *"Arangkada Philippines 2010: A business perspective"*

[g] *IBON Foundation (2014). "Midyear 2014: Storm Clouds Forming". Quezon City: IBON Foundation*

[h] *Ecoviva. "Millennium challenge corporation stalls on compact signing" <http://vivaecoviva.wordpress.com/2013/12/02/millennium-challenge-corporation-stalls-on-compact-signing/*

the number of "well-prepared public-private partnership (PPP) projects for competitive bidding to sustain the positive momentum in the Philippines' PPP program."[22]

Following closely on the ADB's heels is the World Bank,[19] which committed up to US$408 million in loans and grants last year (2013). The Bank is one of the biggest supporters of the Philippine government's expanded conditional cash transfer (CCT) scheme, and has lent more than US$500 to the programme so far.

CCTs are the Aquino administration's flagship anti-poverty project, supposedly meant to deliver on the MDGs by encouraging families to send their children to school or be vaccinated, among other requirements, as a precondition for receiving minimal monthly cash grants. Unlike Brazil's Bolsa Familia cash disbursement scheme, however, CCTs have been rolled out in the absence of wider socioeconomic reforms and wealth redistribution at the national level and amidst declining real wages and the withdrawal of state support to social services, which defeats the programme's purpose on its own terms.[23]

In addition, CCTs have reached only a tiny proportion of the country's urban and rural poor and do not provide enough for an average family basic survival. They cut into the state budget for social services and on their own are not a sustainable strategy for poverty reduction as they fail to address the structural causes of poverty. The programme peaks by 2014, at which point the government seeks to target some 4 million families – conveniently in time for the Philippines' assessment on MDG performance - before a rapid rollback on recipients by 2018.[24]

The Bank listed macroeconomic stability, investment climate improvement, resiliency and public service delivery for the poor as priorities in its 2010-2013 country assistance strategy.[25] It has continued attempts to steer public policy, and committed US$300 million in budgetary support for policy and institutional reforms by the Aquino administration — its single-largest investment in the country last year.

Despite rhetoric on inclusive growth, for the IFIs, development appears to be about developing the private sector, as opposed to making the private sector work for development. There is a failure to recognise and engage the full range of actors that make up the private sector, a phrase that extends far beyond transnational corporations or local conglomerates, and encompasses small and medium-sized enterprises (SMEs), struggling domestic businesses in developing countries with limited access to capital, smallholder farmers, cooperatives, and the informal sector.

An enabling environment for big business is a poor substitute for an enabling environment for genuine poverty reduction and democratic participation in public policy-making. In the context of broader economic policies that work against equitable development, ad hoc anti-poverty measures, including cash transfers, whatever their immediate benefit to families, cannot address the root causes of poverty.

Aid in the crosshairs of climate, inequality and geopolitics

The dangers of the development discourse pushed by IFIs and the country's other partners fed into the events leading up to, and beyond, super-typhoon Haiyan (loc. Yolanda), which shook the country in November 2013. The disaster was in part a demonstration of the country's weak adaptive capacity. It also underscored so much of what aid has come to mean in the context of a changing climate, as the crisis has unfolded.

Haiyan was the strongest typhoon ever to make landfall since records began.[26] It left up to ten thousand dead, twenty eight thousand injured, and thousands missing. In total, it affected over 16 million people, 4 million of whom were left homeless in a region that was already one of the poorest in the country. Of the 44 provinces affected by the typhoon, many were economically dependent on agriculture. Haiyan wiped out much of Samar and Leyte's coconut industry, where small farmers had subsisted for decades on lands typically concentrated in a narrow cross-section of plantation owners, foreign and real estate investors.

A combination of economic inequality and environmental vulnerability compounded the storm's social effects.

The days following Haiyan saw authorities scrambling to make do with limited public resources. Evacuation centres proved inadequate, with many killed as water flooded churches and school buildings where thousands had taken shelter. Local government units had to borrow private vessels for relief operations, as the government had no fleet of its own. Poor coordination between national government agencies and local officials delayed much-needed relief. It was only a matter of time before looting began, and in Tacloban city state security forces arrived before food.[27] In many affected communities, donations from private companies and non-government organisations (NGOs) were first to arrive.

Reports of petty politicking between government officials, the selling of relief goods in commercial stores, and hoarded aid were rife in the weeks that followed. Relief bunkhouses were deemed flimsy and below basic international standards for safety. Food prices shot through the roof, and yet there were few attempts at easing price inflation on basic commodities through government subsidies. As late as two months after Haiyan, thousands of corpses lay exposed and unburied on the streets of Tacloban, and many had begun to decay, posing a major health risk.

As the country struggled to recover from what was perhaps the worst natural disaster it has ever had to face, the government did not respond, perhaps could not respond, in any other way.

Decades of donor-driven neoliberal reforms have weakened the state's ability to invest in long-term development that would reduce the population's vulnerability to climate change. Poverty and underdevelopment aggravate climate impacts, with the absence of adequate government support adding to the difficulties.[28] Initial government estimates suggested relief and rehabilitation would cost as much as US$5.7 billion and would last longer than reconstruction efforts after the 2004 tsunami in Indonesia.[29]

The response to the tragedy instead mirrored the nation's standard economic paradigms. Corporations were at the heart of the government's rehabilitation drive from the very beginning, as officials stressed the need to give the private sector a leading role in reconstruction efforts. Reversing the traditional role of governments in crisis situations, "rehabilitation czar" Panfilo Lacson insisted that default response to events like Haiyan lay in the private sector, and that the state was only the "fallback" option.[30] Indeed nine major conglomerates would spearhead relief efforts, including Ayala and the SM Group of companies, with PLDT and the Razon group having "adopted" the worst affected city, Tacloban.[31]These are corporations with deep pockets in the banking, retail and commercial real estate industries, but with little experience managing a disaster of this scale .

All told, the Philippine state has left a void in climate adaptation and social provision that it assumes the private sector will fill.

In December, the National Economic and Development Authority (NEDA), in partnership with the International Monetary Fund (IMF), drew up Reconstruction Assistance on Yolanda (RAY), a US$8.3 billion rehabilitation programme designed to run up to 2017. It allocates significant amounts to agriculture (US$428.9 million), infrastructure and housing (US$5.7 billion), industry and services (US$1.6 billion), social protection (US$422.1 million), and local government (US$91.7 million).[32]

Unfortunately, RAY is also locked into a PPP framework, with private investors playing a major role in the reconstruction projects[33], and certain regions given over to a variety of contractors for road rebuilding and housing projects. Civil society observers have raised concerns over the lack of overall coordination for private sector actors, which could complicate the rehabilitation process. The potential for corruption involving competing contractors is real, even for regular road repairs in non-disaster situations.

Significantly, foreign loans are to guarantee these investments, and all this in turn has been funded through debt. The ADB and World Bank have collectively lent at least US$1 billion, against UN recommendations that rehabilitation funds be disbursed through grants.[34] To monitor these aid flows, the government launched FAiTH, the Foreign Aid Transparency Hub, an online data portal providing reports on funds received from major donors. However even this has proved controversial. While the website does provide a significant amount of information, the site suffers from data inconsistencies and accessibility issues, in addition to a failure to break down the raw data to track where and how aid is spent at the grassroots level.[35] Ensuring full participation from civil society and recipient communities in monitoring aid flows can help resolve transparency issues.

In any case, all bids at transparency will prove inadequate if aid fails to reach people on the ground through equitable and sustainable channels, and in a manner that ensures the long-term recovery of typhoon survivors so that *they* – not big business – can rebuild better.

Conclusion: An alternative global partnership for development

The experiences of the Philippines with donors and their conditionalities show that development partnerships, as currently conceived and practiced, cannot prepare us for the challenges of the decades ahead. While civil society pressure has opened up channels for debate on development alternatives, policy space for these fora is limited and their effectiveness is an open question. Those seeking to promote deeper shifts in the development discourse, with an emphasis on people-centred approaches, must ultimately grapple with the reality of a world dominated by market-oriented paradigms.

This brings us to the heart of the debate: Is it at all possible to reform donor-recipient relationships in a manner that delivers results to people on the ground? Or are they inherently unequal and deeper shifts toward more participatory and democratic forms of development are needed? What role can partnerships between civil society actors and other non-state actors play in fostering alternative models for sustainable development?

If the goal of sustainable development is to expand human choices, and enable all to live lives of satisfaction and wellbeing in harmony with the planet, then a new global partnership for development cannot be based on the paradigms of the past.

To move forward, we begin with what has to end: donors must end all aid conditionalities, untie all aid, and adhere to the development effectiveness principles embodied in past agreements, and in particular make a stronger commitment to respect country ownership, equity and solidarity built around human rights based approaches (HRBAs).

The advancement of human rights, gender equality, decent work, and environmental sustainability must be explicit objectives of aid — this is above all a political, more than a technical, project.

At the local level, development 'partnerships' that privilege exclusive top-down relations between state and private sector actors must give way to more inclusive, participatory platforms that engage with the marginalised and excluded, and are committed to meeting people's needs and concerns on the ground.

Aid partnerships have to date been restricted to narrow state-state and state-private sector affairs that downplay the role of civil society. Development assistance at all stages, from planning to execution, must instead be rooted in the active participation of citizens, above all the marginalised and impoverished, who stand to gain or lose the most from development, however development is conceived. For this reason states and non-state actors must foster an enabling environment for people's meaningful participation in development — a major shift from the old focus on providing an enabling environment for transnational business investment.

At the national level, poverty reduction strategies should be aligned with strategies developed in partnership with civil society and other actors and rooted in diversity of local needs and concerns. Empowerment — political, social, and economic — should be at the heart of these discourses, and can begin with strengthening poor people's access to political institutions, enhancing their control of productive assets, providing support for vulnerable populations as they adapt to climate change, and reversing decades of neoliberal policies.

CSOs can play a key role in this through participatory review processes, independent monitoring of ODA and government performance, research and knowledge sharing, and through support for local level development initiatives.

At the regional level, partnerships could be patterned after progressive initiatives in Latin America, like the Bolivarian Alliance for the Peoples of Our America – Peoples' Trade Treaty (ALBA), where the basis of unity is an explicit departure from dominant neoliberal paradigms, a stated commitment to participatory democracy, and an economic regime rooted in social equality, public welfare, and environmental sustainability. ALBA has had its own problems, not least in ensuring consistency with the progressive brand of politics it claims to bring to the region, Yet its emphasis on empowering civil society stands in stark contrast to current forms of regionalization, as seen in the case of the Association of South East Asian Nations (ASEAN) where concerns for economic growth, military ties and business investment tend to be key objectives, with human welfare and the environment relegated to secondary importance. New country partnerships and trading blocs ought to be built around mutual accountability, new cooperative trade policies, progressive intellectual property rights regimes, knowledge sharing and technical cooperation and equal parity with partners in development.

At the international level, a civil society that links up and unites to pressure governments to act on their commitments is the only way to move forward. There is a need to counteract the creeping influence of transnational corporations and the traditional dominance of powerful country blocs in the United Nations, as well as to secure leverage for civil society and south country partners, free all debts still held by the South, provide for citizen-led mechanisms that can hold governments to account at the international level, promote effective international cooperation for climate adaptation and mitigation, and enhance human rights regulatory frameworks and accountability mechanisms for transnational private sector actors and states alike. In this way, we can move toward an alternative global partnership for development that will be worth its name.

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Partnership or power play? Australia's relationship with Papua New Guinea

Thulsi Narayanasamy and Claire Parfitt
AID/WATCH, Australia

Aid relationships are inherently relationships of unequal power, regardless of how they are framed. Who gives aid ultimately controls how that aid is distributed. Inequality and injustice are structurally created and maintained through development policies, which arise from the hegemony of certain developed countries and international institutions. Transitioning from labels of aid-donor relationships to equal partnerships without an accompanying shift in how the relationship is conducted serves as a method of obscuring the intrinsic imbalance of power in these relationships. Re-framing the rhetoric of aid partnerships is a power that ultimately lies with the donor. Changing how aid relationships are labelled allows the donor to continue along the well-worn path in pursuit of their own national interest – a paternalistic neo-colonialism – under the guise of mutual benefits.

This chapter will explore the inherent power imbalance in the context of Australia's partnership with Papua New Guinea (PNG). The relationship between these two neighbouring countries has recently been presented as a new, mutually beneficial economic partnership, a supposed shift away from the traditional aid-donor relationship. This shift has taken place despite a range of conditionalities imposed on PNG development assistance that favour Australian interests. These initiatives include logistical and financial support for the extractives industry, or land reform programs that erode customary land tenure systems in favour of large scale foreign direct investment projects, such as logging and palm oil plantations.

For Australia to work with PNG as a sovereign and equal partner would require operating on the basis that PNG, not Australia, is in control of its own development future. This may mean pursuing objectives that are not in Australia's interest. The use of PNG as a tool for Australia in its border protection program, for example, is demonstrative of the ongoing power disparity in the relationship. The use of aid as a bargaining chip to strike such deals is evidence of the coercion that undermines PNG's ability to make its own development decisions.

Overview

In June 2014, Australian Foreign Minister Julie Bishop unveiled what she called a 'new paradigm of development.' This aid policy package was anticipated since the election of the new conservative government. The policy signals a dramatic shift in name only. It follows Australia's well-worn ideological trajectory of pursuing economic growth as a pathway for poverty alleviation. This has led to subsequent policy announcements that privilege the role of the private sector, Australian companies, and aid-for-trade policies. The most significant shift relates to the ongoing tension between two key objectives of aid delivery: Australia's national interest and global poverty reduction. The amalgamation of the executive aid agency AusAID into the Department of Foreign Affairs and Trade (DFAT) indicates the new government's intention to more clearly align aid delivery with Australia's commercial interests, leaving little scope for poverty reduction objectives that do not align with the national interest. The transition from the language of aid relationships to that of economic partnerships reflects this shift.

In a similar vein, Australia's relationship with PNG is being rebranded as new. Bishop revealed, during an address about her aid policy, "a new partnership, an economic partnership with PNG that we have not been able to achieve in the past."[1] This statement followed announcements that the Minister was "troubled by the lack of progress in PNG." The Minister asserted that a paradigm shift was necessary to "unlock potential"[2] in order to achieve the Millennium Development Goals (MDGs). However, the required paradigm shift has not taken place. Instead, a rhetorical repackaging of a substantially similar policy dedicated to economic growth and increasing foreign investment allows the Australian Government to escape a meaningful debate on what has not worked in PNG. And what have not worked are the very things they are now offering as 'new' solutions.

Prompting this alleged change in the aid relationship is Australia's increasing reliance on PNG to carry out its controversial asylum seeker policy. Since 1992, Australia has imposed an internationally notorious policy requiring indefinite detention of all asylum seekers arriving by boat. Australia's two major parties are committed to 'stopping the boats' through the use of protracted mandatory detention. Such detention, and overseas detention arrangements in particular, frequently constitute a denial of asylum seeker rights under international law and may prevent people from seeking refuge. Some of the punitive measures employed include: onshore detention in remote Australian locations or offshore detention overseas; keeping children and pregnant mothers in detention; denying asylum seekers the right to work; and delaying the process of assessing asylum applications for many years. Medical experts have repeatedly found that the physical and psychological impact of these policies on asylum seekers can be devastating. Thus, Australia's policies have often been challenged in the country's highest court, with some success.

Offshore detention of asylum seekers who arrive in Australian territory has long been one of the most controversial elements of the nation's migration policy. It is indicative of Australian Government efforts to outsource its border protection program. Offshore detention refers to detaining asylum seekers in Australian-run detention centres in countries other than Australia (or in parts of Australia's territory which are legally excised from its migration zone, such as Christmas Island). In what was known as the "Pacific Solution," in 2001 the small Pacific island nation of Nauru and Manus Island of PNG agreed to serve as the location of processing facilities for asylum seekers from Australia. Nauru and PNG received considerable development funding in exchange for their cooperation. Today, both Nauru and Manus Island accommodate over 2,460 of Australia's asylum seekers.[3] All new asylum seeker arrivals are now transported to Manus Island as the Government is in the process of closing its onshore detention facilities.

The Government's commitment to outsourcing migration policy entered a new phase in mid-2013 with the unprecedented Refugee Resettlement Arrangement (RRA) between Australia and PNG. Colloquially known as the "PNG Solution," the RRA will mean that asylum seekers held in PNG detention centres will be resettled in PNG and not in Australia.[4] Again, aid played a key role in shaping the contents of the RRA, with the associated promise of an additional AU$420 million in aid funding.[5] The RRA was met with overwhelming community opposition in PNG. Shortly following the RRA announcement, the country's Supreme Court declared that there was scope for a legal challenge of the refugee processing arrangement on constitutional grounds.

This cooptation of PNG into Australia's migration program demonstrates that the idea of an economic partnership between the two countries, in place of a donor-recipient relationship, is a fallacy, misrepresenting the inherently unequal reality of their dealings with each other. Australia continues to derive disproportionate benefits from the relationship but uses the language of collaboration, shared interests and partnership to cloak this fact and to further its national interests.

A history of Australia's aid relationship with PNG

PNG was a colonial territory of Australia until 1975 and has historically received the largest portion of Australia's aid budget. Australia is also PNG's most significant and influential donor with its package of assistance totalling AU$519 million in 2013/14.[6] This aid does not include additional unspecified assistance as a result of the RRA deal discussed above, or additional investment through Australia's export credit agency Export Finance and Investment Corporation (EFIC). The EFIC recently gave a loan grant of AU$350 million for the controversial Liquefied Natural Gas (LNG) pipeline[7] as part of Australia's aggressive pursuit of the expansion of PNG's extractives industry, which presents a significant commercial opportunity for Australian companies.

Despite a significant reduction in the overall Australian aid budget in 2014/15, PNG was the only country to receive a sizable increase in aid funding with an additional AU$54 million over the previous year.[8] The aid budget continues to be used as a bargaining chip to pressure PNG to accept responsibility for Australia's asylum seekers, and was dubbed by PNG commentators as 'rolling over for the old colonial master.'[9] When the PNG solution was first announced last year, the response to the policy on PNG social media and blogs was overwhelmingly one of anger. People perceived the policy as an expression of Australian neo-colonialist attitudes, and indicative of the bullying behaviour of Australia. As one prominent political blogger, Deni Tokunai, phased the sentiment, "You're beginning to annoy a number of friends in your backyard by dragging us into your domestic political squawking." Emmanuel Narokobi, also a prolific PNG blogger, says many of his contemporaries are concerned that ordinary Papua New Guineans will one way or other pay dearly for Australia's policy.[10]

As explored by AID/WATCH in previous *Reality of Aid* reports, Australia has worked towards embracing politically expedient aid rhetoric, and has departed from the days of explicit tied aid. However, the blatant use of aid to achieve Australia's border protection goals is both morally dubious and counter-productive to the aid program aim of poverty reduction. Australia's asylum seeker policy will further impoverish, marginalise, and increase the suffering of the very people Official Development Assistance (ODA) should support.

Aid and refugees: Overlapping policies

The overlap of aid and asylum seeker policies contradicts the Organisation for Economic Cooperation and Development (OECD) guidelines on ODA. According to the guidelines, ODA must promote welfare and economic development. The impact of Australia's migration policy is almost entirely contrary to these aims. The contentious and arguably illegal methods for processing asylum seeker applications, settling refugees, and indeed stopping people from seeking asylum at all are frequently the subject of Australia aid spending. In late 2012, the then Labor Government diverted AU$375 million of aid funding towards domestic refugee costs. This meant that Australia was the third largest recipient of its own aid budget.[11]

Shortly following this decision, the government announced an AU$37 million plan to fight people smuggling with Sri Lanka,[12] almost doubling the existing Sri Lankan aid package of approximately AU$40 million. Australia's collaboration with Sri Lanka, where the governing regime is accused of war crimes, has exposed the Australian Government to considerable international criticism.[13] According to United Nations (UN) reports, as many as 40,000 Tamil civilians died in the last few months of the civil war in 2009, which the Sri Lankan government denies. [14] Australia has been accused of refusing to put pressure on Sri Lanka to submit to UN investigations,[15] and has been criticised for continuing to provide aid to Sri Lanka.[16] Sri Lanka's Tamil National Alliance, which last year won a sweeping victory in northern council elections, accused Australia of acquiescing to Sri Lanka in return for co-operation to stop asylum seekers from Sri Lanka.[17]

In addition to its reliance on countries like PNG and Nauru for the accommodation and resettlement of refugees, Australia is in discussions with Cambodia for a similar arrangement. Under the proposal currently being negotiated, Cambodia would resettle 1000 refugees, in exchange for additional aid funding.[18] Cambodia's health and social service systems are not sufficient to provide the kind of specialised post-traumatic, language, or job-seeking support that asylum seekers require. Local political tensions mean that Cambodia cannot offer a safe space for resettlement in the same way that Australia is able to do. Local Cambodian civil society has opposed the deal, saying,

> "It is irresponsible that a 'first class economy' like Australia is shifting its responsibilities and obligations under the Refugee Convention onto a country with a history of serious human rights abuse and little or no resources to support incoming refugees… Cambodia is not a safe place for refugees and the only parties benefiting from this agreement are the Australian government and Cambodian government officials.[19]

Aid has been consistently used as a bargaining chip to further Australian national interests in recipient countries. Migration policy is one of the most troubling and telling examples, illustrative of vast power imbalances.

Manus Island: Taking advantage of the voiceless

Asylum seekers are not the only people to suffer as a result of the so-called PNG Solution.

Manus Island people have not seen much benefit from increased aid spending, as much of this aid has been guaranteed to the PNG capital, Port Moresby. Locals have suffered the indignity of seeing a detention centre erected, wherein asylum seekers enjoy a higher standard of living than the locals themselves. A large floating hotel is used to house, feed and entertain expatriate staff and contractors and has sparked numerous protests by local people.[20] The facility is docked off the Manus Island coast, providing a clear visual divide between locals who struggle with access to basic amenities and the wealthy expatriates. A huge influx of funds has been provided to finance the punitive incarceration of asylum seekers, while access to basic government services for local people remains minimal.

The detention centre itself is plagued by violence, unrest and rape. In February 2014, a riot resulted in the murder of one asylum seeker and serious injuries to up to one hundred others, including gunshot wounds and gouged eyes. Detention centre staff reportedly joined some local people, attacking asylum seekers in "a frenzy of out-of-control violence."[21]

PNG citizens are acutely aware that the amount spent on processing refugees offshore in their country is larger than the amount that PNG receives in aid. This has fuelled resentment and a perception that PNG is being taken for a ride. The people of Manus Island have spoken out against their water, gravel, land and resources being used to sustain the detention facility. Similar concerns have been expressed by those on the mainland in response to the decision to resettle Australia's refugees in PNG. Both asylum seekers and Papua New Guineans are the victims of Australia's immigration policy, and both have been made into the targets of each other's frustrations.

Australian security and construction companies have won the contracts to maintain the detention facilities. These companies include Transfield, which receives AU$61 million per month to run these offshore detention facilities. Many of the jobs at the detention centre are given to Australian workers rather than local Manus Island residents. Where locals are employed, there are large wage discrepancies between local staff and expatriates, which in turn have led to many protests. G4S' PNG security workers are paid about $180 a week while Australian guards are pocketing $2,000.[22] There are comparable wage discrepancies in other sectors such as construction and cleaning. Manus Island's national parliamentarian Ron Knight said, "[w]e don't want any more Australian companies here — we call them carpet baggers. This is Boomerang aid and Manus will lose out again.[23]"

Aiding or eroding governance?

Australia frequently intervenes in PNG's legal and political processes, putting into question the quality and independence of PNG governance, particularly in the judicial and executive branches.

Following the detention centre riot in February 2014, Australian Immigration Minister Scott Morrison supported the PNG Government in quashing an independent inquiry into the circumstances.[24] An Australian Senate inquiry into the same matter found inconsistencies in the centre's governance arrangements. On paper, the PNG Immigration Department administers the detention centre. [25] In practice, the Australian Immigration Department runs the centre, alongside the private security firm, G4S.[26]

In 2013, PNG opposition leader Belden Namah asserted that the RRA contradicts PNG's constitution because it allows Australia to force asylum seekers into PNG; moreover, it requires the PNG Government to deprive asylum seekers of their liberty.[27] In February 2014, PNG's Supreme Court ruled that Namah has legal standing to challenge the constitutionality of the arrangement.[28] Australia is funding the defence of this constitutional challenge. This intervention is demonstrative of the nature of the PNG-Australia relationship, one that Australia calls a "partnership," and indicates the lengths to which Australia will go to defend its national interest.

Who frames aid relationships? Ongoing donor hegemony

Australia frames its relationship with PNG as new, equal and mutually beneficial.[29]. As the donor nation, Australia is largely in control of how the relationship is publicly presented. This is also the case with the aid policy in PNG. Australia frames the policy of pursuing economic growth through private sector development as a new method for reducing poverty. This is in fact not a new approach to aid for Australia or other donors. It is the old approach, simply repolished. While there may be a degree of overlap in the aims of the two governments, Australia is undermining PNG governance, pursuing its own national interests with the promise of more aid funding.

The use of language here is important for the development discourse, allowing terms of "equality" and "mutual benefit" to obscure these unequal relationships. The power of language was also acknowledged by the Foreign Minister who said, "Even the language makes a difference – get away from these old stereotypes of 'we are the donor, you are the recipient – this is the way we are going to do it.'"[30]

Conclusion

Despite an alleged shift from traditional aid relationships to equal partnerships, historical power imbalances persist. Structural inequality is a distinct feature of aid relationships that needs to be taken into account by policy makers. They must look beyond the rhetoric of changing relationships to the concrete ways to account for and encourage real change.

The example of Australian migration policy and the "PNG Solution" demonstrates how the sovereignty of beneficiary countries can be undermined when the foreign policy interests of their donors are paramount in aid delivery. The Paris Declaration, as well as the subsequent Accra Agenda for Action and the Busan Partnership, has not resulted in a change in the delivery of Australian aid in this regard. National ownership over development policies is not yet enjoyed by PNG in its relationship with Australia. Key critics within PNG's civil society call for totally severing the PNG-Australia aid relationship, arguing that aid dependence undermines the strengthening of the public sector and civil society.

Repackaging aid relationships as "equal" allows donor countries to pursue their national and commercial objectives, while obscuring the power disparities between themselves and aid recipients. It can also be a way of falsely showing that the prominent model of neoliberal development has worked. Poorer countries have been granted the status of "economic partner," even as millions continue to be disadvantaged. Beyond the rhetoric, the playing field remains unequal and neo-colonialism prevails.

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Japan: Partnership at a turning point

HAYASHI (ONTOKU) Akihito
JANIC (Japan NGO Center for International Cooperation)

The environment surrounding Japanese CSOs has been changing rapidly. More and more ODA has flowed into CSOs under the banner of the strengthening partnership between Japanese ODA and CSOs. However, Japanese private companies have increasingly moved into the field of development, because the government has significantly increased ODA support to private companies in order for them to expand their business in developing countries. These shifts in funding opportunities create an environment where CSOs and private companies are increasingly competing for funding from the Japanese government ODA programs.

On the other hand, Japanese CSOs have not changed their approach, preferring to directly implement projects rather than partner with local CSOs in developing counties. But at the same time, local CSOs have built their capacity to undertake development initiatives on their own. This article focuses on what has changed and what has remained unchanged in the relationship between Japanese CSOs and other actors such as the Japanese government, Japanese private companies and local CSOs in developing countries.

Autonomy at risk — closer relationship with the government

The term "partnership" is commonly used in Japan to describe the relationship between the Japanese government and CSOs. During recent years, these relationships have expanded based on a government policy to strengthen partnerships with CSOs. The amount of money allocated to CSO support schemes in Japanese ODA has been increased, and accordingly, CSOs have expanded their projects utilizing these schemes. In doing so, the government has given preferential treatment, in terms of funding opportunity and flexibility, to those CSO projects that align with government ODA policies.

Japanese ODA in support of CSO projects began to increase in 2010 after the Democratic Party administration came to power in 2009. On coming to power, the Democratic Party — which had kept a close relationship with CSOs — reviewed the ODA budget allocated for CSO support, which resulted in an increased allocation. In 2009, the volume of ODA directed to CSO support by the former administration was approximately US$29 million. In the first budget of the Democratic administration in 2010, the amount for CSO support rose sharply to US$50 million, and it increased again by 10% in 2012 to US$55 million.

Even after the Democratic Party lost power in 2012, the new administration retained the ODA budget for CSO support at these higher levels. However, a qualitative change in the partnership has been taking place. The government has established a new policy for its CSO support schemes. This policy improves the terms of funding. For instance, there has been an increase in the ceiling and overhead cost which can be budgeted by CSOs. But it also requires the CSO projects to be aligned with priority areas set by the government.

The government's policy on the priority areas for CSO projects stipulates specific countries and types of activities, set with consideration for CSO interests. However, in 2014, the government implemented another policy that requires CSOs to also align their projects with the overall aid policy of the Japanese government. Some CSOs are concerned that this policy may potentially lead the government to reject proposed CSO projects that are developed based on the CSO's mission and priorities when these projects do not closely follow the government policy.

Basically, in the past, the government had been responsive to CSO proposed projects that were based on the latter's interests and mission. Now, however, such flexibility may be over, as it appears clear that CSOs will be under pressure to align with the particular ODA strategy of the government.

The ODA Charter, which is the primary policy statement for Japanese ODA, will be reviewed in 2014. This review is expected to give greater priority to ODA that contributes to the Japanese national interests. The media has revealed that key areas for the review will be the use of ODA for national security as well as the strategic use of ODA in competing with emerging developing country aid providers. Under these possible changing policy priorities, CSOs are also being asked to follow the government's aid policy when using ODA money for their projects. Whether CSOs are able to maintain autonomy, as they have enjoyed in the past, largely depends on future dialogue between the government and CSOs. Japanese CSOs are facing a crucial moment in their relationship with the government.

Friend or foe: Private sector as an emerging actor

A "Base of Pyramid (BOP) business," which is a form of business targeting the low-middle income class in developing countries, is largely acknowledged in Japanese society because the term has been often picked up in the media. Expanding such businesses overseas, especially in developing countries, is becoming one of major options for many Japanese companies, which often have little experience in overseas business.

One prominent example is the case of Uniqlo, a leading Japanese clothing company. Uniqlo started a business in Bangladesh by forming a business partnership with Grameen Healthcare Trust, which is a non-profit organization under the Grameen Bank Group. Uniqlo intends to facilitate job creation for people living in poverty and promote their participation in society. They will do so by creating a domestic supply chain for clothing where poor people are able to find work. The company ultimately aims to solve social problems in poverty, health, and education, among others.

With this increased interest on the part of Japanese business in developing countries, the government has developed programs of support for these companies. Among these support programs are ODA schemes providing companies with the resources to initiate a business in developing countries, which would address social problems in these countries. The government is working on the assumption that acceleration of overseas operations by Japanese companies potentially contributes not only to the economy of the countries concerned, but also to Japan's national interests.

The Japan International Cooperation Agency (JICA) sets out its purpose on partnerships with private companies as follows: "Strengthening partnerships with private corporations and private business and supporting improvement of the business environment in developing countries, thereby creating win-win-win situation for developing countries, private enterprises and ODA." Based on this concept, JICA has set up a number of ODA schemes to support private business in developing countries. A distinct feature of these schemes is that Japanese companies are now able to make a direct proposal to JICA for funding the development of their plan for a business opportunity or for the business operation itself, while Japanese ODA projects are usually based on requests from counterpart governments, in the case of bilateral ODA.

As an example of such partnership between ODA and private business, the Ministry of Foreign Affairs (MoFA) has often mentioned the case of Tsumura, a Japanese herbal company, which has been growing and harvesting various kinds of herbs in developing countries. Tsumura made a plan to plant herbs in an area of Lao PDR which was heavily contaminated with UXOs (Unexploded Ordinances). With a proposal from Tsumura to the Japanese government, ODA funds were provided to a Japanese demining organization, JMAS (Japan Mine Action Service), to conduct a clearance operation in Tsumura's site so that Tsumura was able to operate without risks of UXOs. The MoFA has stressed that the project has contributed to not only the company but also local people because the project has provided safer land and created job opportunity to work in the company's herb farm. With the primary motive of more direct support going towards Japanese business interests, as is shown in the above case, Japanese ODA stands at a turning point.

In response to these changing private sector dynamics for ODA, Japanese CSOs have been actively exploring opportunities to strengthen their partnerships with Japanese private firms. Japanese companies have also increasingly been choosing Japanese CSOs as partners when engaging in activities related to BOP businesses and to strengthen their Corporate Social Responsibility. CSOs are seen as organizations with knowledge and specialized expertise regarding social issues in developing countries.

There are many efforts to strengthen the ties between CSOs and businesses. One of these is a network established by the Japan NGO center for International Cooperation (JANIC), which aims at promoting such ties to achieve sustainable development. This network consists of approximately 30 major Japanese CSOs and 20 major Japanese companies such as Toyota, Ajinomoto and Sony. Until a decade ago, CSOs had tended to take a critical view of Japanese companies operating in developing countries from a human rights and environmental point of view. However, these attitudes have been changing among some CSOs. Private companies are recognized as actors that influence the local labour and economic environment, and they are also seen as playing an important role in achieving the right to development, according to this network. Topics such as "Business and Human Rights" and "The Post MDGs" have been put on the network table for discussion by both sides to promote mutual understanding. As compared to a decade ago, these CSOs are now taking a proactive approach, one that shares views and thoughts on development with private companies.

It is still unclear, however, if those Japanese private companies expanding business overseas government support are actually able to contribute substantially to development, as intended by CSOs. Some CSOs take a sceptical attitude toward the impact of these private companies. One criticism is that companies put less emphasis on some key elements that are needed for development impact. Because business activity ultimately pursues profit, private firms are thought to be less concerned with some important issues for development, such as human rights and environment sustainability.

Another criticism relates to the selection of countries where these business activities are taking place. Japanese CSOs have asked the Japanese government to prioritize ODA budget allocations for Least Developed Countries (LDCs). However, private companies have tended to target new markets in middle-income developing countries. This tendency is apparent in the project proposals that have been approved for support by JICA in recent years. Most projects have been targeting middle-income countries such as Vietnam, India, and Indonesia rather than LDCs as CSOs have been seeking.

CSOs have been approaching the private sector in a number of ways not only to seek out opportunities for cooperation, but also to share their concerns. Yet there are some limitations to these outreach activities. For example, the network organized by JANIC mainly consists of large-scale corporations that have broad experience in this field and have a shared understanding in discussion with CSOs. However, more and more small-medium sized Japanese companies have entered this filed, and the access to these new actors is currently limited because there is no established space for dialogue between such companies and CSOs. Japanese CSOs are facing a new challenge to create a solid foundation for future talks with these new actors.

Changing environment, unchanging approach: Relationships with southern CSOs

The challenge of building fair and equitable partnerships between CSOs in the North and CSOs in the South has a long history. Although some CSOs in Japan have been concerned with this partnership issue and sought to improve relationships, such efforts have been limited to only a few CSOs. Building equitable partnerships, for many Japanese CSOs, has been neither a concern nor an issue to be addressed; these organizations prefer to implement their projects directly. However, direct implementation of projects by Northern CSOs has been long questioned, recently even in Japan.

Nevertheless, a limited number of Japanese CSOs have made efforts to work with the Southern CSOs through partnership. Those CSOs have supported partner CSOs financially and technically to achieve their goals through capacity development. But most Japanese CSOs still manage projects directly by dispatching one or more Japanese staff that works as a country director and manager. In many cases, rules and regulations set by headquarters in Japan are applied in the running of such projects. Relatively large Japanese CSOs are still likely to work with this management style. One reason is that they have tended to focus on local people who face social and economic difficulties of poverty as the main target of their activities, but not local CSOs that support such people. However, it is also true that this latter approach sometimes imposes inappropriate solutions and lacks a perspective of sustaining civil society for the community as a whole.

There is even less attention on this issue of North/South partnership in dialogue between Japanese CSOs and the government. The modalities for cooperation between CSOs and the government have been the main subject in this dialogue. There has been little discussion about how Japanese CSOs supported by ODA work cooperatively with local civil society organizations to contribute to development.

In Japanese society, emergency relief work, which is normally done through direct implementation, is widely recognized as the major activity of CSOs. This attitude is the result of the fact that many major CSOs were born in the 1970s as a reaction to the Indo-China War, in which CSOs were engaged mainly in emergency relief activities. This trend can still be seen in the government funding schemes for CSOs. The Japan Platform (JPF), one of major funding source in ODA, accounting for nearly half of the government budget for CSO support, largely focuses on emergency-relief work and reconstruction in post-conflict societies, but not on development work. As a result, much attention has been focused on how Japanese CSOs are able to implement their projects directly with the support of the Japanese ODA. But there is little attention given to the work with local CSOs towards long-term development.

Donors' funding policies are also an important factor affecting CSOs' behaviour in fund-raising. Japanese donors, including individual citizens, foundations and the government, prefer to ask CSOs to send Japanese staff to be on the ground managing the activities. One such example is "JICA Partnership Programme", which is a JICA's major support scheme for CSOs. For projects funded by the scheme, CSOs are basically supposed to implement them directly by sending Japanese staff at the grass-roots level. Since Japanese CSOs tend to rely largely on outside funds, the behaviour of CSOs is often affected by donors' terms and conditions, as the CSOs needs to raise funds. Whether Japanese CSOs become fully aware of the concept of equitable partnerships and are committed to work through such partnerships, consequently partly depends on donors' funding policies.

Although Japanese CSOs are less aware of concerns for operating through equitable partnerships with Southern counterparts, some senior CSO staff actively raised this issue inside the Japanese CSO community. They point out that the more capacity Southern CSOs have to manage and operate projects, the less need there is for Japanese CSO to be involved directly projects. They have also been sending a strong message that the presence of Japanese CSOs on the ground is becoming a major issue that has to be addressed. Changing perspective on challenges for Japanese CSOs' role is increasingly a main point of discussion for the future direction of partnerships between Japanese CSOs and Southern CSOs.

Conclusion: Deepening partnerships

As JICA points out, "creating a win-win-win situation for developing countries, private enterprises and ODA" is a key issue in working through partnerships. However, it is more important to have a perspective on "partnership for whom?" In ODA allocations, more weight should be given to the creation of win-win situations for developing countries involving partner governments, local CSOs and local people, and far less to the interests of Japanese private enterprises.

Proactive measures to focus on this balance are needed in working through partnerships. For example, appropriate evaluation system or operational framework for partnerships should be in place to measure not only outputs and outcomes, but also the process inherent in the partnership. Partnership is not all about tools, but also process and value.

Chapter 2

A changing aid and finance architecture and development partnerships

A Changing Landscape for Partnerships: The Australian NGO experience

Chris Roche, La Trobe University, Melbourne; Linda Kelly, Praxis Consulting

Introduction

In 2013 the Australian Council for International Development (ACFID) commissioned research to better understand the changing landscape for Australian NGO (ANGO) partnerships and the emerging challenges and opportunities. The research looked at the way ANGOs were responding to the current context, the lessons to be learned and the areas for further development. This paper outlines the findings of this research and proposed several recommendations to support partnerships for effective development within the changing context for aid and development. We believe this to be of particular relevance given the current debate on the need for 'renewed global partnerships' in the post-2015 development agenda.

The Changing Landscape for Partnerships

Today, almost three-quarters of the world's poorest people — up to a billion people, or a 'new bottom billion' — live in largely stable, non-fragile middle-income countries such as India and China. These middle-income countries retain high levels of inequality in income, educational attainment and health, despite their economic success. This suggests that the root cause of poverty in middle-income countries is not a lack of economic development in a country as a whole, but rather the political, economic and social marginalisation of some groups in countries that are otherwise doing quite well. However, some estimate that by 2025, the number of income poor in stable, middle-income countries could be as low as 18 per cent of the world's poor. Conversely, the concentration of the poor in fragile or conflict-affected states could increase, particularly as energy, water and food become increasingly scarce due to the impacts of climate change.

Alongside the changing location of poverty, new donors and new sources of development funding are challenging long-established aid industry actors such as OECD-DAC donors, and arguably International NGOs. Furthermore, the debate associated with the post-2015 development agenda is raising important questions about the universal nature of the problems that need to be addressed, including those related to persistent levels of poverty in many countries, inequality and sustainability.

Finally, many of the problems that development is normally concerned with, such as poverty and inequality, international immigration, HIV/AIDS, human rights, food security and climate change, are now understood as 'wicked' problems. That is, they are complex, politicised, unpredictable and global. The complexity of linkages between development actors means that no single perspective, or agency, can hope to capture the complex reality. Multiple perspectives and collective action are thus required to address such issues.

Implications for NGOs and Partnership

These shifts in the development landscape should affect with whom NGOs are partnering, where they are partnering and how they are partnering. For the next decade at least, most poor people — the traditional target group of NGOs — will be living in places that have increasing domestic resources to address their problems over time. In these cases, NGOs will need to move beyond 'traditional' aid relationships and projects and continue to find alternative means of supporting poverty reduction and associated inequality. This might include:

- Increasingly engaging with local NGOs and civil society organisations which address exclusion and inequality more squarely;
- A shift to policy agendas that promote empowerment and political voice as well as the transfer of resources and investment in public services;
- Supporting domestic policy processes that favour the redistribution of economic, social and political power; and
- Building middle-class political support for more inclusive policy interventions.

The emergence of new types of donors and alternative funding sources may also alter the power dynamic that underlies many partnerships, putting greater pressure on more traditional international NGOs to demonstrate their added value given that local organisations may have greater choice in who they work with.

NGOs will need to develop a range of new skills and competencies in learning, bridging, mediation, dialogue and influencing to support these roles and relationships. NGOs will need to move beyond unique partnerships as bilateral relationships with a single 'partner' or counterpart, but rather become simultaneously engaged with multiple actors through networks, coalitions and alliances.

The pressure on INGOs from their donors, and increasingly from their own boards and management, to demonstrate results and value for money is not going away. At the same time the complexity of the development process makes simple definitive statements about 'results' and 'what works' highly problematic. This situation is often compounded by INGOs' fundraising and advocacy imperatives to keep their messages to the public accessible and straightforward.

Partnership Typologies

ACFID research undertaken in 2013 identified that over the last 10 years of Australian NGO work, a range of relationships has begun to emerge, in part to respond to this changing aid and development landscape. These partnerships serve various purposes, including:

- Building the capacity and independent ability of local organisations to function as effective development agencies;
- Contributing to the development of civil society;
- Working with various actors in order to leverage a range of capacities to address complex development situations;
- The fostering of learning and interaction for the purpose of better quality development work;
- Membership of alliances and networks that contribute to the creation of new paradigms of development.

These many different types of partnerships or relationships illustrate that defining and identifying the purpose of the relationship is important. Not all development partnerships operate for the same purpose. The complexity and diversity of partnerships has emerged as a critical issue in the research, with ANGOs identifying a critical link between partnership purpose and effective partnership management.

Partnership Management and Implementation

The research highlighted two areas of interest and concern for participating NGOs. The first was the development of tools and approaches for more effective management of the emerging diversity of partnership; and the second, better assessment and identification of the value of these various relationships.

Partnership Practice

Many of the existing tools for partnership management were largely developed in the late 1990s and early 2000s. Most of these tools are based upon a transactional approach to partnerships. The research identified that many NGOs find these tools to be inadequate and that they fail to support new types of partnership. Overall it appeared that the associated management and business practices to support new types of partnership are still under-developed.

Some of the features that require further consideration are identified below.

Organisation approach

New understandings of how change happens are shifting some organisations' approach to development practice, which in turn requires new ways of managing partnerships (see case study 1).

Partnership objectives and values

Partnerships can have different objectives and values than those of each individual organisation respectively. Research participants suggested that it was important to identify the individual organisation objectives for entering into a partnership, and those of the partnership itself. Are there differences between what could be achieved by working together, as distinct from each individual organisational mandate?

In the past, shared values were often the 'glue' that held together many partnerships. In current situations, however, organisations are moving into partnership with other agencies where there may be common objectives, but where values are not necessarily the same. While there may be some overlap and a degree of respect for each other's values, it is clear that NGOs are entering into relationships, for example with private business and governments, where there can be considerable difference in significant organisational values. Negotiation in these situations requires honest and realistic identification of differences, due diligence, and in many cases, the creation of a working arrangement that respects differences, but creates a shared way of working that both or all partners can negotiate.

Case study 1: Anglican Board of Mission (ABM) — Working with the Episcopal Church in the Philippines

ABM describes its project work with different Church partners as a means to a more long-term goal: that of supporting the church to become an actor for development in their local context.

ABM has worked to develop systems to support this long-term approach to partnership. For example, it has developed different types of MoUs, and is currently developing new partnership frameworks for different types of partnership. Significantly, it is fostering an approach within the organisation that identifies its need to change and grow internally, in the same way that it expects to see change in its partners.

Identifying differences in values and objectives may not be possible at the start of all relationships, and objectives are likely to change over time as partners develop a sense of trust, as well as a common understanding of problems and solutions. It is important that agreements between organisations are able to accommodate this flexibility and learning. It is also important that the NGO as an organisation is able to identify both risks and opportunities within partnerships, and be able to manage these as they emerge (see case study 2).

Case study 2: Oxfam and BHP Billiton — A Changing Relationship

The relationship between Oxfam and BHP Billiton (BHPB) is an interesting example of a relationship that has evolved over time.

Oxfam's initial relationship with BHPB was largely centred on activist-led campaigns against the mining company's social and environmental activities in developing countries. In response to the negative publicity and criticism surrounding the mine, BHPB approached Oxfam and other Australian-based NGOs in the late 1990s to examine the social, economic and environmental dilemmas they faced in their mining operations. This approach coincided with recognition from Oxfam that engagement with multi-national corporations such as BHPB was becoming an important policy consideration for NGOs. This engagement led to the establishment of the Forum on Corporate Responsibility, which now has a permanent place within BHPB's broader stakeholder engagement program.

These efforts towards collaboration were accompanied by increased 'constructive engagement' and 'dialogue' between the two organisations. Although challenging, such engagement did result in opportunities for mutual learning and positive outcomes.

While generally positive, the increased engagement between Oxfam and BHPB left Oxfam feeling that in some cases, there was a "risk of opening the engagement door too far."[1] As a result, Oxfam has recently pursued a policy of more strategic engagement and 'critical collaboration' with BHPB and other mining industry players.

[1] Phillips, R 2003, Stakeholders on the Periphery of Citizenship in NGO/Corporate Engagement, Paper presented at the Australian Social Policy Conference, July 9-11 2003, Sydney.

Partnership agreements

International research around development partnerships suggests that these agreements have often been problematic, in particular because they fail to address power differences, and indeed may even exacerbate them. There are issues with hidden power relationships in typical partnership arrangements between international and local organisations, which often limit the opportunity of local partners to influence the fundamental approach and purpose of the relationship.

Broader research suggests that what is required are approaches to agreements and working arrangements that build on and enable the emergence of local solutions, which are politically acceptable and technically feasible in a given context. The implication is that international NGOs need to "*take partners as they find them,*" and try to work with them, rather than trying to make them work in fundamentally different ways. Finding a 'good fit' with locally driven change is more important than the inappropriate introduction of alien 'best practice' (Booth, 2013).

Recognising this, various agencies are experimenting with reinvigorated approaches to partnership interaction. For example, Caritas Australia has a revised set of principles from which it manages its various partnerships. Likewise, ACFID has proposed a principled-based approach for ANGOs wanting to work with Australian indigenous organisations.

These approaches represent important shifts from what have become increasingly transactional or contractual approaches to managing partnerships in recent years, and can provide for some more respectful and diverse engagements.

Some agencies are also examining their use of finances and are trying to separate financial agreements and accountabilities from the partnership process, in order to delink financial power from the relationship negotiations (see case study 3). This is of course easier for larger and more powerful agencies like BRAC. These cases can also perhaps serve as examples for how others might try and structure their partnership relations.

> Case study 3: Australian Government Partnership with BRAC
>
> The Australian Government together with the UK Department for International Development has a large-scale partnership with BRAC, focused around enabling and supporting BRAC to grow as an organisation and continue to make effective development contributions in Bangladesh.
>
> It was identified through partnership negotiations that even for a large NGO such as BRAC there can be problems in negotiating ongoing working arrangements with international donors. To this end an additional paper was developed to guide the partnership that outlines the terms of engagement for donors. This holds the two current and any future donors to account for their behaviour, and provide some empowerment for BRAC in ongoing partnership management.
>
> The partnership is reviewed annually, with attention given to the quality of relationship as well as the outcomes of working together.

Partnership implementation

Probably the most significant challenge identified in partnership management is the process of implementing the partnership.

Effective partnerships take considerable effort and work, particularly in the early months of initial partnership negotiation. This requires considerable skill and a wide range of tools and resources, in order to facilitate between individuals and organisations the kind of communication necessary for an honest engagement. Some organisations have existing long-term relationships and/or international structures that provide some framework for these negotiations. But in other cases, particularly for non-traditional partners, this process can take considerable time.

For example, the Australian Government Department of Foreign Affairs and Trade (DFAT) has estimated that a recent partnership negotiation in South Asia, bringing together local NGOs, as well as donors and regional organisations, required a seven-month establishment process. This period included time for developing the skills of each organisation to be able to effectively negotiate for their needs and interests as well as establishing the core objectives and principles that would guide the partnership.

The skills required to facilitate these processes are considerable, and can potentially change the role of the typical Australian based NGO program manager. Being an effective partnership manager may require them to be highly skilled in multi-stakeholder facilitation, cross-cultural mediation and negotiation, as well as being able to mediate across differences in power, gender and other divides. Program managers ideally would also be highly competent in adaptive management skills.

Some agencies are working to specify and develop these skills within their organisations. For example, Caritas Australia has identified a series of core competencies for their program managers that include a focus on competency in relationship building and management. Plan International Australia is currently researching the types of skills that program managers require for effective partnership implementation.

Research participants reported that they often had to create new space in their organisations to accommodate new types of relationships.

Some participants suggested that partnerships that were about capacity building of local actors, and/or relied on multiple actors to achieve change, could be contrary to the public identity and messaging of their organisation. That is, for some agencies it was still difficult to explain to some Board members, as well as the public, that they were working to facilitate others to achieve change, rather than directly achieving the change themselves.

The research suggests that ultimately the business processes, including agreements and financing arrangements as well as agreements around communication and reporting, need to be developed to suit the partnership. Partnerships, particularly those emerging between non-traditional partners and those designed to facilitate partners' creative responses to complex problems, should not be driven by organisational systems (see case study 4).

Case study 4: Australian Red Cross — Measuring and Evaluating Partnerships

Australian Red Cross has adopted and adapted a partnership assessment tool developed by a consortium of Red Cross national societies in Africa (led by the Netherlands Red Cross in 2008). The tool is structured around a number of core values: equality and respect, relevance, integrity, transparency, mutual responsibility, achieving expectations, harmonisation, flexibility and communication, and has been adapted for use in different contexts. Criterion and indicators are attributed to each of these values, and a numeric rating is also possible.

Several ANGO respondents discussed how difficult it is to explain effective partnership implementation to official donors. They particularly identified the time it takes to negotiate and manage good quality partnerships alongside the need for partnerships to be mutually accountable. People pointed out that donor systems, including the current Australian Government process of NGO accreditation, largely fail to appreciate these elements of effective partnership. It was further noted that donor funding systems and requirements generally failed to give the space or the time required for good partnership implementation.

Finally, it is clear that most people working in NGO partnerships understand the importance of mutual accountability as an aspect of the partnership. There remains, however, some tension in some organisations as to whether accountability is about partnership outcomes, attention to accountabilities between partners, and/or accountability for the quality of partnership implementation.

In the past, organisations appear to have relied on the quality of the relationship between individuals and organisations to provide accountability for partnership outcomes. While international research suggests that this focus on relationships often masked considerable inequality in power and control between partners, it did provide some form of oversight for development outcomes.

In more complex partnerships where individual relationships are not necessarily a feature of the partnership and where the ANGO is not 'in control', accountabilities need to be negotiated and problems and differences need to be identified and solved. This context requires good quality conflict resolution and mediation skills. Ideally, there should be regular independent assessments to ensure that the accountability of all partners — both mutual accountability and accountability for the outcomes of the work — is addressed and understood. It also requires that organisations assess their risk appetite and the degree to which they are willing to enter into partnerships where they are likely to be even less in control — if they ever were — of the progress and outcomes of those relationships.

Monitoring and Evaluation of Partnerships

It is clear that in the more simple transactional partnerships of the past it was easier to identify the value each partner bought to the project. However, once we turn attention to some of the new forms and modalities for partnership and the purposes that they seek to achieve, the complex nature of these multi-stakeholder partnerships makes them much more challenging to evaluate. Perhaps for this reason, there are few evidence-based evaluations of partnerships available, other than a few empirical studies.

Current accountability requirements within partnerships often fail to allow for the complex and political nature of partnerships, and therefore may not be sufficient to capture value and impact. INGOs, following the requirements of back-donors, including private donors, often rely on linear, cause-effect and results-based monitoring and evaluation tools and frameworks in order to measure the success of relationships. Many of these tools and frameworks are designed for simpler, grassroots-based direct-action or service delivery organisations, rather than processes or practices intended to change power relations, including those that may exist between partners. The focus on risk and financial accountability within partnerships can crowd out other less quantifiable aspects of partnership, and underestimate the importance of inter-personal relationships.

It is increasingly recognised that in complex non-linear systems adaptive learning mechanisms and feedback loops are critical in helping partnerships evolve in a positive manner. The new 'transparency and accountability movement' that has emerged in the development sector, alongside initiatives such as the Keystone Development Partnership Survey, which allows independent feedback to be collected from the partners of International NGOs and then be compared, are attempts to build stronger independent and collective feedback. These initiatives complement moves by individual agencies to build greater accountability to the people and partners they support, as well as to conduct research into their approaches to partnership (see case study 5).

In order to more effectively demonstrate the value of partnerships, International NGOs will first of all need to be much clearer about the assumptions and hypothesis about why and how working through partnerships should be adding value. Second, it will require a better ability to assess the changing nature of partnerships and relationships over time. Third, it will mean enhancing agencies' ability to assess development outcomes — an ongoing challenge. And finally it requires a clearer delineation of the role of different partners and how they have contributed to those outcomes. There are innovations in monitoring and evaluation that are proving to be promising1 in engaging stakeholders more effectively and providing more real-time feedback.

The experience of NGOs and government agencies working on complex leadership programs also provides some useful pointers and lessons on some key aspects that inform innovative monitoring and evaluation.[2]

Having a Theory of Change that provides an explanation for the program

'Complex' program environments require an analysis of political and social relations and processes as well as careful study of influential stakeholders and the relationships between them.

This kind of analysis can provide an informed starting point for program strategy (or what some call a theory of action) and effective partnerships. This provides a useful basis for partners to *collectively* decide what should be measured and assessed over time.

Capturing short-term process and results in a long-term program

For many programs – particularly in their early days – short-term 'results,' focused upon changes in individual and organisational relationships, can provide crucial early learning about whether the foundations of an effective partnership are being built. Tools and methods such as Outcome Mapping[3] are particularly helpful in focusing attention on changes in the behaviour of what have been called 'boundary partners,' i.e. those stakeholders in a direct relationship with a given program.

Understanding contributions to longer-term change

When trying to assess significant and longer-term social change, it is usually more realistic to use monitoring and evaluation systems to identify a program's or partnership's overall *contribution* to change, rather than trying to directly attribute changes to their inputs. Rather than asking "did it work?," it is often more helpful to ask "did it make a difference?"

Monitoring and analysis that is timely and responsive

Development programs and partnerships need to be flexible, adaptive, and able to readily test their continuing relevance. Monitoring in this environment needs to be nimble and focused upon the actions at hand. At the same time, it is important that monitoring and evaluation continue in a systematic way, enabling programs to collect the regular data they need for reporting and communicating with stakeholders. Reserving the time and the space for analysis and reflection can be a critical component of this process. It can enable partnerships to flexibly manage, systematically document, and maintain a common understanding about changes to the program rationale and direction.

Resourcing effective communication and feedback

If monitoring and evaluation are going to meet the demands of multiple stakeholders, as well as lead to program and policy adaptation, then the effective communication of what are often complex processes needs to be a central consideration. Supporting partners and coalitions in 'telling their own story' can not only provide some concrete and verifiable examples of achievements, but can also allow the primary actors to determine which of these they choose to make public. In this sense the process can simultaneously strengthen partners in their ability to promote change and provide donors with some of the evidence of change that they need to satisfy their constituents.

Integrating and resourcing monitoring and evaluation (and related research)

It can also be important to separate out some longer-term research or evaluation work from more immediate monitoring. The complex, non-linear nature of the change processes involved may require a more research-oriented approach to tracking and explaining change over time.

Conclusions

ANGOs are not standing still. They are evolving towards an uncertain future in a variety of ways based on their own circumstances, the changing context and institutional pressures and demands. The ACFID research suggests that partnerships are likewise evolving. The challenges lie in understanding the various purposes of these partnerships and shaping implementation and assessment practices to support and enhance these innovations.

There is widespread recognition that unusual alliances, reform coalitions and multi-stakeholder partnerships will all be needed if the post-2015 agenda is going to produce the real transformation required to address poverty, inequality and sustainability issues. Partnerships, coalitions and networks will thus form an essential component of the effective collective action required to address these global challenges. Australian NGOs have a range of new opportunities available to them in terms of who they partner with, where and how they partner, and the types of partnerships that they engage in. Whether they seize these opportunities will depend on remaining relevant in a changing world, being reflective about current practice and relationships, and ongoing adaptation.

Endnotes

1 The full report of the research can be found at http://www.acfid.asn.au/resources-publications/files/partnerships-for-effective-development/view

2 A number of authors also see the failure in many countries to achieve the Millennium Development Goals as a function of inequality. Owen Barder, in his analysis of the 2010 UN Summit on the Millennium Development Goals (MDGs), argues that one of the main narratives emerging in development is the idea that "The challenge is increasingly inequality, not absolute poverty".

3 This paper deliberately focuses on International NGOs rather than the broader notion of Civil Society Organisations

4 This study focused mainly on long-term development and advocacy work, not humanitarian programming

5 Clearly one could argue that such relationships are not partnerships at all. However, for the purposes of this exercise we have a taken a broad definition of partnership which includes cooperation between agencies and looser alliances for change.

6 Booth, D 2013, Facilitating Development: An Arm's Length Approach to Aid, Politics and Governance Group, Overseas Development Institute, London.

7 ACFID, Effective Development Practice with Aboriginal and Torres Strait Islander Communities, 2013, Available: http://www.acfid.asn.au/resources-publications/publications/practice-notes/effective-development-practice-in-aboriginal-torres-strait-islander-communities

8 Roche, C 2009, Promoting Voice and Choice. Exploring Innovations in Australian NGO Accountability for Development Effectiveness, Australian Council for International Development, Canberra

9 See for example BOND's work in this area http://www.bond.org.uk/data/files/Effectiveness_Programme/comparative_study_of_parterships_final.pdf

10 See UNDP (2013) Innovations in Monitoring and Evaluation, UNDP Discussion Paper, New York

11 See Roche, C and Kelly, L 2013a, Monitoring and Evaluation When Politics Matter, DLP, Canberra.

12 See http://www.outcomemapping.ca/

Post-2015 Partnerships: Shared benefits with the private sector? [1]

Shannon Kindornay
Adjunct Research Professor, Norman Paterson School of International Affairs, Carleton University

Introduction

There is no question that the international development community is excited about the potential of new and innovative partnerships to address sustainable development challenges. Much attention has focused on the private sector and the possibilities offered by increased engagement for improved development solutions. The private sector is seen as a source of innovation, expertise, effectiveness, long-term business solutions, and perhaps, most importantly, finance in future sustainable development efforts. Combined with declining aid resources and significant global development and environmental challenges, the private sector presents donors with a potential way to harness each aid dollar and demonstrate value-for-money to taxpayers.

Now, as policymakers look towards the 2015 deadline for the Millennium Development Goals (MDGs), they see clear possibilities for the private sector in implementing (and financing) the post-2015 agenda.[1] Civil society organizations (CSOs) engaged in the process — many of whom have seen first-hand the negative impacts of foreign and domestic companies on development outcomes — have voiced their concerns with this approach,[2] some of which argue that the UN, and by extension, the post-2015 agenda, is increasingly becoming corporatized.[3] On the other hand, some CSOs are equally excited about the potential of partnering with socially responsible companies on sustainable development initiatives. While there is no question that governments will need to play a critical regulatory role in the realization of the post-2015 agenda — particularly in terms of addressing systemic challenges in areas such as trade, taxation, development financing, and climate change — the excitement around the potential of partnerships across sectors to deliver on sustainable development outcomes is likely here to stay. ‘

Over the past three years, the North-South Institute has carried out a number of research projects examining the role of the private sector in development cooperation. These projects have looked at the terms on which members of the development cooperation community partner with the private sector for development[4] and examined cases of partnerships in practice.[5] This work shows that the push for partnerships with the private sector is based on the assumption that partnerships among development actors represent wins for everyone: recipient governments, the private sector, donors, and CSOs. As has been argued elsewhere,[6] the rationale for partnership is described in terms of capitalizing on the shared interests and comparative advantages of different partners to achieve positive sustainable development results, often in situations where the nature of challenges — such as climate change — is such that no one sector can address them alone.

1 This chapter draws from Kindornay, Shannon, Stephanie Tissot, and Nabeel Sheiban. 2013. The Value of Cross-Sector Development Partnerships. Available at: http://www.nsi-ins.ca/private-sector-partnerships-for-development/.

Each sector has a role to play in the overarching narrative on private sector partnerships for development. The private sector provides expertise, innovation, and finance while governments regulate and incentivise as well as convene different stakeholders across sectors. NGOs provide on-the-ground legitimacy in the communities that they operate, as well as knowledge and expertise, and implementation capacity. The comparative advantages of these different actors and the benefits of working through partnership — *in theory* — have been described in great detail in the development context.

Yet, partnerships in and of themselves do not necessarily guarantee sustainable development outcomes. Nor are they an assurance that marginalized populations will benefit. Indeed, the extent to which partnerships lead to sustainable development outcomes such as the realization of human rights, poverty reduction, and environmental sustainability is an obvious and critical determinant of success. In the excitement of the post-2015 discussions, stakeholders should not develop partnerships simply for the sake of partnership. A clear alignment of interests, examination of costs and benefits and a strong likelihood of achieving more or better sustainable development results than what could be achieved working on one's own are important factors in the consideration of whether or not to partner.

Furthermore, less attention has been paid to the necessary mechanics of partnership that make it possible to realise sustainable development outcomes and shared benefits across sectors. There is an implicit assumption in the international discussions on partnership that more can be achieved by working together than alone. While this is often true, benefits from partnership are not automatic, nor are they necessarily equally shared among partners. This chapter goes beyond current policy discussions on private sector partnership for development, which tend to focus on the policies, approaches, and programming that promote partnerships, and case studies, usually with a bias toward successful examples.[7] Rather, it focuses on the various ways in which partners benefit and improve their effectiveness through partnerships across sectors, presenting a summary of key findings from a recent literature review. This chapter focuses on the types of financial and non-financial benefits that arise from partnership, and considers to whom these benefits accrue. It concludes with a summary of key issues that should be considered in embarking on cross-sectoral partnerships.

Why partner?

Partnerships provide short-term and long-term benefits to organizations and society arising from the complementarities that occur due to interaction between and among public, private, and non-profit partners.[8] Among international cooperation actors, partnerships with the private sector combine the capabilities and resources of public and private actors to leverage different interests and resources. They support businesses' corporate social responsibility strategies, mandates, and operations and enable businesses to access new markets, improve relationships with key stakeholders, and strengthen the quality and vitality of their supply chains.[9]

However, the usefulness of these partnerships is contingent on the complementarity, nature, direction, and use of resources between partners. The degree to which partners invest in the partnership has important implications not only for outcomes achieved, but also for the impact of the partnership on the behaviour of participants. The section below examines what is gained through partnership and what dynamics potential partners should consider when partnering.

What are you really getting from partnership?

Before embarking on any partnership (within or across sectors), organizations should examine what they bring to the table and what they hope to get out of partnership. Austin and Seitanidi argue that participants gain from partnerships in four ways: through association, transferred resources, interaction and synergies.[10] Association with a particular partner can lead to reputational gains, including improved projected credibility. For example, the UN Global Compact offers greater credibility to private sector members, who, through association with the UN system, are able to project greater legitimacy and credibility with respect to being a good corporate citizen. Association also presents risks, particularly if potential conflicts of interest exist (such as in the case of partnerships between organizations dedicated to promoting health outcomes and companies in the food and beverage industry).

Resources that are transferred between partners represent an obvious area where benefits accrue to partners. The potential for private sector resources to fill development finance gaps has been a significant part of international discussions on the private sector for development, which tend to focus on who brings what to the table.

Partners also benefit from interacting with one another — what Austin and Seitanidi call "interaction value." This refers to what partners gain by working with one another, such as improved relationships, greater knowledge, and skills development. For example, through partnerships CSOs may build their capacity to engage on and develop solutions to development challenges through more market-based approaches; meanwhile, private sector partners may build their capacity to engage on sustainable development issues.

Finally, synergies are created through partnership. Synergies refer to the benefits generated from the partnership that otherwise would not have occurred if partners acted alone. In the context of post-2015 discussions, synergies represent the sustainable development outcomes for beneficiary populations that arise from partnership. A concrete example of synergies is in the field of advanced market commitments in health. Public, private and non-government actors are each playing a role to develop new vaccines, which could not have occurred (or would have occurred, but within a much longer timeframe) without partnership.

These benefits are not mutually exclusive; partnerships typically generate a combination of benefits arising from association, resource transfers, interaction and synergies. The extent to which benefits are garnered depends on the interests of participants, the level of integration and interaction between the various partners, and the nature of resources transferred. For example, a business may choose to work with an NGO on a discrete project that serves both partners' interests. This type of partnership would likely mean associational value for both parties—in other words, reputational gain. However, the scope of the partnership and distribution of responsibilities will have implications for the extent to which each organization benefits from interacting with one another and the extent to which the partnership offers synergies – i.e. outcomes that would not have occurred on their own or could not have occurred working with other partners.

Who benefits from partnership?

Concerns have been raised regarding the extent to which partnerships with the private sector really benefit marginalized populations in ways that would not have occurred without public support. In instances where public funding is used to subsidize innovative business models and new products and services, there is also concern regarding the extent to which benefits accrue to the private sector partner versus the supposed beneficiaries of the project. For example, if public funding is used to support the creation of an organic line of produce for sale in a partnering retail store, the question of how benefits (increased profits) are shared between the retailer and smallholder farmers needs to be addressed.

Ideally, society, partnering organizations and individuals would experience and share in the benefits of partnership.[11] The extent to which benefits accrue on different levels depends on the goals and objectives of different organizations involved in the partnership. In the case of development partnerships, typically, the most important rationale for partnership relates to potential sustainable development outcomes for society, articulated through goals such as poverty reduction, generation of improved livelihoods and inclusive socio-economic development, and the creation of key services and products aimed at meeting the needs of the poor. The benefits to society occur beyond the domain of either organization's participation in the partnership; i.e. the benefits (such as developing new vaccines) that otherwise would not have happened without the partnership.

At the organizational level, partners benefit through the fulfilment of partnership objectives. For private sector actors, this can be in the form of improved corporate image, increases in sales and firm performance, access to new markets, greater legitimacy and social license to operate, achievement of corporate social responsibility objectives, and compliance with other business principles and standards. For their part, public and non-profit actors may improve their ability to leverage financial and non-traditional resources, gain new skills and visibility, exchange knowledge, engage in opportunities for innovation and sustainable approaches to development, and share risks and costs associated with development initiatives. Individuals who represent their organization in partnerships also benefit. Through working across sectors, individuals may see the development of new skills, higher levels of trust and personal commitment, and improved job satisfaction owing to shared project success.

What kind of partnership is needed?

There is no question that a wide variety of partnership mechanisms have emerged as a result of the increasing emphasis on the private sector as a development partner.[12] Rather than unpacking partnership mechanisms (which has already been done by others), another way of thinking about partnerships is in terms of the level of integration or collaboration that occurs between participants. Austin and Steidini identify four existing stages of partnership: philanthropic, transactional, integrative, and transformative. These stages, though not mutually exclusive, represent a continuum along which partners move as they deepen their relationships. This can allow for the achievements of greater benefits.[13] While Austin and Steidini consider donations a form of partnership under the philanthropic stage, international discussion on cross-sector partnerships typically refer to broader relationships that move beyond the unilateral transfers of resources where no repayment is required, and thus fall within the transactional, integrative and transformative stages. Partnerships at the transactional stage are those in which a reciprocal exchange of resources occurs through specific activities and where there is an agreed exchange of goods or services based upon an explicit or implicit contract. An example of this is when a business and a NGO enter into a contractual agreement under which the business develops a project and then transfers resources to an NGO for implementation. In this example, the NGO essentially serves as implementing partner and the private sector as funder, working more closely together.

The integrative stage refers to partnerships that require greater efforts from partners to work jointly to define a common partnership plan that will meet each partner's interests and create benefits. These types of partnership are typically manifested in the form of a joint development project supported by public, private, and non-profit actors, where partners develop clear objectives and employ joint decision-making processes and implementation strategies. In this instance, projects or initiatives are co-developed by partners across sector, and each actor plays a role in achieving shared benefits.

An example of an integrative partnership is the Tim Hortons Coffee Partnership that supports small-scale coffee farmers throughout Latin America, with the aim of building sustainable coffee communities through improved farming practices and more efficient production of higher quality coffee.[14] Under the partnership, Tim Hortons serves as a funder and coffee purchaser, partnering with government and non-governmental organizations to work directly with farmers, local coffee organizations, and NGOs. All partners play a specific role under the project to support implementation of projects with coffee growers and other aspects of the Coffee Partnership, such as educational and environmental sustainability initiatives. Over time, the initiative has allowed partners to increasingly and jointly find new ways to combine their key competencies and resources to achieve the partnership's goals.

The transformational stage is the most advanced collaborative stage for a partnership. Partners not only agree on the social issues relevant to those involved, but also on their intention to deliver transformation through social innovation and better the lives of those affected. While integrative partnerships can also lead to social transformation, transformative partnerships are characterized by interdependence and collective action as the operational modality. Partners collaborate on longer-term timeframes and express stronger commitments to the development initiative. Partnerships at the transformational stage include catalytic engagements between public, private, and non-profit actors that have clear and sustainable development impacts, the potential to alter or reform business practices, and even the possibility of new modalities for public service provision. The scope of efforts employed and the extent to which partners are invested in the outcomes of the partnership is the most advanced at this stage.

For instance, initiatives may aim to fundamentally alter the sustainability of supply chains through reduced inputs, changes in farming practices, and the promotion of organic or fair trade products. Such initiatives would be transformational partnerships, long-term in nature and potentially wide-reaching in impact – resulting, for example, in improved livelihoods for farmers, and more socially conscious production and consumption. The impacts of transformational partnerships go beyond the goals of any one actor involved, such as enabling non-profits and governments to meet objectives with respect to improving livelihoods and reducing poverty, and enabling the private sector partner to ensure sustainability within supply chains and to position itself as good corporate citizen. Transformation partnerships provide greater possibilities for wider transformations across society (consumption habits and sustainable livelihoods), organizations (behavioural change in the form of new business models and approaches) and individuals (new skills for managing partnership developed for example).

In practice, it is difficult to identify clear "stages" of partnership; often partnerships include elements of more than one stage as they progress. Nevertheless, Austin and Steindini's theoretical conception of the stages of partnership is helpful for thinking through the type of partnership needed to achieve different goals. If the goal of partnership is to secure financing for a particular campaign, then partners may benefit more from a philanthropic arrangement. If the goal is a more systemic change in terms of behaviour of business and consumers, a transformational partnership may be needed.

Partnerships evolve and new benefits emerge over time. Not all partnerships aim to reach the transformational stage as the goals of the partners determine the level of integration required (Table 1). Nevertheless, as partners' interactions strengthen and expand, so too do the possibilities for shared benefits. When partners collaborate more closely, they employ resources and capabilities that are key determinants of their respective success, which may lead to resource complementarity and greater co-creation of benefits. Stronger integration and deepened relationships allow partners to achieve greater congruency of their missions, values, and strategies. This may help in creating organizational cohesion, and in finding new means of innovation and joint problem solving.[15]

Conclusion

There is no question that a significant push for partnerships exists in discussions on how the post-2015 SDGs will be realized. However, partnerships should not occur simply for the sake of partnership. It should not always be assumed that the benefits of working through partnership outweigh the costs, or what could be achieved by working on one's own in terms of development outcomes; organizational differences and transaction costs of working with partners can be quite high, at least initially. Furthermore, realizing the post-2015 SDGs will require systemic change in areas such as trade, taxation, development financing, and approaches to climate change. These issues require action by governments whose regulatory role should not be diminished

Table 1. Sources of organizational benefits accruing from partnership[16]

	Sole creation	→	Co-creation
Organizational			
Resource complementarity	Low	→	High
Resource nature	Generic	→	Distinct competency
Resource directionality	Unilateral	→	Joint
Linked interests	Weak/narrow	→	Strong/broad
Types of benefits			
Associational	Modest	→	High
Transferred resource	Depreciable	→	Renewable
Interaction	Minimal	→	Maximal
Synergistic	Least	→	Most
Innovation	Seldom	→	Frequent
Stages	Philanthropic	Transactional Integrative	Transformational

in an era of partnership and for whom taking steps to address systemic issues at the multilateral level remains a priority.

Nevertheless, as development actors increasingly engage in partnerships, it is important that the structure and nature of partnerships are determined by agreed upon objectives and purposes, including an understanding of the implications of objectives for the composition of the partnership and roles of each partner. Once deemed beneficial to development, realising the full potential of partnerships depends on the management and maintenance of relationships. Trust is built over time. Overcoming differences and aligning contributions is pivotal as partnerships deepen and expand, enabling partners to co-create social and organizational value. At the same time, while deeper integration among public, private, and non-profit actors can lead to greater value creation, including in terms of achieving more and better sustainable development results, the management and maintenance of these engagements is a challenging task. Policy-makers and practitioners should carefully examine the benefits and costs of forming and maintaining a partnership.

The comparative advantages of different partners determine the types of benefits derived from partnership — associational, resource, interaction, and synergistic. Assessment of the core competencies that each partner possesses is important. It is equally important for partners to identify their weaknesses. Potential partners need to assess partnerships not only in terms of the combined resources and capabilities that each partner brings, but also with a consideration of the organizational impacts that the formation and maintenance of a partnership may entail.

Finally, it is worth pointing out that there is a difference between a successful partnership and a successful initiative carried out in partnership. A development initiative may be successful even if a partnership is dysfunctional or fails. As such, it is important to establish a measurable set of outcomes that focus on both the partnership and the development initiative, particularly as excitement continues to build for the establishment of partnerships in the post-2015 landscape.

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16 Adapted from Austin and Seitanidi 2012.

Endnotes

1 Endnotes
See, for example, UNSG 2012; HLP 2013; UNGC 2013; Chandy et al. 2014.

2 Glennie 2014; Lou Pingeot 2014; European Parliament 2014.

3 For example, GPF 2014; Social Watch 2014.

4 Kindornay and Reilly-King 2013; Di Bella et al. 2013.

5 Kindornay, Higgins, and Olender 2013.

6 Kindornay, Sheiban and Tissot 2014.

7 See, for instance, BCLC 2009; Di Bella et al. 2013; Kindornay and Reilly-King 2013; Kindornay, Higgins, and Olender 2013; Heinrich 2013; Smith 2013; Kwakkenbos 2012.

8 Austin and Seitanidi 2012.

9 Googins and Rochlin 2000; see also Di Bella et al. 2013; Kindornay, Higgins, and Olender 2013.

10 Austin and Seitanidi 2012.

11 Selsky and Parker 2010.

12 Di Bella et al. 2013; BMZ 2011.

13 Austin and Steidini 2012; Tissot 2013.

14 See Kindornay, Higgins and Olender 2013; Tissot 2013.

15 Googins and Rochlin 2000.

Prototypes for Effective Partnership: Development Cooperation in Mozambique

Taurai Chiraerae
African Forum and Network on Debt and Development (AFRODAD)

Partnerships have long been manipulated by the international community as a compact of commitments for promoting development effectiveness. These partnerships have pursued policies for more enabling domestic environments, so that increased opportunities would translate into outcomes for development effectiveness.

According to the OECD, a partnership is an agreement to do work together in ways that will benefit all involved, bringing results that could not be achieved by a single partner operating alone, and reducing duplication of efforts.[1] The Global Partnership for Effective Development Cooperation (GPEDC) emerged from an agreement reached at the Fourth High Level Forum on Aid Effectiveness in Busan, Republic of Korea, in 2011. This Partnership is intended to nurture engagement and knowledge exchange among diverse actors in implementing the agreements reached in Busan.

The Global Partnership also supports regular monitoring of progress in implementing the Busan commitments. The ability of the Global Partnership to strengthen the effectiveness of development co-operation partnerships at the country level will be its principal measure of success and relevance to the post-2015 development agenda. However, in many countries the quality of partnerships has never been evaluated. This chapter will measure the indicators at the global and national level for the success of partnerships, and set out some of the preconditions for equitable partnerships as they manifest in Mozambique. Specifically, it will analyse how partnerships between the Mozambican government and development partners, private sector and civil society organizations (CSOs) have aided or undermined development effectiveness in Mozambique.

Measures and indicators for success of partnerships at the global and national level

For successful country-level partnerships, it is paramount to develop global and national measures and indicators. The legal framework is critical for boosting partnerships. Critical financial legislation and other legal instruments should be in place; namely, legislation for Financial Administration, Audit and the Public Procurement. With such legislation in place, donors as part of national partnerships need to show more confidence in the reformed systems. If further change is required, donors need to collaborate with government to achieve mutually acceptable systems. Also in conformity with the GPEDC, the legal framework should give development actors (Parliament, the Private Sector, and CSOs) the legal mandate to perform their watchdog role. For example, the parliamentary Public Accounts Committee (PAC) is mandated by law to assess any identified misappropriations and corruption issues.

In terms of evaluating the success (or failures) of country-level partnerships, government aid management policies[2] are critical policy documents for the implementation of a working partnership. Aid policies will determine the manner in which aid will be disbursed, and will also ensure that aid priorities will be in line with the national development plans of the recipient country. Most African development frameworks are fully committed to fighting poverty and have articulated plans for poverty reduction and economic growth. Aid management policies will establish the government's preferences in terms of the types of aid it wishes to receive and the processes to be followed when managing foreign aid. However, for aid to be effective, aid management policies should be an outcome of extensive consultations.

Development partners need to allow partner countries to lead the process as they lend support in the partnership. While they should remain true to their own development cooperation policies and strategies, they nevertheless need to remain flexible regarding the priorities of the partner country, and structure their support accordingly. They ought to use country systems as the default approach for development co-operation in support of activities managed by the public sector. These country systems include, among others, the Public Financial Management systems and Procurement systems. Therefore, in effective partnerships, donors should reinforce the use of country systems by strengthening governments' capacities and by promoting transfer of skills.

Governments and donors must come up with a platform where they are able to meet with CSOs, ideally every month, to discuss specific topics aimed at sharing information and best practice. For partner countries in which direct budget support is the desired form of disbursement, policy dialogue[3] has proved to be of paramount importance as it supports the inclusive nature of the GPEDC commitments. Policy dialogue is an appreciated instrument for donors and partner governments because it provides the possibility of open and frank discussions that are partnership-based. In most cases, policy dialogue is done through a contract between donors and a partner government, which normally regulates the responsibilities agreed upon by the partners.

Policy dialogues and inclusive country observatories[4] are essential in order to reflect the inclusive nature of the aid architecture as articulated in the GPEDC. Observatories will include non-state actors in the monitoring and evaluation of government programmes. Non-state actors will carry out their own independent monitoring and evaluation, and their findings could be discussed with government through advisory institutions. This independent monitoring is critical as evidence demonstrates slow progress in including non-executive stakeholders in national level processes. Government together with its partners should establish a transparent, dynamic and an informal dialogue mechanism among all actors.

Partner governments should institutionalize and strengthen aid and development policy dialogue between all levels of government, donors, civil society, parliaments, the private sector, and emerging lenders to institutionalize a more participatory process. Parliaments should ensure effective and tangible implementation of the GPEDC to raise political pressure to deliver on the Busan commitments. Citizen participation at all levels of decision-making must be highlighted. Governments should provide an enabling environment for CSOs to measure progressive progress. CSOs in turn need to promote and operationalise the Istanbul Principles and the International Framework for CSO Development Effectiveness.[5]

African countries require key policies and efforts to be put in place for managing development cooperation, and should work towards mechanisms by which other stakeholders can play a larger role in managing the development agenda. In policy dialogue, all stakeholders can contribute to addressing country-specific priority areas and needs, hence resulting in the effectiveness of aid.

A code of conduct for all partners, focusing on more inclusive aid architecture, is a desirable reference point for partnerships to enable development effectiveness. A Memorandum of Understanding (MoU) is a tool for setting out a shared agenda that defines the performances and reporting commitments of all partners in implementing aid initiatives. The MoU in most cases is based on the aid effectiveness commitments from the 2005 Paris Declaration and the 2011 GPEDC. A MoU also usually contains commitments to sound macroeconomic policies, peace, credible and democratic processes, and overarching goals for reduce poverty.

Another important instrument similar to the MoU is the performance assessment framework for programme aid partners. A Donor's Performance Assessment Framework (PAF) forms a part of a mutual review process designed to strengthen mutual accountability at the country level, drawing from international and national agreements on the quality of development assistance. Partner countries and donors need to commit to be mutually accountable to each other as they implement the GPEDC agreements. Donors are encouraged to show strong commitment towards meeting their financing targets, and governments should be able to hold donors accountable. Under this platform, partner countries can assess the impact on aid outcomes from issues relating to the predictability of aid flows and donor conditionalities attached to aid received. The performance assessment is measured along the national development priorities of the country. Donors therefore use indicators and targets of the recipient government to also assess the recipient government.

Joint Assistance Strategies (JASs) are expected to guide aid modalities and the delivery of development assistance in the context of increased harmonization between the donors.[6] But these JASs need to be revised and implemented in an effort to improve donor coordination, harmonization and alignment with government priorities. They should be geared towards strengthening national ownership of development programmes through aligning donor support to national priorities and government policy frameworks. They should reduce transaction costs for the government, as well as for the donor community by doing away with multiple strategies, processes, and reporting formats and duplicate/overlaps in donor supported activities. They can also achieve more efficient and effective use of donor resources through a donor division of labour. The process of formulating the JAS should be led by the government of the partner country and involve extensive and broad-based consultations with development partners and non-state actors.

All governments should create institutionalized platforms backed by law that will promote the exchange of information. To enable aid transparency, publishing user-friendly aid information on a timely basis under the International Aid Transparency Initiative (IATI) standard will allow citizens to track the purposes for which aid is being used and especially to monitor what it is achieving. Transparency will also help donors and governments manage aid more effectively, so that every dollar destined towards fighting poverty, does so. For partner countries with strong donor dependence, timely transparent information on aid flows is crucial.

This information should be available through a database, which will also be important for monitoring and improving the capture of data for various sectoral/ministerial activities and budgets. Partner countries have already started to review existing frameworks to bring them in line with Busan commitments.[7]

Transparent data for statistics provides the evidence needed to improve decision-making, document results, and heighten public accountability. Fully integrated statistics assist in decision-making, making open access to statistics an essential policy to be implemented. Improving transparency in relation to the budgeting process and development processes is critical to ensure that all actors are fully and meaningfully involved.

Effective partnerships in Mozambique

A partnership is collaborative and will be effective if it shares a strategic vision, pursues compatible targets, and ensures that all are equal members. Partnerships need to embody an acceptable sharing of obligations and responsibilities, and entail a package of commitments attractive enough for all partners to join. The Mozambican official development assistance landscape includes the Development Partners Group (DPG), consisting of heads of mission of multilateral and bilateral donors, among others. These partners are further categorized into non-General Budget Support (GBS) countries, such as Japan and the United States, Programme Aid Partners (PAPs), and the emerging economies such as Brazil and Indonesia. Mozambique has been considerably successful in establishing a positive partnership and dialogue between government and the donor community, as this partnership conforms to the guiding principle of equity. The partnership has also thrived because the requisite political will exists on the part of both the government of Mozambique and its development partner.

Mozambique is highly dependent on official development assistance (ODA) and has received substantial ODA from the international community since independence. Mozambique is placed among the ten most aid-dependent countries in the world, with nearly 40% of the state budget financed with resources (e.g. grants and loans) from aid.[8] Mozambique has been making significant improvements in economic growth rate, implementing reforms aimed at ensure in a stable government. The Government has adopted a number of well-articulated plans for poverty reduction and growth. These include Agenda 2025 (the national long term vision), which is the basis for the Five Year Programme (2005-2009) and the second generation of Action Plan for the Reduction of Absolute Poverty (PARPA II, Mozambican PRSP II).

Cooperation between the Government of Mozambique and its development partners

Mozambique has embarked on partnerships that have achieved impressive development impacts leading to improved social and economic conditions. Mozambique defines poverty as "the impossibility, owing to inability and/or lack of opportunity for individuals, families, and communities to have access to the minimum basic conditions, according to the society's basic standard."[9] In 2004 the Government and its development partners signed a Memorandum of Understanding for Program Aid Partnership (PAP). The MoU set out the principles, terms and operations for the partnership. In 2009 the MoU was reviewed and revised, adding sector programme support to the assessment framework. All donors abide by the procedures agreed upon in the MoU to increase transparency and improve budget support.

The Programme Aid Partners' Performance Assessment Framework (PAF) process has provided the country offices of donors with a useful tool in lobbying their respective donor headquarters to preserve or improve the compliance with the current discourse of development effectiveness as elaborated at the Busan High Level Meeting. The process has also provided some extrinsic incentives for behaviour change through 'naming and shaming' and contributed to a greater acceptance of the notion that donors can and should be held accountable against commonly agreed aid effectiveness commitments.

In 2008, the Monitoring and Evaluation of the Paris Declaration noted that over 18 donors were providing General Budget Support (GBS) and establishing Sector Working Groups. In Mozambique this modality of support has increased the policy space. With budget support, aid on the budget is scrutinized for its effectiveness by the parliament and can be allocated to ministries most in need of aid. Positive impacts of direct budget support include an improvement in public welfare, resulting from the implementation of government programs.

PAPs have channelled official development assistance to the Mozambican government with an average of 90% going as direct budget support during the last five years.[10] Only 10% goes towards civil society and the private sector. More donors now provide at least two-thirds of their aid as programme aid, and more aid is coming on-budget. Overall, PAPs are well aligned with the government's priorities. Predictability of disbursements has been improved and a high proportion of disbursements occur in the early months of the fiscal year. PAPs have been extended since 2000 to increase the resources available for public spending, thus contributing to improving the country's poverty reduction efforts.[11]

The European Union and the Government of Mozambique signed a comprehensive Country Strategy Paper and National Indicative Programme for 2008-2013.[12] The European Union provided support to Mozambique to promote fast, sustainable and broad-based growth, as defined in Mozambique's Poverty Reduction Strategy Paper. The strategy for this cooperation with Mozambique is focused on certain areas, which follows the government's existing policy framework and which seeks out complementarity with other donors and EC instruments. The EU provided the major part of its funds as General or Sectoral Budget Support, and the rest was allocated to priority sectors such as transport infrastructures, agricultural and rural development, and regional integration.

Among other examples, Norwegian development cooperation has also embarked on partnerships with Mozambique for poverty reduction. It has provided humanitarian aid and support to reconstruction, rehabilitation, peace and reconciliation, which were gradually phased out as Mozambique's economy and situation improved. Danish development cooperation partnerships with Mozambique also reflect the ambition to address issues of poverty reduction through promotion of political dialogue, development cooperation, and stronger trade and investment ties. Due to the rising importance of emerging donors like China, India and Brazil, there is also a continued effort to better integrate these new donors in the existing aid architecture.

Mozambique adopted its International Cooperation Policy document in 2010, concerning development cooperation targeted at poverty reduction. Mozambique is preparing a "Code of Conduct" for donors in line with the Busan Partnership for Effective Development Cooperation.

Ownership of development priorities has been obliquely defined by the Mozambique government, resulting in positive outcomes. Mozambique was a pioneer in the establishment of coordination mechanisms between government and donors. Technical assistance in many partner countries is often driven by supply rather than demand, relatively expensive, and sometimes, not based on a representative assessment. However, these realities have not been the experience of Mozambique. It made impressive advances regarding the implementation of the Paris Declaration on Aid Effectiveness and is also taking the lead in the implementation of the Busan principles. Mozambique has assumed leadership within the partnerships, allocating aid to specific sectors that need it the most. The group of 19 donors (G19) has aligned with these priorities, resulting in greater effectiveness of development assistance in Mozambique.

The Government of Mozambique and civil society

Political, economic and social reforms around the world have highlighted the need for civil society to participate effectively in decision-making processes and in the implementation and monitoring of public policies and programmes. CSOs have increasingly taken on the role of equal development partners, participating actively in research and advocacy actions that monitor and influence public and community development policies. The notion that involvement of civil society in the policy process improves effectiveness has gained considerable support from studies and evaluations of projects over several decades. In Mozambique, the main vehicle for implementing this approach has been the Poverty Observatory (known in Portuguese as Observatório da Pobreza, or 'OP'), a consultative and participatory forum for monitoring the implementation of Mozambique's PRS, the Action Plan for the Reduction of Absolute Poverty.

Civil Society involvement in the Poverty Observatory process has been coordinated through the "G20" group of NGOs, which was formed in 2003 in order to more effectively organize civil society input into the second national Poverty Observatory. The group — now comprised of over 20 organizations — represents religious groups, trade unions, private and financial sector groups and other NGOs. The principal contribution of the G20 has been the production of an annual participatory review of progress in poverty reduction, the Annual Poverty Report (known in Portuguese as the Relatório Anual da Pobreza, or 'RAP'), to serve as the core civil society input into the OP process and represent the voices of the poor. The national RAP is also complemented by provincial versions, developed by autonomous provincial bodies of the G20 and presented at the OPs.

The Government of Mozambique and the private sector

The private sector is increasingly viewed as an engine for growth across the African continent. Mozambique has managed to attract investors in several "mega-projects." These projects are concentrated in the energy (Cahora Bassa, Pande/Temane gas fields), industrial (Mozal Aluminum plant) and mining (Moatize coal mines, Moma Titanium) sectors.[13] They have been criticised in the past for not generating enough employment or for failing to develop linkages with the broader economy. The Government's privatisation program is well advanced and has facilitated investment, especially in infrastructure Public Private Partnerships (PPPs) such as ports and railways.

It should be noted that long-lasting civil wars and floods have hampered Mozambique's infrastructure development. Railway and port charges once made up a large share of the country's public revenue. Rail, road and port handling were major service industries in the country though the level of development has been uneven. The extreme South of the country (Maputo and Maputo province) is fairly developed compared to the rest of the country. Given the significant capital requirement of infrastructure investment, PPPs continue to be the most feasible financing option for infrastructure in Mozambique.

Some cases of PPPs in Mozambique include Ressano Garcia railroad, Sena and Machipanda Railroad, TRAC, Nacala Railway, Maputo Port, and Beira Port. Evidence shows mixed results for PPPs in Mozambique. For example, the Maputo corridor results appear to be good, with all the concessions in operation and with coordinated expansion plans as installed capacity is reached. In the case of the Nacala and Beira ports and the associated railways, the results are not as good, with long dwell times and little dredging at Beira.[14] In any case, the assessments of most railway PPPs in Eastern and Southern Africa is negative. These failures have been due to the tardiness of the concession process, the lack of interim funding, the quality of the contracts, and the poor choice of concessionaires. [15]

Conclusion

As they say, there is no equal partnership under the sun, if one or the other is cheated. This analogy is highly relevant to how partnerships for aid and development effectiveness can result in meaningful development cooperation. It has been noted that for Mozambique, genuine partnerships with the donor community have been built over a long period of time. Donors have financed the country using priorities set by the Mozambique government. For a partnership to be effective, both parties should ensure that they both adhere to officially made agreements. These MOUs should subscribe to the aid management policies in place and be aligned with the legal statutes of the country. Ultimately, partner developing countries should take leadership in these partnerships, as they are the ones to benefit the most from effective partnerships.

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Making South-South Cooperation Partnerships Work for Africa: A situational analysis and policy recommendations

Vitalice Meja
Reality of Aid Africa

Situational Analysis

There have been significant changes in recent years in the structure of the development co-operation and partnerships. South-South Cooperation (SSC) is increasingly playing an important role in global trade, finance, investment and governance. These changes have opened up opportunities for further partnerships between Africa and countries in the South, as evidenced by the plethora of new initiatives aimed at fostering political, economic and social relations.

In the past decade, South-South trade has expanded more quickly than North-South trade. South-South investment has also shown unprecedented dynamism. Africa's total merchandise trade with non-African developing countries increased from US$34 billion in 1995 to US$97 billion in 2004, and then jumped to US$283 billion in 2008 and US$595 billion in 2012.[1]

At the same time the number of "Greenfield"[2] foreign direct investment (FDI) projects by investors from non-African developing countries more than tripled, from 52 in 2004 to 184 in 2008.[3]

A further indicator of the increased importance of South-South Cooperation and partnerships is the fact that countries in the South have become an additional source of official development assistance (ODA) to African countries. While data availability does not permit a comprehensive and reliable estimate of the scale of official flows to Africa from the South, it is estimated that official aid to the region from the South was US$2.8 billion in 2006. And it has risen substantially since, as China committed to double its assistance to Africa by 2009. Aid to Africa made up 45.7% of China's total aid in 2009 and this share has jumped to 52% by 2012. The estimate of China's current concessional foreign aid is approximately US$5 billion, making its current annual contribution to Africa US$2.6 billion.[4] The flows are increasingly channelled to the infrastructure and production sectors of African economies. Available evidence suggests that Chinese infrastructure and public works finance commitments in sub-Saharan Africa, both in concessional and non-concessional terms, rose from US$470 million in 2001 to US$4.5 billion in 2007, and is likely significantly larger today.[5]

South-South Cooperation continues to gain traction among governments in Africa, albeit with different intensity. Resource flows within the context of SSC partnerships have seen a massive increase despite the dwindling aid flows from the OECD countries. At the political level there are clear initiatives to promote SSC and partnerships. Political leadership considers South-South partnerships to be more economical and effective. Furthermore, there is a feeling among the African governments that the partnering countries have relevant development experience and technical capacity in the area of cooperation as well as availability of practical know-how. These South–South partnerships have the potential to help Africa's transformation, not only through growing trade and financial flows, but also by supporting regional infrastructure projects, transferring knowledge and poverty eradication.[6]

The positive sides of current and dynamic South-South Cooperation have been registered primarily in the increased inflows of resources, especially to the benefit of African countries. Nevertheless many states also face major challenges because of increased dependence on raw materials and the greater pressure of competition from other countries in the South in the case of light manufactures. The challenges for Africa in SSC seem to revolve around Africa's political and emotional approach to SSC partnerships, rather than focusing on the actual strategic, economic and technical interests such partnerships can generate. The effect has been the failure to develop relevant institutions in Africa, both technical and academic, to facilitate and deepen and benefit more substantially from these partnerships.

African countries are yet to fully invest in South-South partnerships. Most of the efforts to date to improve these partnerships across the board appear to have been left to non-Africa partners and South Africa. The stronger Southern partners from outside Africa seem to fully fund and finance the partnerships, rather than work through joint ventures. In the end, SSC partnerships seem to strengthen the visibility of the provider, rather than be based on mutual interest of the partnerships.

This scenario has seen African governments, particularly those on the recipient side, take less initiative to develop a strong policy and legal and institutional framework that could govern and promote their interests in partnerships beyond political dialogue and engagement. Their approach to legal and institutional reform has been that of creation of an enabling environment for trade and investment opportunities for their counterparts from the South. Other challenges include lack of budgetary allocation to SSC partnerships as well as data and information management. It is therefore difficult for Africa to measure the true value and outcome of these partnerships.

While South-South partners promote the notion of equality in the political sphere, there exist significant imbalances in economic and real political power among the co-operating partners. The fear is that SSC, with their accompanying inequalities, may degenerate into political and economic patronage.[7] Many of the initiatives in the partnerships are largely funded and supported by the provider with the recipient creating space for absorption of the investment or knowledge transfer, accompanied by extraction of minerals and raw materials by the provider. This 'two-way street' exchange remains a mirage.

The use of traditional instruments of aid transfers including project aid, loans and credits, with grants through technical co-operation and humanitarian assistance, exemplify worrying similarities between such South-South partnerships and traditional partnerships in North-South cooperation. Similar to the framework for North-South cooperation, African countries play the role of beneficiaries rather than stakeholders. As such, little exchange of experience takes place with African countries in SSC, unless it is engineered through a third bilateral or multilateral party in the context of triangular cooperation and/or learning from SSC.

In the context of the importance given to the principle of ownership in effective development cooperation, partnership engagement seems to be limited to deal-making with heads of state, with little involvement of the relevant government institutions. Citizen involvement in the growth of these partnerships is almost always completely absent. There is little or no emphasis on the promotion of citizen exchanges, promoting citizen-based institutions or academic institutions partnerships. Citizens are seen as mere recipients and beneficiaries of development projects and programs. The focus seems to be on providing scholarships to African countries, rather than in student exchange programs, curriculum development exchanges and establishment of relevant institutes to help in building the partnerships.

Furthermore, there are no efforts towards joint surveys and joint consultative meetings with potential collaboration of national organizations, including the private sector or relevant government agencies. African governments generally clear the way for SSC 'development projects,' including destruction of property, involuntary relocation and land repossession.

Understanding the institutional model of SSC partnerships

In SSC, there is often no clear distinction between official and commercial flows, making it difficult to classify the form of co-operation under any particular institutional model. SSC usually involves a mixture of capacity building, technology transfer, research and public-private partnership. Partners engage both at the regional and national levels, depending on the magnitude of the project. The following areas define different forms of engagement that are common to SSC partnerships:

- Regional technical cooperation: Involvement of the aid-provider government representatives in regional experts meetings organized by the African Union or regional trading blocks.
- Technical cooperation: African countries receive technical assistance to develop sectoral programmes or improve existing initiatives.
- Study tour: Organisation of a visit to enable an exchange of experiences between African and host government officials.
- Capacity building, technology transfer, and Public-Private Partnership.

The areas of co-operation between African countries and their Southern partners have included infrastructure construction, agriculture, human resources development, and health and water supply. In this regard, co-operation has resulted in major projects including among others, the Kollo Project (Tunisia-Niger), the Pan-African E-Network Project (India-African Countries), the Lighten-up Africa Project (China-African countries), the SMASSE project (Kenya-Niger), and the Growth Triangle Initiative by Zambia, Malawi, and Mozambique (ZMM-GT).

Financing South – South Cooperation in Africa

Financing efforts by African governments that promote SSC remain very limited. African countries do not allocate budgets towards the facilitation of SSC and partnership development, unlike their counterparts in China, Brazil and India. The continent heavily relies on the support of the bilateral South–South aid-provider, or a multilateral institution such as the UNDP Special Office for SSC, or the Africa Development Bank. Triangular co-operation has also become one of the tools commonly used to support SSC.

The South-South Cooperation Trust Fund is one example of a financing mechanism. Largely funded by the government of Brazil, the South-South Cooperation Trust Fund (SSCTF) seeks to support African countries in mobilizing and taking advantage of development solutions and technical expertise available in the South. The Fund also seeks to promote South-South partnerships and knowledge sharing among middle-income countries (MICs) and between

MICs and least-developed countries (LDCs) in Africa. The Fund's focus areas include Agriculture and agri-business, health, social development and clean energy. It supports:

- Provision of technical assistance in the preparation of policy and sector studies, research and analysis;
- Capacity-building and human resources development;
- Organization of seminars, workshops, conferences and consultations and sharing of knowledge and experiences; and
- Implementation and piloting of innovative approaches to solve development challenges in African countries.

Policy forums in Africa for Partnerships

Whereas SSC receives political backing from the continent's political leadership, there is no leading African policy forum to provide stakeholders with the support they need to engage with this diverse and challenging co-operation. There are investment promotion centres across the continent with a very restricted mandate for business promotion. In the same context, there is little evidence to show the existence of 'stand-alone' policy forums dedicated to SSC partnership development in African most countries. Efforts to create partnership development institutions are yet to be initiated.

At the regional level, SSC policy dialogue forums take place alongside other major development financing conferences. While the African Platform on Development Effectiveness (APDEV), the African Union Commission and NEPAD all have SSC as one of their thematic focus areas, no Platform has yet to fully develop a more ongoing and substantial dialogue on SSC. At the global level, the United Nations Development Co-operation Forum (DCF) that reviews the global development trends includes a focus on the South-South Co-operation.[8]

At the initiative of the more economically advanced SSC aid-providers outside Africa, there exists several more structured policy forum for partnership development. These include the Forum on China-Africa Cooperation (FOCAC), the China-Africa Business Council (CABC), the Turkey-Africa Cooperation Summit, the BRICS Summit, the India-Brazil-South Africa Dialogue Forum (IBSA), the BASIC group comprising Brazil, South Africa, India and China (BASIC), and the India-Africa summit.

What makes SSC Partnerships work better for more advance members of SSC?

The more advanced economies involved in SSC appear to have an upper hand. This is particularly visible in the deteriorating terms of trade between African economies and their Southern Partners. The establishment of the BRICS Bank for Brazil, Russia, China and South Africa without seeking contributions from other Southern partners is a clear indication that levels of investment in the SSC are not equal. Institutions, such as the BRIC Bank, and the fora mentioned above seem to have been put in place to advance the interests of the BRIC and other emerging economies in the partnership.

Other important institutions to advance South-South Cooperation and partnerships include:

The Special Unit for South-South Cooperation at the United Nations

The United Nations has created a special unit for SSC to mainstream SSC throughout the international development community. It does so by leveraging its global reach as well as its policy and institutional capacities to assist developing countries in strengthening their SSC capacities. It supports countries' efforts to manage, design and implement SSC policies and initiatives through the identification, sharing and transfer of successful Southern-generated development solutions. Despite its existence, African countries are yet to utilise this facility to enhance their capacity on partnership development with their more advanced SSC partners. But the reverse is the case, where countries such as China have benefited from the expertise of this institution.

China-Africa Business Council (CABC)

Based in Beijing, the China- Africa Business Council seeks to create an enabling environment for China-Africa economic and technical cooperation, and in particular deepen economic relations between China and Africa with regard to investment. It is private sector-driven with strong public sector support, and working alongside government ministries. It provides business advice and technical information on policies and regulations to assist Chinese and African companies, tailored to the need of Chinese and African companies, to achieve their investment objectives. CABC has established offices in five 'core' countries: Nigeria, Ghana, Tanzania, Mozambique and Cameroon.

The Forum on China-Africa Cooperation (FOCAC)

FOCAC operates at three levels: 1) a Ministerial Conference, convened once every three years, and attended by Ministers of Foreign Affairs and Ministers responsible for International Cooperation and/or Financial and Economic Affairs; 2) the Senior Officials Meetings (SOMs), which are convened one year ahead of the Ministerial Conference to discuss follow-up activities; and 3) The head of State Summit which is convened once every three years and attended by the heads of states and government. FOCAC has been institutionalized and remains an important platform for collective dialogue and an effective mechanism for enhancing cooperation and partnerships between China and African countries.

In addition, China has established key academic and policy based institutional think tanks, which facilitate its engagement in SSC and partnership development. These include the China International Centre for Economic and Technical Cooperation (CICETE) and the China South-South Cooperation Network.

CSOs in the South-South Cooperation

Civil society participation in SSC and related partnerships has been influenced by their notion that CSO partnerships are embedded in a human rights-based approached to development and as such work within a framework of solidarity, justice and mutuality. CSOs focus mostly in areas and on issues that are considered peripheral by official SSC partnerships.

CSOs as development actors in their own right have equally been at the forefront in promoting and participating in their own South-South Cooperation partnerships albeit with difficulties. Issues touching on human rights, social development, cultural exchanges, environmental sustainability, democracy and sustainable employment form the cornerstone of CSO SSC partnerships. Currently CSOs have different forum for sharing experiences and knowledge on poverty reduction, advocacy for human rights, debt cancellation, removal of aid policy conditionalities, and challenging human rights abuses, among others.

Focus on issues such as human rights have created tensions between CSOs and many Southern governments. These tensions have resulted in visiting activists being imprisoned or being denied the right of entry by the violating country. For example, activists were denied access to the annual World Bank CSO meetings in Singapore in 2009 because of visa restrictions and other political considerations. In 2012 the Chinese investor in Zambia copper mines shot and killed two miners advocating for better employment terms, stoking protests by CSO activists across the country.

Cooperation between Southern CSOs on debt campaign issues have resulted in many of the African governments receiving debt relief, and also reforms in aid conditionalities. AFRODAD with its partners, for example, worked closely with CSOs in Liberia to push for the cancellation of the country's debt at the time.

On the capacity-building front, CSO cooperation in the context of SSC has seen a cross-pollination of ideas for organisational and program management. IBON International, based in the Philippines, undertook personnel exchange with the Kenya Debt Relief Network based in Nairobi. The objective was to build the capacity of the personnel with the view of improving program management as well as the institutional capacity in organisational administration. KENDREN had a gap in organisational program management, while IBON International was constrained in its understanding of the African CSO policy terrain. In this regard the two institutions signed an agreement for a six-month exchange program of senior staff.

CSO South-South Cooperation has seen tremendous growth over the years. However, these partnerships have continued to operate parallel and often in an antagonistic manner to Official SSC. The reason is largely due to a lack of dialogue fora for discussions of critical issues. Furthermore governments in SSC have yet to see the real value of CSO participation in SSC partnerships. This is particularly so given the prominence given to trade and investment in official SSC.

Most of the reforms suggested to improve SSC partnerships appear to be geared towards creating an enabling environment for trade and investment. Little effort has been made towards improving social and cultural exchanges. CSO-SSC partnerships, on the other hand, continue to experience dis-enabling environments for their work, particularly through restrictions in the movement of people across the borders as well as the legal and regulatory framework for CSO operations in many countries involved in SSC.

Conclusions

The largest impediment for the SSC and its partnerships are the limitations on, or absence of, participation on the part of citizens of the beneficiary countries in SSC. This impediment is noticeable at all levels, from the assessment of needs, to project design and implementation. This limitation is further compounded by the lack of opportunities by the aid-providers in SSC to consult widely beyond the immediate beneficiaries of a project, which is usually the government or the private sector. Furthermore, there is little partnership co-ordination between SSC aid-providers in the sectors where they have common interest. The national interest of the provider seems to discourage partnership co-ordination.

At another level, the absence of overall national policies on SSC and related partnership development among most African countries make it difficult for them to pursue SSC in a comprehensive manner. Even with a political declaration in support of South-South Cooperation at the highest political level, legal reforms and institutional and policy frameworks have not been established to guide the engagement.

Policy Recommendations

The relationship between Africa and Southern partners in SSC has clearly increased resources available for development. Africa must therefore take advantage of the opportunities and enhance their partnership engagement in this form of cooperation.

For African Governments

Mainstream SSC into national development strategies

SSC provides new opportunities for the continent to comprehensively address their development challenges. SSC can address and increase the potential to improve Africa's capacity to deal with the challenges of poverty, poor infrastructure, weak productive capacity, food insecurity, energy deficits, as well as financial and economic crises. African countries should adopt a well-defined strategy for SSC and related partnership development to ensure that it maximises African benefits from the partnership. SSC should be mainstreamed into national development strategies if Africa is to realise these benefits. In this regard, African governments should endeavour to ensure that SSC partnerships are aligned to their national development plans and priorities.

Develop strong policy and institutional frameworks for SSC

The absence of African governments' policies on SSC and partnership development strategies, alongside the absence of mechanisms to coordinate the activities of different implementing agencies, make it difficult for African countries to pursue SSC partnerships in a comprehensive manner. Many countries appear to be guided by political statements and directives from those in position of power with no policy and institutional framework. Decisions on SSC partnerships and projects are taken at various levels including the offices of the heads government, ministries of finance and the line ministries with little or no co-ordination among themselves. Furthermore these institutions often lack credibility among other stakeholders because of the non-inclusive nature of the partnership.

This scenario has greatly contributed to the passive nature of Africa's participation in the current SSC. Political commitment to SSC must be backed up by a strong policy and institutional framework. This framework should promote democratic ownership, transparency and accountability and development results. It should be the outcome of extensive consultations, bringing together representatives of central and local government, SSC aid-providers, civil society and the private sector. The end result should be a framework that clearly sets out how the government will participate and partner in SSC, and ensure that such cooperation will contribute to poverty reduction and people's empowerment.

Create an enabling environment for civil society organisations

Civil society organisations continue to assume more responsibilities and are gaining greater visibility and influence both at the national and the regional levels in all areas of development. The latter, including such issues as civil rights for women and minorities, human rights, environmental protection, democratic governance, corruption and abuse of power. Through the mobilization of constituents and resources, CSOs can influence and monitor national policies and their implementation.

Despite their growing presence and importance, CSOs have been locked out of official SSC partnerships, especially in trade development programs and investment processes. SSC seems to acknowledge the existence of only two spheres – the market and the state. As a consequence, CSOs have been seriously hampered and their potential for contributing to the solution of development issues in the South under SSC is often challenged or ignored.

Governments involved in SSC partnerships continue to attempt to control and silence civil society organisations. Most of the recent passage of NGO laws seeks to constrain and limit the space for civil society, compromise their independence, and clamp down on their operations at the national level. This scenario has greatly contributed to suspicion and lack of partnership between CSOs and their governments in SSC arrangements. Therefore governments across the continent must work with CSOs to develop relevant legislation and institutional frameworks that not only anchor CSOs' legitimacy within the country's development policies and strategies, but also maximise their contribution to the development process in their countries, including those involving SSC.

Broaden the ownership of SSC

According to the 1990 African Charter for Popular Participation in Development and Empowerment,

> 'We believe strongly that popular participation is in essence, the empowerment of the people to effectively involve themselves in creating the structures and in designing policies and programmes that serve the interests of all as well as to effectively contribute to the development process and share equitably in its benefits.[9]'

Unless SSC is able to include CSOs as key stakeholders in policy development and implementation of these partnerships, in Africa SSC will fall far short of the African Charter quoted above and the transformation it sought to bring to the continent.

Participation of CSOs in SSC has the potential to broaden country ownership of SSC development projects and programs. It is an important avenue to put people at the centre of the partnership and address the current gaps in engagement with citizens. To ensure effective national ownership of the process and outcomes of evolving partnerships in the South, African governments should make efforts to get parliaments, the private sector, and civil society more directly engaged in the process of negotiations, project design, implementation and evaluation. This engagement will increase transparency and accountability as well as the likelihood that resources will be used in pursuit of national development goals and priorities. It will also reduce public scepticism and give more credibility to the partnerships.

Recommendations for regional and multilateral institutions

The role of regional and multilateral agencies such as the UN in promoting equal partnerships among SSC partners cannot be over-emphasized. They not only have a global network ideal for knowledge exchange, but can also provide the relevant expertise that can benefit both sides of the partnership. In this regard, these institutions should endeavour to:

(a) Coordinate capacity development for African public institutions that deal with SSC, particularly those that manage statistics and collection of information on SSC and partnership development. Failure to have reliable data and information has made it difficult for African countries to assess the impact of SSC in the overall efforts for poverty eradication. African regional organizations such as the African Union Commission and NEPAD, in collaboration with the United Nations, should develop a database on Africa-SSC partnerships. This will allow for an identification of best practices for learning.

(b) Provide more research support. Despite the increasing engagement of Africa in SSC partnerships, there are relatively very few think tank, academic, and research institutions that guide the continent, both at the regional and national level on the development effectiveness of their engagement of SSC partnerships. Therefore there is a need for the creation and development of national and regional institutions of excellence for SSC partnerships. These institutions should carry out rigorous and systematic country and regional studies of the impact and sustainability of these activities in the region. Such institutions would provide African policymakers with the information needed to make decisions on partnerships with SSC aid-providers. Thus, African regional organizations as well as the United Nations and other multilateral institutions should scale up their support in this area.

(c) Establish financing facilities for SSC partnership development. Regional and multilateral finance institutions should make more resources available for support to SSC partnership projects and initiatives. Inadequate resources continue to inhibit the growth of intra-Africa and Africa-South partnerships. Funding instruments in the form of trust funds should be established with national governments making substantial contributions. The funds should largely be directed towards supporting intra-regional cooperation, as well as boosting the cooperation of African participation in the South-South Cooperation.

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2 A "greenfield" investment is an investment in a manufacturing, office, or other physical company-related venture where no previous facilities exist.

3 UNCTAD, 2010.

4 Yun Sun, "Africa in China's New Foreign Aid White Paper," Brookings Institute, July 16, 2014, accessed at http://www.brookings.edu/blogs/africa-in-focus/posts/2014/07/16-africa-china-foreign-aid-sun

5 UNCTAD, 2010.

6 NEPAD, 2011.African Consensus and Position on Development Effectiveness http://www.un.org/en/ecosoc/newfunct/pdf/luxembourg_afr_pos_busan.pdf

7 UNCTAD 2010 on South-South cooperation: “Africa and the new forms of development partnership shows that trade and investment flows with the South are reinforcing a longstanding trend in which African countries export farm produce, minerals, ores, and crude oil, and import manufactured goods. It says this situation should be reversed while the South-South trend is still in its early stages. A repeat of the traditional pattern will not help African countries to reduce their traditional dependence on exports of commodities and low-value-added goods.”

\8 The UN Development Co-operation Forum brings together policy makers, civil society organizations, Members of Parliaments, local authorities and foundations from rich and poor countries to review development cooperation trends. It allows building greater coherence among various development actors. It debates ways to improve the quality and effectiveness of development cooperation and to increase its impact on development goals.

9 “African Charter for Popular Participation in Development and Transformation,” Arusha, 1990.

Chapter 3

Defining the post-2015 world: What roles for inclusive rights-based partnerships?

The Regional Agenda for Post-2015 Development and Strategic Partnerships

Laura Becerra Pozos
Equipo Pueblo/Asociación Latinoamericana de Organizaciones de Promoción al Desarollo, AC (ALOP)

The Starting Point: A General framework for the development debate

The global crisis indicates, among other things, that the economic model that is still applied in Latin America and the Caribbean is being questioned and requires a revision. The basis for this revision are the paradigms being discussed and proposed for the framework of the Post-2015 Development Agenda, particularly from local spaces — specifically, communities and CSOs promoting development, who define several dimensions and give the revised model an essence of sustainability.

Despite agreements and commitments that recognize the interconnection between development and human rights, it is not acceptable that there remains a lack of harmony and discrepancies among them. As Alicia Barcena from Comisión Económica para América Latina (CEPAL) says, equality and inequality — both in terms of rights and assets — are conditioned by productive structure, technological development, gaps in labour, territorial organization, capacity development, social protection and political participation.[1]

Development, understood as a process of social, political and economical change, requires good functioning institutions, but also implies a radical revision of values and attitudes. As the Mexican political scientist Rolando Cordera suggests, "social being" is not only discussed in the social arena; equality also needs to be considered a right and an ethical principle. He highlights that the right to development preceded the current wave of attention to the universalization of human rights and is inseparable from social justice.[2]

Concomitant with the universality of development objectives, nation-states must assume their role of promoters and guarantors of human rights and national development in regional and national spaces. In that sense, guarantees about human rights will be ensured by nation-states as long as there are public policies protecting these rights. Consequently, proposals for the Post-2015 Sustainable Development Goals (SDGs) should focus on public policy actions that need to be implemented by states in the framework of basic guarantees for the fulfilment of rights.

On the other hand, economic growth, even if it is fast and sustained — which right now is not the economic situation for most countries in Latin America and the Caribbean (LAC) — cannot guarantee or facilitate the achievement of the SDGs.

As noted in the Beyond 2015 campaign, growth does not resolve inequalities if it is not accompanied by wealth redistribution and access to resources, and oriented towards a fair and sustainable future. It is not acceptable to equate the idea of economic growth with inclusive economic development or to sustainable development, which has other perspectives and includes individual and collective rights.

It is important to highlight that Official Development Assistance (ODA) is still essential in LAC countries, despite most of them moving into the category of middle-income countries, often based on questionable indicators. Meanwhile, in almost all of these countries inequality and social gaps remain or are deepening. Middle-income status, based solely on per capita GNP, should not be an argument to eliminate North–South cooperation.

Even if recent progress in LAC is recognized, it is still the region of the world with the worst distribution of wealth, as well as sustained wide social gaps in areas such as capacity development, employment, access to systems of social protection, gender equality, ethnic discrimination, youth issues, and access to power.[3]

Progress in terms of human rights and gender equality in development requires paying special attention to sexual, reproductive, political, economic, social and cultural rights, which are interrelated and are not divisible.[4]

It is clear that inequality risks social, economical and political stability and promotes the values of status quo, power and hierarchy over social cohesion and community. It must not be forgotten that everybody benefits from more equal societies. This has been an important omission in the Millennium Development Goals (MDGs), and without a roadmap to reduce the extreme inequality of incomes, within and between countries, the next post-2015 global targets are at risk of failure.[5]

A Development Agenda — with clear indicators for measuring progress — cannot be separated from the public budgets at every level of government, since these are the primary instrument for development, particularly at the local (sub regional) level. It is in these budgets where the effectiveness of a truly inclusive development process will be demonstrated.

Financing, therefore, is crucial for the success of the Post-2015 Agenda and SDGs. International experts indicate that it will be necessary to invest 4% of GDP in economies in transition for at least a minimum of 20 years.

We already know that domestic resource mobilization, aid and private capital (coming from the main pension funds, development banks and other investors) will be insufficient in terms of financing and development. Yet these seem to be the only options being explored, and not more innovative financing options such as the proposal of a tax on financial transactions or the use of global public goods. It is not surprising that the international community considers the private sector as the primary source of financing for the Post-2015 Goals.

A more comprehensive vision for development requires a very ambitious global agreement, one that can offer a wide range of options for financing for countries with both low and medium incomes. Despite the important debates on "the world we want," it is also imperative to get an agreement on how to implement that world we want.

The Global Partnership, established in MDG 8, is essential. Its importance was confirmed by the report from the High Level Panel of Eminent Persons.[6] From the perspective of Centro Europeo de Pensamiento Estratégico Internacional (CEPEI), a renewed Global Partnership for 2015 must incorporate policy areas that transcend ODA and traditional development cooperation. The 2011 Busan High Level Forum discussed the essential importance of involving non-official actors, such as CSOs and private sector, to achieve development effectiveness. However, these wider stakeholder engagements may sharpen the differences or conflicts, instead of reducing them.

Therefore, the evolution of the Global Partnership for Effective Development Cooperation (GPEDC), post-Busan, seems to have confronted more challenges than progress in constituting an effective structure and generating the political influence needed to coordinate with key development countries and multilateral actors that must be included in a new architecture for development finance. "Non-member countries of the OECD, with higher influence on development issues, instinctively seek alternative routes, instead of building upon traditionally established patterns for development cooperation by the leading group of developed countries that are members of the OECD."[7]

How is Mexico performing? Advances and challenges

The Mexican Government has positively assessed its progress in fulfilling the MDGs and has been active in monitoring the global process and the post-2015 debate promoted by the UN system. A Government declaration in December 2013 highlighted that, in fact, from 2005, when the first report was drafted, Mexico has made important advances in every Millennium Goal and target. This progress is a result of government policies and programs oriented towards the needs of the population in different areas of development. Moreover, the Government of Mexico incorporated additional goals, which have been called "Goals Beyond the Millennium." Some of these latter goals have focused on combating poverty and hunger, and also on advancing the effectiveness of pre-school and secondary school education.

The Government has stressed the importance of the rights of Indigenous Peoples and issues in International Migration to be considered in the building of the Post-2015 Development Agenda. The consultation, "Building the future we want in Latin America and the Caribbean: towards a Post-2015 Development Agenda" (April 2013, held in Guadalajara, Jalisco), sent messages about the inclusion of issues in International Migration in the global post-2015 discussions and negotiations, and made a call for the Agenda to address inequalities, including strengthening the voices of Indigenous Peoples. The Government also organized the consultation, "Energy and the Post-2015 Agenda: The Future of Latin America and the Caribbean" (March 2013, held in Merida, Yucatán), in which non-government actors of Mexico, Central and South America and the Caribbean debated the inclusion of energy issues in the framework for the new international development agenda.

In the 2013 Progress Report prepared by the Government of Mexico, the President of the Republic presents the challenges that Mexico is facing: "We know that the MDGs point to a minimum and do not constitute an answer to all the problems, and they do not solve all the needs of the population. While Mexico achieved all the targets against extreme poverty and hunger, establishing a minimal basis to start the journey, the Government of the Republic considers that the results are not yet those desired by Mexicans. That is why my Government is committed to improve the social and economical conditions of families with fewer resources."[8]

Marcia de Castro, Resident Representative of the UNDP in Mexico, considers that most of the targets seem to be achievable in Mexico. However, she points to some urgent issues that should be integrated in the national development agenda: i) a reduction of poverty; ii) the inclusion of all Mexicans; iii) full employment; iv) broad participation in primary education for boys and girls; v) gender equality; vi) improved access to health; vii) environmental sustainability; and viii) contributing to a strong global partnership.

When assessing the indicators for the Goals against the 2015 targets, specialists that monitor each of them suggest that 38 indicators have been achieved (74.5%); five are advancing favourably and are expected to be achieved in 2015 (9.8%); five are not progressing enough (9.8%); two are not progressing or are deteriorating (3.9%), and one lacks information in order to assess progress. Therefore, in 2012 there was a positive balance in which 84% of the indicators have a high probability of being achieved by 2015.[9]

In the conclusions of the report by Instituto Nacional de Estadística y Geografía (INEGI), inclusive development is promoted: "We are in a critical moment to decide by every country the world that the next generations will inherit. This new moment has been preceded by a period of global, regional and national consultations whose magnitude and level of participation was unprecedented."[10] México has promoted in different forums the importance of an open and inclusive discussion, believing in building a new structure to promote prosperity for all the citizens of the world. The establishment of a new development agenda should be one in which the visions of civil society, private sector and the academy are all considered.

In the report, one of the five major areas for significant change for the Government is the need for a "new global partnership, based on a spirit of solidarity, cooperation and shared responsibility that takes into consideration different capacities. A new spirit of solidarity, cooperation and mutual responsibility must back the Post-2015 Agenda. A new partnership shall be based on a mutual understanding of our shared humanity, mutual respect and mutual benefit."[11]

Indeed, the progress made by México is important, as are the national and Latin American consultations in which civil society was able to express its views. However, the participants in the Beyond 2015 campaign from the region, have identified some limitations regarding the following areas: i) the framework of development (inclusion and content) and with basic perspectives and values; ii) the determination of the means for achieving the new objectives; and iii) the role of CSOs and the requisite enabling environment to guarantee quality participation. The latter should consider not only social accountability but also of the process for developing the framework for the Development Agenda. In relation to these concerns, the next two sections set out some assessments and some recommendations, not only for Mexico, but also for the Latin American region.

The means for making progress in the post-2015 Development Agenda: Key Actors and Factors

The results of the participative research conducted by Beyond 2015 with persons affected by poverty and marginalization, have shown in general that they do not benefit from current interventions focused on reducing poverty, including those related to the MDGs. Any pretence for a truly inclusive sustainable development, must include the poorest and the most vulnerable in every Goal. The persons living in poverty do not want charity; they want the capacities for realizing their rights and for a meaningful livelihood. For them, sustainable development must be "people-centered." It must be based on respect for the claim for equality for all, the right and freedom to prosper and flourish. Consequently, the proposed Goal 10.[1] needs to be revised.1A revision is necessary to translate

1 Target 10.1 commits that, by 2030, the incomes of the bottom 40% in each country will grow faster than the national average.

political will into a real commitment: *Increase recognition and fulfilment of cultural, political, economical, social and environmental rights for political, social and cultural minorities, and eliminate every legal and socio-cultural base of discrimination.*[12]

Given the experience of more than 30 years in LAC, CSOs that are fostering social or sustainable development have developed models of social processes in rural-communities as well as urban popular communities. These models have demonstrated their viability, in part due to the recognition and strengthening of a diversity of community actors who, in the end, are the main actors for development.

These are complex processes, and include partnerships between municipal authorities, community-based organizations, NGOs and local economic actors. Together they recognize that it is in the local community where situational diagnosis, the mobilization of actors, and viable public proposals are generated. CSOs have been a key part in consolidating democracy and citizenship. Learning from these experiences or alternative models of multi-stakeholder democratic participation would strengthen the collective definition of objectives, as well as the need for diverse strategies for their effective implementation.

But, paradoxically, in many of these LAC countries there are also processes and projects for the private sector exploitation of natural resources. These projects are implemented with impunity, without recognition of the right of communities to land and territory, without respect for the right to free, prior and informed consent. This external exploitation of resources is presented as development projects, but is usually outside the plans of municipal governments and is inconsistent with inclusive development.

Given this situation, participants from local and community spaces have highlighted the following recommendations for inclusive development:[13]

- Adopt and foster integrated policies and strategies that are coherent and sustainable and that build from the knowledge, abilities and capacities of the local areas and their communities.
- Ensure democratic governability, which implies the participation of all as rights holders and the obligations of the state as duty bearers, as well as an informed citizenship that can generate spaces for reflection with power to propose solutions.
- Guarantee the participation of civil society in the public arena, generate and establish mechanisms to strengthen their capacity for political influence, as promoters of public goods, for social organization, and as actors who also contribute to the design of public policies and regulations.
- Strengthen the capacities of the local regions and the different community actors, such as social organizations, community organizations, NGOs, among others. Decentralization must guarantee effective and egalitarian development in local regions.
- Recognize cultural and territorial diversity, as well as the implications that these conditions have on fostering development. It is not possible to establish common goals and indicators for both a country and its regions.
- Advance towards a concept of development that emphasizes the dignity of life and respect for human beings. Development must not be linked to the economic interest of developed countries, but it must implement inclusive development models that ensure access and equality of opportunities, in which there is recognition of the wealth, capacities and

diversity of those who live in developing countries and local areas. Development cannot be designed from the top down; it is built by people from the local level.

Conclusions: Recommendations about partnerships

Based on the framework for the Post-2015 Development Agenda, which is still under debate, and the means for its implementation in the different national and local realities, which require international and domestic resources, partnerships among actors are indeed a key issue requiring a high level of commitment. Consequently there have been great expectations arising from the recently created Global Partnership for Effective Development Cooperation (GPEDC) in Busan in 2011. At its first High Level Meeting, which took place in Mexico in April 2014, all stakeholders confirmed the commitment that unites the Global Partnership, which is "the collective search for an inclusive and sustainable development for the world."

But beyond declarations, it is indeed expected that the GPEDC will have the will, capacity and strength to provide a reformed architecture for the implementation of the Post-2015 Development Agenda. It must be one that avoids going backwards or softening commitments. CSOs and other social actors are concerned that advances in development effectiveness from the Paris to Busan High Level Forums may be lost.

It is for this reason that an enabling environment is essential — in its different dimensions and areas — in order to promote CSOs' activities as development actors in their own right. An enabling environment is a necessary condition; in its absence the circle of partnerships for sustainable development cannot be complete. Such an environment implies minimally freedom of association and expression, effective formal spaces for political engagement, and viable options for the sustainability of CSOs. It includes judicial, political, economical, cultural and cooperation dimensions.

In the words of Alessandra Nilo, in "the future we want," partnerships with CSOs are crucial — they are key partners in ideological definitions, decisions about policy, and implementation of the Post-2015 Agenda. As a result, it is recommended that the new Development Agenda include an objective that promotes partnerships between the United Nations, governments and civil society at every level.[14]

Partnerships, Nilo says, must consider common but differentiated responsibilities when defining the means for implementing the Goals for the new development agenda. ODA is a key element in the promotion of multilateral and bilateral partnerships, and must remain a priority.

But one of the limitations for development is inadequate and insufficient finance. Financing for development is under scrutiny, recognizing the dramatic changes that have happened in the international financial landscape since the MDGs were approved almost 15 years ago. One example is that traditional ODA is under pressure, and its relative importance against other sources of finance has been decreasing. For many middle-income countries, the ratio between ODA and GDP has declined by almost a half during the first decade of the century, while tax collection, foreign direct investment and remittances have substantially increased.[15]

The GPEDC, which brings together 157 countries, has potential as an important actor supporting the SDGs. But it remains to be seen if it has the structure and the strength to achieve or facilitate new policies and funding modalities to strengthen its impact on sustainable development and the mobilization of resources at the national level. Moreover, there are other actors and processes not included in the Global Partnership, which remain to be defined in their relationship to North-South cooperation, South-South cooperation and Triangular cooperation. It is also essential that there be appropriate regulation of the private sector (legal framework) and their "investments" for development. How will the latter provide resources but also challenge governments and other local and community-based actors under the framework of partnerships?

Objectives and goals should not only have universal application. They also require universal commitment. Universality must involve at the same level a commitment to the means of implementation and an open debate is needed regarding this issue. It is very important to clarify that a global partnership, in which every actor has responsibility, is crucial for the success of the framework and its implementation.[16]

With respect to the core issues of peace, security and governability, it should not be forgotten that 75% of the world's conflicts are related to confrontations over natural resources and the territories affected by large resource-related projects. Peace and security are not always related to a lack of democracy, leadership or governability. A wrong approach to development can cause greater inequality between countries and thereby distort or nullify the actions of partnership for development.

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"Development Platform of the Americas": Unions Defining their own Development Model

Kjeld Jacobsen
Trade Union Confederation of the Americas (TUCA)

Introduction

The deadline to achieve the eight Millennium Development Goals adopted by the UN General Assembly in September 2000 is fast approaching. In general terms, these objectives were quite modest when compared to the magnitude of social needs that still affect large portions of humanity. Although some objectives – such as reducing the proportion of people living in extreme poverty by half – have been achieved, it is important to note that this result has been achieved mainly because of the significant contribution of countries like China and Brazil, through income transfer policies as well as other mechanisms. In most low-income countries, extreme poverty remains as serious and abject as ever.

A key problem affecting the fragility of the UN social and environmental goals is that most of the subscribing countries follow neoliberal economic policies, which have brought about a concentration of income and a reduction of social protection coverage. Such policies impede progress in attaining even modest proposals such as the MDGs within a timeframe that spanned a decade and a half.

Surprisingly, even though the MDGs are not fully achieved, they will be replaced by new goals in a process initiated during the UN Conference on Sustainable Development held in 2012 at Rio de Janeiro. This time they are called "Sustainable Development Goals" (SDGs), to be adopted at the UN General Assembly in September 2015. Despite the laudable integration of the environmental dimension with social and economic perspectives, it is likely that they will also fail, as neoliberal policies not only persist, but also have been accentuated in many developed countries.

One aspect of this heightened neoliberalism is a deepening of the privatization of "development cooperation." The rhetoric on the need for private sector engagement in international cooperation, particularly in relation to the post-2015 initiatives, has been promoted on the grounds of insufficient public resources and an abundance of resources controlled by private companies. However, so far there is no commitment from the private sector to allocate significant grant resources to achieve SDGs; rather, it is more likely that scarce public resources for development cooperation will increasingly be appropriated by the private sector and utilized for corporate interests.

In any case, the debate over "development" is, first and foremost, a political debate, one that requires the determination of an appropriate model for implementation, and it is essential that this model subordinates economic and private interests to popular needs and interests, as reflected in related State policies. Only then will a global post-2015 development project promote real change for people.

The Development Platform of the Americas (PLADA)

For the past ten years, the Trade Union Confederation of Americas (TUCA) has been elaborating a regional proposal for workers' rights and working conditions called the "Labour Platform of the Americas (PLA)." The PLA is a platform of organizations representing workers´ struggles in the Americas against neoliberal policies of income distribution, reduced protection for labour rights, lack of decent work, a deterioration of social protection, and precarious working conditions.

This Platform has aimed to bring together the efforts of the American labour movement in each country in the region, through collective proposals for the implementation of a "Decent Work Agenda," as set out by the ILO. However, it was also apparent that the Platform was falling short in not addressing the political and economic factors causing serious deterioration in the conditions facing workers from North America to the Southern Cone of the continent. Likewise, more efforts were needed to facilitate dialogue with progressive governments of different political tendencies, which are looking for new development models as an alternative to neoliberalism.

Therefore, TUCA decided to proceed with a proposal that would maintain the policy interests of the PLA together with a trade union vision of "development," one that ensures the four pillars of sustainability, namely the economic, social, environmental and political pillar. This process has resulted in work since 2012 on a proposal for the Development Platform of the Americas (PLADA).

The most critical point for PLADA is its political pillar, which assigns an essential role to the State to regulate economic relations and ensure economic development with fair income distribution, as well as social protection and respect for the environment for future generations.

PLADA´s comprehensive development agenda is also due to the fact that different social actors contributed to its conception: indeed, besides TUCA and its affiliated trade union confederations, many civil society organizations — such as Friends of the Earth, Via Campesina, the World March of Women — have been contributing to the definition of PLADA pillars. This partnership of organizations is politically crucial, given that the challenges of fighting neoliberalism and implementing a new development model cannot only be the responsibility of the trade union movement. It must also be the responsibility of a wider social alliance consisting of peasants, women, indigenous organizations, and NGOs, among other sectors.

Apart from being an instrument for broader political debate with leaders of international organizations, PLADA and its components can also be used to guide proposals at the national level in the countries within North America, Latin America and the Caribbean.

PLADA was launched in May 2014 in Santiago, Chile, with the presence of the newly elected president Michelle Bachelet. A few weeks later it was presented during a public meeting to the Uruguayan government in the presence of President José Mujica and his ministers, who are implementing several important aspects of the agenda through their various ministries. During the coming months, PLADA will also be discussed with the governments of Costa Rica, Honduras and Peru, while civil society organizations of the region will also be invited to join the process of discussion and national advocacy for sustainable development. On the other hand, TUCA will work closely with its national affiliates, in order for them to take ownership of the proposal and develop discussions on the implementation of PLADA according to their national circumstances and priorities.

Through this ambitious process, the trade union movement of the Americas means to contribute to the debate of the post-2015 Agenda with comprehensive and concrete proposals, which put decent work at the centre and express a coherent vision from workers from Canada to Argentina on how to advance towards social justice and sustainability.

Beyond lip service on mutual learning: The potential of CSO and think-tank partnerships for transforming Rising Powers' contributions to sustainable development

Alex Shankland and Jennifer Constantine
Institute of Development Studies, UK

Introduction[1]

As the introduction to this report puts it, "'partnership' has become a buzzword in the global arena." Given this context, the Global Partnership for Effective Development Cooperation (GPEDC), which was launched in late 2011 and held its first High-Level Meeting in Mexico City in April 2014, should have been ideally positioned to make a difference. In particular, the GPEDC held out the promise of significant progress in two key areas of partnership. The first was between the donors (mainly Northern countries) aligned with the OECD-DAC, and the 'Rising Power' exponents of South-South Cooperation.[2] The second was between governments and non-state actors in both the North and South – with the latter including both civil society organisations (CSOs) and the private sector.

However, the GPEDC has, to date, largely failed to fulfil its promise in both these areas. In this chapter, we will briefly outline how and why this has proved to be the case, drawing on desk research and on participant observation at the Mexico City High-Level Meeting. We will then go on to suggest that the GPEDC has instead succeeded in opening up space for another kind of partnership, which could in turn help to bridge the gaps that it has thus far failed to overcome between the North and South, and between governments and civil society groups from the South. This new kind of partnership links civil society organisations based in Rising Power countries with think-tanks and other academic actors from those countries and from the global North. We conclude by highlighting some of the potential contributions that such partnerships could make in a post-2015 era, where the principle of universality will challenge donor-recipient dichotomies and where knowledge exchange will be as important as financial flows in achieving effective development cooperation.

From Busan to Mexico

The GPEDC emerged from the 2011 Busan High Level Forum on Aid Effectiveness, whose final declaration saw a range of commitments that seemed to hold genuine promise for efforts to make the rhetoric of mutual learning and multi-stakeholder partnership a reality. These included a significant new emphasis on the importance of South-South Cooperation (SSC), a greatly increased profile for private sector engagement, and much positive language about the importance of civil society. There was also a significant enough role for CSOs in the process leading to the adoption of the Busan Outcome Document for it to be interpreted by the broad-based CSO Partnership for Development Effectiveness (CPDE) as recognition of civil society representatives as 'full and equal participants.'[3]

However, by the time of the Mexico meeting, it was clear that of these three key areas — SSC, the role of the private sector and engagement with civil society — only the second had seen significant progress, and even here it was taking a narrower shape than the post-Busan optimism had suggested. The presence of a few handpicked African entrepreneurs failed to disguise the heavily Northern-corporate feel of the private-sector presence at the Mexico City High-Level Meeting (HLM). Among the business delegates, the vast majority were not local small and medium enterprise (SME) champions seeking recognition of SMEs' key roles in job creation, or national Chambers of Commerce explaining how they were encouraging their members to pay their taxes in order to fund social programmes. Nor were they Chinese or Turkish businesses sharing what they had learned about investing in contexts considered too poor or high-risk by Northern companies.

Instead, most of the HLM seats were filled by executives from US and Europe-based corporations. For many of these corporations, 'development' is about corporate social responsibility (CSR), the investment climate, and official aid programmes. All too often, CSR is seen as a strategy for securing competitive advantage over rival firms from Rising Power countries, the investment climate is taken to mean low taxes and light-touch regulation, and aid programmes are seen as opportunities to gain access to cheap finance and service delivery contracts from 'business-friendly' Northern donors.

Philanthropic foundations also enjoyed high-level presence at the GPEDC, having been invited to participate formally in discussions of the development compact for the first time. An increased focus on engaging with a more diverse actors, combined with strictures in the funding environment and foundations' often generous funding, no doubt contributed to their presence. Still, this was heavily Northern-dominated, and therefore under-representative of foundations from Rising Power countries such as India or Brazil. It is worth noting however that the OECD-sponsored Global Network of Foundations Working for Development[4] has made a concerted effort to reach out to foundations in the rising powers.[5]

Unlike private-sector (or philanthropic) engagement, the role of civil society in effective development was not deemed important enough to merit a specific plenary session in Mexico City. This made a mockery of the commitment to 'full and equal' participation. But with hardening anti-NGO attitudes among many governments in the South, declining aid budgets, and a turn towards the private sector among many governments in the North — on top of existing North-South divisions within civil society itself — CSOs were unable to build sufficiently strong alliances to reverse the situation. At the Mexico HLM, delegates from the CPDE were reduced to staging a protest over the unbalanced treatment, wherein they donned Mexican wrestler masks to assert, "we don't want to have to struggle for our place at this table."

Much of the 'buzz' at the HLM centred on whether it would be attended by the Rising Power countries whose growing importance in development cooperation was finally formally recognised by the OECD at Busan, cementing a process which started with the third High-Level Forum on Aid Effectiveness in Accra in 2008. A delegation from China's Ministry of Commerce (MOFCOM), which is responsible for development cooperation, was expected in Mexico City. However, their participation ended up being cancelled at the last minute, leading to a flurry of questions as to who should take the blame for this failure to 'bring China on board.' The head of the Brazilian Cooperation Agency did attend, but took every opportunity to announce that he was there only as an observer, since Brazil was not a 'member' of the GPEDC. India's Development Partnership Administration had never committed to participating in the Mexico meeting. Among the other BRICS, South Africa's participation was more low-key than expected. By contrast Russia was more assertive than the organisers must have hoped. Given rising tensions over the country's role in Ukraine, when the Russian representative made a point of extolling his country's cooperation with its CIS neighbours as an example of how the principles of the GPEDC were being applied in practice, it must have been a source of embarrassment rather than pride.

The failure to achieve meaningful participation by key Rising Power countries in the Mexico HLM seemed to suggest that the GPEDC did not after all represent a new paradigm in development cooperation policy-making. Yet in 2011, much of the rhetoric around Busan had implied that the traditional donors now understood that the shift to a multi-polar world with a rising 'global South' meant that the balance of power was no longer concentrated in the North. Development cooperation was no longer about 'effective aid'; the influence of the Paris Declaration was waning and the days of advocating for a homogeneous DAC-led development landscape were over. In this context, the news that key Rising Power countries like China, India and Brazil had 'signed up' to the Busan process was greeted with euphoria by those who hoped for a smooth transition to a new international aid order in which, as the Busan Outcome Document put it, "we now all form an integral part of a new and more inclusive development agenda."[6]

However, the euphoria proved both misplaced and short-lived. The gulf in understanding as to what 'signing up' actually meant was simply too great. The traditional donors chose to interpret their success at 'getting the BRICS on board' as meaning that DAC hegemony was no longer threatened. They could revert to business as usual, dominating the process by which the rules governing all forms of development cooperation would be laid down. By contrast, the Rising Powers focused on the fact that they had only agreed to follow certain principles on a voluntary basis, a non-binding adherence which in no way altered their longstanding insistence on the fundamentally different nature of North-South aid and South-South development cooperation.

The post-Busan context was marked by intensifying geopolitical competition, including around key development issues such as the reform of the Bretton Woods institutions and the roles played by Northern and Rising Power countries in Africa. A lack of meaningful dialogue at the political level made it harder to create significant space for building mutual understanding at the technical level. Some attempts were made to follow up on pioneering efforts such as the 'China-DAC Study Group,'[7] and traditional donors such as Germany, Japan, the US and the UK sought to intensify 'triangular cooperation' and establish experience-sharing arrangements with Rising Powers' development cooperation agencies. However, at the highest levels, the leading Northern donors failed to convince anyone that they actually understood how much the development landscape had shifted, or that they recognised the need to change their own attitudes and behaviour if the commitment to mutual learning was to progress beyond lip-service.

In particular, many traditional donors continued to downplay the value of the increasingly coherent UN effort to establish a global governance architecture for development cooperation, through the Development Cooperation Forum (DCF) and now the High-Level Political Forum (HLPF). They made unfavourable comparisons between the UN and the OECD, contrasting the former's cumbersome structures and emphasis on political posturing with the latter's efficient bureaucracy and problem-solving approach. CSOs shared some of these critical perspectives on the UN, and valued some of the achievements of the HLF process, where the Working Party for Aid Effectiveness provided a space for CSOs to influence development cooperation from a different perspective. Civil society groups brought focus on issues such as sustainable development effectiveness, the root causes of poverty, and the realization of human rights, through successful CSO-led initiatives such as the International Aid Transparency Initiative.[8] It was noted that this would not have been possible within the government-led UN process, where CSOs' presence is still marginal.

Whatever the justification for these criticisms, they ignored the fundamental importance of the UN's political legitimacy as a site of symbolic equality between nations and a space where the South could be heard. As an analysis by the Brazil-based BRICS Policy Center puts it: although Southern development cooperation provider countries differ in their views of the GPEDC, they share a belief in the legitimacy of the UN. "Some countries characterize the GPEDC as 'old wine in new bottles' while others identify it as the right forum for standardizing principles on SSC […] however, all SSC providers favour UN-led processes in the multilateral fora, where discussions on SSC experiences and practices should ultimately take place,"[9] according to the analysis. The North's failure to show that it understood this meant that some Rising Powers could invoke their Southern credentials as a justification for intensifying their support for the DCF while withholding it from the GPEDC, accusing the latter of trying to usurp the political legitimacy that rightfully belonged to the UN.

Successful diplomacy by OECD-member 'Rising Powers' such as Korea and the HLM's host nation, Mexico, ensured that several key UN figures — including the Secretary-General — did attend the Mexico City meeting. However, this now appears to have been an exercise in papering over cracks that remain as wide as ever. Despite a concerted GPEDC effort to engage with the DCF around its meeting in July 2014, the UN responded with little more than an offer of informal dialogue between the two fora. This, in turn, allowed many key Rising Powers to continue citing the GPEDC's lack of formal UN legitimacy as a reason for avoiding engagement. The world of intergovernmental negotiations on development cooperation has thus been left with two flawed spaces, with the GPEDC being described in a German Development Institute briefing as "relatively effective, but not legitimate" and the DCF as "legitimate, but with limited effectiveness."[10]

What the Mexico HLM did achieve

The Mexico City High-Level Meeting was unable to overcome this North-South divide in intergovernmental debates on development cooperation – though this is hardly surprising given the geopolitical context. It is increasingly clear that any politically viable intergovernmental negotiation will need to have the stamp of UN legitimacy, which has thus far been withheld from the GPEDC. We would argue, however, that the fact that it has been excluded from the field of government-to-government negotiations over binding global policy commitments may paradoxically enhance the GPEDC's ability to make a worthwhile contribution. This is because of the way that development cooperation is changing — and in particular because of the growing importance of multi-directional knowledge exchange and multi-stakeholder partnerships involving non-state actors, a field in which it is beginning to show that it has significant potential.

We base this reflection on our observation of the way in which the Mexico City HLM was able to create a rich range of opportunities for sharing experiences and forging new partnerships. These were found not in the set-piece plenaries but rather in the dozens of parallel self-organised 'Focus Sessions,' many of which were used to launch 'voluntary initiatives' that were subsequently incorporated into the HLM's final communiqué. The result was a remarkable burst of energy, creativity and optimism about the potential for innovative and effective multi-stakeholder partnerships in development cooperation. The Focus Sessions allowed new alliances to be built, whilst also providing a space for voluntary initiatives that had been launched at Accra or Busan to showcase the work that had been done over a number of years. While the intergovernmental debates remain characterised by geopolitical deadlock and tired platitudes, some important changes are clearly taking place beneath the surface. The Mexico City HLM's achievement was to create a platform for exploring the shape that some of these changes might take in future.

This achievement was due to a combination of the Mexican government's skillful hosting, the financial support of traditional donors such as the UK, and the fresh perspectives brought by a range of actors who were prepared to think beyond the limited frameworks of the aid effectiveness debate. Some of these fresh perspectives came from the groups who had been specifically courted by the GPEDC, including the private sector and leading middle-income countries such as the host nation, Mexico. Some came from groups who had not been on the GPEDC's radar but saw the Mexico meeting as an opportunity to claim some space to set out their ideas. Meanwhile, others came from groups who had long been associated with the separate worlds of North-South aid and South-South Cooperation — some had been working together on creating an enabling environment for the transition from aid to development effectiveness since Accra or Busan,[11] and there were also those who had simply decided to think differently about how development cooperation might move forward to 2015 and beyond, rather than remaining trapped within the same mindsets that had contributed to the political impasse.

Among these groups, we will focus on two that we believe have much to contribute to the kind of innovative partnerships that will be needed to make the post-2015 Sustainable Development Goals a reality: civil society organisations, from Rising Power countries that are increasingly active in development cooperation; and think-tanks and other academic actors both from those countries and from the global North.

Beyond government-to-government: CSOs and think-tanks as actors in South-South Cooperation

South-South Cooperation (SSC) is almost invariably discussed as a government-to-government relationship. Civil society organisations engaging with both the GPEDC's and the UN's work on SSC have tended to concentrate their efforts on ensuring the transparency and accountability of such relationships.[12] This engagement has been stronger at the international level, where it benefits from Northern donor support through structures such as the CPDE (and its predecessor BetterAid), than domestically, where governments tend to be reluctant to discuss their SSC activities with civil society. As one important recent study argues, "to date, it appears to be the case that there is very little dialogue with domestic CSOs in most South–South aid-providing countries."[13]

Exceptions do exist, such as the multi-stakeholder Forum on India's Development Cooperation and the formal civil society dialogue platform on development cooperation policy created by the Government of Mexico.[14] In general, however, CSOs have struggled to engage systematically with their countries' SSC activities, caught as they are between differing interests: the need to focus scarce resources on domestic challenges of poverty, sustainability and inequality; and governments' tendency to treat SSC as part of the traditionally closed field of foreign policy.

Despite this lack of dialogue with their governments, some CSOs from Southern countries have themselves been developing their own forms of SSC for many years, through solidarity-based relationships with counterpart organisations and communities elsewhere in the South. These relationships have been supported by actors ranging from Northern NGOs to UN agencies to global social movement networks. They have involved processes that — while by no means free of practical problems and power imbalances — often come closer to modelling the horizontal dialogue and mutual learning that should characterise SSC than the government-to-government exchanges promoted by Rising Powers' official development cooperation programmes.

In the run-up to the Mexico City meeting, the authors were part of a team of researchers and civil society activists from the UK, Mexico, India and Brazil that carried out a number of case studies of 'CSO-led South-South Cooperation'. These studies (documented in written and video formats on a project-specific website, cso-ssc.org) demonstrate the depth and breadth of this form of SSC. The cases range from farmer-to-farmer links between Mexico and Haiti and between Brazil and Mozambique, to experience-sharing on democratic local governance among NGOs from India, Bangladesh and Cambodia, to the spread of slum-dwellers' self-help and organisational techniques from India to South Africa and beyond. They provide excellent examples of the Busan principles in practice, especially the principle of inclusive development partnerships.[15]

The key findings from our case study synthesis were shared by team members from India and Brazil at a Focus Session during the Mexico HLM. The same Focus Session also discussed the role of business actors from middle-income countries, and of think-tanks that are becoming increasingly significant players in the Rising Powers' development cooperation policy landscape. While business was a major theme at the HLM, as already noted, the private sector representation was dominated by Northern corporations, who vastly outnumbered the business delegates from middle-income countries. In the case of think-tanks, it was the whole sector that had been left out: unlike the BRICS club of leading Rising Powers, which has both a Think-Tank Council and a fully-fledged Academic Forum, the GPEDC's architecture does not recognise academia as a stakeholder group, relegating Northern and Southern think-tanks alike to the margins of its debates.

The Mexico HLM provided the potential for academia's participation in the GPEDC, with the Mexican Agency for International Development

Cooperation (AMEXICD) stating its interest in engaging with academia as one of the GPEDC's constituencies. Academics from a varied political and academic spectrum in the North and South were also present at the July 2014 ECOSOC Fourth Biennial Development Cooperation Forum in New York.

While there has long been a flourishing field of research on aid and development in the global North, South-South Cooperation is an under-researched field in the Rising Power countries themselves. These countries have historically lacked anything resembling an 'aid industry' that could support consultancy-based research. Their academic research on development processes has tended to focus on national trajectories rather than international comparisons.

However, this gap is rapidly being filled by a new wave of think-tank activity, including both recently established institutions such as Brazil's BRICS Policy Center (BPC), and longer-established players such as the South African Institute for International Affairs (SAIIA) and India's Research and Information System for Developing Countries (RIS). In addition, policy-oriented research institutes that have traditionally focused on domestic challenges have begun to set up units dedicated to research on SSC, including Brazil's Institute of Applied Economic Research (IPEA), which publishes the official reports on Brazilian development cooperation, and China Agricultural University, which now hosts the China International Development Research Network (CIDRN).

At the Mexico HLM, representatives from several of these organisations came together to launch a significant new initiative, the Network of Southern Think-Tanks (NeST). Convened by RIS (India), SAIIA (South Africa) and IPEA (Brazil), and supported by China's CIDRN and Mexico's Instituto Mora, this new network is committed to ensuring more systematic sharing of ideas, instruments and data among specialists in SSC who are based in Rising Power countries. It may, in time, turn into the embryo of a structure that can provide SSC with the same kinds of systematic experience-sharing, technical guidance and peer review that the OECD's Development Assistance Committee (DAC) has come to provide for Northern donors.

The bridging role of think-tanks: Opening up possibilities for new partnerships

Given the political impasse and polarisation between Rising Powers and Northern donors after Busan, it is very significant that the NeST initiative was launched at the Mexico HLM. Despite their academic autonomy, many of the key think-tanks in the network are actually part of Rising Power governments: IPEA, for example, is attached to the Strategic Affairs Secretariat of the Brazilian Presidency, while RIS is a branch of India's Ministry of External Affairs. Thus, while these countries may have insisted that they were not signing up to the GPEDC, the active participation in the Mexico City HLM of the government think-tanks, which help to shape the Rising Powers' development cooperation policies, suggests that their governments see significant value in a more indirect but nonetheless highly strategic engagement at the technical level.[16]

Significantly, the NeST founding group invited two think-tanks from Northern donor countries — the German Development Institute (DIE) and our own organisation, the UK-based Institute of Development Studies (IDS) — to participate as observers in its inaugural meeting. This signalled an interest in South-North dialogue, which holds great promise for the future — not least because it was initiated by Southern institutions themselves, instead of one of the many multilateral and bilateral agencies that have been trying to position themselves as brokers between North and South. In the delicate politics of North-South dialogue, the technical and the political can never be fully separated; the issue of political ownership of the space where technical dialogue takes place is a critical determinant of the likelihood that such dialogue will actually succeed in promoting mutual learning.

Another initiative launched at the Mexico HLM that also holds promise for North-South dialogue is a network that sets out to play a double bridging role: connecting think-tanks working on development cooperation policy in North and South; and promoting mutual understanding between civil society organisations and think-tanks. This is the Future International Cooperation Policy Network (FICPN), which was recorded in the HLM Communiqué as a Voluntary Initiative dedicated to "helping to generate, map and articulate future international cooperation that can underpin a flourishing global society".[17] FICPN's membership includes development policy research institutes and NGOs from OECD and BRICS countries. It is guided by an Advisory Council that includes civil society leaders from India and Brazil as well as African and Chinese think-tank directors, academics from South Africa, Argentina and Germany, and former senior OECD officials. This diverse membership is united by a shared commitment to mutual learning across the divides between North and South and between state and civil society, and also by another key aspect of FICPN's agenda: promoting dialogue between civil society organisations and think-tanks. Furthermore, the Network seeks to anchor its work in robust and rigorous research, which ensures that the 'multi' in multi-stakeholder and multi-directional learning is indeed representative and enabling of a 'flourishing global society' that contributes to improved developmental outcomes on a global level.

The importance of dialogue between CSOs and think-tanks was highlighted by a series of collaborative studies in the BRICS countries to understand the domestic and international dynamics of Rising Powers' changing roles in international development.[18] On one hand, CSOs repeatedly told the research teams that they desperately needed academic support to make sense of the complex world of development cooperation policy; on the other hand, researchers realised that there was a wealth of CSO-led South-South Cooperation experiences that were not being documented or even discussed in academic debates on SSC, or indeed by government actors engaged in SSC policies and programmes.

Given the closeness to government of many key development policy think-tanks in Rising Power countries, better dialogue between CSOs and those think-tanks could also help to bridge the gap between state and civil society actors. This is an essential step towards more inclusive policy debate in contexts that (as noted above) may be hostile to the notion of CSOs having a voice on what are often considered to be strategic foreign policy issues. Eventually, the realisation that many CSOs have valuable South-South Cooperation experience of their own — as well as recognition of the roles they have often played domestically, in producing the development innovations that the Rising Powers are now seeking to share internationally — could help to create a more enabling environment for civil society involvement in government-to-government SSC activities.

Towards multi-directional learning?

The potential for new partnerships between CSOs and think-tanks across North and South is not only significant because the mutual understanding built up through such partnerships may help to overcome the mistrust that marks so many relationships in the new multi-polar world of development cooperation. It is also important because of the nature of the development challenges and goals that the world is likely to set for itself in the post-2015 period.

Realising the vision of the Sustainable Development Goals will require much more than national policy commitments in the South and aid commitments from the North. The acceptance of the principle of universality means that every country, North and South, will need to look to its own domestic as well as international commitments, and, in the process, realise that it may have something to learn as well as something to teach. This was the message that Mexican President Enrique Peña Nieto gave to the GPEDC, when he emphasised in his opening speech at the HLM that "not all countries have the financial resources to support other nations, but all have experiences and successful policy examples that they could share beyond their borders."

Financial resource flows will of course remain extremely important, but the post-2015 world will be one in which knowledge flows — whether North-South, South-South or South-North — become an increasingly essential resource for meeting complex sustainable development challenges. This may ease the tension felt by middle-income countries, such as Mexico and Brazil, who feel undue pressure from northern donors to step up to the plate after years of being recipients of aid. The move towards a greater focus on multi-directional learning means the south can participate with a different – but valuable all the same – currency, which can also contribute to the increasing developmental challenges faced by northern countries (e.g. with rising inequality, overstretched health systems, ageing populations etc.). However this may not be enough to mitigate the dwindling resource flows from north to south, and will force civil society organisations and think-tanks alike to be nimble in how they negotiate the changing funding landscape.

There are many challenges facing the consolidation of partnerships between CSOs and think-tanks, ranging from their different ideas about what kinds of evidence matter most for policy, to their different relationships with government, reflected in the reluctance of groupings like the BRICS to create formal spaces for dialogue with civil society alongside their academic and business fora. CSOs have also been critical of the extent to which governments' current SSC practices are actually promoting inclusive and sustainable development.[19] Nonetheless, in this world of multi-directional learning, such partnerships could potentially play a key role. CSOs have the ability to identify pressing issues of social justice and sustainability and develop innovative responses to these challenges. Think-tanks have the ability to turn CSO experiences into evidence for policymakers, while making opaque policy processes intelligible for CSOs seeking entry points for their advocacy work.

Kaustuv Bandyopadhyay, Director of PRIA, an Indian NGO which has been very active in debates on South-South Cooperation, has

Challenges of CSO Engagement in SSC21	Key Enablers for a CSO Partnership Policy in SSC22
• The reluctance of government to recognise CSO-led SSC reflects the state of CSO-State relations • Legal and policy frameworks in many developing countries are challenging, with increasingly restrictive regulatory environments • Development cooperation is generally considered as part of foreign policy, and governments tend to be much less open to dialogue with CSOs • Despite growing investment in SSC by MIC governments, very few have funding windows to support CSO-led initiatives • There is a lack of analytical documentation and review of CSO-led SSC practices • In the post-Busan and post-Mexico contexts, Southern CSOs are also redefining their relationships with Northern INGOs	• Recognise and define the inclusion of CSOs in official policies for SSC • Facilitate and create an enabling legal and policy environment for development cooperation with CSOs • Invest in strengthening the knowledge and capacities of CSOs in both partner countries and providing countries • Build an environment of trust through iterative transactions (e.g. programmatic relationships) and mutual transparency and accountability • Create space for policy dialogue and learning between CSOs and the institutions involved in SSC

highlighted the challenges and enabling factors for CSO engagement in Rising Powers' development cooperation, summarised in the table below:20

The GPEDC bills itself as being about "the 'how' of the next global development framework."23 Getting the 'how' right means understanding what works and why. Armed with this understanding, mechanisms such as South-South Cooperation can focus on sharing lessons derived from one context in ways that make sense for other contexts, rather than simply exporting one-size-fits-all packages in the style that has all too often been the case for North-South aid.

The GPEDC has shown that it has the potential to serve as an enabling space for reflecting on the knowledge of CSOs and think-tank analysis on both the 'what' and the 'why' of development. They can build together to turn such exchanges into a more mainstream feature of development cooperation, creating incentives to overcome the differences of political positioning, technical language and institutional culture that still obstruct many potential CSO-think-tank partnerships.

Under the leadership of countries such as Mexico, which have shown the willingness and ability to engage with and learn from North and South alike, the GPEDC also has the potential to grow as a space for North-South mutual learning — provided it can leave behind the doomed struggle to impose frameworks on the Rising Powers and compete with the UN in terms of political legitimacy. Until the political landscape has thawed to the point where intergovernmental technical exchanges can blossom, North-South think-tank partnerships will provide an important, potential way forward for promoting this mutual learning.

The experience of the Mexico HLM demonstrated that these kinds of partnership involving CSOs and think-tanks — two groups of actors that have been relatively neglected by the GPEDC thus far — may hold the key to unlocking the contribution of the Rising Powers to the transformation of development cooperation for the post-2015 era. The essence of this contribution is not financial, significant as this may be in some areas; instead, it is a combination of these countries' capacity for technical innovation in meeting development challenges and their clear political principles (if not always their consistent practice) regarding the two-way nature of the horizontal processes through which these experiences should be shared. These are the essential ingredients of successful mutual learning for sustainable development.

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Endnotes

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2 In this context, Rising Powers is used to denote countries such as the BRICS (Brazil, Russia, India, China and South Africa), which are frequently described as 'emerging economies', together with Mexico, Turkey, Colombia, and Indonesia.

3 See http://cso-effectiveness.org/busan-partnership-for-effective,190.

4 http://www.oecd.org/site/netfwd/

5 Thus far, the Brazilian Instituto Ayrton Senna seems to be the only foundation from a BRICS country that has signed up.

6 Busan Outcome Document, section 14. See http://effectivecooperation.org/files/OUTCOME_DOCUMENT_-_FINAL_EN2.pdf

7 Li and Carey 2014: 12)

8 http://cso-effectiveness.org/4th-high-level-forum-on-aid,080

9 Assunção and Esteves 2014: 8.

10 Janus et al. 2014: 2.

11 For an insight on the earlier processes from a participant civil society perspective in this process see http://cso-effectiveness.org/IMG/pdf/csos_on_the_road_from_accra_to_busan_final.pdf

12 Additional material on the implications of the principles of SSC and lessons for development effectiveness for SSC practice can be found on the Reality of Aid global network website: http://www.realityofaid.org/?roa_report=south-south-development-cooperation-a-challenge-to-the-aid-system

13 Tomlinson 2013: 110.

14 Poskitt and Shankland 2014: 5.

15 Poskitt and Shankland 2014: 6.

16 This is not dissimilar to the efforts to separate the technical from the political in the transition from aid effectiveness to effective development cooperation.

17 Voluntary Initiative 20 of the Mexico High Level Meeting Communiqué (see http://effectivecooperation.org/wordpress/wp-content/uploads/2014/07/ENG_Final-ConsensusMexicoHLMCommunique.pdf).

18 See http://www.ids.ac.uk/risingpowers for more information on these studies.

19 One term employed in the Sustainable Development Goals narrative is "shared but differentiated responsibilities". We have posited that where North-South cooperation has traditionally been about resource sharing, South-South cooperation is about knowledge sharing (Carey, 2014). However, current practices of SSC raise important questions regarding the extent to which SSC promotes or contributes to sustainable development, not just in terms of financial sustainability generated by mutually beneficial trade and investments, but also institutional and environmental sustainability (Bandyopadhyay, 2014).

20 Bandyopadhyay, 2014

21 Bandyopadhyay, 2014

22 Bandyopadhyay, 2014

23 See http://effectivecooperation.org/hlm2014/.

A Post-2015 Drive for Universal Access to Water and Sanitation[1]

Leo Atakpu1
Africa Civil Society Network on Water and Sanitation

Introduction

In 2000, the United Nations General Assembly adopted the United Nations Millennium Declaration (Resolution A/res/55/2), which set out the Millennium Development Goals (MDGs).[2] There is no separate Goal for Water, Sanitation and Hygiene, even though this was a major issue plaguing the poor of the world, responsible for millions of deaths annually. However, with target 10 of the MDGs, States committed themselves to "*halving, by 2015, the proportion of people without sustainable access to safe drinking water*." At the 2002 World Summit on Sustainable Development, States additionally committed themselves to the target of: "*halv[ing], by the year 2015….the proportion of people who do not have access to basic sanitation*."

It is instructive to note that within the United Nations system, three initiatives were instigated to encourage achievement of the goals and targets:

- A process of national reporting to view progress towards achievement of the Goals;
- The Millennium Project was established, drawing together hundreds of policy makers, practitioners and experts from across a wide range of institutions and countries to research how progress can be accelerated and sustained; and
- The Millennium Development Goals campaign was launched to spread awareness and build global support for the Goal.[3]

As many as 800 million people are without access to an improved water source, and many more remain without access to or a supply of safe and sustainable water. Indeed, it is likely that the number of people using safe water supplies has been overestimated, since water quality testing was not feasible on a global scale at the time when the MDG target was formulated. In addition, disparities continue to exist between and within countries. For example, the poorest in Sub-Saharan Africa have only experienced limited progress in drinking-water coverage. Moreover, not enough attention has been given to the inter-linkages between service provision and management of surface and groundwater water resources, as well as to sustainable mechanisms for financing and maintaining water supply services and infrastructure. If sustainability aspects are not duly considered, there is considerable risk of slippage on the gains made in extending these services.[4]

Women play an important, if not essential role, in water management. The differences and inequalities between women and men influence how individuals respond to changes in water resources management. Understanding gender roles, relations, and inequalities can help explain the choices people make and their different options. Involving both women and men in integrated water resources initiatives can increase project effectiveness and efficiency.[5]

1 This chapter is an abridged version of a longer and more full discussion of the challenges and prospects for sustainable development goals relating to water and sanitation.

It is essential to track the financing for achieving the MDG targets related to water and sanitation. In examining financing, there has been a strong focus on capital expenditure and identification of sources of funding for such capital expenditure, rather than on the adoption of an overall "sector financing" approach, examining in detail what may be needed to operate and maintain existing assets.

The allocation of development resources to the water and sanitation sector also continues to be shaped by the use of donor conditionality, donor-driven development initiatives, the reliance on market and private sector-led development, and the increased use of loan finance by several donors. These policies belie true development partnerships and undermine democratic country ownership and the potential for self-determination of development plans, as well as the establishment of strong and effective country-led institutions. For example, in 2008 alone, the World Bank (WB) Group financing in the water sector totalled US$2.5billion.

However, Civil Society Organisations (CSOs) in Sub-Saharan Africa are critical of the role of the WB in this sector. "The World Bank has financed a couple of Water Projects in Sub-Saharan Africa putting conditionality, which focuses more on privatization of public utilities under a Public Private Partnership (PPP) agreement, which in the end takes the poor further away from gaining access to this basic life need", notes David Akuta, Programme Manager of Society for Water and Sanitation (NEWSAN).[6]

The story is no different with bilateral Official Development Assistance (ODA), which comes into the water sector with an avalanche of conditionality. Some make it compulsory for benefiting communities to pay between 10% and 20% of the cost of a water facility before they receive aid. Poor communities that are unable to meet such conditions are cut off from benefiting from such aid.

Highlights of OECD ODA flows

The OECD collects and regularly updates statistics on aid for water supply and sanitation. The data collection is based on a standard methodology and agreed definitions, which ensures that data can be used to analyse trends and compare the efforts of donors.[7] OECD analysis provides insight on how and where aid for water is spent. While aid to water supply and sanitation has increased in recent years, these contributions still seem to be insufficient considering the funding needs.[8]

- Aid was instrumental in encouraging progress towards the MDG targets on water supply and sanitation. Since 1990, drinking water and sanitation coverage in the developing world has increased by 16% and 20% respectively. However, much remains to be done. Drinking water coverage averages only 63% in LDCs, and much of sub-Saharan Africa and several of the most populous Asian countries remain off track in meeting the MDG sanitation target.
- In 2010-11, total annual average aid commitments to water and sanitation amounted to US$7.6 billion, representing 6% of total sector allocable aid. The largest bilateral providers in 2010-11 were Japan (23% of total aid to the sector, or an average of US$1.8 billion per year), Germany (11% or US$868 million) and the United States (6% or US$442 million). IDA provided US$1.3 billion (17% of aid to sector) and the EU Institutions US$538 million (7% of aid to the sector).
- In 2010-11, aid to water and sanitation targeted regions most in need of improved access to water and sanitation: Sub-Saharan Africa received 25% of total aid to the sector, and South and Central Asia, 23%.

The poorest countries (LDCs and other LICs) received 33% of total aid to the sector.

- Of total DAC members' aid to this sector in 2010-11, water supply activities represented 19%, sanitation 18%, and combined water supply and sanitation activities 42%; the remaining 21% consisted of sector budget support, contributions to funds managed by international organisations, waste management and education activities.

Other countries that have significantly increased their aid to the sector in recent years include Switzerland, Australia and Finland. Among those providing aid for water and sanitation, the UN Economic Commission for Europe (UNECE) and the OPEC Fund for International Development (OFID), with 20% and 18% respectively, extended the highest proportion of their aid to the sector.

Africa is a priority recipient of European Union (EU) aid to the water sector, with 60% of the EU's ODA to the water sector going to Africa. According to the EU Water Initiative, these allocations provide a strong incentive to enhance co-ordination in policy dialogue between Europe and Africa, for example through the mechanisms of the European Union Water Initiative (AWG) and the Africa Ministers Council on Water (AMCOW).[9]

However, Wateraid (2011) notes that partner governments in developing countries and donors need to recognise that their allocations to the sector fall far short of what is required. Estimates show that the funding gap in Sub-Saharan Africa alone is as high as US$15 billion a year, and although data is less certain, the financing gap across all developing countries is likely to be several times that amount. This 2011 estimate is now three years old, and the gap will certainly have increased.

Funding solutions may increasingly look to cost recovery and utility efficiency, contributions from households, and the private sector. But governments in particular must provide the lead and the lion's share of the step change in funding, with the support of donors and international agencies. These latter resources will also help secure a sustainable balance between domestic and external resources.

There are positive examples of donors increasing their aid to WASH, including the African Development Fund's substantial increase to US$280 million,[10] and Australia's increase from A$45 million in 2008-09 to A$175 million in 2010-11 and its plans to increase further to A$350 million by 2014-15.[11] Others however, such as Sweden, Norway and the Inter-American Development Bank Special Fund have reduced their WASH aid budgets over recent years.[12] The UK, which as recently as 2009 announced its intention to increase its WASH funding for Africa to £200 million a year, spent only half that amount worldwide in 2010-11.[13]

Poor donor coordination and transparency

The evidence from various case studies suggests that much more that needs to be done to improve coordination and transparency, despite examples of donors participating in national coordination and harmonisation platforms. Ethiopia and Mozambique have 20 donors simultaneously providing resources to the WASH sector; Burkina Faso, Tanzania, Uganda, Kenya have eighteen. While in these cases a lead donor has been identified, for other countries — such as Niger where 15 donors are active — there is no lead donor. Nevertheless, procurement and reporting compliance is reducing the efficiency of the sector in Ethiopia. In Madagascar there is considerable fragmentation with 10 active donors generally working outside of government systems. As non-DAC donors such as China, Brazil, India, Saudi Arabia and the United Arab Emirates begin to increase their activity in the sector, effective donor coordination between DAC and non-DAC donors becomes an even more urgent priority. 14

The growing role of non-DAC donors also increases the importance of clear and transparent reporting of aid. Lack of transparency on aid allocation and disbursements is a general problem, which the International Aid Transparency Initiative (IATI) is addressing, but donor reporting on WASH is especially poor. Sanitation is the most off-track MDG sector but donor reporting makes it very difficult to disaggregate water supply from sanitation aid flows. This is important because the lack of accessible data about where aid resources go has a direct bearing on the rationality and accountability of decisions for the allocation of WASH resources. It is also difficult to establish how much donor funding is 'off-budget' or does not go through national government budgeting and accounts.[15] All of these conditions make policy-making, monitoring and evaluation all the more difficult.

Financing Water and Sanitation Post-2015 Sustainable Development Goals

Despite these clear benefits for human development, many countries seem to have allocated insufficient resources to meet the MDG target for sanitation and drinking water by 2015. When compared with other sectors — particularly the other major social sectors of education and health — sanitation and drinking water receive a relatively low priority for both ODA and domestic allocations.

The World Health Organisation (WHO) estimates that the total spending required in developing countries to meet the water component of the MDG target, excluding programme costs, is US$42 billion; meanwhile, for sanitation the figure is pegged at US$142 billion. The current national governments' budget allocation on water and sanitation does not seem likely to be sufficient to resolve these conditions soon enough. Hence, private sector investment in water and sanitation infrastructure is a prerequisite to achieve water and sanitation Post-2015 Sustainable Development Goals (SDGs).[16]

Current and future water challenges can be solved only by a multi-stakeholder approach, i.e. through cooperation among national governments, the international donor community, private sector, civil society and youth. National governments will need to allocate an adequate portion of their budget dedicated to water and sanitation, and the international donor community should prioritize investments in water and sanitation related infrastructure. Private sector investment should be encouraged through tax discounts, subsidies and awards.

Some recommendations for financing a Water and Sanitation SDG include: 1) increasing aid flow to Sub-Saharan Africa and other countries in critical conditions of WASH; and 2) fair, equitable and sustainable cost recovery strategies for a sustainable financing of WASH. Cost recovery must also be sought with a best possible use of tariffs, taxes and transfers, to cover needs related to infrastructure development and extension, operation and maintenance.

Situating water, sanitation and hygiene in the Post-2015 SDGs

One of the main outcomes of the 2012 United Nations Conference on Sustainable Development (Rio+20), held in Rio de Janeiro, was the agreement by Member States to launch a process to develop a set of SDGs to succeed the Millennium Development Goals.

Rio+20 did not elaborate specific goals, but stated that the SDGs should be limited in number, aspirational, and easy to communicate. The goals should address in a balanced way all three dimensions of sustainable development and be coherent with and integrated into the UN development agenda beyond 2015. A 30-member Open Working Group (OWG) of the General Assembly was tasked with preparing a proposal on the SDGs.

Interestingly, a Post-2015 Water Thematic Consultation had members meeting with over 260 CSOs, the poor in communities, governments, the private sector, UN agencies, and other stakeholders in over 60 countries. It recognised that water is a key determinant in all aspects of social, economic and environmental development, and must be a central focus of the post-2015 development agenda.

However, a number of CSOs working on water and sanitation issues have elaborated ideas for a proposed dedicated Goal for Water. The Africa Civil Society Network on Water and Sanitation (ANEW) believes that given the weakness of the sanitation target in the MDGs, there is an express need for a dedicated goal for both water and sanitation. [17] This also remains the position of organisations like Wateraid and campaigns such as the End Water Poverty (EWP).[18] In like manner, the Africa Ministerial Council on Water (AMCOW) at the Fifth Africa Water Week (AWW) held in Dakar, Senegal in May 2014 demanded a dedicated Water Security and Sanitation Goal for the post-2015 SDGs.

Key elements of a dedicated water and sanitation goal

The much anticipated Water and Sanitation Goal directly addresses the development aim of societies, promotes human dignity, and ensures the long-term sustainability of achievements, leading to the following development outcomes, among others:

- Healthy People: Through universal access to safe drinking water, sanitation and hygiene, improving water quality and raising service standards.
- Increased Prosperity: Through the sustainable use and development of water resources, increasing and sharing the available benefits.
- Equitable Societies**:** Through robust and effective water governance with more effective institutions and administrative systems, as well as through enforcement of right to water and sanitation.
- Protected Ecosystems: Through improved water quality and wastewater management taking account of environmental limits. An end to open defecation.
- Resilient Communities: Through reduced risk of water-related disasters to protect vulnerable groups and minimize economic losses.[19]

Recommendations for action to ensure water and sanitation for the poor

Achieving access to water, sanitation and hygiene requires the concerted and deliberate prioritization of water and sanitation in development agendas at the global, regional, national, and community levels. The following recommendations, based on field experience and some suggestions from *Water and Sanitation for The Unserved Poor,* could help the world achieve the desired results:

1. Formulate a distinct Goal for Water, Sanitation and Hygiene in the post-2015 SDGs.
2. Target aid on the basis of need: to Sub-

Saharan Africa and South Asia in particular; to least developed, fragile and low income countries; and to lower middle income countries where need is high.

3. Provide aid as grants rather than loans, and focus on basic services for rural areas and poor urban areas.
4. Reduce the burden of red tape on developing country governments and align aid with national policies and systems.
5. G20 countries should consider innovative financing mechanisms, such as financial transaction taxes, carbon taxes, and international transport taxes as part of the funding solution and to mitigate the impacts of excessive financial volatility and dangerous climate change.
6. Double global aid flows to water, sanitation and hygiene to release an additional US$10 billion per year in the run up to 2015 and beyond.
7. Governments and donor agencies should simultaneously pursue investment and reforms for improved water supply, sanitation and water management. Improvement in the use of finances through South-South and North-South knowledge exchange and cooperation is also strongly recommended.
8. Governments and donor agencies must empower local authorities and communities with the authority, resources and professional capacity required to manage water supply and sanitation service delivery.
9. Governments and utilities must ensure that users who can pay, do pay, in order to fund the operation, maintenance and expansion of services — but they must also ensure that the needs of poor households are met.
10. Governments and their civil society and private sector partners must support a wide range of water and sanitation technologies and service levels that are technically, socially, environmentally and financially appropriate.
11. Institutional, financial and technological innovation must be promoted in strategic areas.
12. The UN system organizations and their Member States must ensure the provision of strong and effective support for the achievement of the Water, Sanitation and Hygiene SDG and targets (if achieved), as well as for water resources management and development.

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Endnotes

1 Leo Atakpu (2014) is Chairman, Board of Trustees, Africa Civil Society Network on Water and Sanitation (ANEW) and a member of the Board of Reality of Aid (RoA) Africa. He is also the Deputy Executive Director of Africa Network on Environment and Economic Justice (ANEEJ). He has led several initiatives in Nigeria's Water and Sanitation sector culminating in the establishment of the National Civil Society Network on Water and Sanitation (NEWSAN), a coalition of over 300 NGOs working in the WASH sector in Nigeria. He can be reached on ohiroatakpu@yahoo.co.uk, @LAtakpu. skype: Leo.Atakpu

2 The Millennium Development Goals (MDGs) are eight international development goals that were established following the Millennium Summit of the United Nations in 2000, following the adoption of the United Nations Millennium Declaration.

3 For more information on the progress of the MDG on water and sanitation and limitations of the goals, see Meeting the Millennium Development Goals

4 WHO/UNICEF Joint Monitoring Programme (JMP) for Water Supply and Sanitation (2012): Progress and Sanitation and Drinking Water, 2012 Update, WHO, Geneva.

5 Source: (The) World's Women 2010. Trends and Statistics. UNDESA, 2010

6 NEWSAN is a network of over 300 Civil Society Organisations working in Water, Sanitation and Hygiene in Nigeria. The World Bank financed Urban Water reform projects in Nigeria.

7 Data cover flows from members of the OECD Development Assistance Committee (DAC), non-DAC providers of development assistance that report their assistance to the DAC, and multilateral agencies including the World Bank, regional development banks, UN agencies and other agencies such as the Arab institutions or Global Environment Facility. The coverage improves from year to year. In addition to aid flows, non-concessional developmental flows for water extended by bilateral development finance institutions and multilateral agencies are collected through the Creditor Reporting System (CRS). Data collection has also started from private charitable foundations. Data accessed at OECD-DAC, www.oecd.org/dac/stats/water, June 2013.

8 It is estimated that about USD 18 billion per year are needed to expand water services in developing countries to achieve the water and sanitation Millennium Development Goals. To maintain the existing water infrastructure, another USD 54 billion of investments per year are needed. OECD (2011), Meeting the Challenge of Financing Water and Sanitation: Tools and Approaches.

9 EUWI Africa Working Group Report titled: "Working Together to improve aid effectiveness in the water sector 2007-2008"

10 2007-2009 annual average, an increase of over ten times AfDB aid in 2000-2002.

11 See www.dfat.gov.au/facts/international_aid.html and www.wateraid.org/australia.

12 Sida for example spent much less in 2010 than in 2009 and 2008 (SEK 321 million compared with SEK 600 million and SEK 500 million respectively), Sida (2006-2010) Portfolio insights water and sanitation.

13 Bilateral aid: written Parliamentary Answer from Parliamentary Undersecretary of State for International Development Stephen O'Brien to Lindsay Roy MP (24 May 2011).

14 China for example has been active in the WASH sector in Africa over the past decade with significant water supply and infrastructure projects in Angola, Cape Verde, Mauritius, Mozambique and Nigeria. Saudi Arabia, as well as being active in North African countries over the past decades, has funded WASH projects in Guinea, Kenya, Mauritania, Mauritius and Senegal. Brazil has been a significant WASH donor in Angola and has worked with Japan in funding a

major WASH project in Zambezi province in Mozambique. In 2009, the United Arab Emirates funded WASH projects in Afghanistan, Pakistan, Yemen and Kenya.

15 Off-budget funding by donors is where finance is disbursed directly to the implementing project, agency or to state or local government and is usually not recorded by the central government.

16 JMP 2012 Report.

17 ANEW is a network of networks of Civil Society Organisations working in thirty-three (33) African countries. It has its secretariat in Nairobi, Kenya. www.anew.org.

18 End Water Poverty is a global coalition campaigning to end the water and sanitation crisis. It was established in 2008 and since then it has grown to over 270 members in over 60 countries. Wateraid is a UK-based Charity with presence in over 60 countries of the world supporting Governments, Civil Society Organisations to achieve access to Water and Sanitation.

19 Extracts from UN Water Paper on a Global Goal for Water approved 27 January 2014.

Redefining partnership: The Need for a holistic approach for effective development partnership in Bangladesh

Ahmed Swapan Mahmud and Farjana Akter
VOICE Bangladesh

The current, changing global context for poverty reduction and development cooperation must be situated against a backdrop of economic recession, changing policy approaches, uncertainty, climate change, conflict and security. Global leaders have been emphasizing partnerships for development effectiveness, with a focus on the Millennium Development Goals (MDGs) within policies to implement poverty reduction. As the 2015 deadline for achieving the MDGs is only one year away, the United Nations (UN) has been undertaking a process to craft a Post-2015 Development Agenda, which highlights sustainable development in terms of poverty reduction in all its dimensions.

While various awards — the South-South Award, the MDG Award, the Global Diversity Award, and the FAO Food Award — have recognized Bangladesh's seemingly noteworthy progress in achieving MDGs, this success has not resulted in meeting people's expectations in all sectors. The Honourable Prime Minister said in a speech at the 68th Session of the United Nations General Assembly in 2013, "So, we need to be united… [on a] development agenda that would fulfil our aspiration of building a just, prosperous and sustainable world where no person or nation is left behind."1 However, one of the important reasons for continued failure in fully achieving the targets of the MDGs is the lack of true partnerships among the different development actors.

The UN and world leaders have been making an effort to create a post-2015 development agenda that is truly inclusive. The ongoing discussion about the new agenda takes into consideration the challenges, lessons, experiences and achievements of the MDGs. The framework has stressed the importance of a new form of global partnership between developed and developing countries, including South-South Cooperation (SSC). The idea of a global partnership for development was first envisioned at the United Nations Millennium Summit in 2000 when Member States agreed "to create an environment — at the national and global levels alike — which is conducive to development and to the elimination of poverty."2

This idea was manifested in MDG 8, Develop a Global Partnership for Development. A recent 2013 Report published by UN System Task Team on the Post-2015 UN Development Agenda, titled, "A renewed global partnership for development," set out the gaps and weaknesses of Goal 8. The Report found that it lacked "a strong normative foundation, as it failed to integrate international human rights commitments, including the duty of international cooperation for development established by the UN Charter and affirmed by the Declaration on the Right to Development."3

Meanwhile, the "Millennium Development Goals: Bangladesh Progress Report 2012" argues that real global partnership for development has yet to emerge, which is mostly due to problems regarding the expected cooperation from the developed donor countries (represented in the OECD Development Assistance Committee), as promised in the MDGs.4 Indeed, Bangladesh has been facing significant development challenges, which include unstable economic growth, gaps in achieving the MDGs, low employment rate, rising inequalities, food insecurity, inadequate social protection, insufficient infrastructure, adverse impacts from climate change, and inadequate Official Development Assistance (ODA). These challenges have led to a decline in economic and social development in Bangladesh.

Yet Bangladesh has also achieved remarkable progress in terms of gender equality, primary education and infant mortality rate, compared to other developing countries. The country has also achieved approximately 6% annual economic growth during the past decade. However, the World Bank indicates that despite this strong track record, about 47 million people are still below the poverty line, and improving access to quality services for this vulnerable group is a priority. There are also many people who could fall back into poverty if they lose their jobs or are affected by natural disasters.[5] The Household Income and Expenditure Survey (HIES) of Bangladesh points out that in 2010 31.5% of the population live below the poverty line and cannot afford the nutritional requirement of 2,122 calories per day.[6]

The flow of ODA for development cooperation in Bangladesh is still challenging. According to the Bangladesh Progress Report 2012, "between 1990-91 and 2010-11, disbursed ODA as a proportion of Bangladesh's GDP has declined from 5.6 percent to 1.6 percent. During this period, per capita ODA disbursement fell from US$ 15.75 to US$ 12.01."[7]

Table One points out that among donors to Bangladesh, only three countries — Netherland, Sweden and Norway — have fulfilled their commitment to provide more than 0.7% of their GNI as ODA to the developing countries. It seems that ODA performance for the majority of OECD countries remains distant from their commitment in MDG Goal 8. It is also important to note that Goal 8 is necessarily linked to the achievement of the other seven MDGs.

TABLE 1: Net ODA Received by Bangladesh from OECD Countries, 2010-2011

Country	ODA received by Bangladesh from OECD countries (US$ million)	GNI of OECD countries in 2011 (US$ million)	Total ODA provided by OECD countries (US$ million)	Total ODA as % of GNI of OECD countries	ODA received as % of GNI of OECD countries	ODA received as of total ODA from OECD countries
1	2	3	4	5=(4/3)*100	6=(2/3)*100	7=(2/4)*100
Canada	13.91	1,570,886	5,084	0.32	0.0009	0.27
Denmark	13.10	335, 102	2,057	0.61	0.0039	0.64
Germany	48.05	3,617,712	13,329	0.37	0.0013	0.36
Japan	120.02	5,739,473	10,039	0.17	0.0021	1.20
Netherlands	0.33	829,013	5,969	0.72	0.0000	0.01
Sweden	11.55	502,451	5,005	1.00	0.0023	0.23
UK	96.69	2,370,444	13,039	0.55	0.0041	0.74
South Korea	54.47	1,038,981	1,259	0.12	0.0052	4.33
Norway	5.87	440,185	4,196	0.95	0.0013	0.14
Total	363.99	16,444,247	59,977	0.36	0.0022	0.61

Source: Cited in Bangladesh Progress Report, 2013, Bangladesh Planning Commission

During the period of 1990-91 to 2010-11, the total ODA received by Bangladesh was US$10,811.2 million (see Table Two), out of which the transport sector received the highest share, followed by power, water resources, the health, and education sectors. During this period, total disbursement for important MDGs sectors such as education, health, social welfare and labour have shown rising trends. These MDG sectors, along with agriculture and rural development, received nearly 51% of total ODA outlay.[8]

Generally, the Government of Bangladesh (GoB) and its Development Partners (DPs) work together in the Local Consultative Group (LCG) mechanism. The LCG, however, is yet to play an effective role in terms of "development cooperation activities at sector level. Development Partners (DPs) are divided among themselves by the scale of their programme and considerable aid fragmentation."[9] To this end, it may be possible to say that the influence of a donor-driven approach is still very much alive in programme implementation, which is contrary to country ownership. Similarly, DPs feel more comfortable using their own aid management systems, even though strengthening institutional capacity prioritized in their own development agenda.

Since the Accra Agenda for Action in 2008, partner countries and donors have been making efforts to strengthen and improve their aid relationships. As a result, a Joint Cooperation Strategy (JCS) emerged in Bangladesh in 2010. The strategy aims to establish an 'accountability mechanism.' The Government of Bangladesh and the DPs have taken various joint initiatives to strengthen their relationships through the JCS. The JCS core document outlines a joint vision for aid effectiveness in Bangladesh and contains corresponding partnership commitments by both the GoB and the DPs. Policy level commitments are still in the process of being translated into practical changes through the formulation of a JCS action plan. Despite serious commitment on the part of the Government and its development partners, producing results towards development effectiveness remains a challenge.10 Such slow progress is an indication that a true partnership has not been in place between the parties.

The Global Partnership for Effective Partnership for Development Cooperation (GPEDC), which was launched in 2012, emphasizes "the important role of other development actors, including SSC between emerging and developing

TABLE 2: Disbursement of ODA in Major Sectors during 1990-91 to 2010-11

Sector	Total disbursement (US$ million)	% of total (rank)
Agriculture	668.9	6.19 (7)
Rural Development and Institutions	603.3	5.58 (8)
Water resources	1,260.3	11.66 (3)
Power	1,607.3	14.87 (2)
Oil, gas and mineral resources	566.8	5.24(9)
Science and technology research	0.6	0.01 (17)
Transport	2,198.1	20.33(1)
Communication	215.4	1.99 (12)
Industries	314.3	2.91 (11)
Education and religious affairs	867.5	8.02 (5)
Sports and culture	0.5	0.00 (18)
Health, population and family welfare	1,019.3	9.43 (4)
Social welfare, women's affair and youth development	32.6	0.30 (14)
Labour and manpower	0.7	0.01 (16)
Public administration	211.7	1.96 (13)
Physical planning, water supply and housing	810.2	7.49 (6)
Mass media	16.1	0.15 (15)
Private sector	417.6	3.86 (10)
Total	10,811.20	100

Source: Cited in Bangladesh Progress Report, 2013, Bangladesh Planning Commission economies, international organizations, civil society organizations (CSOs) and other non-state actors, including the private sector."[11] SSC and Triangular Development Cooperation (TDC) could play a potential role in the emerging development scenario.

SSC is understood to be characterized by partnership and solidarity for development, rather than development assistance or aid. Sharing a common development experience, developing countries have valuable lessons, skills and expertise that can benefit other developing countries.[12] In terms of SSC, the role of India and China is especially important for Bangladesh. Bangladesh expects that SSC will bring significant progress in sharing development experience, transferring knowledge and strengthening horizontal partnerships as part of effective development cooperation between the Low and Middle-Income Countries (MICs) in the South.[13] However, it is evident that both China and India do not often exhibit the principles of SSC in their roles in Bangladesh. Geopolitical tensions may affect the practices of SSC and TDC.

Ideally, SSC should not be approached along the lines of traditional relationships with northern donors. But SSC is also open to criticism. Mohammad Asif-uz-Zaman, Additional Secretary of the Economics Relation Division, states in a paper titled "A country level stocktaking of ODA from the Emerging and Southern Donors" that "some Southern contributors have been criticised for not taking sufficient account of human rights when providing assistance to programme countries." He also focuses on TDC in the same paper:

> Triangular development cooperation, whereby Northern donors finance projects or programmes executed by Southern countries has to date focused primarily on technical cooperation as Southern countries are seen as having more relevant expertise and experience to meet developing country needs. While triangular cooperation forms a significant part of some Southern countries assistance programmes, its overall volume is not known due to lack of data.[14]

In Bangladesh, the role of CSOs, including non-governmental organizations (NGOs), is very vibrant. These organizations provide a large number of aid/grant channels for development resources into the country. The 2011 High Level Forum's Busan Outcome Document (BoD) recognizes the contribution of CSOs as effective development partners. The BoD denotes that CSOs promote "rights-based approaches, in shaping development policies and partnerships, and in overseeing their implementation."[15] CSOs in Bangladesh, for example, engage in development through service delivery, providing humanitarian assistance and offering policy advocacy and research.

CSOs intend to play a significant role as effective development partners in contributing to the achievement of the MDGs. They have been crucial in the promotion and shaping of the Post-2015 development agenda at the country level. However, at the same time, CSOs have to face a series of challenges relating to the shrinking space for social movements and civic activities in many countries around the world. In particular, CSOs who work on democracy and governance issues face pushback and repression from those who have powerful and influential stakes in the status quo when CSOs openly criticize them. These conditions pointedly indicate the lack of true partnerships between CSOs and government and powerful stakeholders. It should also be noted that international organizations enter into partnerships with other local and national CSOs for service delivery activities. However, their approach is often not one of true partnership, but rather, more of a cliental approach. It has therefore been the CSO experience that the partnerships among CSOs, donors, and government cannot be relied upon to achieve their expected goals and objectives.

CSOs have also addressed their own governance, accountability and effectiveness as reflected in the Istanbul Principles and the International Framework for CSO Development Effectiveness. But in many countries, such as Bangladesh, NGOs have increasingly become subject to criticism about their roles and functions, levelled at them by the government, political parties, professionals and the general public. At the same time, NGOs also have taken the chance to criticise donors and government for their authoritative roles with the NGOs. In fact, NGOs occupy a very difficult position in public life, as constraints from donors and government are increasingly affecting their political participation on issues affecting governance, human rights and democracy. Indeed, a true partnership will only be realized when it breaks through the hurdles facing all types of civic actors in development.

Recent years have seen the UN heavily promoting and investing in partnerships to engage private companies in achieving sustainable development.[16] In light of failed commitments and declining ODA in the aftermath of the fiscal crises in North America, the European Union and Japan, partnership with the private sector is increasingly a strategy by donors to increase financial resources for development. [17]

The role of the private sector in Bangladesh is noteworthy, especially for achieving economic growth. The Government of Bangladesh has promised to increase the GDP growth rate to the magical double-digit of 10% by 2017.[18]Achieving this level of GDP growth requires facilitating a high level of local and foreign investment in the economy. The Government adopted the Public-Private Partnership (PPP) approach in its budget for the 2009/10 fiscal year as a new alternative for stimulating economic development. However, there has been no clear direction as to who would implement PPP projects, and who would lead or supervise. A level of mistrust is evident between the public and private sector. Moreover, the private sector may not pay attention to the high cost of project implementation, as development programs are financed with public money and therefore excessive costs may become a burden on the people. Another major challenge for the Government is the establishment of a public institution for the preparation, implementation, and control of PPP budgets. There is also lack of clarity and hesitation regarding the means by which the Government will finance infrastructure development through a PPP initiative.[19]

The 2013 General Assembly of the United Nations reiterates that national ownership will be a fundamental condition for the achievement of the post-2015 development agenda. National efforts will also require assistance through international support and an enabling international policy environment for the development of the country. The ambition for the post-2015 agenda necessitates the mobilisation of all resources, public and private, domestic and international, and their effective deployment for reducing poverty and inequality. Renewed partnerships will be key in order to mobilise new public and private resources and take advantage of different contributions by stakeholders, especially in the areas of research, technology, innovation, finance and human capacity.[20]

To conclude, it seems evident that while the idea of partnership is given rhetorical significance, in practice partnerships are neither emphasized nor translated into concrete actions. This failure has contributed to the lack of success of the international community to fully realize the targeted goals embedded in the MDGs. However, experience suggests that working through true partnerships with mutual understanding and respect for common interest among all relevant stakeholders is essential to achieving complex socio-economic goals. The post-2015 development framework must emphasize building true partnership in practice, in order to realize a just world without poverty and inequality.

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Chapter 4

Global Aid Trends, BRICS Reports and OECD Reports

Fit for Purpose: ODA and the financing of the Post-2015 Development Agenda

Brian Tomlinson
AidWatch Canada

Establishing a Framework for Financing Post-2015 Development Partnerships

In September 2015, the United Nations (UN) Member States will gather in New York for a special General Assembly Summit to launch a new global development agenda for the next 15 years. The intention is to mobilize a fully inclusive global partnership of both state and non-state actors to achieve a set of Sustainable Development Goals (SDGs) that will succeed the Millennium Development Goals (MDGs).

Future success in realizing the SDGs will undoubtedly depend upon maximum efforts on the part of all development actors to harness the full range of financial resources at the country, regional and global levels. To this end, a third global conference on Financing for Development will be convened in July 2015, just prior to the historic UN General Assembly in September. Its purpose will be to draw lessons from the previous Financing for Development conferences – the 2002 Monterrey Consensus and the 2008 Doha Declaration – and apply those lessons to a comprehensive financing framework in support of the global development agenda beyond 2015.1
According to UN Secretary-General Ban Ki-moon, "Official Development Assistance [ODA] will continue to be a critical source of development finance after 2015. …ODA can be better targeted than other sources to help ensure inclusive access to public services; leverage other sources of development finance or improve their targeting; and put the world on the pathway to sustainability."2 He notes however that progress on ODA quantity, transparency and accountability is essential to achieve these ends. This chapter examines the current 'reality of aid' and its potential to make substantial contributions to financing the SDGs.

At the April 2014 High Level Meeting (HLM) of the Global Partnership for Effective Development Cooperation (GPEDC), the Secretary-General called on the GPEDC to make meaningful progress on reforms to development cooperation – strengthening country ownership, expanding diverse partnerships involving the private sector and civil society, and realizing the 2011 Busan High Level Forum commitments. He called on the GPEDC to inform discussions at the United Nations on critical strategies for implementing the Sustainable Development Goals.3

What then could be the role of development assistance in a post-2015 financial framework for the SDGs? How will this framework involve an increasingly complex architecture for development finance that has emerged globally over the past 15 years? What role will ODA and other concessional finance play in facilitating and financing development partnerships in the post-2015 agenda? Will ODA be increasingly replaced by the allocation of domestic resources, loans and private sector investment, and philanthropic finance?

This chapter first situates aid trends in the context of changing patterns of global poverty and domestic financing available through governments in developing countries. It then discusses global aid trends, as well as current directions and issues regarding the level, allocation and effectiveness of ODA from members of the OECD Development Assistance Committee (DAC). It raises questions about the amount of ODA resources that are actually available to developing country counterparts and for the financing of the MDGs and the post-2015 SDGs. It then looks at current debates on "modernizing" ODA and the inclusion of other financial flows in a new measure of "Total Official Support for Development (TOSD)."

In an increasingly complex aid architecture it is also important to look at some basic trends for resource transfers from non-state development actors such as civil society organizations (CSOs) and the private sector, as well as from aid-providing middle-income countries through South-South Cooperation (SSC). The chapter then looks at these trends.

The focus of this chapter is primarily on the contributions of ODA and other concessional assistance that could and should be dedicated to implementing the post-2015 development agenda. It does not address broader issues of development finance that are highly relevant to mobilizing global resources towards the SDGs and reducing rapidly increasing inequality. This is a world where the top 10% of the world's population holds 86% of the wealth, while the poorest 70% (over 3 billion people) holds just 3%.4 In this respect, there are a range of important issues that are essential to consider within the context of a discussion on ODA flows, but these are beyond the scope of this chapter – attention to preventing illicit financial flows and implementing country level tax reform, further initiatives in debt reduction for highly indebted countries, reform of the major institutions governing global finance, and regulations to improve the transparency and quality of other private financial flows, including the implementation of innovative taxes on the use of the global commons and financial transactions. Yet these issues must also be addressed in a comprehensive financing framework for the post-2015 agenda.

As noted by the UN Secretary-General, ODA is a unique public finance resource in that it can be utilised to overcome poverty, marginalization and inequality, and can be grounded in the values of equity, solidarity and human rights. But aid reform is an essential precondition if it is to maximize its contributions to the SDGs. How might ODA and other concessional flows strengthen the capacities of all actors to effectively implement the SDGs, and focus on ending poverty, reducing inequality and realizing peoples' human rights? The Reality of Aid Network suggests that the following key areas are essential ingredients for such a plan:

1. **In setting out the SDGs, the international community must address the human rights of all people living in poverty, an unacceptable condition that continues to affect the vast majority of people across developing countries at all levels of development.** The SDGs must not reduce the issue of global poverty and inequality to a headline focus on the eradication of extreme poverty. Of course, the notion that extreme poverty could be eradicated by 2030 is long overdue for the 1.2 billion people that continue to live in destitution on less than $1.25 a day. Yet conditions of poverty and inequality still profoundly affect the life chances for the vast majority of the populations of developing countries. More than 40% live on less than $2.00 a day in 2010, a level of existence still just barely above subsistence. And fully two-thirds of the population of developing countries, or 3.9 billion people, live on less than $4.00 a day, including more than half the population of those living in upper middle-income countries.

   These populations, living on incomes of $1.25-$4.00 a day, are very poor, often highly marginalized, and remain vulnerable to economic, climatic and political shocks in the household, community, national or global levels. The SDGs must focus on the human rights and dignity of these populations.

2. **In allocating concessional development finance, donors and other aid providers should be guided by an assessment of conditions of poverty and inequality, as well as capacities for government spending for SDGs, not by arbitrary thresholds of per capita income levels for developing countries determined by the World Bank (WB)**. Domestic resources are the main resource for achieving the SDGs in all countries. But for low-income and the majority of middle-income countries where poverty remains pervasive, governments are currently able to mobilize less than $2,000 per person for all government programs. This fiscal capacity compares to an average of $15,000 per person for government-supported programs and institutions in the developed world.

   Preliminary estimates suggest that more than $1 trillion in incremental annual spending globally may be needed to fully achieve a range of SDGs across all developing countries. Clearly governments are not expected to provide all of these resources. But government expenditures are critical for achieving social and economic rights, particularly for marginalized and vulnerable populations, in all countries. Even in the more advanced developing countries, the capacity for mobilizing government resources to target poverty and marginalization are without doubt inadequate.

3. **Donors must allocate Official Development Assistance (ODA) as a critical and essential resource for achieving the broad range of SDGs across many different developing country contexts.** Given the pervasiveness of poverty, the growing inequality in many countries, and the severe limits on the capacity for government spending, irrespective of per capita country income levels, ODA will continue to be a unique resource to catalyse development across all developing countries. Aid modalities, types of counterparts and levels of funding can and should vary according to country conditions.

4. **Donor governments must show leadership and demonstrable global responsibility by creating domestic political momentum to urgently redress woefully inadequate levels of ODA, where many donors are projecting even lower amounts of aid in future years.** All traditional DAC donors should achieve, as soon as possible, the long-standing UN target of 0.7% of Gross National Income for ODA. Achieving this goal in 2013 would have delivered US$315 billion in aid, making a real difference for advancing the MDGs. While Real ODA increased slightly in 2013 to US$124.2 billion, it may in fact be closer to US$100 billion when fully accounting for aid loans. Moreover, the OECD DAC calculates that less than US$60 billion of ODA is actually available as an aid resource over which developing country partners have significant control, despite the rhetorical commitment to "country ownership." Aid levels have been falling or stagnant since 2010, and projections for beyond 2014 are at even lower levels. If the British government can achieve its aid pledge of 0.7%, as it did in 2013 in difficult economic circumstances, there are no irresolvable fiscal or political barriers for other donors to do likewise.

   Reality of Aid has calculated that only 35% of aid that donors have allocated to all sectors is dedicated to proxy sectors for the MDGs. Given these allocations coupled with failures to meet commitments in ODA quantity, as well as limits on government spending noted in the previous section, it should be no surprise then that the MDGs remain elusive in many countries.

5. **The resource transfers that count as ODA should be clearly directed to reducing poverty and inequality. In reforming the criteria for ODA, there must be a clear purpose to**

enable the human rights of populations most affected by marginalization, inequality and poverty, wherever they may live. The OECD DAC members are undertaking a process to clarify the definition of ODA. This process should make clear its purpose and be limited to genuine concessional resource transfers, with benefit and addition to the resources available for partner countries. Only a grant equivalency of loans should be included in "modernized" guidelines for ODA. A new metric for "Total Official Support for Development" (TOSD) can include a wider range of official resource transfers. But it should be fully transparent, and because these resources are in fact for development, they should be linked directly to realizing various outcomes for the SDGs, i.e. reducing poverty and inequality and promoting sustainability, consistent with human rights standards.

6. **Aid quality matters. The norms and commitments for effective development, established through an inclusive multi-stakeholder Global Partnership for Effective Development Cooperation, must be fully implemented, and should inform and shape the process and financing architecture for the SDGs.** Despite strong rhetorical support from donors and partner countries for the Busan principles for development effectiveness (country ownership, inclusive partnerships, focus on results, and transparency and accountability), it largely has been 'aid business as usual.' More deliberate attention, with time-bound targets for monitoring progress, is needed. Donors need to meet their commitments to use developing country systems, to improve transparency, with greater predictability and access to meaningful aid data, to gender equality and women's empowerment, and to decent work. Mutual accountability for development results should be informed by a human rights-based approach to development cooperation. In particular, lack of progress on democratic ownership of development policy and a deteriorating enabling environment for CSOs in many developing countries, will severely limit inclusive development partnerships for the SDGs.

7. **Donors must increase overall aid budgets and direct resources to countries most in need. Donors should reverse the bias in aid allocations towards upper middle-income countries, which has been existing at the expense of low-income and lower middle-income countries, including Sub-Saharan Africa.** There are still roles for ODA in upper middle-income countries, including support for local civil society to improve accountability for the reduction of poverty and inequality. However, the value of aid to these countries has increased by 30% between 2010 and 2012. In contrast, the value of aid for Sub-Saharan Africa has levelled off since 2010 and declined in 2013. For the Least Developed Countries and lower middle-income countries the value of aid declined by 3% and 13% respectively, between 2010 and 2012. Where overall aid levels are stagnant, upper middle-income countries are benefiting at the expense of poorer countries.

8. **Donors and other aid providers must step up commitments to climate change mitigation and adaptation if they are to mobilize US$100 million annually by 2020.** About 80% of Fast Start Finance for climate change between 2010 and 2012 was reported as ODA, making it difficult to determine whether it was new and additional financing as promised. Financing for the climate change 2020 target must be transparently new and additional to ODA. In this financing, donors should aim to fully capitalize the Green Development Fund as mandated by the United Nations Framework Convention on Climate Change (UNFCCC) process. And to ensure additionality, donor financing for climate change should be reported under the proposed "Total Official Support for Development" metric, separate from ODA.

9. **The SDGs will only be achieved if gender equality and women's empowerment is given priority and mainstreamed through allocations of resources gender-sensitive targets.** While measuring total donor support for gender equality and women's empowerment remains elusive, donor support - at 2.3% of aid for these purposes as a principal objective - constitutes a very small part of donor activities. Official donor support for women's rights organizations has shrunk in value since 2008. This trend needs to be reversed with new priority given by donors to funding gender equality, women's empowerment and women's organizations.

10. **The inclusion of CSOs as equal partners in implementing the post-2015 agenda requires the commitment of not only CSO financial resources to the SDGs, but also measures to address the deteriorating enabling environment of CSOs as development actors in many developing countries.** It is estimated that CSOs are managing about US$65 billion in development assistance annually, amounting to about 60% of DAC Real ODA in 2012. CSOs are crucial partners in realizing the post-2015 agenda and holding governments to account. Any post-2015 framework needs to include CSOs as equitable partners in development through a multi-stakeholder global partnership responsible for monitoring the implementation of the framework. All governments must realize their commitment to establish an enabling environment for civil society.

11. **The private sector can be as an active partner in achieving the SDGs. But how will the private sector be accountable to normative human rights and development effectiveness principles in defining their roles in the post-2015 agenda?** The private sector is an essential contributor to sustainable livelihoods, with the potential to mobilize domestic resources and investment for development. The Busan development effectiveness principles and the normative human rights framework of the United Nations should be the basis for assessing the various financing modalities for engaging and strengthening the private sector, instead of the quality of public-private dialogue for an enabling environment for business, as is the current indicator for the Global Partnership.

12. **All development actors should collaborate in ways that strengthen South-South Cooperation (SSC), respecting the differential responsibilities of Southern assistance and the unique principles that Southern aid providers have established to guide SSC.** South-South Cooperation is estimated to have grown rapidly to US$23.6 billion in concessional international assistance in 2013. While not a substitute for North-South Cooperation, SSC will play increasingly crucial roles in financing, and in knowledge exchange, in the post-2015 agenda. Increased transparency of SSC activities will be essential not only for knowledge exchange, but also for accountability to affected populations. Engagement with other development actors, such as CSOs, has not been a notable element of SSC partnerships. But CSOs in SSC aid-providing countries, such as Brazil, have established parallel relationships with CSOs in partner countries for SSC in order to share relevant development experience from a civil society perspective.

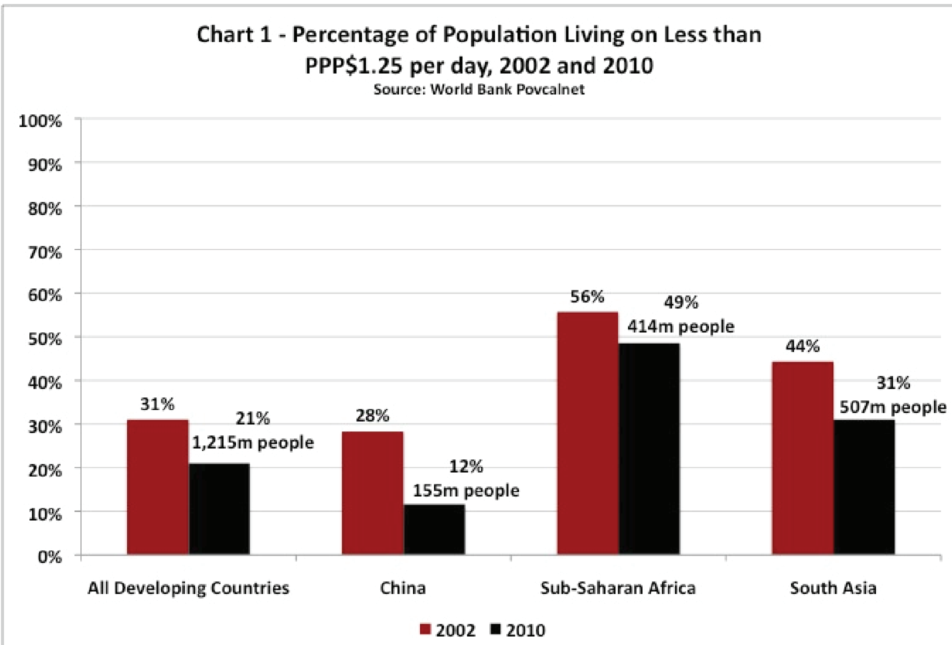
Trends in Global Poverty

The reality of poverty across all developing countries requires aid strategies that provide resources to tackle conditions of poverty which still affect the vast majority of the populations of these countries, not just those living in extreme destitution on less than $1.25 a day. More than 40% of the population of developing countries live on less than $2.00 a day, and two-thirds on less than $4.00 a day, forming the vast majority in all developing countries, including upper middle-income countries.

How to end poverty, both in terms of its depth and geo-location, is a prominent issue in debates about the current and future allocations of ODA for the SDGs. In April 2014, WB President Jim Yong Kim joined the 2013 UN High-Level Panel on the Post-2015 Development Agenda with a call to "make poverty history."[5] Both the WB President and the High-Level Panel have called for the elimination of "extreme poverty" by 2030 through a global partnership to promote equitable and inclusive growth. They are referring to the condition of absolute poverty and deprivation, defined as people living on less than $1.25 a day.

Elimination of extreme poverty is a highly ambitious and worthy goal. It raises the bar substantially in relation to the more modest first Millennium Development Goal (MDG), which is to halve the proportion of people living in extreme poverty between 1990 and 2015. This MDG gave impetus to a greater focus on poor countries for aid allocations in the early 2000s (see section 6 below). But in doing so, the MDGs did not require any fundamental rethinking of ODA. Priorities mainly stressed increasing aid quantity, increasing allocations to countries in Sub-Saharan Africa and improving the delivery of aid (2005 Paris Declaration on Aid Effectiveness). By backdating the MDG target to 1990, it was possible to retroactively claim the large reduction in poverty in China in the 1990s.

At a global level, it seems that the first MDG on reducing the proportion of extreme poverty in developing countries has been achieved (**Chart 1**). But the numbers of poor people are still staggering. At best, an estimated figure of over 1.2 billion people continues to live in extreme poverty in 2012. This fact gives strong moral weight to the call to eliminate these conditions by 2030. But is this more ambitious goal realistic in the absence of a more comprehensive focus on all levels of poverty? Is an exclusive focus on extreme poverty the best approach for a human rights-based post-2015 development agenda that also must address inequality? And should ODA become the resource dedicated to this new goal, while other development resources (domestic resources, private sector investments) respond to other dimensions of the SDGs? This section provides a wider context for



understanding poverty in developing countries and argues that ODA cannot ignore broader dimensions of poverty.

No doubt significant progress has been made in reducing the proportion of people living in extreme poverty at the global level.[6] But as noted above, approximately one-fifth of the population of the developing world still have incomes of less than $1.25 a day. This is a level of destitution where meeting even basic human needs, such as enough food and basic health, are in question.

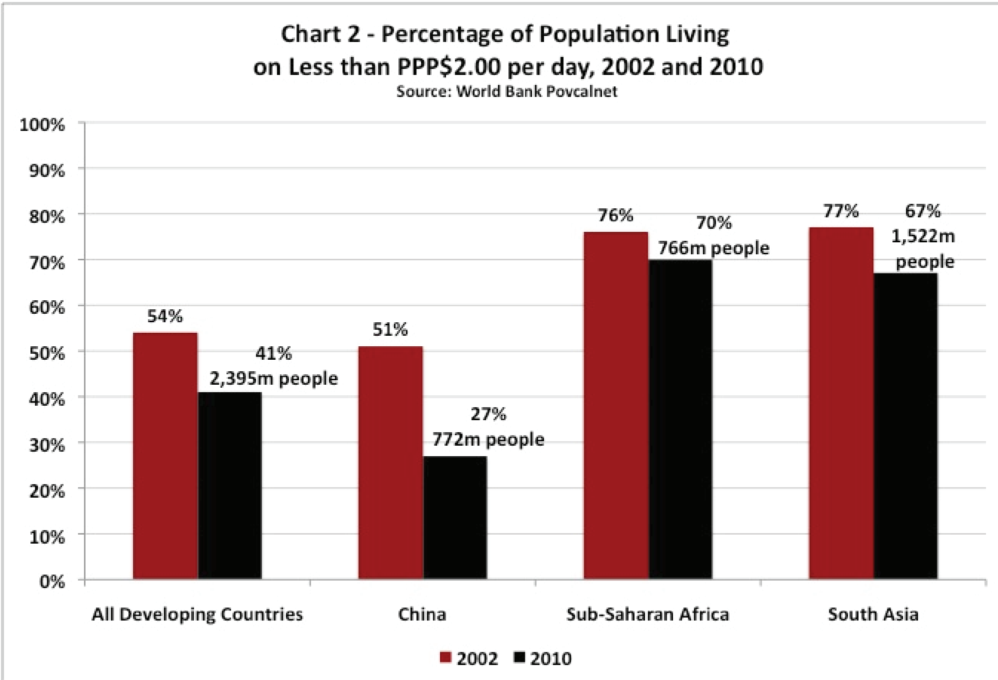
Economic advances in China, based on a largely unsustainable export-oriented economic model, have played a big role in the success of this MDG. Since 2002 the number of extremely poor people in China have declined from 28% to 12% of the population. The decline of proportions of the population living in extreme poverty in Sub-Saharan Africa and South Asia, however, have not been nearly as dramatic, with 49% of Sub-Saharan Africa's population still affected by these conditions and 31% of South Asia. Extreme poverty is often very deep and multi-generational. Evidence suggests that many people actually live on much less than $1.25 – some as low as $0.77 a day, particularly in rural societies and in Sub-Saharan Africa.[7]

Attention to conditions of extreme poverty is an essential part of the post-2015 agenda and the future allocation of ODA. But there is also evidence that poverty is much more widespread across countries, and is prevalent in various income groups of developing countries. Without concerted attention to other levels of poverty, particularly the very large majority that currently live on less than $4.00 a day, tackling extreme poverty alone may not be sustainable and may lead to greater levels of inequalities in these societies. An exclusive focus on the extreme poor in the SDGs is potentially discriminatory in terms of the rights of others living in poverty. It is also highly 'convenient' for donors who argue that levels of ODA might be limited by fiscal constraints and therefore should be devoted to eliminating extreme poverty.[8]

Many people are locked permanently in extreme poverty. The 2014 *Chronic Poverty Report* points out that extreme poverty affects some of the most excluded groups such as indigenous minorities, castes, the elderly, informal sector labourers, etc.[9] But many others move through different gradations of poverty in their lifetime and across generations. Without attention to broader systemic issues (conflict or environmental change) and social security (ill health, disability, unsustainable livelihoods), people can return to conditions of extreme poverty after some fleeting progress. This *Chronic Poverty Report* points to household surveys that demonstrate that 30% to 40% of people who may escape extreme poverty in Kenya or South Africa fall back into this level of poverty at a later point.

As Duncan Green underlines there is little justice and well-being for a person who is able to 'come out of poverty,' but remains at daily income of $1.26 a day.[10] **Chart 2** demonstrates that considerably more people in developing countries (2.4 billion people or 41% of the population) live below $2.00 a day – amounting to 70% of the population of Sub-Saharan Africa and 67% of the population of South Asia – a standard of living only marginally better than $1.25 a day. These populations are still very highly vulnerable to economic, climatic or political shocks in the household, community, national or global levels. They are a mix of people, all of them very poor and vulnerable – some below $1.25 a day, but many more just above this extreme level, where they can just meet most basic human needs such as an acceptable daily caloric intake.[11]

Poverty is not a static state for many poor people. There is a huge chasm between those living above and below arbitrary lines for measuring extreme poverty and the very poor, whether $1.25 a day or $2.00 a day. And poverty in developing countries does not end when incomes rise above $2.00 a day. Populations with incomes between $2.00 and $4.00 a day can be considered the "near poor." The "near



poor" continue to live with widespread informality in livelihoods and a high degree of vulnerability to unexpected economic or household shocks. WB statistics identify 3.9 billion people in developing countries – *two-thirds of the population of the South* – that live on less than $4.00 a day (or less than US$1,460 per year). Reality of Aid considers such populations as poor: they face widespread marginalization, gendered inequality, discrimination and a denial of many of their fundamental human rights.

Those living on less than $4.00 a day certainly constitute a very large share of the population in the least developed and low-income countries, but they also comprise the vast majority of populations in middle-income countries. This reality of deep and widespread poverty in middle-income countries cannot be ignored in strategies to end poverty. It puts in high relief recent policies on the part of an increasing number of donors to narrow the focus of ODA exclusively to the very poorest people and to reduce the number of countries eligible for their aid programs.[12]

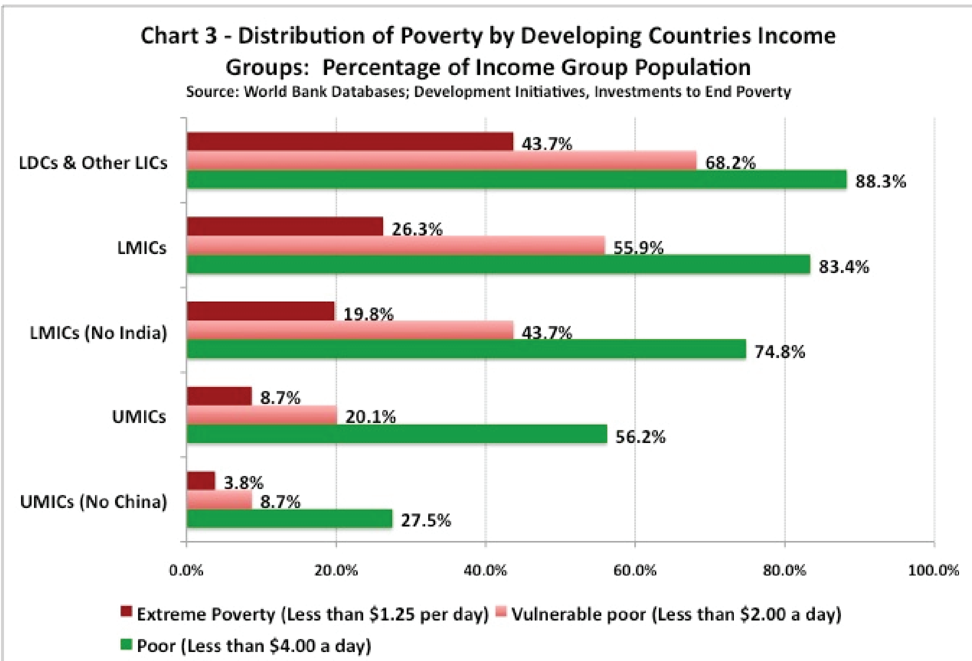
To effectively reduce and end poverty, Reality of Aid argues that donors and other aid providers must frame policies for their assistance as a resource that must be used to address all conditions that sustain poverty and inequality in their many dimensions. These targeted concessional resources are still highly relevant across a wide range of country contexts, although aid priorities and modalities may differ for different country income groups. But what is the evidence in the distribution of poverty among income groups of developing countries that would support a broad donor aid policy for the post-2015 agenda?

The demography of poverty is complex. Using WB data on the incidence of poverty, **Chart 3** clearly demonstrates the prevalence of extreme poverty (less than $1.25 a day) among all countries, and even to some degree upper middle-income countries (where China tends to dominate poverty trends). A poverty line of $2.00 a day, where people are highly vulnerable to slipping back into extreme poverty, is even more pervasive, capturing more than two-thirds of people in low-income/least developed countries, but also 60% of populations in lower middle-income countries (including India). While not vulnerable to absolute deprivation, people living on less than $4.00 a day, as noted above, should also be considered 'near poor.' These people make up close to 90% of people in low-income countries, more than 80% in lower middle-income countries, and more than 50% of people in upper middle-income countries (including China). While low-income countries are clearly highly vulnerable with pervasive levels of poverty, poverty is in fact also widespread in lower middle-income and in many upper-middle-income countries (taking into account the near-poor).

An SDG that focuses exclusively on extreme poverty (below $1.25 a day), and a corresponding concentration of ODA resources for this Goal, will not address the pervasiveness of poverty affecting the lives of many additional people across the countries of the South, nor the complex movement of people within and out of poverty.[13]

DAC donors and the World Bank point to a growing "middle class" in developing countries, particularly in middle-income countries such as China, India or Brazil. This emerging middle class is seen as the rationale for an exit strategy for allocation of ODA to many middle-income countries. It is argued that they create the potential tax base for government resources to tackle poverty in middle-income countries. However, while indeed growing in numbers — particularly in Latin America and in upper middle-income countries — a secure middle class, one that will drive robust consumer-based economic growth and government revenue, remains small and fragile for most of these countries.[14] As will be evident in an analysis of government domestic revenue, most developing countries with emerging middle classes are still severely resource-challenged in addressing conditions poverty and inequality.

What constitutes a stable middle class in developing countries?[15] People with incomes between $4 and $10 are not poor, but should they be considered middle class? In changing economic circumstances, they too



can be vulnerable to slipping back into some levels of poverty. A common measure then of a stable middle class income in developing countries is $10 to $50 a day.[16] Using this definition, overall about 300 million families in developing countries could be considered middle class. In China, despite its substantial economic progress in the past two decades, only 6% of the population earned more than $10 a day in 2009. In India, at only 8.8 million people, the middle class is very small in both absolute and relative terms. Brazil on the other hand is a country where the middle class has grown rapidly, and this sector now constitutes about one-third of the population. But even here the reality is complex. Brazil remains a highly unequal society, with still 6% of the population living in extreme poverty, 11% living on an income of less than $2.00 a day, and 28% below $4 a day.[17]

From the perspective of addressing poverty and inequality, these statistics on the distribution of poverty demonstrate that a focus on extreme poverty in low-income countries, while essential, is too narrow to address conditions of global poverty. As a poverty-focused resource that can be a catalyst for development in combination with domestic resources, ODA is highly relevant in all developing countries, including some that are considered "emerging economies" and aid providers in their own right. Average per capita income is not an indicator, per se, of progress for poor and vulnerable people. Evidence on the reality and capacities for spending by developing country governments for MDGs/SDGs provides further support both for an overall increase in ODA by all donors, and for its fair application to conditions of poverty in a wide variety of country contexts.

Government Spending and the Capacities to Invest in the Post-2015 SDGs[18]

> Developing countries' government spending ranges from less than $200 to more than $4,000 per capita, compared to $15,025 per person for developed countries. Lower middle-income country (LMIC) governments' face severe resource constraints to address conditions of poverty and should not be abandoned or de-prioritised by donors and other aid providers. Even in the 24 upper middle-income countries (UMICs), where government spending is above $2,000 per person, this level of spending is inadequate to address 28% of the population living on less than $4.00 day. ODA that is focused on reducing global poverty and inequality cannot just ignore such conditions in LMICs and UMICs – they affect the rights of large numbers of people.

Financing strategies for the post-2015 SDGs have put renewed attention on a diversity of public and private flows to and within developing countries. These flows involve not only ODA, but also trade and private investment flows, development cooperation through not-for-profit organizations, remittances between family members, and developing country government spending. While many of these private flows are important for economic change and development, the focus of this chapter is on trends for resources that have the potential to be proactively devoted to addressing poverty and inequality.

What domestic resources are available?

Clearly, developing country governments themselves invest significant resources in development, particularly in the social sectors, but also in enabling economic growth and improved livelihoods for their citizens. Government is a close partner with many ODA donors and other aid providers in these efforts, particularly in low-income countries. The Global Partnership for Effective Development Cooperation (GPEDC), as well as many individual donors, stress the importance of strengthening developing country revenue collection and administration of its taxes, including controlling illicit financial flows.[19]

After the disastrous donor-inspired experience with "structural adjustment" and policies to diminish government in the 1980s and 1990s, the role of government is now widely acknowledged as an essential catalyst for development. But what are the capacities of government spending for development? How do these financing capacities relate to the prevalence of poverty? To what degree are governments in middle-income countries able to finance increased investments in post-2015 SDGs? What roles should ODA play in bridging spending gaps in these countries?

In all but the very poorest and conflict affected countries, domestic government resources for development far surpass international resource flows. According to a detailed study by Development Initiatives, an NGO, government spending for all developing countries amounted to US$5.9 trillion in 2011, almost three times the level in 2000, and much larger than gross international resource flows of US$2.1 trillion to these countries in that year.[20] However, regarding the data for international resource flows, DAC ODA only amounts to approximately $55 billion, as a net of loan repayments and resources spent in donor countries (see below for calculations of ODA flows available to developing country counterparts). But while ODA resources may be small for many countries, they are often very strategic, particularly for the poorest countries.

At the country level, there is great variance in the level of total government spending per capita. As a point of reference, northern developed countries spend US$15,025 per person on average for all government services and programs. These expenditures include defence, rule of law, infrastructure, payment on domestic and foreign debt, social safety nets, environment and conservation, the conduct of foreign policy, etc. For Northern countries, real ODA makes up a mere US$30 or 2% of this spending.[a] With the exception of ODA, developing country governments are also expected to finance government activity in all of these same areas.

The comparable figures for government spending in developing countries range from less than US$200 per capita to more than US$4,000 for a country like Brazil – albeit still very far below the spending capacities of a government in the North to meet obligations to its citizens. Overall, developing country governments spend 29% of their Gross National Product, compared to 46% on average in developed countries. Yet despite a relatively high investment of government resources, Northern countries continue to experience many socio-economic challenges of poverty and injustice. Southern governments, even if they were to improve the efficiency of revenue collection, must make do with considerably less revenue.

Table One demonstrates a correlation between levels of government spending and the per capita income of a developing country, but one that is not as robust as might be assumed. The distribution is not surprising for least developed and upper middle-income countries, given the obvious reliance on the economic well-being of citizens as a primary source

Table 1: Per Capita Government Spending by Country Income Groups: Number of Countries

Government Spending Per Capita (Number of countries)	Least Developed Countries / Low- Income Countries (39)	Lower Middle-Income Countries (28)	Upper Middle-Income Countries (31)
Less than $500	30	4	0
$500 to $1,000	7	12	0
$1,000 to $2,000	2	11	7
More than $2,000	0	1	24

Source: Development Initiatives, Investments to End Poverty, World Bank Data, 2014

a For a definition of Real ODA, see section 3 below.

for government revenue. What is important to note, however, is the number of lower middle-income countries (amounting to 16) that spend less than $1,000 per person on all government services, with all but one country spending less than $2,000. Almost a quarter of the upper middle-income countries (7 out of 31) are countries where governments spend less than $2,000 per capita.

While government spending per capita is only one measure of the effectiveness of government in addressing the human rights of its citizens, it is clearly still a severely limiting factor in many developing countries. Policies and the effective use of resources are also very important factors. But even at $2,000 per capita, a developing country government has access to domestic resources that amount to just over 10% of the average spending of a northern developed country government. Despite approaches to limit country eligibility for aid by income group on the part of some donors, it is apparent that the traditional World Bank/DAC division of countries by per capita income is a very poor indicator of the financial capacities of developing country governments to meet their obligations of governance and enable the socio-economic rights of their citizens. Donors need to take into account a broader set of criteria that include the distribution of poverty and marginalized populations as well as per capita spending capacities of governments.

What scale of finance is required to meet the SDGs?

There are no easy and accessible calculations of the additional financing needs of developing country governments for current MDGs or the post-2015 SDGs. The World Health Organization (WHO) estimates that low-income countries need at least $60 per capita to provide even the most basic health care. The UN Millennium Project estimates US$50 to US$100 per pupil to achieve full quality primary education and US$100 to US$200 for secondary education.[21] Others have attempted to measure what levels of resources might be required to meet the post-2015 SDGs. One estimate, based on a review of the literature, indicates that US$1,086 billion annually in incremental spending is required (i.e. beyond existing levels of spending by governments and donor agencies).[22] This study covered only potential goals in education, universal health coverage, water and sanitation, food security and sustainable and renewable energy. Another study noted that it would take upwards of 20% of global GNP to raise all people above a $10 per day income, concluding that such efforts to reduce inequalities will require a much longer-term project for development cooperation.[23]

How affordable is this additional spending for developing countries?

The current estimates, as shown above, do not include other important potential areas for SDGs, or other government spending priorities. According to the calculations made by Development Initiatives:

> "Almost 3 billion people [out of 5.9 billion in developing countries] live in countries with annual government spending of less than PPP$1,000 per person, [and] 1 billion of them – more than the population of Western Europe and the United States combined – live where it is less than PPP$500 per person, and 200 million people live where it is less than PPP$200 per person – a little over 1% of the DAC average [government spending per capita]."[24]

Table Two looks more closely at the range of government spending levels per person in relation to the proportion of the population living in various conditions of poverty – the target populations for many of the post-2015 SDGs. As would be expected, with increasing levels of government spending per capita, the proportion of people living in extreme poverty ($1.25 a day or less) decreases.

Nevertheless, the analysis also reveals that conditions of poverty affect large proportions of the population

Table 2: Per Capita Government Spending Level: Proportion of People Living in Poverty in Countries at that Level

Government Spending Per Capita (Number of Countries in brackets)	Extreme Poverty (Percentage living on $1.25 per day or less)	Vulnerable poor (Percentage living on $2.00 per day or less)	Poor (Percentage living on $4.00 per day or less)
Less than $200 (6)	53.7%	75.2%	91.4%
$200 to $500 (28)	35.5%	63.4%	86.9%
$500 to $1,000 (19)	29.6%	60.9%	87.2%
$1,000 to $1,500 (6)	6.3%	16.4%	46.5%
$1,500 to $2,000 (14)	10.5%	24.9%	56.3%
$1,500 to $2000 (13, no China)	5.1%	15.4%	51.2%
More than $2,000 (25)	3.9%	8.6%	25.2%

Source: Development Initiatives, Investments to End Poverty, World Bank Data, 2014

at all levels of government spending. This observation includes those countries above US$2,000 per capita in government spending, with an average of more than a quarter of the population (25.2%) living in poverty on less than $4.00 a day. While the capacities of governments may be greater at this level of government spending, certainly more so than those below $1,000 per capita, they nevertheless face severe resource constraints in addressing the multiple aspects of poverty, often in contexts with increasing inequality and social strife. ODA and other concessional resources can be an important catalyst for innovative and targeted programs tackling the different dimensions of poverty in these countries.

How do different levels of capacity for government spending in the various WB categories of countries (classified by per capita income) affect the ability of these countries to address poverty and the SDGs? A series of tables in Annex One sets out the proportion of people living in different conditions of poverty, in relation to different levels of government spending in least developed/low-income countries, lower middle-income countries, and upper middle-income countries.

It is striking that among the 16 lower middle-income countries where government spending amounts to less than $1,000, 44% of the population live on less than $1.25 per day, more than two thirds (68%) live on less than $2,00 a day, and more than 88% of the population live on less than $4.00 a day! There seems little doubt that the 39 lower-middle income country governments face severe resource constraints in addressing conditions of poverty and should not be abandoned or de-prioritized by donors and other aid providers, simply on the basis of per capita incomes. Rather, donors must ramp up levels of ODA, finally meeting their international commitments to the UN target of 0.7% of their Gross National Income. Only then will the concessional resource pie grow, in combination with domestic resources, in ways that can truly tackle poverty and inequality.

The realities of poverty in upper middle-income countries (UMICs) are more complex, particularly when China is removed as a special case within this group of countries. While extreme poverty and those in vulnerable poverty (living on less than $2.00 a day) exist at all levels of government spending among UMICs (Annex One, Tables One and Two), reducing such poverty seems manageable with appropriate government policies and priorities. However, there are still significant proportions of the population living on less than $4.00 a day in UMICs (Annex One, Table Three). For example, about a third of the population (32%) live in these conditions of poverty, where governments spend less than $2,000 a person. Even in the 24 UMICs, where spending is above $2,000 a day, 28% of the population live on less than $4.00 day.

The stated policies of most DAC donors for ODA, while often not realized in the actual allocations of aid, seek to address global social justice and the reduction of poverty. The need for development finance by low-income and conflict affected countries is clear. But ODA that is truly focused on reducing global poverty and inequality cannot just ignore such conditions even in upper middle-income countries – poverty and marginalization affect the rights of large numbers of vulnerable people.

DAC donors should also continue to make some focused space available for aid relationships in upper middle-income countries. But recognizing their different domestic capacities, greater attention in ODA allocation in these countries might be given to innovative North-South partnerships, including supporting South-South collaborations, focusing on the exchange of knowledge and experiences in various sectors relevant to strengthening of human capacities (social welfare schemes) for improving livelihoods and reducing inequalities. Some forms of ODA loan finance may also be appropriate for these countries.

Can developing countries improve their revenue collection?

What are the prospects for future government revenue growth? A study by the Overseas Development Institute looked at the prognosis for future increases in government revenue that might be applied to realizing post-2015 SDGs.[25] The IMF suggests that the positive trend of the 2000s will continue, with government revenues in all emerging and developing countries expected to reach US$10.7 trillion by 2017, up from the current estimate of US$7 trillion. The vast majority of the value increase in this revenue, both since 2000 and expected up to 2017, is attributed to government revenue growth in middle-income countries, and particularly in upper middle-income countries. At best, low-income countries can expect from their revenues to increase from US$95 billion to $177 billion by 2017.

According to the Greenhill and Ali study, "even if [their calculation of] the full $82 billion in additional revenue were to be allocated to the five post-2015 sectors discussed [noted above], it would not meet even half of the funding gap identified." Clearly these government for the most part are not able to meet current MDGs, and as the study points out they are likely to have additional spending priorities, including other post-2015 SDGs.[26] The authors quote another ODI study of several African countries that concluded that if these countries met all agreed international sectoral spending targets, they would exceed total current government expenditures and leave no resources for other areas.[27]

Can governments increase their revenue through more effective tax collection efforts? Greenhill and Ali summarize several studies, concluding "the majority of the countries that had potential to collect more domestic resources were countries that have already made significant progress in achieving the MDGs and are unlikely to have a significant financing gap in the future."[28] They point to evidence that demonstrate that upper middle-income countries have the highest potential to increase government resources, capturing the vast majority of revenue increases: UMICs could increase their revenue base by US$60 billion, compared to $1 billion for LMICs and $3 billion for LICs.[29] Nevertheless, in 2012, only US$120 million, or 0.07% of ODA, was invested by donors in supporting and strengthening developing country tax-related activities.[30]

These trends in poverty and developing country government spending capacities point to the urgency of dramatically increasing ODA to address SDGs across many different developing country contexts. They indicate the need for greater analysis of the relevance of different aid modalities and partnerships, which effectively address the different needs and capacities of low-income, lower-middle and upper-middle income countries, respectively. But while an increased quantity of ODA is essential, as much attention is needed on the quality of the ODA resource and its focus on countries and targeted populations most affected by marginalization, inequality and poverty — and not just *extreme* poverty. How effective has ODA been to date in contributing to the MDGs and focusing on improving conditions for poor and vulnerable people? What are the implications for the SDGs?

The next sections look more specifically at ODA provided by OECD Development Assistance Committee (DAC) donors. Subsequent sections will look at trends for non-DAC aid providers, civil society actors, and partnerships with the private sector.

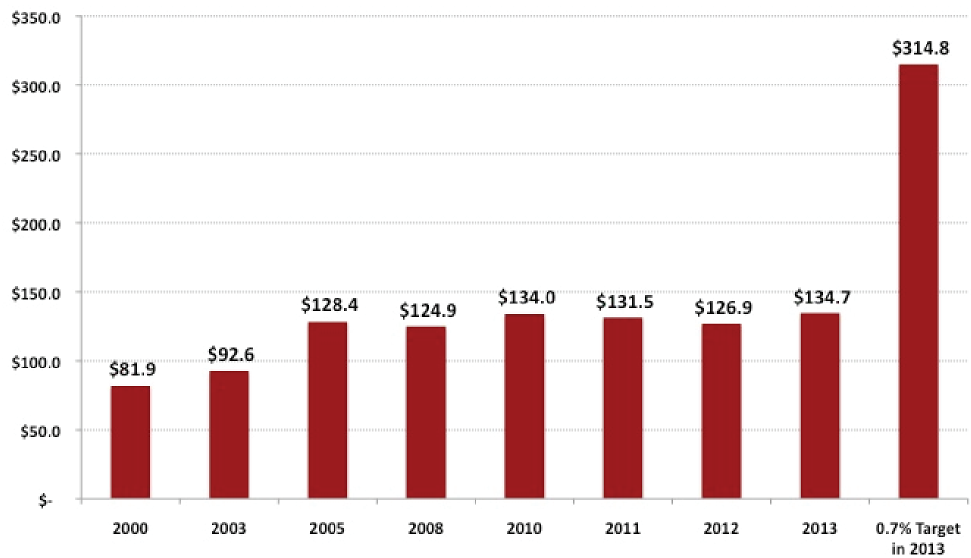
Meeting DAC Donor Commitments to Aid Quantity

> While welcoming the increase in 2013, after two years of successive declines in ODA, this increase is a very marginal improvement – in particular when set against the commitments made by donors since 2005 and the UN target of 0.7% of Gross National Income. Since 2005, Real ODA has increased in value, but these increases may not be sustainable: in 2013, four donors accounted for most of the improvement between 2012 and 2013.

In April 2014, the OECD DAC headlined a significant increase in ODA for 2013, reversing a two-year trend of declining ODA in 2011 and 2012. Preliminary figures for 2013 put ODA at US$134.8 billion, compared to US$126.9 billion in 2012, a 6.1% increase. While clearly welcome, how real is this increase in terms of the value of ODA resources? And what do individual donor trends suggest for sustainable ODA increases that will be available to contribute to the financing of post-2015 development goals?

Chart 4 looks at recent DAC donor aid trends, converting each year into the value of 2012 dollars, i.e. it looks at the value of ODA since 2000, taking account exchange rate differences and changes in purchasing power of the US dollar over these years.

Chart 4: DAC Donor Official Development Assistance, 2000 to 2013 Disbursements, Billions of constant 2012 US dollars
Source: OECD Stat DAC1



A number of observations arise from this Chart:

- The value of ODA in 2013 has grown very significantly (by 65%) since 2000, but by only 6.4% since 2005, the year in which donors made pledges to increase ODA at the 2005 Gleneagles G7 Summit.
- Furthermore, ODA in 2013 is only equal in value to ODA in 2010, the peak achieved in the last decade, the result of largely unmet Gleneagles aid pledges.
- If all DAC donors honoured the UN target to devote 0.7% of their Gross National Income (GNI) to ODA, ODA would have been US$314.7 billion in 2013, about 133% more than the level reached. Even if the EU donors had achieved their collective goal of 0.56% of GNI, there would have been US$25.3 billion extra resources for aid in 2013. At 0.7% of GNI, ODA has the potential to be a substantial catalyst for efforts to achieve the SDGs, end poverty and address inequalities.
- Among the 19 DAC donors whose performance is less than the 0.7% target in 2013, ten saw their ODA performance to GNI fall between 2012 and 2013, and another five remained the same, leaving only four donors (Finland, Germany, Italy, and Japan) who managed to improve their performance against the ODA target.

All development actors strongly praised the government of the United Kingdom for its achievement of the UN goal (0.72%) in 2013. The UK did so in the context of continued fiscal challenges, and is the first G7 country to achieve this level of ODA. UK ODA increased from US$13.9 billion to US$17.9 billion between 2012 and 2013, and presumably will continue to track growth in UK's GNI. Still only five traditional DAC donors have met this UN target – the UK (0.72%), Denmark (0.85%), Luxembourg (1.00%), Norway (1.07%) and Sweden (1.02%). The Netherlands, a long-standing country devoting more than 0.7% of its GNI to ODA since the 1970s, cut its ODA below the UN threshold, with a performance ratio of 0.67%. The Netherlands is expected to reduce even further its ODA in 2014 and beyond.

Beyond those that have been achieving 0.7%, Finland is the only other EU donor with a performance ratio above 0.50% (at 0.55%), despite a 2005 EU donor commitment to achieve at least 0.56% by 2010 and 0.7% by 2015.

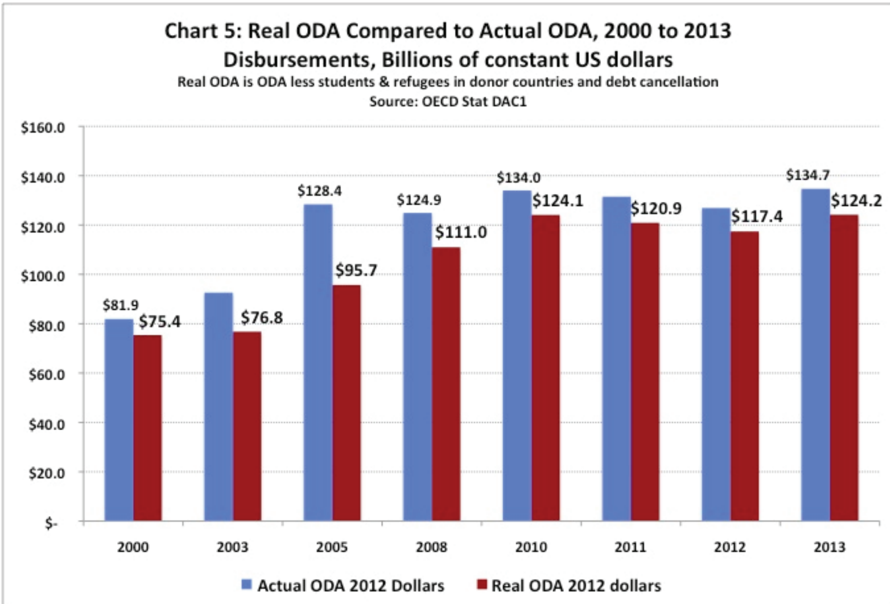
Trends in "Real Aid"

Under DAC guidelines for what can be included in ODA, donors have been able to 'inflate' their ODA through the inclusion of disbursements and items that many consider inappropriate. In this regard, Reality of Aid has focused on three areas that have had significant impact on levels of ODA: 1) The counting of the full value of debt cancellation in the year that it is cancelled; 2) The inclusion of donor-country costs for refugees for their first year; and 3) The imputing of a value of institutional support for students from developing countries studying in the donor's country.

While all of these policies are important in their own right, Reality of Aid discounts these amounts when assessing the true amounts of ODA as concessional development assistance for counterparts in developing countries. The resulting "Real Aid" is therefore actual ODA, less debt cancellation and expenditures for refugees and students in donor countries.[b] Trends in Real Aid provide a more accurate picture of aid resources allocated more directly to development assistance (see **Chart 5**).

Real Aid in 2013 was approximately 5% less than ODA reported by the DAC for that year. But in fact,

b There are other issues affecting the quality of ODA under the DAC rules, such as the methodology for the inclusion of loans in ODA. The OECD DAC also developed a measure of "Country Programmable Aid" (CPA) in 2007, which addresses some of the same issues. See below for more discussion of these issues and CPA.



the trends for Real Aid since 2000 demonstrate even greater recovery of ODA in 2013 than is the case for the increases in actual reported ODA referenced above:

- The value of Real Aid grew strongly from 2000 to 2010 by more than 65%, and by 30% between 2005 and 2010. After declining by a modest 5.4% from 2010 to 2012, the value of Real Aid at US$124.2 billion in 2013 is at its highest level since 2000. It represents an increase of 5.8% over Real Aid in 2012.
- Nevertheless, as measured by the UN target of 0.7% of GNI (**Chart 6**), Real Aid in 2013 was 0.28% of GNI, a better performance than 0.21% in 2000 and 0.24% in 2005, but down from its peak of 0.29% in 2010, and not even half of what is required to meet the UN target.
- What were the particular drivers for the increase of Real Aid in 2013, and how sustainable are these increases?
- Eight donors (Japan, Australia, Canada, Portugal, the Netherlands, Greece, Spain and the Czech Republic) together cut US$2.3 billion from their Real Aid disbursements between 2012 and 2013. The remaining 19 donors increased their ODA by a cumulative US$9.5 billion.
- But only five donors (the UK, Germany, Norway, Sweden and Italy) are responsible for a large share of the increases in Real Aid, accounting for almost 80% of the US$9.5 billion, and the UK, having committed to reach 0.7% of their GNI, alone accounts for close to half (43%).
- The preliminary (April 2014) DAC report on 2013 ODA does not provide sufficient detail to determine precisely which components of ODA were affected by the increase between 2012 and 2013. Overall ODA increased by 5.9%, but bilateral disbursements increased by a slightly lesser proportion – 5.2% – and multilateral disbursements by a larger proportion – 7.4%. There were increased disbursements to UN agencies (increased by 9.1%), to EU institutions (increased by 7.3%), and to World Bank institutions (increased by 14.0%). It seems likely that together, multilateral institutions were significant beneficiaries of the overall increases in ODA.
- This trend towards multilateral institutions is born out by UK spending. It increased its overall ODA by 28% between 2012 and 2013, but increased multilateral disbursements by more than 38%,

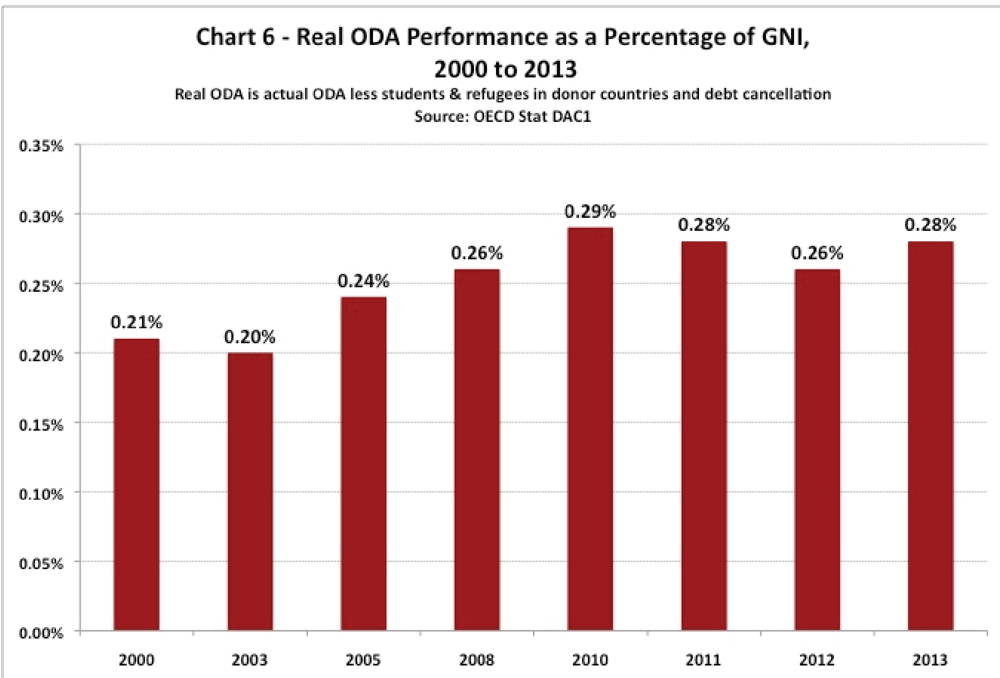
with disbursements to World Bank institutions doubling from US$1.26 billion to US$2.52 billion.

- In its April 2014 preliminary report, the DAC noted that within donor bilateral aid, disbursements of loans and equity investments in 2013 "rose by about 33% in real terms from 2012," while grants only rose by only 3.5%.[31]
- In conclusion, it does not seem that the recent increases in nominal ODA and the trends in Real ODA are sustainable as the international community launches an ambitious post-2015 agenda. The political momentum for aid increases in many donor countries is weak. Those few countries, with the exception of the UK, which have reached the 0.7% target, may sustain their aid levels, but these are not the major donors. The five largest bilateral donors – the United States, Japan, the UK, Germany, and France – accounted for 63% of ODA in 2013, but this amounted to only 0.26% of their collective GNI.

What are the future projections for ODA spending?

> The key components of ODA available to developing countries are expected to stagnate, and even decline, in 2014 and beyond. As a troubling context for the post-2015 SDGs, donors have long abandoned the world's commitment in the 2000 Millennium Declaration "to spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty." Evidence suggests that aid will fall after 2014 or at best stagnate at present levels.

Projections for the future of DAC ODA as a substantial resource dedicated to the post-2015 SDGs are not promising. The DAC publishes an annual *Survey on Donors' Forward Spending Plans* based



on reports from various donors (but not all). The 2014 *Survey* suggests that key components of ODA available for programming in developing countries will largely stagnate after 2014.[32] This trend of declining or stagnating resources for aid is reinforced by contributors to this Reality of Aid Report and by other independent observers.

Annex Two sets out a Table summarizing expected future trends for ODA in 14 donor countries. Of these donors, only six are expecting to increase their ODA in 2014 and beyond, and most of these donors are suggesting that these increases will be modest. The remaining eight donors will see their aid decline. Among these eight, for five donors (Australia, Canada, France, Ireland, the Netherlands) future declines will build upon existing declines between 2010 and 2013.

As noted above, the UK's widely celebrated achievement of the 0.7% UN target accounted for a significant share of ODA's increase in 2013. While UK ODA will grow modestly in relation to its GNI in the following years, they will not repeat the large increase seen in 2013 needed to achieve this target. Other donors, such as Finland, Spain and the United States had increased ODA in 2013, but indications are that ODA for these donors will be cut in the next few years.

Donor governments have long abandoned the world's commitment under the 2000 Millennium Declaration "to spare no effort to free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty."

The allocation of an extra US$180 billion annually in ODA, which would result from all donors achieving the UN target of 0.7%, would go a long way to creating a dedicated resource for the post-2015 development goals. Aid commitments at this level are very much affordable despite challenging fiscal realities in some donor countries. If the UK can fulfil its commitment to 0.7%, there are no excuses for other donors, many of whom have better fundamental economic conditions. On average, Real Aid was responsible for a mere two cents in each revenue dollar in donor countries in 2012. Reaching the 0.7% target would mean only an additional 3 cents of each revenue dollar dedicated to meeting repeated global commitments. By contrast, current military expenditures, at US$1.1 trillion, amount to approximately 20 cents from each donor government's revenue dollar.[33]

But if ODA is to be effective as this dedicated resource, major reforms are urgently needed to address current issues in the quality of ODA. Unfortunately, there is little indication that efforts underway since 2005 among donors and partner countries are resulting in meaningful reform. Important areas to be addressed include:

1. Focusing ODA as a dedicated resource for poverty eradication;
2. Addressing the use of concessional loans in ODA; and
3. Meeting the commitments made in Paris, Accra and Busan for improving the development effectiveness of ODA.

The Quality of DAC ODA

ODA as a dedicated resource for poverty eradication

ODA dedicated to the MDGs has improved modestly since 2000, but the proxy indicator for what donors allocate to the MDGs still remains below 35% of aid allocated to all sectors.

While "country ownership" for directing aid is the first principle of the 2005 Paris Declaration on Aid Effectiveness, in 2012, just over half of DAC bilateral aid is potentially available to developing country partners in ways that respond to their priorities and needs. Country Programmable Aid (CPA) has been declining since 2010.

> Foreign policy priorities relating to anti-terrorism continue to drive country priorities, with at least 10% of real bilateral aid dedicated to Afghanistan, Iraq and Pakistan since 2008.

Donors committed in 2000 to spare no effort to reduce poverty through global partnerships (MDG 8), yet there were no specific commitments to ODA targets dedicated to achieving the MDGs. While the actual allocation of ODA since 2000 to the MDGs would be an important indicator for the future dedication of ODA to the post-2015 SDGs, the DAC does not track current ODA resource commitments to the MDGs.

Reality of Aid has consequently developed and tracked a proxy indicator for ODA dedicated to the MDGs[c] **Chart 7** demonstrates some fairly small improvements in this indicator since 2000, but even accounting for the partial nature of the indicator, the level of ODA dedicated to the MDGs has been modest at best, with these improvements stalling after 2010. Given failures to meet commitments in ODA quantity and in addressing the MDGs, as well as limits on government spending noted in the previous section, it should be no surprise then that the MDGs remain elusive in many countries.

All aid actors accept that strengthening country ownership through developing country governments and other development counterparts is essential for effective programs to address poverty. An important DAC measure in this regard is "country programmable aid" (CPA). CPA is the portion of DAC bilateral aid disbursements over which developing country partners have a significant say. **Chart 8** indicates that there has been little improvement in CPA since 2008. Improvements since 2005 were mainly the result of high levels of debt cancellation in 2005 (which is excluded from CPA). "Country ownership" has been a first principle in aid reform since the Paris Declaration in 2008; still, in 2012, just over half of DAC bilateral aid was actually available to developing country partners in ways that respond to their priorities and needs.

DAC CPA has been declining since 2010, by 3.8% from US$58.6 billion in 2010 to US$56.1 billion in 2012. In April 2014 the DAC reported that CPA for bilateral donors increased by 2% in 2013 and by an expected 2.4% in 2014.[34] However, as noted above, DAC bilateral ODA increased by 5.2% in 2013, and therefore CPA as a proportion of gross bilateral ODA will actually decline in 2013 despite increased ODA.

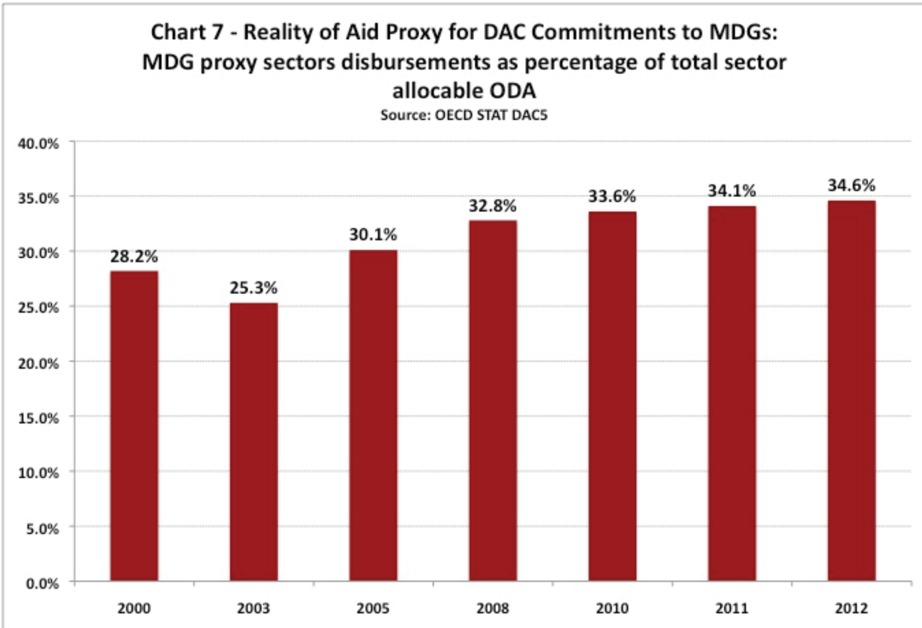
While CPA is a valuable measure of resources available at the country level, it overestimates these resources by including freestanding technical assistance and donor personnel for project activities. Technical assistance is still very strongly tied to donor country consultants and priorities. In 2012 allocations of ODA for technical assistance totalled US$8.0 billion or 10% of net bilateral aid. Discounting 80% of technical assistance and donor personnel from CPA as donor-driven reduces CPA to less than half of bilateral ODA (49%) in 2012.

Finally, foreign policy priorities relating to anti-terrorism continue to drive the country priorities for a significant proportions of ODA, limiting a fair allocation to other low-income and lower middle-income countries for their poverty reduction goals.

The Use of Concessional Loans in ODA

> At US$29.4 billion in 2012, the use of concessional loans has been growing among DAC donors. The DAC points out that

c The Reality of Aid proxy indicator is based on DAC sector codes in OECD Dataset DAC2a. It includes CRS sector codes for basic education, basic health, population and reproductive health, water supply and sanitation, agriculture, development food aid and food security, and general environmental protection. Bilateral sector allocated aid is bilateral commitments to sectors less debt cancellation, support for refugees, support for NGOs, administration, and aid unallocated to sectors (such as humanitarian assistance) in the DAC sector codes.



recently the growth of ODA loans has surpassed the growth of ODA grants. And many of these concessional loans are not truly concessional due to very liberal rules in the DAC regarding the calculation of concessionality.

Most DAC donors provide aid in the form of grants, although there is evidence that there is a renewal of interest in providing ODA as loans in response to donor fiscal pressures. This trend will have implications for ODA directed towards accomplishing the post-2015 SDGs.

With the exception of the World Bank's International Development Assistance (IDA) program, loans are usually provided to middle-income countries. Given the widespread conditions of poverty and limited government revenues across most developing countries noted above, ODA as grants provides the needed budget additionality for governments to meet their obligations to provide social services and most infrastructure, while avoiding deepening unsustainable debt. Appropriate modalities of aid may be different in upper middle-income countries, such as Brazil or China.

On the whole, allocating ODA through loans is usually justified in terms of potential for economic growth, rather than based on the needs of millions of people living in poverty, many of whom have benefited the least from this economic growth in middle-income countries.

In 2012, ODA included US$29.4 billion in the form of "concessional loans," which developing countries must pay back to the donor with (subsidized) interest payments over long amortization periods. The dollar amount of loans in ODA has grown by close to 80% since 2000 (US$17.1 billion in that year), with most of this growth coming from DAC bilateral donors.

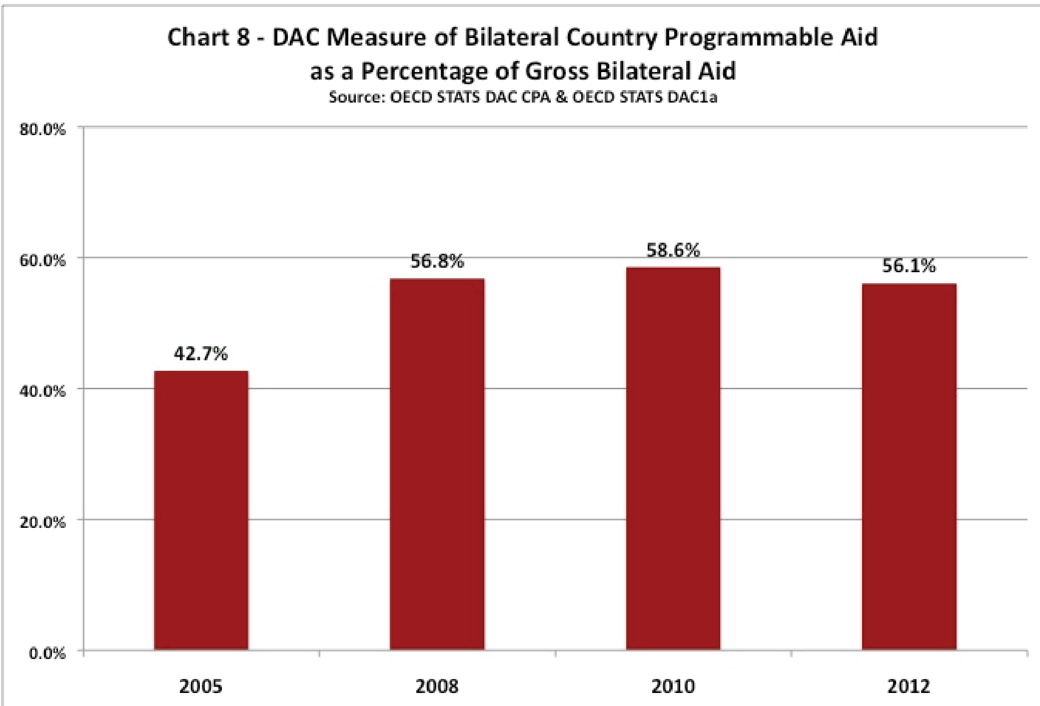
The most recent replenishment of the IDA also emphasizes this trend among bilateral donors towards loans. While successful in achieving a record three-year replenishment of US$52 billion, for the first time US$4 billion of this amount was in the form of concessional loans from donors. This practice reduced the real value of the replenishment to at most US$46.5 billion (in 2010 dollars) compared to the US$49.3 billion in the last replenishment.[35]

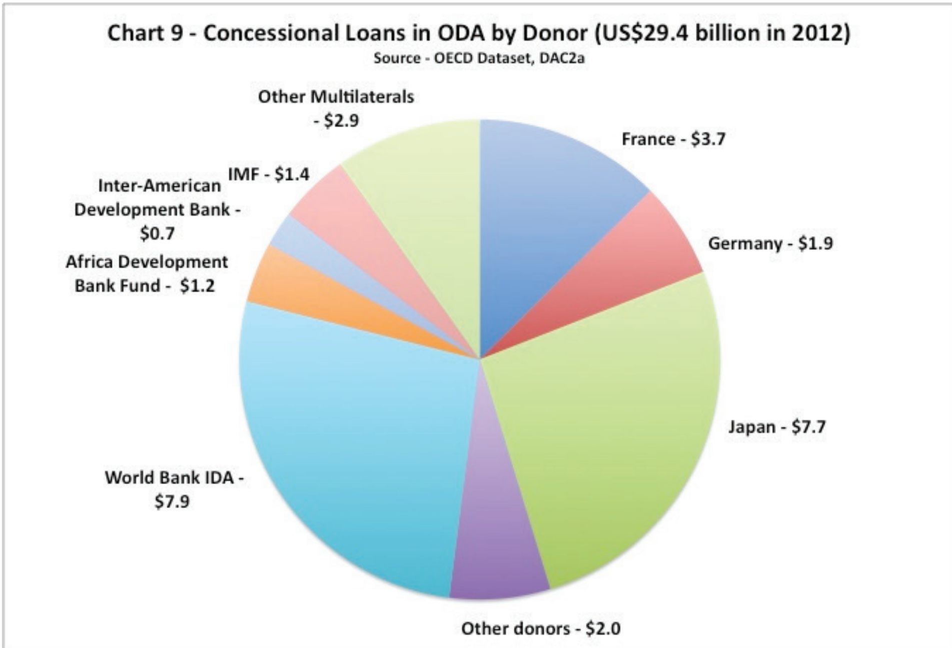
Interest and loan repayments back to donors have been growing alongside the growth in loans. In 2012 they amounted to US$24.7 billion or 17.6% of gross ODA for that year. This is an increase of US$3.1 billion since 2010, when these repayments were US$21.6 billion or 15% of gross ODA. In 2012, large payments came from China, Indonesia, the Philippines, India and Egypt. Countries in Sub-Saharan Africa, some of the poorest in the world, sent back more than $US1.1 billion in loan repayments and interest to DAC donors in that year.

The amount of grants in ODA has also increased in the past decade, and by an even greater amount than loans. As a result, as a share of Gross ODA (net of debt cancellation and humanitarian assistance), loans have declined steadily since 2000, from 28.9% in 2000 to 20.4% in 2010. This pattern has changed since 2010 as some donors look to loans to sustain their ODA in the context of continued fiscal challenges in allocating tax dollars. The DAC recently has noted, "in the past three years the growth of ODA loans has surpassed the growth of ODA grants," and loans as share of Gross ODA may be growing again.[36]

While a number of countries such as Canada have re-introduced or increased the use of loans in their ODA disbursements, the use of loans is still highly concentrated among three donors. These three countries (**Chart 9**) – Japan (US$7.7 billion), France (US$3.7 billion) and Germany (US$1.9 billion) – account for 45% of the US$29.4 billion in 2012. Several multilateral institutions – the World Bank's IDA (US$7.9 billion), the African Development Bank Fund, the Inter-American Development Bank and the IMF make up another 38% of the US$29.4 billion.

As indicated in **Table Three**, the use of concessional loans is also highly concentrated in lower middle-income countries and in upper middle-income countries, making up almost three-quarters (72.3%) of gross loan disbursements in 2012. The highest concentration is among lower middle-income countries where vast majorities of poor people live and where there is weak government revenue to service these loans. Several of these countries have only just emerged from programs to cancel unsustainable debts. The remaining quarter (27.7%) have been disbursed to low-income countries,





mainly through the World Bank's IDA window for low-income countries. It was recently reported that the Bank intends to increase lending to middle-income countries, from all its windows, to as much as US$28 billion up from US$15 billion currently.[37]

Are many of these loans even truly "concessional?"[38] In order to be considered "concessional in character" an ODA loan must have a grant element of at least 25% when measured against a discount rate of 10%.[d] The DAC makes no distinction between loans with a grant element of 26% and one with a grant element of 75% as the full loan is included as long as the threshold criteria are met. With commercial interest rates well below 10%, loans that are effectively at commercial rates can have substantial grant elements when measured against a hypothetical interest rate of 10%. These loans can be included as ODA, producing a potential profit for the lending donor.[39] In its recent review, a DAC paper made the following observation:

> "A growing share of loans from DAC members is made from market-raised funds, some of which without a subsidy. Provisional data for ODA loans indicate that, in 2011, 88% of concessional loans were made from market-raised funds, either in full (48.5%) or partially (39.8%), and market-raised loans without a subsidy represented 31% of all loans. "[40]

David Roodman from the Center for Global Development among others (EURODAD and Development Initiatives) has pointed to the 10% discount rate as a major problem.[41] Richard Manning, former Chair of the DAC, concluded an article in the Financial Times noting that, "it is shocking that the OECD should publish official statistics … which make a mockery of its own requirement that loans are concessional in character."[42] Roodman proposes an alternative, using the OECD's Differentiated Discount Rates (DDR), which has been agreed by all OECD

d The reference discount rate for the DAC is 10%. This rate is the basis for calculating the grant element of a loan, i.e. the cost to the donor of making the funds available. Thus, the grant element is nil for a loan carrying an interest rate of 10 percent or more; it is 100 per cent for a grant; and it lies between these two limits for a soft loan. If the face value of a loan is multiplied by its grant element, the result is referred to as the grant equivalent of that loan. See http://www.oecd.org/dac/dac-glossary.htm#Grant_Element

Table 3 Allocation of Concessional Loans by Income Group (2012)

Income Group	Share of Concessional Loans	Share of Total ODA (net of debt relief)
Low Income Countries	27.7%	51.3%
Lower Middle Income Countries	40.3%	29.1%
Upper Middle Income Countries	32.0%	19.6%

Source: OECD Dataset DAC2a

members for export credit subsidies.[43] He suggests this rate would have reduced bilateral loans by more than half (56%) in 2012.

The donor members of the DAC are seeking a new consensus that would reform the treatment of loans in ODA. Such reforms are urgently needed (and discussed in more detail below). To date (September 2014) there is not much support for the DDR, but most donors are moving towards the idea of reporting only the grant equivalency for loans, rather than the full loan as is the current practice.[44] One concern with this proposal is that such a move may encourage more loans to LDCs, because such loans would have a high grant equivalency. Many of these countries have just emerged from unsustainable debt loads.

The inclusion of essentially non-concessional loans is not the only issue arising from DAC rules governing loans. While DAC members are required to calculate their annual net ODA, subtracting payments on the principal of each loan, they are not required to deduct the interest payments on these loans. According to Rob Tew, "the data published by the OECD DAC shows that, if interest repayments are taken into account, the net resource flows associated with global ODA are approximately $5 billion per annum lower than the reported total net ODA figure suggests."[45]

Overall, considering both the estimates of non-concessional loans made in 2012 (approximately US$9 billion as noted above) and the US$5 billion in non-reported interest payments on previous loans, "Real Aid" in 2012 is even lower than previously stated, not US$117 billion, but would fall to US$103 billion. This amount is US$24 billion less than reported-ODA (US$126.9 billion) for that year. Applied to Country Programmable Aid that takes account technical assistance, net CPA, which includes loans, also declines significantly.[46]

Implementing Aid and Development Effectiveness Reforms

> There remains strong rhetorical support for the Busan principles for development effectiveness and the need to improve aid practices among all development actors accordingly. Nevertheless CSOs have witnessed 'business as usual' among most donors and little progress at the country level in implementing these principles, including democratic ownership of development policy and an enabling environment for civil society organizations.
>
> At the same time, while not without its challenges, the multi-stakeholder Global Partnership for Effective Development Cooperation (GPEDC) is a uniquely inclusive space for policy dialogue and monitoring commitments in aid reform on the part of most aid actors. How can the advances in norms and commitments resulting from the informal and voluntary GPEDC processes translate into practice? Will reformed aid practice be the standard in the more formal UN post-2015 development agenda?

The real amount and terms of ODA resources available for programming in developing countries is an important, but not the only, consideration for understanding the role of ODA in financing the SDGs. Equally important is the effectiveness of these resources in sustainably addressing the conditions shaping poverty, inequality and marginalization. In this regard, development actors have come together at a series of informal High Level Forums (HLF) since 2002,[47] where they have agreed on principles, and some measurable commitments, to improve the effectiveness of aid as a development resource.

The Paris Declaration, agreed by donors and partner governments at the HLF in Paris in 2005, set out five high profile principles for improving aid effectiveness (country ownership, alignment to country strategies, harmonization of donor terms and conditions, managing for results and mutual accountability). These principles were intended to guide donor and partner country reforms in aid practices.

After a review of limited progress on these Paris principles at the 2008 Accra HLF, development actors, including CSOs, parliamentarians, local governments, the private sector, and some southern aid providers (with qualifications), participated in the Busan HLF in 2011 to shape an agreement that focused on the development impact of aid, not just the modalities under which aid is delivered, as was agreed in Paris in 2005.

At Busan, all actors agreed on a set of common principles for development effectiveness, "consistent with our agreed international commitments on human rights." These principles include:

1. Ownership and leadership on development priorities by developing countries themselves;
2. Focus on results that must have a lasting impact on eradicating poverty and reducing inequality, and on sustainable development;
3. Inclusive development partnerships, recognizing the different and complementary roles of all actors; and
4. Mutual accountability involving the intended beneficiaries of our co-operation, as well as respective citizens, organizations, constituents and shareholders. Transparent practices form the basis for enhanced accountability. [Busan Partnership for Effective Development Cooperation, §11]

These Busan principles were to guide actions to "operationalise the democratic ownership of development policies and processes." [Busan Partnership for Effective Development Cooperation, §12] Together, they form the basis for specific commitments on the use of country systems, transparency, CSO enabling conditions and development effectiveness, gender equality, and more, for the various development actors, recognizing that there will be "differential commitments" for each stakeholder.

Now more than two years after Busan, how well are we doing? Following the Busan HLF, in 2012 the Steering Committee for the Global Partnership agreed on a set of ten indicators to measure progress on the commitments made in Busan and uphold global accountability for delivering them. A report drafted for the first High Level Meeting of the Global Partnership in Mexico in April 2014 by the OECD/UNDP monitoring team concludes, "globally, the results are mixed:"

> "Longstanding efforts to change the way development cooperation is delivered are paying off, but much more needs to be done to transform cooperation practices and ensure country ownership of all development efforts, as well as transparency and accountability among development partners."[48]

There remains strong rhetorical support for the principles and the need to improve the development effectiveness of aid among all development actors. Nevertheless, CSOs have witnessed 'business as usual' among most donors, and little progress at the country level in implementing these principles.[49] In some areas, such as a commitment to an enabling environment for CSOs as effective development actors, there has been marked deterioration.

Specifically, much more progress is needed in the following areas:

- Country Ownership: There has been limited and very mixed progress in the use of a partner country's own indicators and monitoring systems to measure results for ODA. The OECD/UNDP reported that about two-thirds of development cooperation scheduled for the government sector is now reflected in national budgets; but it also cautions that much greater transparency is required for donor information at the country level. Only half of development cooperation is channelled through a partner country's own public finance management system, and this has not changed since 2010.[50]
- An important indicator for country ownership in the GPEDC monitoring framework is the level of untied aid. The first monitoring report suggested that aid providers are delivering on this commitment with close to 80% of aid formally untied to specific geographic sources for procurement. Tied aid is 15% to 25% less cost effective than untied aid.[51] However, independent research of one donor's policies and practices highlights the continued informal tying of aid contracts, with more than 88% of aid contracts going to UK firms despite the UK policy of 100% of untied aid.[52]
- Inclusive development partnerships: Contrary to the explicit commitments in Busan, inclusion of CSOs in development processes has been adversely affected by a significant deterioration in the enabling conditions within which CSOs must operate in an increasing number of developing and some developed countries.[53] There has been modest progress in countries implementing systems to track and make public allocations for gender equality and women's empowerment. On the other hand, women's rights CSOs have expressed concern that much more needs to be done to deepen inclusive and democratic multi-stakeholder dialogue on gender equality and women's rights at country and regional level. The number of countries engaged in future monitoring of the post-Busan gender equality indicator must grow. [54]

Transparency and accountability: There has been good progress in gradual implementation of the International Aid Transparency Initiative (IATI) Standard for transparency. But not nearly enough has been implemented in publishing timely, comprehensive and forward-looking information on development cooperation resources. Just over half of partner countries in the OECD/UNDP survey have a mutual assessment review for aid in their country, and less than half of these processes include non-state actors such as CSOs at any level.[55]

An inclusive multi-stakeholder process

The creation of the Global Partnership for Effective Development Cooperation (GPEDC) has been a unique and highly inclusive space for non-state actors to engage with governments, donors and multilateral institutions on a somewhat equal footing. CSOs are active participants in the Global Partnership through the CSO Partnership for Development Effectiveness (CPDE).[56] The OECD, multilateral organizations and bilateral donors have also been working to increase the participation of the private sector in the Global Partnership, consistent with recent renewed aid allocations to public-private partnerships.

Southern aid providers, such as Brazil, China and India, on the other hand, are reluctant to participate directly in the Busan commitments and the GPEDC, seeing the UN as a more legitimate forum for discussion of global finance and cooperation. Herein lies the greatest challenge for the Global Partnership and its efforts at inclusivity in global policy dialogue. How can the advances in norms and commitments resulting from the informal HLF process translate not only into better practice for all aid providers, but also inform the formal and more legitimate outcomes for the UN post-2015 sustainable development agenda?[57]

Despite concerns of lost momentum and truly modest change on the ground, the HLF process over the past twelve years has advanced broad awareness of the norms and directions for more significant reforms in aid practice. These norms, alongside inclusive efforts to reform aid practices, need to be more directly reflected in the post-2015 development agenda and should guide the ways in which development actors allocate finance for the SDGs.

"Modernizing ODA": Aid resources and the post-2015 sustainable development goals?

> Reality of Aid welcomes the DAC initiative to "modernize ODA" and to sharpen ODA as a true measure of donor commitments to poverty reduction and social justice at the country level. This requires donors to include only resources that are grants or the grant equivalent of loans, excluding expenses for students and refugees in donor countries and counting the full face value of debt cancellation in a given year.
>
> Any new measure of "Total Official Support for Development" should develop clear norms and standards for the transparent inclusion of finance in this measure, based on demonstrable outcomes for any future SDGs, i.e. reducing poverty and inequality and promoting sustainable development, consistent with human rights standards.

In parallel with the Global Partnership and its efforts to reform aid practices, is a more recent initiative in the OECD DAC to "modernize ODA." The latter focus is on fair measurements of donor contributions to development cooperation. Many aid actors, including the global Reality of Aid network, have long called for such reforms in the guidelines for determining DAC ODA - guidelines that affect the level of resource commitments specifically dedicated to poverty reduction for which donors can be held accountable.[58] In 2012, for example, real concessional ODA is at least 20% less than reported ODA. The DAC Development Cooperation Directorate (DCD) and many DAC donors have also come to acknowledge these issues, particularly when viewed from a partner country perspective.

At the DAC's December 2012 High Level Meeting, donors asked the Development Co-operation Directorate (which supports the work of the DAC) to lead a process to "modernize the ODA concept" and to "elaborate a proposal for a new measure of "Total Official Support for Development (TOSD)." There are three main aspects of accounting for development finance under review: 1) a "modernization" of the concept of ODA; 2) a more comprehensive measure of official financial resources for development – Total Official Support for Development; and 3) the eligibility criteria for inclusion of countries for ODA.

The DAC is undertaking this review as an explicit contribution to the ongoing UN discussions on financing options for the post-2015 SDGs, with a global Financing for Development conference likely in 2015. Domestic resources will be a primary source of finance to implement the post-2015 goals for most developing countries; nevertheless various forms of external finance will be crucially important for achieving the Goals. ODA is but one flow among other external financing from government sources – others include official risk management instruments to promote private lending and investment or measures to provide an incentive to private charitable giving.

In modernizing the notion of ODA, the DAC is clarifying the place of ODA alongside other official resources. In this regard, there is a push to have donors report their development finance from a recipient country point of view, i.e. capturing all of the donor's different financial flows beyond what is currently considered ODA. There is a proposal along these lines for a new measure – Total Official Support for Development – regardless of how these flows might contribute to poverty reduction and the SDGs.[59] From a partner country point of view, where a government must meet its obligations to its citizens financed by a variety of flows and revenue sources, a more comprehensive measure of resource transfer is an important metric. But this legitimate interest is different than assessing the quantity and quality of a dedicated flow of concessional resources that has the unique potential to be devoted to reducing poverty and inequality. Presumably all stakeholders, North and South, share a common interest in maximizing this concessional resource. It will be important for all countries and development actors, not just donors, therefore, to have a say in defining the objectives, norms and standards that might govern TOSD and the place of a reformed notion of ODA.[60]

The DAC expects to reach consensus on a proposal for modernizing ODA by December 2014, one that would presumably improve the transparency of official flows to developing countries. The process now underway, however, also has the risk of further undermining the transparency of donor resources for poverty reduction through the creation of a broad measure of TOSD. But it is also an opportunity to simplify and focus on what are truly concessional resources to be included in ODA, and what might be counted in this broader measure of TOSD. Whatever the measure of total official support for development, it will be essential to clarify the development character of these resources in relation to the overarching goal of poverty eradication.

Modernising ODA

There are currently three proposals for modernizing ODA developed by the DCD for the DAC members to consider: 1) "Focused ODA": Removing many current donor-centric costs (refugees, students, etc.), reporting contributions to multilateral financial institutions on an encashment basis, counting only expenditures actually incurred by a donor; 2) "New ODA": ODA would include grants and only the "grant equivalent" of loans taking account the cost of borrowing and country risk, and would remove bilateral debt relief, but not in-donor costs such as refugees and students; and 3) "Updated ODA": Including the gross amounts of loans assessed as concessional using a risk adjusted discount rate, as well as flows mobilized or leveraged by ODA. At this point none of these proposals are fixed or mutually exclusive.[61]

CSOs will certainly see the merit of this process, and have lobbied for a more focused ODA, including measuring only the grant equivalency of loans. However, there is evidence that donors are opting towards measures that emphasize linking ODA to market instruments and actually expanding what could be included. In making the three proposals in January 2014, the DAC Secretariat notes "that there has been wide interest in exploring how to incentivise the provision of development finance in the form of market-like financing as appropriate, so options to accommodate this interest are incorporated in the scenarios presented." They also draw attention to a "strong interest in exploring an expanded treatment of security as an enabler of development and possible broader coverage of such activities in ODA."[62] CSOs have argued that these security and market-linked contributions to development properly belong in a separate measure of Total Official Support for Development.[63]

Total Official Support for Development

To date, there has been little specific elaboration of the proposed new measure of Total Official Support for Development. The intent is seemingly not to replace the concept of ODA and its role in holding donors to account for measures to address poverty and inequality. However, the criteria for inclusion of financing in this broader measure of TOSD are not clear. Are donors attempting to "move the goal posts," in the context of wide failure by most to live up to commitments they made only a decade earlier at Gleneagles to increase ODA and contribute 0.7% of their national income to such efforts? At the same time CSOs understand the importance of, and advocate for, a comprehensive approach to development financing – bringing attention to the need to cancel unpayable debts, promote fair trade and investment that respects the right to development, as well as tax justice and stopping illicit capital flows.

In a submission to the DAC by CONCORD's AidWatch Europe (with the support of Eurodad),[64] European CSOs have drawn attention to a number of essential notions that should inform the development of a measure of Total Official Support for Development:

- Development results and their implications for poverty eradication should be demonstrable goal of TOSD, not just a "modernized ODA;"
- TOSD should align with internationally agreed principles and commitments to inclusive development effectiveness;
- Private development finance mobilized by official guarantees or incentives must demonstrate clear additionality for development goals;
- There should be transparency on gross and net disbursements for loans/export credits included in TOSD; and
- There should be clear attention to transparency and accountability in TOSD at the level of each transaction, with transparency consistent with the International Aid Transparency Initiative (IATI) Standard.

Threshold for ODA

Currently the upper-middle income country cut-off for eligibility for ODA is a per capita income of US$12,615 (in 2012). The DCD issued a discussion paper in October 2013 following up DAC interest "in the possibility of revising the DAC's list of ODA-eligible countries and territories …, so as to focus concessional finance on countries that need it."[65] All options being considered by the DAC would lower the current threshold. The paper suggests revising the threshold to US$7,115, which is the per capita point at which countries begin the transition from World Bank (IDA) concessional lending. The authors argue that this would bring greater consistency between bilateral and multilateral concessional finance for development. They calculate that such a move would affect 18 current recipients and US$2.1 billion in ODA (1.7% of ODA in 2012). Brazil, Mexico, Turkey and Chile represent more than 75% of this amount. ODA from the EU and France would be most affected, declining 19% and 9% respectively due to large loans to Brazil and Turkey. At the other end of the spectrum, there is a proposal that donors target LDCs better with an agreed portion of their total ODA – perhaps 50% – rather than the current measure in terms of a percentage of donor GNI.[66]

The issue of aid to middle-income countries and the resources sufficient to meet commitments to the post-2015 SDG has been discussed above in relation to the breadth of conditions of poverty in these countries. For the four countries most affected as noted by the DAC, 7.5% of their combined population still lives on less than $2 a day, highly vulnerable to extreme poverty. But more alarming is the broader level of poverty, a quarter of the combined population (24.6%) live on less than $4 a day. These governments must deal with this poverty through per capita government spending that ranges from $3,075 for Mexico to $4,574 for Turkey.[67] As noted earlier, CSOs have come to the defense of aid for middle-income countries where indeed the majority of people are still living in varying degrees of poverty. One cannot also assume governments in these countries are willing or able to meet human rights obligations to maximize the realization of social and economic rights for all their populations.[68]

Current Patterns in the Allocation of DAC ODA

Allocation of ODA to Country-Income Groups

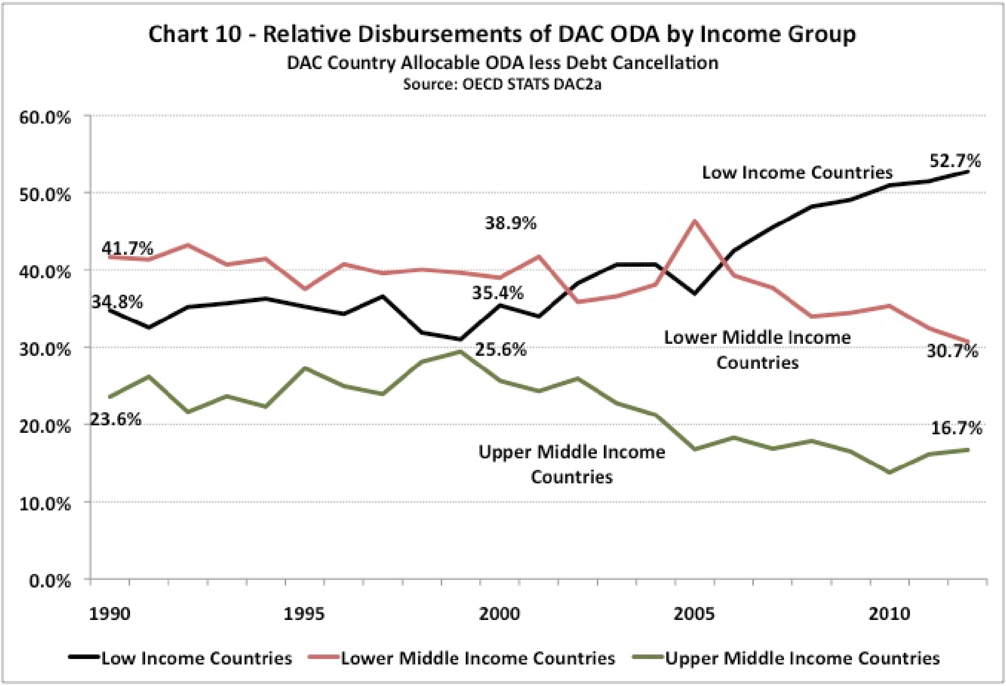
> Aid to low-income countries has increased steadily since 2000 and in 2012 was 53% of country allocable aid.

> The value of aid to lower middle-income countries has also shrunk by 14% since 2005, while the value of aid to upper middle-income countries has increased 30%, just in the period 2010 to 2012.
>
> Conversely, since 2010 the value of aid to Least Developed Countries (in 2012 dollars) has decreased for the first time in the decade.

How much aid is currently directed to middle-income countries? In fact, during the last decade there has been a major positive shift in the proportion of bilateral and multilateral DAC aid (net of debt cancellation) directed to the poorest low-income countries, from 36% of DAC country-allocable ODA in 2000 to 52% in 2010, mainly at the expense of middle-income countries. Since 2008, there has been little change in these proportions, with aid directed to low-income countries remaining at just over 50% (**Chart 10**). Within low-income countries, aid to the least developed countries has also remained constant at around 47% since 2008. Aid to least-developed countries makes up more than 70% of external flows of finance to these countries and represents half of government revenue.[69]

The proportion of DAC aid to lower middle-income countries declined slightly from 34% in 2010 to 31% in 2012. At the same time aid to upper middle-income countries increased from 13% in 2010 to 17% in 2012. DAC aid to upper middle-income countries grew in quantity from US$11.0 billion in 2010 to US$14.6 billion in 2012. These changing middle-income country priorities have mainly affected allocations to lower middle-income countries, which dropped from US$29.5 billion in 2010 to US$26.8 billion in 2012. While there are reasons as noted above to continue ODA for upper middle-income countries, the pervasiveness of poverty in lower middle-income countries makes this shift in emphasis troubling in the context of stalled or declining overall aid levels.

Since 2008, DAC aid to least developed countries (LDCs) has remained relatively constant as a share of total DAC country-allocable aid. However, since 2005, donor foreign/military policy priorities have had a major impact on the distribution of DAC bilateral



aid among LDCs. Aid to Afghanistan has commanded an increasingly significant share of this aid to LDCs. As a proportion of total bilateral DAC aid to LDCs, Afghanistan's share rose from 15% in 2005 to 21% in 2010, and has remained at this level up to 2012 (**Chart 11**). This priority has clearly affected the degree to which other LDCs have benefited from increased attention to low-income countries since 2005.

The relative share of poor countries in country-allocated ODA has been growing since 2000. But **Table Four** indicates that most of this growth in the value of ODA to these countries (in constant 2012 dollars) was pre-2005. Indeed, since 2010 the value of ODA for least developed countries has actually declined by 3% (**Table Four**).

For lower middle-income countries, a 14% decline in value started in 2005 and continued in the 2010 to 2012 period. On the other hand, upper middle income countries, while still a relatively small share of overall ODA, has increased in value significantly since 2005 by about 30%, and this trend has also continued since 2010.

The Allocation of ODA by Region

> Aid to Sub-Saharan Africa has increased steadily since 2005, but has levelled off since 2010. This growth has been largely at the expense of allocations to countries in Asia (excluding Afghanistan).

Since 2008 there has been a consistent allocation of more than 40% of ODA (not including debt cancellation) to Sub-Saharan Africa (**Chart 12**). This allocation is a marked improvement since 2000 when donors (bilateral and multilateral) disbursed only 30% of their ODA to Sub-Saharan Africa. Aid to this sub-region has grown largely at the expense of countries in Asia (not including Afghanistan), where proportion of disbursements to these Asian countries have declined from 39% to 25% between 2000 and 2012.

But similar to the changes in value of ODA to low income countries, the increase in the value of ODA (in 2012 dollars) for Sub-Saharan Africa also mainly occurred pre-2005 (see **Table Five**). In the seven-year

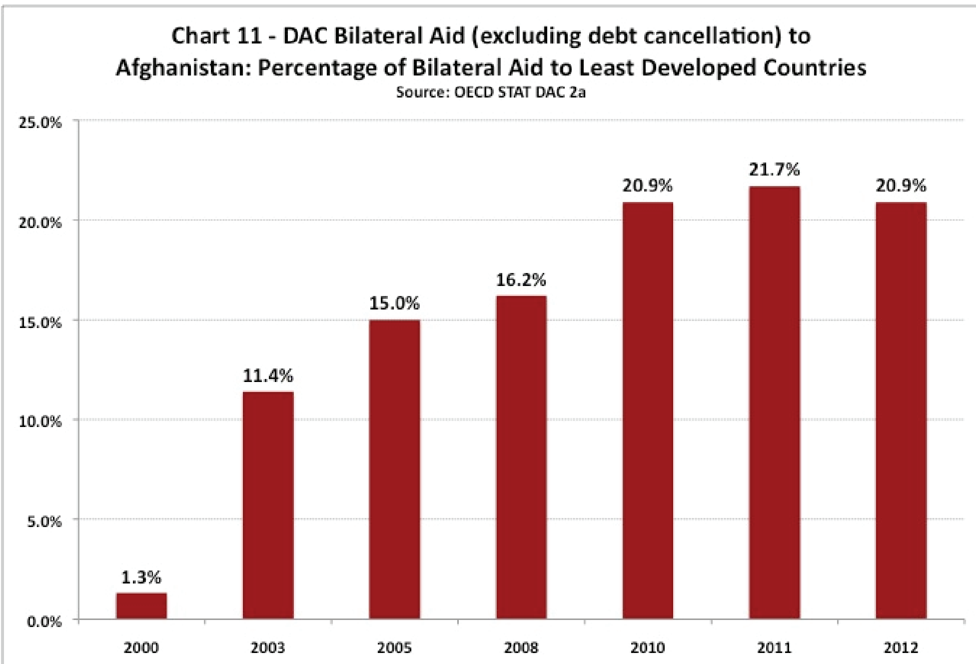


Table 4: Changes in the Value of ODA to Different Income Groups (in 2012 US dollars)

Income Groups Percentage Change in Value	2000 to 2012	2005 to 2012	2010 to 2012
49 Least Developed Countries	130%	45%	-3%
All Low Income Countries (less than $1,005 per capita income in 2010)	134%	51%	0.0%
Lower Middle Income Countries (between $1,006 and $3,975 per capital income in 2010)	40%	-14%	-13%
Upper Middle Income Countries (between $3,976 and $12,275 per capita income in 2010)	10%	28%	30%

Table 5: Changes in the Value of ODA to Different Regions (2012 dollars)

Region	2000 to 2012	2005 to 2012	2010 to 2012
Sub-Saharan Africa	127%	50%	2%
Asia	42%	-16%	-11%
Asia (not including Afghanistan)	13%	-27%	-14%
Americas	43%	32%	-12%
Oceania	39%	29%	-5%

period after 2005 (when donors made commitments to Africa at the Gleneagles G7 Summit), ODA to this sub-region increased in value by 50%, but since 2010 by less than 2%. Removing Afghanistan, countries in the Asia region experienced a significant decline in the value of their ODA since 2005 – by 27%, and by 14% since 2010! The value of ODA to the Americas increased modestly between 2005 and 2012, but has also declined by 12% since 2012.

Humanitarian Assistance

> Humanitarian assistance from DAC donors has remained steady at approximately 10% of Real ODA, and in light of the growing number of natural disasters is likely to continue to rise.
>
> Some domestic governments are playing an increasingly important role in responding to disasters within their borders.
>
> Improvements in humanitarian practice will form an important dimension of the post-2015 agenda (and the 2016 Humanitarian Summit), as those most affected by crisis and conflict are often people living in extreme and vulnerable poverty.

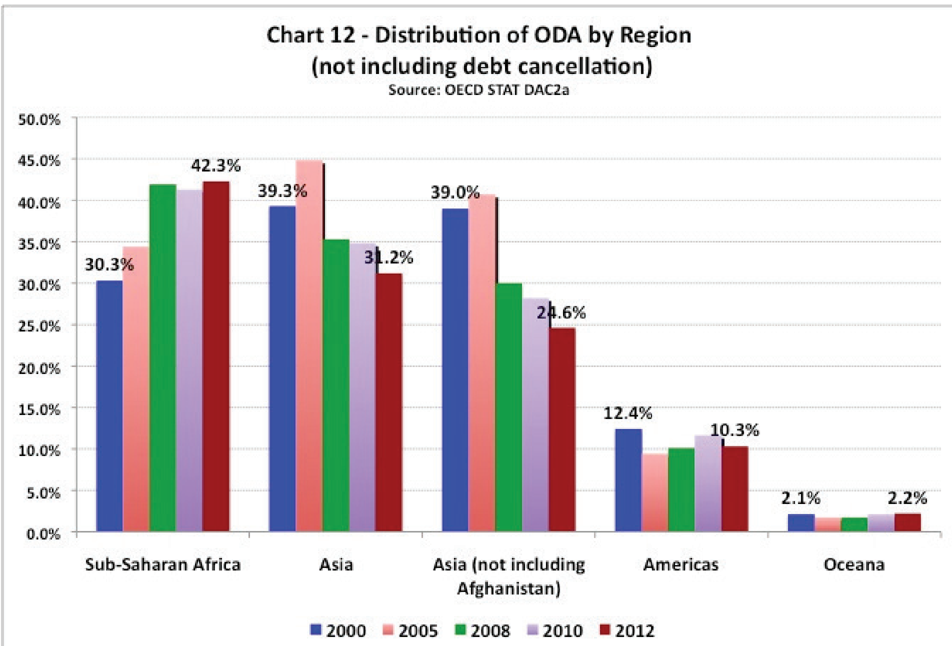
Humanitarian assistance from DAC donors has remained at approximately 10% of Real ODA (removing debt cancellation, students and refugees in donor countries) since 2008. Preliminary DAC figures (OECD STATS DAC1a) suggest a slight increase in the proportion of Real ODA in 2013 (10.1%) from 2012 (9.0%), likely due to the humanitarian needs in Syria, the responses to typhoon Haiyan in the Philippines and the needs of the Central African Republic. The annual UN appeal for humanitarian funds for 2014 at US$12.9 billion is the largest call for funds to date, an increase of $4.4 billion over 2013.[70] In June 2013 the UN also launched its largest ever country appeal for Syria at US$5.2 billion.

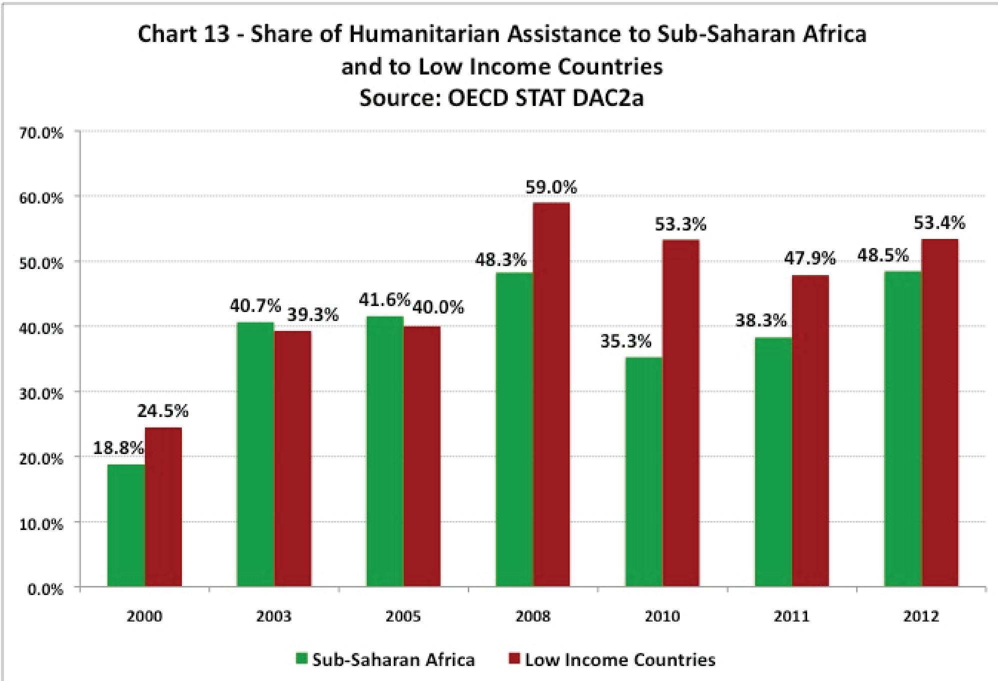
The latest *Humanitarian Assistance Report, 2014*[71] says that total humanitarian assistance from all sources in 2013 was a record US$22 billion, up from US$17.9 billion in 2012, of which DAC donors provided US$14.1 billion (64%). Other government donors provided US$2.3 billion, of which Turkey was responsible for US$1.6 billion, primarily for Syrian refugees along its border region. Private voluntary contributions in 2013 for humanitarian assistance rose significantly to US$5.6 billion from US$4.1 billion in 2012. Private humanitarian contributions made up 25% of total humanitarian aid in 2013. A previous *Humanitarian Assistance Report* makes the interesting observation that domestic governments continue to take a strong role in responding to crises: China and India were home to 78% of all people affected by disasters between 2002 and 2010, but received very little international humanitarian assistance. For example national budgets in India indicate that up to US$7 billion was set aside for disaster relief and risk reduction between 2009 and 2012 (compared to US$137 million in humanitarian assistance during that period). [72]

As indicated in **Chart 13**, low-income countries and Sub-Saharan Africa in particular receive a high proportion of humanitarian assistance at 53.4% and 48.5% respectively in 2012. Among the top recipients of humanitarian assistance through DAC ODA in 2012 were Afghanistan (US$480 million), Syria (US$452 million), Ethiopia (US$435 million), DRC (US$413 million) and Sudan (US$404 million). Humanitarian assistance for Haiti was US$253 million in 2012, down by more than half from US$514 million in 2011.

Humanitarian assistance will always be a significant component of both ODA and other aid providers' assistance programs. In the absence of robust initiatives to adapt to climate change, it is expected that major weather events will become more common, with rising impacts on those most vulnerable in the low-income countries. The United Nations in 2014 is launching a consultation process towards the first World Humanitarian Summit to be held in Istanbul in 2016.[73] This Summit is intended to address current issues facing humanitarian action and set "a new agenda for humanitarian action." Among the issues being discussed is the "political squeeze" on non-partisan humanitarian action, where donor priorities are often linked to their foreign policy and military concerns.[74]

The *2012 Global Reality of Aid Report* noted the alarming increase in humanitarian assistance delivered through





defence agencies, predominantly by the United States.[75] Humanitarian space has become dangerous space, with 152 aid workers killed in 2013.

The 2013 *Global Humanitarian Assistance Report* documented a number of areas where humanitarian actors are working to strengthen their response to people in crisis.[76] Among these initiatives are improvements in access to information, transparency and accountability, principles and standards as a benchmark to measure progress, and a focus on resilience as a longer-term foundation to improve humanitarian outcomes. These and other initiatives will contribute towards a new humanitarian agenda. Improvements in humanitarianism will form an important dimension of the post-2015 agenda, as those most affected by crisis and conflict are often people living in extreme and vulnerable poverty.

Climate Finance and Aid

> While developed countries honoured their 2009 Copenhagen commitment to invest US$30 billion in Fast-Start Finance for climate change mitigation and adaptation, donor reporting made it impossible to determine if this financing was additional to ODA commitments. Donors have reported more than 80% of climate financing to the DAC as part of their ODA. Only 30% of this financing was for adaptation, affecting the impacts of climate change on poor and vulnerable populations.

Climate change is resulting in a noticeable increase in extreme weather, which in poor countries can be devastating for vulnerable and poor people for years after the climate event. Super Typhoon Haiyan in the Philippines in November 2013 brought unimaginable destruction in a 100 mile-wide path, killing more than 6,000 people. Public financing for climate change adaptation and mitigation is urgent.

To 'kick-start' these investments, developed countries in 2009 agreed to a global commitment of US$30 billion in Fast-Start Financing at the conclusion of the Conference of the Parties to the UN Framework Convention on Climate Change (COP 15) in Copenhagen. Fast-Start Finance (FSF) is intended to lay the foundation for a significant ramping up of finance from developed countries by 2020, which will lead to sustained and longer-term support for adaptation and mitigation action in developing countries.

In Copenhagen, developed countries also committed to mobilizing US$100 billion in climate financing annually by 2020 for these purposes, with the funding to come from both public and private sources. This 'long term' finance goal was reiterated at COP-16 in Cancun in 2010 and again in 2011 at COP-17 in Durban. While the 2012 Doha COP encouraged the same level of financing for 2013 and 2014 as FSF, there is no comprehensive information about donor post-FSF commitments.

The political commitment for both FSF and longer-term climate financing is that it was to be both new money and public funding *additional* to existing ODA commitments. According to a comprehensive study of FSF, developed countries reported to the UNFCCC that together they contributed US$35 billion in FSF between 2010 and 2012, thus exceeding the target. However, the study warns that, "contributing countries have taken different approaches to defining what qualifies as FSF and have included a wide range of instruments and sources of finance in their FSF reporting. For the most part, they have not used strict thresholds for assessing what is additional."[77]

The Copenhagen Agreement did not specify an appropriate proportion in its call for a "balanced allocation" between adaptation (dealing with the immediate impacts of climate change on poor and vulnerable populations) and mitigation (preventing future increases in greenhouse gases). It has been assumed by developing countries and many CSOs to mean roughly a 50/50 split, acknowledging that there is sometimes an overlap, as some activities have both adaptation and mitigation characteristics. In fact there has been a wide variation in levels of support for adaptation, ranging from close to 70% for Australia and Sweden, around 50% for France, Denmark and Switzerland, about 40% for the United Kingdom, Norway and Germany, 25% for the United States and less than 20% for Canada. As a result, it is estimated that about 30% of FSF was directed to adaptation activities.[78]

Some countries (e.g. Australia, Denmark, the Netherlands, Norway, Sweden, and Switzerland) provided FSF exclusively as grants. However, several others (Japan, France, Spain and Canada) provided FSF substantially through loans. The study referenced above found that repayable loans from all donors made up the largest share of FSF, at 48%, with 40% provided through grants. This is primarily the consequence of a very large loan portfolio in Japan's FSF, which is the largest overall donor to FSF.[79]

All donors have reported FSF as part of their ODA commitments and disbursements to the OECD DAC, making it impossible to determine whether FSF was indeed additional to existing ODA commitments. It is estimated that at least 80% of FSF has been reported as ODA.[80]

The OECD DAC has published a series of backgrounders on donor financing for climate adaptation and mitigation. Donor reporting to the DAC is based on a marker system in which donors identify climate finance activities where adaptation/ mitigation is either the principal objective or where it is a significant objective among others (in this latter case the full value of the activity is included, thus distorting the total). DAC statistics for 2012 records a total of US$15.6 billion for mitigation and US$10.1 billion for adaptation from sector-allocated donor bilateral aid. Of these amounts, US$10.5 billion was spent on activities where mitigation was the principal objective and US$2.7 billion spent on activities where adaptation was the principal objective.[81]

Chart 14 highlights the relative share of climate finance for mitigation and adaptation in donor bilateral aid (where it is the principal objective), with adaptation making up only 2.3%. A large proportion of adaptation finance is recorded as a significant, but not the main, objective of activities valued in total at US$7.4 billion. According to the DAC, just three donors – Japan, Germany and the EU institutions – provided half of the recorded adaptation finance between 2010 and 2012. Donor finance for adaptation is concentrated in a few sectors – environment related capacity building, water, agriculture, forestry, and disaster risk reduction and response. Only 25% of this financing is directed to least developed and low-income countries.[82]

Almost 70% of mitigation aid finance, by contrast, targets mitigation activities as a principal objective. The energy, transport and water sectors account for more than half of mitigation aid. About 65% of mitigation aid goes to middle-income countries, with a large proportion of activities in Asia. Five donors – Japan, Germany, France, EU Institutions and Norway – account for 80% of mitigation aid activities. Also, concessional loans make up 58% of mitigation financing, compared to an ODA average of 18%.[83]

There remains only five years to fully mobilize the US$100 billion UNFCCC commitment for climate finance. In 2013 the operational terms were finally agreed to initiate the Green Development Fund (GDF) as mandated by the UNFCCC process. There is a call by the Executive Secretary of the UNFCCC to capitalize between US$10 billion and US$15 billion by November 2014. Working through the GDF will ensure that 50% of the resources are directed to adaptation activities. A quick start for this Fund will help rebuild trust in the process launched in Copenhagen and enable leadership on the part of developing countries.[84]

Sector Allocation of DAC ODA

Since 2010 there have been noticeable declines in the value of aid to several social sectors critical to addressing conditions of poverty – basic education, basic health and government and civil society. On the other hand financial services, productive services, including agriculture have shown marked increases.

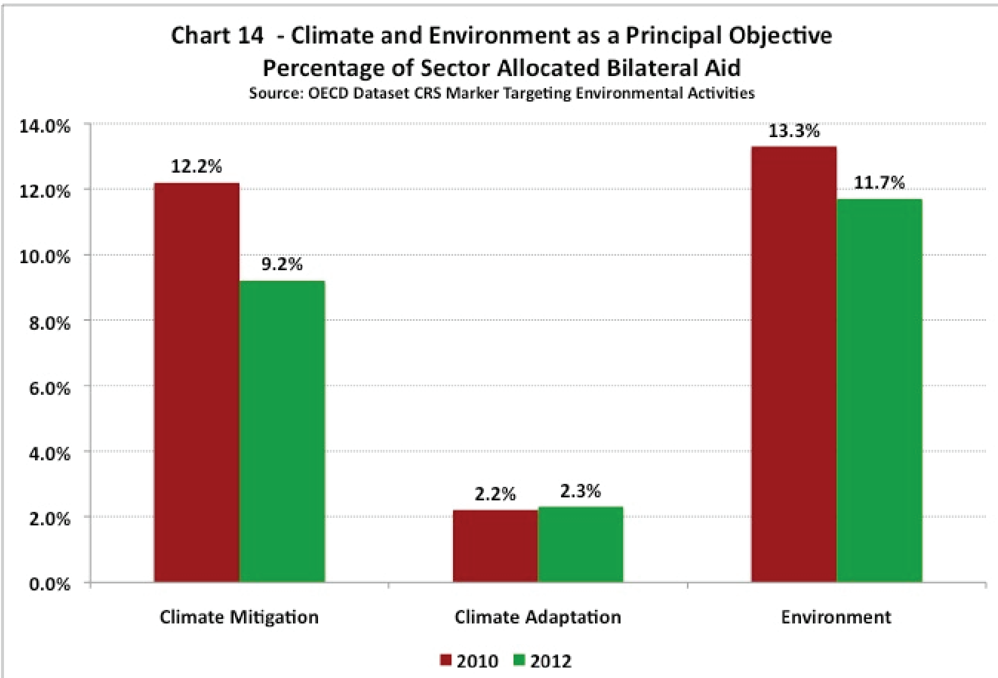


Chart 15 demonstrates changes in the allocation of both bilateral and multilateral aid to the various sectors recorded by the DAC in its Creditor Reporting System. While still almost half of ODA in 2012 (48.3%), allocations to social infrastructure and services have dropped since 2000. Within these services, commitments to basic education fell from 3.6% of ODA commitments in 2000 to 2.7% in 2012. Basic health and reproductive services' share of sector allocable ODA almost doubled from 6.6% to 12.5% in the same period. Support for economic infrastructure and services increased slightly over the 12 years, while the productive sectors and agriculture, forestry and fisheries remained at the same level.

The share of sector allocable ODA masks some important recent changes in donor priorities between 2010 and 2012. **Table Six** demonstrates the percentage change in the value (in 2012 dollars) of aid commitments devoted to key sectors.

It is notable that since 2010 the value of ODA to social and infrastructural services in general has declined slightly. But more significant declines are noted for basic education and government/civil society, with a smaller decline for basic health and reproductive services. These are key sectoral areas that address social conditions for poor and vulnerable people and will be strongly represented in the post-2015 development agenda.

On the other hand, the value of support for economic services and production, production sectors and agriculture has increased by more than 18%, 33% and 19% respectively. Agriculture is a key sector for people living in poverty, with an important increase in the value of allocations.[85] But also within the production sectors, allocations to industry and mining production was $4.4 billion in 2012, up more than 50% from 2010.

ODA directed to Gender Equality

As a share of screened ODA, gender equality as a principal objective of development activities remains at 2.4% in 2012.

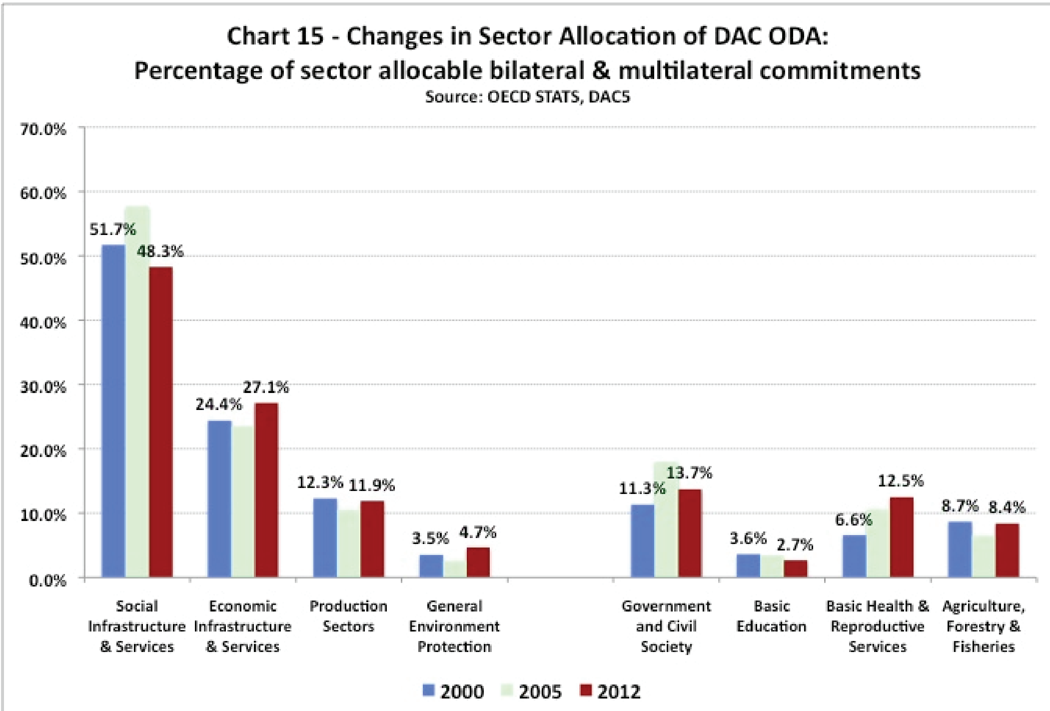


Table 6 Changes in Value of ODA to Key Sectors

Sector (Millions of 2012 dollars)	Value of ODA in 2010	Value of ODA in 2012	Change in Value of Allocation
Social Infrastructure & Services	$66.1	$65.7	-0.5%
Basic Education	$4.0	$3.6	-9.9%
Basic Health & Reproductive Services	$17.2	$17.1	-0.9%
Government & Civil Society Sector	$19.4	$18.6	-4.1%
Economic Services and Production (less Agriculture)	$31.1	$36.8	18.3%
Production Sectors	$3.6	$4.8	33.3%
Agriculture, Fisheries and Forestry	$9.5	$11.4	19.7%
Environmental Services	$6.9	$6.4	-8.2%

Source: OECD STATS, DAC5

Official donor support for women's rights organizations has shrunk in value since 2008.

The OECD/UNDP monitoring report on progress on the Busan commitment to gender equality comments,

"[G]ender equality and women's rights have long been recognized as essential components of sustainable development and are likely to be central to the post-2015 development agenda. Advancing gender equality and women's empowerment requires not only political leadership, policies and funding but also institutions, systems and data."[86]

Women's empowerment is about realizing gender equality rights as well as approaches to achieving development outcomes that are fully inclusive of women. The DAC tracks gender-oriented programming through a gender marker that identifies activities where gender is either a principal objective (gender equality is a primary goal of the activity) or a significant objective (gender equality is one among several goals of the activity). As with the climate finance marker, the DAC marker system has major weaknesses in that it records the full value of the activity for those where gender is deemed a significant objective, even where it may be one among several objectives. In addition, the significant objective indicator is subject to differing interpretations among donors and is less reliable in comparing donor commitments to gender equality.

The DAC tracking marker for "gender as a significant objective" is intended to demonstrate a commitment to mainstreaming gender equality. However, its unreliability compels Reality of Aid to look more closely at trends for activities where gender equality is the principal objective. It is reasonable to assume that such activities are essential as a catalyst for broader inclusion and mainstreaming women's rights in project activities. Similarly, donor support for women's rights organizations is an important marker for the priority given to strengthening women's voices in advocating for their rights in developing countries.

Table Seven demonstrates the very low level of DAC project activities in which gender equality is the principal objective, increasing in value by only US$600 million between 2008 and 2012. Interestingly, even programs that designate gender as a significant objective (i.e. where gender equality objectives are "mainstreamed") have declined in value by US$1.4 billion over these same years.[87]

Donors reported to the DAC that they invested on average in 2009/10 a mere US$477 million (2012 dollars) to support women's equality organizations and institutions. This represents less than 2% of all activities with a gender marker in that year. The amount in 2012 is actually $100 million less in value than donor resources invested for these purposes in 2008 (calculated in 2012 dollars).[88]

Table 7 DAC Gender Marker*
Percentage of Total Screened and Unscreened ODA

Gender Marker (Value in 2011 $)	2008	2009	2012
Principal Objective	1.8% (US$2.4 billion)	2.5% (US$3.2 billion)	2.4% (US$3.0 billion)
Significant Objective	17.5% (US$23.2 b)	20.9% (US$26.2 b)	17.4% (US$21.8 b)

Source: OECD STATS DAC Aid projects targeting gender equality and women's empowerment
** Total does not include Canada due to methodology used for gender as principal objective. 2010 and 2011 are not included due to incomplete data from the United States.*

Commenting on this decrease in official donor support for women's rights organizations, the Association for Women's Rights in Development (AWID) notes a concomitant shift to funding by private sector donors for programs focusing on the needs of individual women and girls, rather than women's rights organizations. In their words, the focus is on the "leaves" – women and girls – rather than on sustained collective action by women's rights activists and organizations – the "roots."[89]

Other Aid providers: Trends and Opportunities for the Post-2015 Agenda

Civil Society as Aid Providers in Development Cooperation

> When combined with donor resources channelled through CSOs, CSOs mainly from DAC countries are managing approximately US$65 billion in development assistance annually. This is an amount equal to about 60% of DAC Real ODA in 2012 (net of the amount transferred through CSOs).
>
> The call for inclusive partnerships to implement the post-2015 agenda requires not only the inclusion of CSO resources for development, but also the inclusion of CSOs themselves as independent development actors in their own right. This means addressing the deteriorating enabling environment for CSOs as development actors in many developing, and some developed, countries.

Civil society organizations (CSOs) are major and growing actors in development cooperation in their own right. As aid providers, CSOs channel donor resources to partners, through institutional funding of CSOs and through various donor-sponsored calls-for-proposals for CSOs to implement donor-initiated programs or projects. A considerable literature has grown around the roles of CSOs in development cooperation and the implications of various funding modalities from donors for the growth of an independent civil society in developing countries.[90]

DAC donors channelled US$15.4 billion in ODA through CSOs in 2012, down from a peak of US$18.5 billion in 2010. ODA through CSOs in 2012 was 13% of total Real ODA for that year (**Chart 16**). DAC bilateral donors are responsible for most of the ODA channelled through CSOs. Aid channelled to CSOs through bilateral ODA amounted to more than 17% of bilateral aid in 2012. These are significant amounts of funds where CSOs are delivering development outcomes for donors (and for several donors such as Ireland, Sweden, Switzerland, and the Netherlands, aid delivery through CSOs is more than 30% of their bilateral aid).

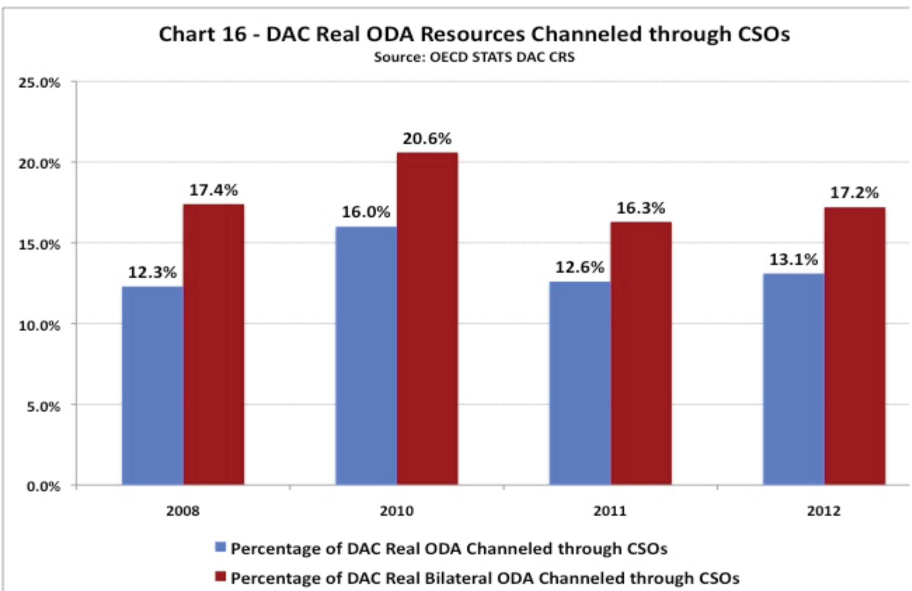
The DAC also provides an estimate of private grants made by CSOs in the donor country. In 2012 this estimate was US$29.8 billion, almost double the amount that donors channel through CSOs. There are few reliable statistics on total flows through CSOs to developing countries, including private fundraising by CSOs. This is particularly true of aid-providing countries outside the United States. In the US, the Center for Global Prosperity estimates US privately raised funds for international assistance in 2011 at US$28 billion in the US alone, almost equal to the DAC estimate of US$29.8 billion for all donors.

Globally, the Center for Global Prosperity's estimate for total privately-raised CSO flows is US$48 billion, including US$366 million from philanthropists in Brazil, China, India and South Africa.[91] A report from TIKA, the Turkish aid agency, showed US$200 million in aid provided through Turkish CSOs, mainly to Africa.[92] When combined with donor resources channelled through CSOs by donors, CSOs mainly from DAC countries are managing approximately US$65 billion in development assistance annually. This is an amount equal to about 60% of DAC Real ODA in 2012 (net of the amount transferred through CSOs).

Financial flows from the largest International NGO families (INGOs) make up a significant and growing amount of aid from CSOs. Eight global INGOs had combined global revenue from all their affiliates of over US$11.7 billion in 2011, up more than 40% since 2005. These eight INGO families would make up almost a fifth (18%) of the estimated total CSO development assistance noted above.[93] Beyond these INGO families raising money predominantly in developed countries, is a growing body of Southern NGOs raising funds domestically and regionally. For example, 20 of the largest Muslim NGOs, many of them based in the South, collectively have revenue of $560 million.

Private sources of finance are also a growing source of funding for humanitarian assistance. The NGO, Development Initiatives, estimates private funding through CSOs for these purposes at US$5.6billion in 2013 (up from US$4.1 billion in 2012), with over a quarter of humanitarian assistance between 2008 and 2012 from private donors.[94] Private funding for humanitarian emergencies are more volatile than government sources, with private funds in 2012 dropping 26% since 2010, compared to 7% for institutional funding.[95] According to the Global Humanitarian Report 2014, among private donors, NGOs raise the majority of the funds – US$3.8 billion in 2012. The NGO Médecins Sans Frontières (MSF) raises about 26% of all private funds raised by the NGOs monitored by this Report.[96]

Clearly CSOs are evolving quickly as sophisticated aid providers involved in all sectors of development



cooperation. At the same time, there is growing documentation in many countries of significant deterioration in enabling conditions for CSOs to operate as full development actors (legal restraints on registration, changing funding modalities, restrictions on receipt of foreign funds, attacks on human rights defenders, limited access to policy dialogue at the country level, etc.).[97] CSOs are critical actors involved in coalescing the voices of those most affected by poverty and exclusion and these voices often confront the priorities of ruling elites.

The UN Secretary General has called for an inclusive partnership involving all stakeholders in implementation of the SDGs.[98] But inclusive partnerships, involving CSOs, will not only require allocation of substantial CSO financial resources in partnership with other stakeholders. Such allocations will have limited impact in the absence of deliberate action by governments to improve the enabling conditions for CSOs to realize their full potential as development actors, which has been a commitment of governments since the Accra and Busan High Level Forums.

Aid and the Private Sector

> Donors are now pro-actively engaging the corporate private sector, not only as economic actors, but also as development partners in their own right. However, to date there is little assessment of the private sector as a development actor contributing positively to development impacts and outcomes.
>
> Donors are primarily preoccupied in establishing an open enabling environment for business, with the implication that increased dialogue with this sector to establish this enabling environment brings with it development roles and outcomes from private sector activities. The evidence to date suggests that the benefits still accrue to large companies, while the risks to populations living in these countries
>
> This bias towards the private sector as development actors will likely become more pronounced post-2015. Inclusive dialogue on the normative foundation of the private sector's contributions to development must inform, and be explicit, for any private sector role in the post-2015 agenda and SDGs.

The private sector in all its different manifestations is an essential contributor to sustainable livelihoods, with the potential to mobilize domestic resources and investment for development. As such, donors have long promoted private sector development in different country contexts. However, in recent years, donors have been pro-actively engaging the corporate private sector, not only as influential economic actors, but also as development partners in their own right. This engagement includes collaboration on approaches that focus on strengthening economic growth, as well as the design and implementation of private sector oriented projects to address development challenges across many sectors. The 2011 Busan Partnership recognized the central role of the private sector in contributing to poverty reduction. Following the Busan HLF, the OECD/UNDP monitoring team committed to the development an indicator on private sector engagement in monitoring the Busan commitments.

The 2012 Reality of Aid Report brought thematic attention to the different dimension of private sector partnerships and their implications for donor efforts to tackle poverty reduction and marginalization on the ground in developing countries. This earlier Report described civil society critiques and recommendations on aid policies and modalities for engaging and strengthening the private sector – looking more closely at the roles of Development Finance Institutions (DFIs), Public Private Partnerships, Aid for Trade, etc. This 2012 analysis is still very relevant and should be considered background for understanding the role of the private sector in strategies to finance the post-2015 SDGs.[99]

Despite recent preoccupations with the private sector as a development actor on the part of donors, multilateral organizations and think tanks around the world, the OECD/UNDP monitoring of the Busan commitment to engage the private sector does not try to assess the private sector as an effective development actor. Rather, the indicator measures the quality of public-private sector dialogue in developing an enabling environment for business, with the untested assumption that this enabling environment will lead to development outcomes on the part of the private sector.[100]

Measurement of the extent of private sector contributions to development cooperation is also not captured in DAC databases, with the exception of public private partnerships (PPPs). According to DAC statistics, allocations to PPPs peaked in 2010 at US$886 million, but since then PPPs have declined sharply to US$361 million in 2012 (DAC CRS Database). No explanation for this decline is given.

At the donor level, despite rhetoric, the extent of direct engagement with the private sector as an implementer for ODA projects is also largely unknown, but is likely relatively modest.[101] For example, in Canada — a donor country that has emphasized the private sector as a partner in development for the past five years — only a small amount of ODA is implemented directly by the private sector. In 2012/13 the private sector implemented less than 4% of Cdn$3.6 billion in ODA managed by the Department of Foreign Affairs, Trade and Development, including disbursements through the World Bank's International Finance Corporation.[102] At the same time, the Canadian mining sector has been involved in high profile partnerships with government, universities and CSOs, which implement mining projects in countries where Canadian mining companies have a large presence.

This bias towards the private sector as development actors will likely become more pronounced post-2015. Major donors such as the UK and the United States are committed to expanding partnerships with the private sector.[103] Under the US initiated New Alliance for Food Security, a number of large "mega-PPPs" are being encouraged to attract technology and investment in African agriculture. A recent review of several of these PPPs in terms of reducing poverty demonstrate that the benefits are most likely to accrue to the powerful companies and the risks to the rural livelihoods of the poorest and most vulnerable.[104]

Without similar comprehensive data, particularly on partnerships with the private sector at the country level, the reality and nature of private sector partnerships remain elusive. Much of the growing roles of the private sector in development cooperation are indirect, via support for these roles by multilateral development banks and other development finance institutions (DFIs). The latter enable the private sector to collaborate and invest in development through public financed subsidies, investment guarantees and innovative risk mitigation products.[105]

Enhancing the private sector's contribution to development through aid-for-trade

Ever since the failure of the WTO Doha "development round" of comprehensive trade negotiations, donors have increased their investment in "aid for trade" to improve trade-related development outcomes in which the private sector is a main actor. The 2012 Reality of Aid Report noted that many donors have enhanced their aid-for-trade strategies as a result of placing greater emphasis on the private sector and economic growth in their aid policies. However, an accurate assessment of "aid-for-trade" is difficult, both in terms of the amounts of ODA invested, but also in relation to the impact of trade on development outcomes for poor and marginalized populations.[106]

There is a need to disaggregate DAC reporting on aid-for-trade to have a more accurate picture of these investments. In reporting aid-for-trade, the DAC includes total support to economic infrastructure (including banking and services for micro-finance) and to production (including all agriculture investments). There is no attempt to distinguish actual trade related support. The DAC figure of US$41.8 billion in 2011 is consequently a gross exaggeration.[107] While not inclusive of all aspects of aid for trade, a more accurate indicator in the DAC Creditor Reporting System is aid to "trade policy and regulation." The value of these commitments to trade policy and regulation (in 2012 dollars) peaked at US$904 million in 2010, but was only $628 million in 2012.

Strengthening private sector accountability and the post-2015 agenda

At the High Level Meeting of the Global Partnership in Mexico in April 2014, there was an important commitment by the Partnership, including representatives of the private sector, to "recognize the importance of private sector accountability." The final Communiqué welcomed "hubs for inclusive multi-stakeholder dialogue on a broad range of public-private partnerships, including trade unions and civil society organizations, with the aim of improving the alignment of business and development core objectives through the enhancement of … corporate social and environmental responsibility."[108] Inclusive dialogue on the normative foundation of the private sector's contributions to development must also inform the UN's post-2015 agenda.

Discussions within the UN post-2015 process all point to a greater role for the private sector as a partner in realizing the SDGs. UN Secretary General Ban Ki-moon recently proposed a new UN partnership facility to capture the full potential of partnerships, most particularly with the private sector, to "help us deliver at scale — globally and at country level — across the range of UN mandates, goals and values."[109] Civil society activists at the UN are deeply concerned about the potential "privatization" of the post-2015 agenda, often with privileged access for large corporate players to influence this agenda outside established regular intergovernmental and accessible consultative processes.[110]

The corporate private sector may have important roles to play in implementing the post-2015 agenda, but only if they are substantially guided by the normative framework of the UN. A commitment to accountability also requires the private sector to acknowledge and address the corporate sector's responsibilities, collectively and individually, for exacerbating some of the development challenges that the post-2015 agenda is intended to address. The Member States of the UN could establish system-wide guidelines for inclusion of private actors that explicitly prevent partnerships with such actors that have violated internationally agreed environmental, social and human rights conventions and UN principles on corruption, sanctions, tax evasion, etc.[111]

South-South Aid Providers

South-South aid providers will be playing a crucial role in financing and knowledge exchange for the post-2015 SDGs. The 2014 Global Partnership's HLM in Mexico noted that SSC was not a substitute for, but a complement to, North-South co-operation.

Middle-income aid providers for SSC are estimated to contribute $23.6 billion to development cooperation, an amount that has been growing significantly in the past five years, during a period when many North-South donors have flat-lined or reduced their aid. These flows are now about one-third of DAC donors' Country Programmable Aid.

UN Secretary-General Ban Ki-moon underscored the importance of South-South Co-operation (SSC) in advancing the MDGs and playing a crucial role in financing and knowledge exchange for the post-2015 SDGs.[112] As the 2011 Busan Partnership for Effective Development Co-operation highlighted, "South-South and Triangular co-operation have the potential to transform developing countries' policies and approaches to service delivery by bringing effective, locally owned solutions that are appropriate to country contexts." [§30] The April 2014 High Level Meeting (HLM) of the Global Partnership in Mexico focused major attention on South-South and Triangular co-operation, welcoming "the initiatives undertaken by Southern partners to deepen the understanding of the nature and modalities of South-South co-operation and the ways and means to enhance its developmental impact as well as its potential synergies with the efforts of other development cooperation partners and modalities." [§27]

While an essential and growing part of the financial architecture for development, the 2014 HLM noted that SSC was not a substitute for, but a complement to North-South co-operation [§27]. Middle-income aid providers for SSC are estimated to contribute US$23.6 billion to development cooperation (**Table Eight**), an amount that has been growing significantly in the past five years, during a period when many North-South donors have largely flat-lined or reduced their aid.

Several major South-South aid providers do not publish statistics on concessional aid flows comparable to DAC's ODA. It is consequently difficult to measure recent trends in South-South assistance. The seven donors in **Table Eight** reporting their aid flows to the OECD DAC could serve as a proxy indicator. Flows from these seven donors more than doubled between 2010 and 2013, increasing by 170%, mainly due to very large growth in assistance by Turkey and the UAE. A recent study put the growth in Chinese assistance at 58% between 2011 and 2013.[114] More than half of Chinese aid between 2010 and 2012 is reported by the Chinese government to be directed to Africa, with 30%

Table 8: Current Estimates of South-South Assistance for Development Cooperation (ODA-equivalent aid)

Aid provider	Concessional Assistance	Data Year
SSC Aid providers reporting to the DAC		
Saudi Arabia	$5,683	2013
United Arab Emirates (UAE)	$5,091	2013
Turkey	$3,276	2013
Taiwan, China	$273	2013
Kuwait	$149	2013
Cypress	$25	2013
Thailand	$17	2013
SSC Aid providers, not reporting to the DAC (estimates)113		
China	$7,100	2013
India	$850	2012
Brazil	$900	2010
South Africa	$217	2012
Indonesia	$10	2011
Mexico	N/A	
Venezuela	N/A	
Total South-South Providers (estimate)	$23,591	
Percentage of DAC Real ODA (2013)	19%	
Percentage of Programmable ODA (2012) (Including humanitarian assistance)	36%	

Millions of US$

to Asian countries and 8% to Latin America. Almost two-thirds (63.8%) of this assistance was provided in the form of concessional or interest-free loans, and 36.2% in grants.[115]

At US$23.6 billion, South-South aid flows are now more than one-third of the DAC donors' country programmable aid (see §5, Chart 8 above), including humanitarian assistance with programmable aid. However, South-South assistance is also highly concentrated, with four SSC aid providers (Turkey, Saudi Arabia, the UAE, and China) accounting for 90% of these flows.

Large knowledge gaps continue to affect understanding of SSC, not only in terms of volumes of flows and their concessionality, but also in terms of the details on the management of these flows, their impact on development outcomes, and the quality of the aid relationships. Several middle-income developing countries have been engaging in SSC for many decades. It has taken many forms – bundling investment opportunities, technical assistance, provision of appropriate technology, training and education exchange – and used different modalities, through grants, concessional and non-concessional loan finance. Loan finance supports financial investments and trade relations on the part of China or Brazil around the world. Some 43% of outward foreign direct investment by the BRICS is in the respective neighbouring countries in Latin America, East Asia, South Asia and the transition countries.[116] The US$23.6 billion identified above focuses on a smaller set of SSC development assistance activities that are supported through grants and concessional loans on terms approximately comparable to the DAC requisites for ODA.

SSC aid providers are also having an impact on development co-operation discourse in both the Global Partnership and the post-2015 development finance debates. SSC aid providers stress a number of principles and characteristics that they insist distinguish their co-operation from traditional DAC aid. Among these factors are approaches based on 1) solidarity and sensitivity to country contexts resulting from a shared experience of colonial domination, 2) respect for sovereignty and national independence, with non-interference in what are considered domestic matters, 3) sharing appropriate expertise based on common development challenges, and 4) greater flexibility, simplicity and speed of execution.[117] At the same time countries involved in South-South co-operation are often explicit about their strategic objectives, linking SSC directly with political and commercial "enlightened self-interest".[118]

SSC has grown in scale in line with rapid growth in several SSC aid-providing countries. But what should be the framework for understanding the relevance of SSC to the post-2015 agenda? While seen to be a more equitable form of cooperation based on a shared experience in development, there is in fact little analysis of evidence regarding SSC effectiveness on development outcomes for addressing poverty and inequality. And yet reducing poverty and inequality are crucial goals for the post-2015 agenda.

Challenges in SSC

At a more political level, should SSC be assessed just as another channel for financing the MDGs or SDGs, either directly or through triangular co-operation with DAC donors? Or should SSC be considered less an aid relationship, and more a part of a deepening of South-South political and diplomatic relations? Is SSC primarily a way of advancing the interests of key middle-income countries in global debates, where the latter stress the importance of differential responsibilities for sustainable development? These questions are beyond the scope of this chapter, but will ultimately shape the contribution of SSC in advancing SDGs.

As a modality for advancing the SDGs, SSC may face a number of challenges. There is some evidence that current practices in SSC, resulting from diplomatic engagements, are leading to scattered and fragmented initiatives.[119] A lack of transparency for SSC limits the scope for partner countries, civil society, and the international community to understand the current dynamics in SSC. Improved transparency and accountability in SSC will be essential for peer learning and building on SSC contributions among all stakeholders at the country level. At the April HLM in Mexico, SSC aid providers committed to share more information about their activities in other developing countries, but unfortunately did not commit to sharing this information in a format consistent with the International Aid Transparency Initiative (IATI) common standard.[120]

SSC aid providers do not wish to be subject to peer reviews and traditional donor standards that they have had no role in devising. The GPEDC has initiated a global discussion on norms in development co-operation and some SSC aid providers have been active within this forum to advance their perspectives. Following the HLM in Mexico, the Government of Mexico has agreed to be a co-chair of the GPEDC. Nevertheless, at the same meeting, China, Brazil and India were notable in their absence. Clearly, an effective and inclusive forum for discussing the changing architecture in development finance, both outside but also within the United Nations, will be critical to advancing a truly inclusive development cooperation reform agenda alongside the SDGs.

Accountability to populations affected by development projects is a crucial element of post-2015 partnerships involving SSC. Inclusive processes for accountability have not been evident in SSC (and they are also largely absent in DAC aid relationships). A number of SSC aid providers, such as Turkey, have been working to include CSOs in their aid relationships, while others such as India and South Africa have already or are initiating dialogue.[121]

In Brazil, however, to date there has been limited dialogue between CSOs and the government on its policies and programs for SSC. Nevertheless, strong direct linkages between Brazilian and partner country CSOs have been developing parallel to Brazilian SSC. In the case of Mozambique, Brazilian and Mozambican CSOs have coordinated the sharing of information and reactions to a major Brazil / Japan / Mozambique program for Triangular Co-operation for the agricultural development of the Tropical Savannah in Mozambique. Mozambican small farmers' organizations are deeply concerned that this project is reproducing issues that have plagued Brazilian agriculture, such as agribusiness, monoculture and land grabbing, leading to the concentration of land ownership. This is a model that has been challenged by CSOs in Brazil over the past 15 years. A recent letter signed by 23 Mozambican CSOs, and supported by 43 international organizations, has called for a suspension of the program, in order to launch an inclusive social dialogue in Mozambique for the prioritization of family farming, agro-ecology and a policy based on food sovereignty.[122]

Conclusion

The UNDP 's 2013 *Human Development Report* focuses global attention on "the rise of the South." While the South is developing at "unprecedented speed and scale," it will also be expected to contribute effectively to the post-2015 SDGs, acknowledging and respecting its differential responsibilities.[123] In order to do so, the global community will need to overcome current blocks to reach a consensus not only on the SDGs, but also on the underlying values and approaches to development co-operation that will shape the engagement of all development actors in realizing these goals. The July 2015 UN Conference on Financing for Development will be an important venue for bringing the norms and commitments of the GPEDC, the experience of SSC, and the contribution of non-state development actors, into an inclusive and legitimate UN process.

Annex One

Government Spending Per Capita, Conditions of Poverty, and Developing Country Income Groups

Table One: Extreme Poverty (Living on $1.25 per day or less)

Government Spending Per Capita Percentage of Total Population (Number of Countries)	Least Developed & Low-Income Countries	Lower Middle-Income Countries	Upper Middle-Income Countries
Less than $200	53.7% (6)	--	--
$200 to $500	42.7% (24)	19.8% (4)	--
$500 to $1,000	16.3% (7)	30.0% (12)	--
$1,000 to $1,500	--	8.6% (5)	2.2% (1)
$1,500 to $2,000	3.8% (2)	3.1% (6)	10.9% (6)
$1,500 to $2000 (No China)	--	--	1.7% (5)
More than $2,000	--	0.0% (1)	4.1% (24)

Source: Development Initiatives, Investments to End Poverty & World Bank Database

Table Three: Poor and Near Poor (Living on $4.00 per day or less)

Government Spending Per Capita Percentage of Total Population (Number of Countries)	Least Developed & Low-Income Countries	Lower Middle-Income Countries	Upper Middle-Income Countries
Less than $200	91.4% (6)	--	--
$200 to $500	88.5% (24)	83.5% (4)	--
$500 to $1,000	74.3% (7)	87.5% (12)	--
$1,000 to $1,500	--	53.0% (5)	35.0% (1)
$1,500 to $2,000	86.3% (2)	60.7% (6)	55.3% (6)
$1,500 to $2000 (No China)	--	--	31.6% (5)
More than $2,000	--	1.9% (1)	26.8% (24)

Source: Development Initiatives, Investments to End Poverty & World Bank Database

Table Two: Vulnerable Poor (Living on $2.00 per day or less)

Government Spending Per Capita Percentage of Total Population (Number of Countries)	Least Developed & Low-Income Countries	Lower Middle-Income Countries	Upper Middle-Income Countries
Less than $200	75.2% (6)	--	--
$200 to $500	68.5% (24)	52.2% (4)	--
$500 to $1,000	39.6% (7)	61.4% (12)	--
$1,000 to $1,500	--	20.0% (5)	9.8% (1)
$1,500 to $2,000	63.3% (2)	15.9% (6)	25.2% (6)
$1,500 to $2000 (No China)	--	--	6.4% (5)
More than $2,000	--	0.1% (1)	9.1% (24)

Source: Development Initiatives, Investments to End Poverty & World Bank Database

Annex Two

Future Trends in Donor ODA

Donor	Expect Trends	2012 to 2013 Performance
Australia	Decrease: ODA pegged at AUS$5 billion, which CSOs estimate cuts AUS$7.6 billion from ODA over five years (based on previous commitments). More than 20% of savings in recent budget came from foreign aid.	Decreased
Canada	Decrease: CSOs expect cuts initiated in 2011 to continue in 2014, with no indication when the government will commit to sustained increases in ODA.	Decreased
Finland	Decrease: CSOs expect cuts of €50 million to €100 million between 2015 and 2017	Increased
France	Decrease: CSOs expect cuts experienced in 2013 to continue in 2014 and 2015, plus France will increase the level of loans in its ODA. "We have information indicating that development aid will be cut disproportionately in the next three-year budget, 2015-2017. Cuts could amount to 10%, when the global budget will only be cut by 4%," said Friederike Röder (ONE France).	Decreased
Germany	Increase: Small increase expected in 2015 over 2014 for BMZ: Funds will only increase by a sum of €1.6 million compared to 2014 (EurActiv, 28/03/14).	Increased
Ireland	Decrease: Budget for 2014 cut the aid budget by €19.4 million. ODA has been cut six years in a row, falling by 34.6% since 2008.	Decreased
Japan	Increase: ODA for 2014 up 5% to US$16.5 billion, mainly due to US$880 million in new loans	Increased
Korea	Increase: Korean ODA is expected to increase by 11% in 2014 to US$1.2 billion	Increased
Netherlands	Decrease: Under the coalition agreement, €1 billion in cuts to the Netherlands' development cooperation program will be effective as of 2017. Dutch aid is expected to drop from 0.71 percent in 2012 to 0.60 percent of its gross national income by 2015.	Decreased
Norway	Increase: The Government proposes an allocation of NOK 31 522 million for international development cooperation in 2014. This is NOK 1 314 million more than the final budget for 2013. The proposed allocation brings the aid budget to 1 % of the estimated gross national income for 2014. (Norway Ministry of Foreign Affairs, Program Area 03 for 2014)	Increased
Spain	Decrease: Secretary of state for International Cooperation and Ibero-America: "Spanish foreign aid will now be based more on the exchange of knowledge, know-how and experience than on providing funds."	Increased
Sweden	Increase	Increased
United Kingdom	Increase: Modest increases in line with increases in UK GNI to maintain 0.7% performance.	Increased
United States	Decrease: Overall proposed foreign aid budget for 2015 comes to US$30.3 billion, a 6% decrease.	Increased

Endnotes

1 For an update on the development of planning for the third UN conference on financing for development see http://www.un.org/esa/ffd/index.htm.

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3 Ban Ki-moon, UN Secretary General, 2014. "Remarks at the opening ceremony of the first High-level meeting of the Global Partnership for effective development cooperation," Mexico City, April 15, 2014, accessed June 2014 at http://effectivecooperation.org/wordpress/wp-content/uploads/2014/04/GPHLM-UNMoonSpeech.pdf.

4 Fuentes-Nieva, R and Galasso, Nick, 2014. "Working for the Few: Political capture and economic inequality," Oxfam Briefing Paper 178, January 2014, accessed at http://www.oxfam.org/sites/www.oxfam.org/files/bp-working-for-few-political-capture-economic-inequality-200114-en.pdf.

5 World Bank, 2014. "Prosperity for All: Ending Extreme Poverty," World Bank News, April 10, 2014, accessed May 2014 at http://www.worldbank.org/en/news/feature/2014/04/10/prosperity-for-all-ending-extreme-poverty.

6 MDG One on reducing poverty is solely linked to changes in the proportion of people living on US$1.25 per day. But the World Bank's Voices of the Poor in 2000 demonstrated that people experience poverty in many dimensions. There are also major issues in measuring per capita income in many developing countries and comparing levels in different countries. The Oxford Poverty and Human Development Initiative (http://www.ophi.org.uk/) takes a different approach – examining ten indicators of poverty, and if a person/household scores on more than a third, this person is considered poor. On this measure 1.6 billion people are living in multi-dimensional poverty, of which 85% live in rural areas and most (71%) live in middle-income countries.

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10 Duncan Green, 2014. "Is getting to zero really feasible? The new Chronic Poverty Report", From Poverty to Power Blog, March 20, 1014, accessed May 2014 at http://oxfamblogs.org/fp2p/is-getting-to-zero-really-feasible-the-new-chronic-poverty-report/#prettyPhoto.

11 This paragraph and the ones that follow are derived from Development Initiatives, op. cit., chapter one.

12 New research paper from World Bank notes that countries that graduate from IDA to LMIC status are usually de-prioritized by donors, which impacts their future progress, creating an LMIC debt trap: http://www-wds.worldbank.org/external/default/WDSContentServer/IW3P/IB/2014/05/13/000158349_20140513161349/Rendered/PDF/WPS6865.pdf

13 For a rich discussion of these issues see Chronic Poverty Advisory Network, 2014, op. cit. and Prichett 2014 op. cit.

14 Shawn Donnan, Ben Bland and John Burn-Murdoch, 2014. "A slippery ladder: 2.8 billion people on the brink," Financial Times, April 13, 2014.

15 See Ferreira, Francisco H. G., Julian Messina, Jamele Rigolini, Luis-Felipe López-Calva, Maria Ana Lugo, and Renos Vakis. 2013. Economic Mobility and the Rise of the Latin American Middle Class. Washington, DC: World Bank, accessed May 2014 at http://siteresources.worldbank.org/LACEXT/Resources/English_Report_midclass.pdf.

16 In Latin America this level of income represents a 10% chance of falling back into poverty in a five-year period.

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18 The author owes a debt of gratitude to the researchers at Development Initiatives (DI) (UK) who kindly shared a comprehensive database on government spending per

capita. This section is based on original and excellent research by DI, particularly chapter 2, "Mapping resources to end poverty," in Investments to End Poverty, 2013. The DI publication focuses on extreme poverty. This chapter for Reality of Aid extends the analysis to poverty defined as $2.00 a day and $4.00 a day, for which the author is solely responsible.

19 See Global Partnership for Effective Development Cooperation, 2014. "Plenary Session Two: Partnering for effective taxation and domestic resource mobilization for development," Issue Paper, Mexico High Level Meeting, April 15, 2014.

20 Development Initiatives, 2013. op. cit., p. 34.

21 Quoted in Development Initiatives, 2013. op. cit., p. 36.

22 Greenhill, Romilly and Ali, Ahmed, 2013. "Paying for Progress: how will emerging post-2015 goals be financed in the new aid landscape?," Overseas Development Institute, Working Paper 366, April 2013, page 9, accessed June 2014 at http://www.odi.org.uk/sites/odi.org.uk/files/odi-assets/publications-opinion-files/8319.pdf.

23 Alonso, J., Glennie, J., and Summer, Andy, 2014. "Recipients and Contributors: Middle income countries and the future of development cooperation," April 2014, page 14 accessed June 2014 at http://effectivecooperation.org/wordpress/wp-content/uploads/2014/04/Recipients-and-Contributors-MICs-and-the-future-of-development-cooperat.._.pdf.

24 Development Initiatives, 2013, op. cit., p. 35.

25 The following paragraphs are based on an excellent overview of the evidence in Greenhill and Ali, 2013, pages 12 – 16. All specific references are quoted from this study.

26 Ibid., pp 12-13.

27 Ibid., p15.

28 Ibid.,p.14.

29 Ibid., p. 14. Alonso, Glennie and Summer, 2014, op.cit., page 21 point out other factors that affect tax collection, including the extent of the informal economy, large number of very small companies, weakness of institutions and tax administrations, a shortage of tax statistics and illicit capital flows in middle income countries.

30 Office of the Secretary General, 2014, op. cit., paragraph 13.

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32 DAC, 2014. Forward spending information relates to Country Programmable Aid, which is discussed in more detail in section 5.

33 ODA share of government revenue is the author's calculation. Military spending as a share of total government revenue is based on figures for military expenditures accessed June 2014 at http://www.globalissues.org/article/75/world-military-spending#WorldMilitarySpending.

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43 It is worth noting that 75% DDR has been proposed on several occasions by DAC Chairs, first by Richard Manning in 2004 and then by Brian Atwood in 2008. For a good history see http://www.oecd.org/dac/externalfinancingfordevelopment/documentupload/ERG%20S1%20Jan%202014%20-%20The%20Evolution%20of%20ODA-%20Achievements,%20Criticisms%20and%20a%20Way%20Forward%202013%2012.pdf

44 Communication from Jeroen Kwakkenbos of EURODAD, June 24, 2014.

45 Tew, Rob. 2013. Op cit., page 7.

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47 High Level Forums include the Rome HLF1 in 2002 on donor harmonization, Paris HLF2 that produced the Paris Declaration on Aid Effectiveness, Accra HLF3 that produced the Accra Agenda for Action, and Busan HLF4 that created the Global Partnership for Effective Development Cooperation and commitments in the Busan Partnership for Effective Development Cooperation. See the Busan Partnership document at http://www.oecd.org/dac/effectiveness/busanpartnership.htm and the Paris Declaration and the Accra Agenda for Action at http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm.

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62 Ibid., paragraphs 18 and 19. Jeroen Kwakkenbos has been following the elaboration of the options for modernizing ODA for EURODAD's members. His commentaries for a EURODAD e-list have been very useful in understanding the implications of the various proposals.

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BRICS Reports

Brazil
India

Picking and Choosing:
Contributions of Brazilian cooperation to more horizontal post-2015 partnerships

Bianca Suyama and Melissa Pomeroy
South-South Cooperation Research and Policy Centre (Articulação SUL)[1]

National and international interest in Brazilian development cooperation has grown in recent times. Many have hoped that Brazil, along with other providers of South-South Cooperation (SSC), could contribute to new paths for international cooperation. Brazil, due to its progress in achieving the MDGs, has increasingly been seen as a "bank of experiences," with policies and practices to be shared regarding its trajectory of economic growth with social inclusion.

Although Brazil has been a cooperation provider since the 1970s, its engagement was significantly boosted during Lula's government (2002-2010), with the internationalization of social policies as well as an increase in disbursements. The experience accumulated during the last twelve years, although not systematized, may provide insights for renewed international cooperation in the post-2015 period.

Like other providers of SSC, the Brazilian government's narrative emphasizes the principles of horizontality, non-conditionality, and responsiveness to the demands of partners. The discourse of solidarity, which gained centrality during Lula's government through the concept of non-indifference, also permeates and justifies the government's relationships with other countries of the South.[1] However, economic and political interests are also highlighted in the government's narrative. Brazil's development cooperation is seen as both altruistic and beneficial, without these two elements being perceived as contradictory.[2]

Since the 2012 Reality of Aid Report, there has been little progress in closing the gap in evidence concerning the disbursements, approaches and results of Brazilian cooperation. The latest official data published by the government is from 2010 (Chart 1). However, it is probable that this

Chart 1: Disbursements by modality (2010)

Modality	Total (Million US$)	Percentage
Technical Cooperation	57.8	6.3%
Scientific and Technological Cooperation	24.0	2.6%
Educational Cooperation	35.5	3.8%
Humanitarian Cooperation	161.5	17.5%
Protection and Support for refugees	590.5	0.1%
Peace maintenance operations	332.4	36%
Expenses with International organizations	311.6	33.7%

Source: IPEA e ABC (2013)

1 The authors would like to thank Peter Labriola for his support in the preparation of this chapter.

Chart 2: State General Budget –Budget line 212, International Cooperation

Year	Total Budget (Million R$)	Percentage Change since 2010
2010	R$1,411.1	
2011	R$1.504.1	+6.6%
2012	R$964.9	-31.6%
2013	R$942.4	-33.2%
2014	R$384.9	-72.7%

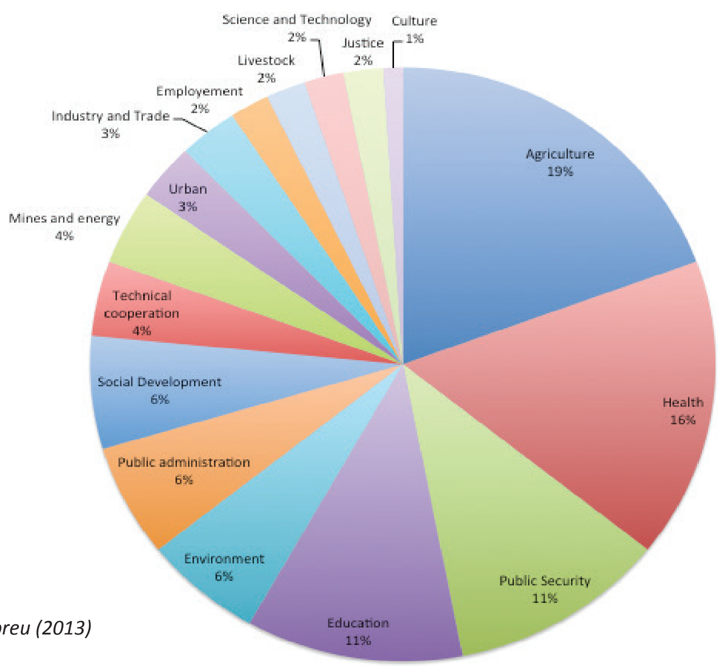
Source: Beghin (in press)

data is not representative of the current reality of Brazilian cooperation, due to the freezing and reduction of available resources for SSC since 2011 (Chart 2).

Data published by the current Director of the Brazilian Cooperation Agency (ABC) sets out the sector division of technical cooperation in 2013 (Figure 1). Agriculture, health and education have traditionally been the major sectors of the Brazilian technical cooperation. But it is noteworthy that 2013 is the first year in which public security is at the same level as education.[3]

There were some significant changes in the transition from Lula (2002-2010) to Dilma's government (2010-present). First, the current president does not share the enthusiasm of her predecessor regarding SSC. There is also a closer relationship between Brazilian interests in cooperation, trade and investment. Moreover,

Figure 1: Technical cooperation, proportion of expenditure per sector



Source: Abreu (2013)

the Ministry of Defence and the Ministry of Science, Technology and Innovation (MDIC) have intensified efforts to engage in SSC.[4]

Plurality of actors, diversity of approaches

Brazilian cooperation for development has several modalities and involves a multiplicity of actors, including government agencies, the private sector and civil society. This highly fragmented structure often leads to a lack of coordination and coherence in Brazil's engagement with the Global South. However, the fact that it involves several institutions should also be seen as one of the main advantages of the Brazilian SSC. This advantage results from the fact that initiatives are led by institutions and people that have had direct experience in the development and implementation of the programs and policies being shared (and not by an "aid bureaucracy "). Hence, it allows for more horizontal exchanges and the addressing of issues raised by partners.

What is clear is that there is no single model of Brazilian cooperation, but instead, a variety of policies and a multiplicity of practices, deeply influenced by the implementing agencies and involved partners. Therefore, there is no single partnership model, but rather a plurality of practices and approaches. However, some common features are being identified in publications and debates as unique aspects of Brazilian cooperation. This chapter focuses on three features: the so-called structural cooperation; the role of civil society; and the overlap of different modalities of Brazilian cooperation in its engagement with other countries of the South.

It is important to note that it is difficult to analyse what is actually occurring on the ground, due to a lack of publicly available research that explores and evaluates the impact of Brazilian cooperation. Moreover, there is no literature that compares, based on evidence, the practices of Brazilian cooperation with different Northern donors. Nevertheless, we hope that the three aspects raised below can point to ways to think, or rethink, partnerships for the post-2015 development agenda.

Structural Cooperation

Different Brazilian institutions that implement SSC use the concept/approach of structuring projects, or structuring cooperation. Although they do not share the same definition, these are guided by a common goal: to strengthen local capacities and institutions in order to increase autonomy in relation to the development of the country. These projects seek to have structural impacts in a medium to long-term perspective.[5] In most cases, they involve establishing or strengthening governmental institutions, universities and research agencies - or capacity/ supply chains that increase the autonomy of the partner country (see Box One).

The approach in these projects/programs also attempts to mobilize Brazilian institutions for the implementation of different components and seeks to create space for mobilization of triangular partnerships.[6] The importance of dialogue between actors and the role of the partner government as a protagonist are other critical aspects raised.[7]This role by the partner government is possible due to the interest and involvement of senior government officials from the moment of conception and negotiation of the project.

The health sector SSC agencies are the ones that have analysed this modality in more detail and conceptualized the approach. The literature notes that structuring cooperation seeks to break with

Box One: Examples of projects focusing on structural impact

Cotton-4: The Cotton-4 program, implemented by Embrapa and ABC, supports the development of the cotton industry in Mali, Burkina Faso, Benin and Chad through testing and adaptation of productive cotton varieties in order to organize a profitable regional supply chain. Cotton-4 includes training in techniques of cotton cultivation and the establishment of a research unit.

ProSavana: The ProSavana, trilateral project in partnership with Japan, has focused on agricultural development in the tropical savannah of Mozambique. The initiative is accompanied by the Nacala Fund whose objective is to attract private investment to promote the development of agribusiness and food production in the region. The actors involved in ProSavana have been challenged by Brazilian and Mozambican civil society actors, as the project promotes a model of development that conflicts with predominant family farming in the region.

Food Acquisition Program - Africa (PAA-Africa): PAA-Africa is inspired by the Brazilian counterpart program that constitutes one of the pillars of Brazil's Zero Hunger strategy. Launched in 2012, PAA-Africa aims to strengthen family agriculture through the creation of local food supply chains. The program also supports local food shopping projects related to the Purchase for Progress and Home and School Feeding, two initiatives of the World Food Program and Food and Agriculture Organisation (FAO) respectively.

Medical drugs factory in Mozambique: The project, run by the Oswaldo Cruz Foundation, promotes technology transfer and the training of Mozambican technicians for the production and marketing of medicines, especially anti-retrovirals. The project hopes to support the distribution of medicines to other African countries as well.

Strategic Plan for Cooperation in Health in Portuguese-speaking Countries - PECS-CPLP: PECS, which began in 2009, is formulated by a board of health ministries of member countries and other "focal points." Interests and needs are identified through dialogue with authorities and other local and national actors, with reference to the targets for the Millennium Development Goals in each country.

the traditional passive transfer of knowledge and technologies, and instead emphasizes endogenous capacities and capabilities. Some of the aspects highlighted as "best practices" are:

- Partners as protagonists in the stage of project design;
- Planning based on the specific realities of the partner countries and their populations, and not from blueprints;
- Definition of clear co-responsibilities;
- Support for a comprehensive development of health systems; and
- Strengthening of key institutions and knowledge generation.[8]

One might question, however, the extent to which projects and programs truly reflect a structuring modality in the current context of Brazilian cooperation. Brazil's SSC does not have an institutional framework for the effective design, planning, monitoring and reporting of the various forms of cooperation. Therefore, projects following this modality of cooperation can be impacted by changes in the priorities or in executive leadership in implementing agencies.

To support the processes of debate and implementation of the SDGs, it will be important to carry out studies that contribute to further exploration of the approaches and differential impacts of these projects.

The role of civil society

Over the past 20 years, Brazil experienced an unprecedented and significant level of institutional innovation with the institutionalization of large-scale spaces for participatory processes.

Increasingly, social accountability mechanisms and processes are being recognized as important constituent elements of the Brazilian development model, based on economic growth with social inclusion.

With regard to Brazilian development cooperation, a number of results from this process can be highlighted: (i) Brazilian cooperation shares policies that were developed with close ties with social movements, which defended their rights while proposing concrete solutions in public policies; (ii) these policies relied on civil society's reach for its implementation and participatory management and, finally, (iii) they are policies that provide institutionalized social accountability spaces, which contribute to their legitimacy and sustainability.

Considering the national context for participatory engagement, this section highlights some dynamics that exemplify the possible consequences of the participation of civil society in setting up partnerships within Brazilian international cooperation. First, organized sectors of civil society are contributing to the formulation of narratives and recommendations to influence the agenda of cooperation. This engagement seeks not only to ensure that their perspectives are taken into account on certain agendas, but also to include and strengthen the participatory component of cooperation initiatives and the ties between civil societies. The following examples stand out: the role of the National Council for Food Security (CONSEAs),[9] the initiative for the Specialized Meeting on Family Agriculture in the Mercosul (REAF), and the Food Security Network (REDSAN), which became recognized for mobilizing the participation of civil society and the creation of the CPLP's Council for Food and Nutrition security.[10]

Another dynamic relates to cooperation projects by civil society organizations (CSOs) from the South, which bring innovation both in terms of principles and methodologies, as well as in expected results. One example is the cooperation project between Brazil-Mozambique-South Africa for the creation of a native seed bank, led by CSOs and social movements of the three countries. Based on principles such as intercultural dialogue and appreciation of traditional knowledge, the project designed and structured actions for food sovereignty and social and political mobilization of participants.[11]

From a perspective of cooperation driven by the Brazilian government, we stress the importance of recognizing the role of society as inherent to the processes of policy making and local development projects. PAA Africa, for example, helps to promote this participatory perspective with governments and partners in multilateral organisations and involved countries. The program seeks a role for civil society, farmers, school and community workers, which is not limited to the notion of the project beneficiaries, with participation restricted to implementation. But rather these civic actors are conceived as active agents, with spaces to influence governments to ensure the implementation of the agenda for Food and Nutrition Security.[12]

This more dynamic role for civic actors should not only rely on the discretion and sensitivity of government institutions and individuals that are promoting cooperation initiatives. The participation of Brazilian civil society in the debate on the priorities and approaches of governmental cooperation is crucial. There is a growing consensus among academic and political circles in Brazil that foreign policy, alongside public policy in other areas, is subject to being influenced by interests that are present in society.[13]To ensure that only particular groups have influence in the decision-making, there is a historical demand by civil society to create a Participatory Foreign Policy Council, which would also include discussions on development cooperation.[14]

A tangle of modalities

Abreu, the current director of the ABC, has suggested that Brazilian SSC is "guided primarily by the mission of contributing to the strengthening of its relations with developing countries," reaffirming the horizontal character and principle of mutual benefit.[15] In this perspective, it is natural that the boundaries between technical, humanitarian and financial cooperation and commercial incentives such as debt relief, concessional credits or export credit are blurred.

Cooperation in agriculture is the sector that most exemplifies these dynamics. PAA Africa combines actions of emergency humanitarian assistance with technical cooperation; ProSavana combines technical cooperation with Brazilian financial support and commercial interests; and More Food Africa combines technical cooperation with concessional credits.[16]Additionally, some projects are based not only on the successful sharing of national development experiences, but directly relate to disputes in multilateral spaces in which particular notions of development are being promoted. The latter include development initiatives where international trade plays a key role, such as the case of the Cotton 4 Project and Drug Factory in Mozambique, both of which symbolize battles at the WTO.

These areas of convergence between modalities could promote better coordination between different aspects of cooperation and support more comprehensive development strategies with partners. They can also, in some cases, determine the existence of funding lines for CSO initiatives. On the other hand, considering the lack of a policy that requires clear guidelines for Brazilian cooperation, this entanglement also indicates the multiple interests present in the domestic sphere that are competing for the cooperation agenda. The risk is that projects are influenced by certain powerful sectors of Brazilian society, which is compounded by the lack of spaces for participation and accountability.

Box Two: International Public Financing for Sustainable Development

In addition to cooperation, Brazilian engagement in the field of international development also includes funding initiatives that symbolize change and innovation, yet also involve risks and challenges.

The IBSA Fund for Alleviation of Hunger and Poverty is an example. Recognized by awards from the international community, the IBSA Fund finances "demand-driven" projects, which include in their design both capacity strengthening and conditions for sustainability. Hence, they are implemented through triangular partnerships with international organizations and federal or decentralized national institutions. On the other hand, the Fund has disbursements of only US$3 million annually and has been criticized by civil society for its lack of transparency and access to information.

To take concrete steps to strengthen a multi-polar international order, the BRICS New Development Bank (NBD) emerges as an important supplement to the efforts of the International Financial Institutions (IFIs) to finance infrastructure. The NBD, with initial authorized capital of US$100 billion, has the objective to pursue sustainable development. However, agreement between the BRICS about the type of infrastructure to be financed and about their understanding of sustainable development will be key to defining the character of the funded projects and how far they truly ensure sustainability.

Finally, the Bank of the South — set up in 2009 by Argentina, Brazil, Paraguay, Uruguay, Ecuador, Bolivia and Venezuela — aims to finance projects that accelerate the integration of Latin America, reducing regional inequalities as well as dependency on external IFI finance and its related conditionalities. However, the Bank that was announced in 2007 and had committed funds of up to US$20 billion has not become operational as yet.

The case of ProSavana is an example of the tensions that can be generated by this dynamic. Disputes over the project revolve around the important question of the extent to which gains for certain economic sectors create significant losses to local communities.[17]The challenges reflect conflicting models of agricultural production, such as agribusiness and family farming, indicating the need to reflect on whether Brazilian cooperation, for the various reasons above, is contributing to the export of internal conflicts.[18]

Possible Brazilian contributions to post-2015 partnerships

The intensification of Brazilian cooperation with other countries in the South led to the expansion and redesign of its partnerships. Despite the lack of a single approach and possible contradictions that these multifaceted commitments bring, we believe that Brazilian cooperation can contribute to procedural and structural changes necessary for emancipatory post-2015 partnerships.

First, the trajectory of Brazilian development challenges the notion of a unique development path. These policies and practices shared by the country through its development cooperation contribute to the pluralisation of voices that influence the debate and global practice. In this sense, greater influence on the part of countries involved in SSC can facilitate the emergence of new paradigms of development.

Moreover, the defense of economic and commercial interests and concerted actions in international forums such as the WTO, the G20 and other areas of global governance points to the importance of recognizing that structural changes, including international trade, are necessary for autonomous and sustainable development of the countries of the South.

Some principles are fundamental to the establishment and guidance of horizontal partnerships. It is common to hear the importance of the so-called "inspiration factor" in SSC. For example, Brazil does not impose the Brazilian experience in its cooperation, but rather, holds the view that cooperation is the result of demands by countries that admire its experience, hence enabling a more equitable relationship. This principle applies not only to government, but also to the cooperation experience of civil society, even if it is still largely unrealized. We look forward to future analysis of Brazilian development cooperation that can bring more evidence on the actual preconditions for horizontal partnerships.

Brazilian cooperation (and SSC in general) due to its specificities and diversity, has not yet clearly articulated a theoretical framework that helps to define the limits of SSC. There are no criteria and indicators that help organize evidence and establish the impacts arising from the various modalities in which it works. Also absent is a reflection on SSC's responsibility to promote human rights and social justice. Advancing a theoretical and practical conceptualization and evaluation of SSC results, based on reflections of SSC practitioners, should inform future practices and debates. The elaboration of this framework will contribute effectively to the consolidation of new concepts and practices in international development cooperation.

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Endnotes

1 Abdenur and Neto, 2014. The concept of "non-indifference," used by Lula for the first time in 2004, stresses that, although the country is oriented by the principle of "non-intervention," its actions are also guided by an attitude of non-indifference to the problems that affect partners.

2 MRE 2010.

3 IPEA and ABC, 2013; IPEA and ABC, 2013.

4 Leite et al, 2014.

5 Farani, s/d.

6 Abreu, 2013: 6.

7 Almeida et al, 2010, 28, CG-Hunger, s/d.

8 Kastrup and Person, 2012; Almeida et al, 2010; AISA, 2009.

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11 Suyama and Pomeroy, 2014.

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Understanding the South–South Cooperation Dynamic in Relation to India's aid Policy[1]

Harsh Jaitli and Jyotsna Mohan
Voluntary Action Network India (VANI)

Introduction

In recent years, India made the leap from aid recipient to aid donor, a move that got noticed on the global stage when the British government announced the pullout of its official assistance after 2015. However, prior to that announcement in 2012, India has already been providing assistance to various countries in South Asia, as well as increasing its presence in Africa and Latin America.

Being part of South–South Cooperation (SSC), India's ability to maintain and sustain its assistance program, which revolves around the principle of aid partnerships and not the traditional donor-recipient relationship, is being recognized. The impact of the progress in India's economic development is displayed in its commitment to SSC by way of expanding development cooperation associations with partner countries. India's program-based assistance has had a key mandate of fostering techno-economic and intellectual cooperation (also called the Indian Development Initiative), which has also been intended to promote India's interest in overseas markets.[1]

India and SSC

India understands SSC as a supplement to the North-South cooperation, not as a substitute to it. It is engaging multilaterally with South Africa through the IBSA Summit and the BRICS Summit.[2] Both platforms have emerged as vital for inter-regional dialogue and to consolidate cooperation. India is mindful of the fact that the BRIC-IBSA initiatives will be an effective instrument for promoting closer cooperation and coordination on global issues between the major countries from the major continents. As a very significant representation of the most powerful countries in the South, it is also seen by the government to be voicing the concerns of the developing country's people in the global fora.[3]

Trade and investment agreements have been an integral part of India's SSC. This aspect is exemplified in the initiation and early conclusion of negotiations for trade and investment-related bilateral and multilateral agreements — especially the BIPPA (Bilateral Investment Promotion and Protection Agreements), the FTAs (Free Trade Agreements)/Comprehensive Economic Cooperation Agreements, and Double Taxation Avoidance Agreements, among others. India is also reinforcing its efforts to promote Foreign Direct Investment (FDI), the development of small and medium enterprises (SMEs), greater market access, and investment facilitation. By moving to cleaner and greener technologies, sharing of technology in development, and utilizing green and renewable sources of energy, India has displayed its will and intent for a cleaner and sustainable world.

1 This chapter is an abridged version of VANI's publication, India's Global Footprints, November 2013, published with the support of Heinrich Boll Stiftung Foundation, India, accessible at http://in.boell.org/2014/02/05/indias-global-footprints.

Changing Dynamics of SSC: Threat or Opportunity for Progress

This new dynamism of the South is not a cause for concern. It is important, first of all, to note that the North has been much more of a partner than a competitor in the success of the South. It has shared in the dividends of that success and will continue to do so. Second, a stronger South will generate demand for exports from other countries and boost investment opportunities with higher returns. Third, consumers worldwide are already benefiting, and will do so increasingly, from the low-cost, high-quality products and services now on offer from the South. Fourth, the fact that more and more developing countries are becoming competitive participants in global production chains and labour markets is likely to have a net job creating impact in the South and the North alike. Fifth, the more successful developing countries set good examples for others to follow, enabling them to avoid repeating past mistakes and embark on development models that have already been proven to work. And finally, emerging countries in the South can join the ranks of other nations in confronting such global challenges as migration, environmental threats such as climate change, HIV/AIDS and other pandemics.

India's ODA Policy

Aid has been used to foster friendly trade and economic relations with other nations. India, like other countries, provides aid for various reasons: political, economic, diplomatic, and security concerns, among others. Taking into account India's development experience as well as its increasing economic significance, the country launched in 2003 the Small Development Project (SDP) initiative to support successful small-scale programs to ensure economic advancements, especially in the education, health and infrastructure sectors.

The SDP is designed to meet local needs, which are managed by local communities and institutions with a view of saving costs on project implementation. The SDP, which aims to instill local ownership of the program, was first launched in Nepal and since then has been replicated in Sri Lanka and Afghanistan.[4]

Based on a 2010 report by C.R. Bijoy,[5] India's development assistance is a mix of project assistance, purchase subsidies, lines of credit, travel costs, and technical training costs incurred by the Indian government. The scope of India's development assistance stretches far and wide from Central Asia to the Pacific islands to Southeast Asia. The countries receiving substantial amounts of aid include Senegal, Tajikistan, Ethiopia, Vietnam, and Kampuchea. India — along with China, Saudi Arabia, the United Arab Emirates, Venezuela, Kuwait and Brazil, as aid providers — do not belong to the Organisation for Economic Co-Operation and Development (OECD) or its donor-coordinating Development Assistance Committee (DAC).

In 2007 the OECD developed its Key Partners Program aimed at enhancing the OECD's relationship with five "Key Partners:" Brazil, China, India, Indonesia and South Africa. These partners are encouraged by the OECD to have a direct, active and sustained participation in various OECD bodies, including the Development Assistance Committee. For other non-OECD states, the relationship takes place on a subject-by-subject basis.

According to the OECD, the actual mix and sequencing of the elements in SSC is determined by mutual interest.[6] While India has been promoting SSC since the 1950s, with an initial focus of granting aid and technological expertise to its neighbours and Africa in the 1960s, it has been operating with guiding principles outside existing structures and frameworks of the traditional donor-recipient relationship including the norms of OECD. India's development co-operation policy is based on a holistic approach (including trade and investments) and comprised of two main pillars:

1. Economic co-operation, focusing on trade and technology flows among developing countries, including the removal of discrimination in institutional and regulatory frameworks; and
2. Technical co-operation, focusing on technical capacity building through training, exchanges of experts and sharing of experience and know-how.[7]

In his report, Bijoy set out some key observations regarding the trend of India's aid:

- India's aid is conceived as an important foreign policy instrument largely for self-interest.
- India's development assistance lacks strict, well-defined and clear objectives and approaches, with limited public accounting and monitoring.
- There has been a shift from the rather simple import-export exchange to a more organized, diverse set of interactions consisting of government support, joint ventures, official lines of credit, and export guarantees. There is an increased emphasis on providing budget support to partner governments, especially in the form of debt relief. Grants are increasingly being advocated because of growing concern with the debt problems of poor countries and the recognition that many types of aid (particularly in the social sectors) yield returns only in the long term.
- While much of Indian aid is tied (see below), India attaches far less policy conditionality on its grants and also gives beneficiaries a greater voice in the process. India's assistance is focused on promoting goodwill, long-term economic development and promoting influence rather than exporting skilled manpower and repatriating profits. It focused mostly on promoting local capacity. However, there are indications that India is moving from exerting soft to hard power. The goodwill generated could very well get diluted with India emerging as a major donor.
- Assistance given for political or economic purposes can be a highly effective means to improve relations. However, it can become counter-productive if the assistance is seen to be a failure.
- Debt cancellation helps many African governments to be able to borrow money on international financial markets.
- A large part of India's development assistance to Africa is an export subsidy scheme for its surplus goods. The trend is towards catalysing trade, access to extractive resources and political influence, rather than facilitating economic and social development. A large share of the loans provided is not on concessional terms, and is tied to the procurement of goods and services in India. While India refuses to accept tied bilateral aid from others, ironically, a large proportion of its own loan programs are tied. This can accumulate some negative feeling towards the aid provider.
- Development assistance linked to trade and investment is often criticized as new mercantilism. The recipient countries however can consider this as positive, as it offers considerable freedom for economic and commercial partnership. The emerging aid providers at the same time are also becoming 'development partners.'

- The country priorities for India's Africa assistance seem to correlate with those African countries with significant Indian diaspora, such as Tanzania and Kenya.
- The share of technical cooperation has risen in India's assistance. Technical cooperation per se does not achieve greater self-reliance in the partner countries. It is a form of assistance largely controlled by donors. It tends to generate considerable economic benefits for the consulting industry in the aid-providing country. Most technical cooperation is provided in-kind. It often takes the form of personnel or administrative costs accruing to participating officials from the aid-providing countries. The personnel in the partner countries benefiting from improved and highly technical skills, however, form a small elite group, often receiving better pay and work conditions, which demoralize others in the local services.

Top 20 recipients of Exim Bank's operative lines of credit (as of 6 June 2012), USB million

Country/region	USD m
1. Sri Lanka (6)	1,216
2. Bangladesh (1)	1,000
3. Ethiopia (6)	705
4. Africa, multiple countries (12)	630
5. Sudan (6)	567
6. Nepal (2)	350
7. D.R. Congo (4)	269
8. Mali (7)	267
9. Myanmar (7)	247
10. Iran (1)	200
11. Mozambique (8)	173
12. Ghana (5)	149
15. Senegal (8)	137
13. Russia (2)	125
14. Syria (2)	125
16. Lao PDR (3)	123
17. Zambia (4)	115
18. Cote d'Ivoire (4)	112
19. Angola (5)	108
20. Chad (2)	90

Source: OECD, Trade-Related South-South Co-Operation: India,http://www.oecd.org/dac/aidfortrade/South-South_India.pdf.

One of the main challenges in documenting India's aid programs is the lack of sufficient information. Researchers resort to estimation and gathering of information from different sources. Foreign aid given to developing countries is "delivered through a myriad of aid channels" such that it is difficult to quantify the total figures.[8] To date, India has not published data on the financial terms of its foreign aid, using the DAC methodology. Nor does it provide systematic statistics such as annual amounts disbursed or a detailed breakdown in terms of partner countries and sectoral distribution.

However, in January 2012 the Ministry of External Affairs established the Development Partnership Administration (DPA) as a structural framework for disbursing aid. This structural framework covers the effective handling of India's aid projects through the stages of concept, launch, execution and completion.

India has identified that development partnership should be centred on the needs identified by the partner country. The DPA's role would be to accommodate as many requests received that are both technically and financially possible. Currently, the DPA has three divisions: 1) DPA I deals with project appraisal and lines of credit; 2) DPA II deals with capacity building schemes, disaster relief and the Indian Technical and Economic Cooperation Program; and 3) DPA III deals with project implementation. With close cooperation between the DPA and its development partner countries, the Indian government expects effective and efficient handling of all aid projects from conception to completion.

Prior to the creation of the DPA, India didn't have a single agency responsible for the administration of its aid. The main government bodies involved then were the Ministry of External Affairs (MEA), the Ministry of Finance and the Export-Import Bank of India (Exim Bank). The Lines of Credit

(LOCs), which forms 30% of India's overall aid-related expenditure, continue to be channelled through the Exim Bank. The Exim Bank makes LOC offers to the partner government or their designated agencies, where such offers need to be accepted and the LOC Agreements signed.[9]

The top 20 country recipients of LOCs from the Exim Bank in 2012 are a combination of countries from South Asia and Africa. The concessional lending and technical assistance provided through the LOC is mostly focused on infrastructure development. In the first half of 2012, the Exim Bank reports a total of 157 operative LOCs worth $8.2 billion, a spike from the 2010 new LOCs extended worth $3 billion. Among the 2012 LOCs, 53% were directed to Africa, 28% for South Asia, 2% for Latin America and 4% for other countries. LOCs mostly finance specific infrastructure projects in developing countries that are delivered by Indian companies in sectors such as electricity, energy, irrigation and transport.[10]

The type of technical assistance being provided by India is through triangular co-operation, where Indian institutions give training to nominees from partner countries by way of funding from donor countries or multilateral institutions. India sees this tripartite collaboration as an effective method of promoting development by leveraging the best attributes of each partner. It complements India's efforts on a bilateral basis.[11]

The LOC Pipeline Table indicates the offers made by the Exim Bank to the various governments as of January 2013. These agreements at the time

EXIM BANK'S PIPELINE LOCs
(Updated as of January 14, 2013)

S. No.	Borrower	Purpose	Credit Amount (USD mn)
1	Government of Nigeria	Various projects in Nigeria	100.00
2	Government of Vietnam	Hydro power project	19.50
3	Government of Cape Verde	Technology Park Project	5.00
4	Government of Comoros	Installation of an 18 MW power project in Moroni, the capital city of Comoros	41.60
5	Government of Gabon	Rehabilitation and up gradation of the broadcasting facilities	67.19
6	Government of Tanzania	Bio diesel project	35.00
7	Government of Burkina Faso	Low cost housing and economical buildings project in Burkina Faso	22.50
8	Myanma Foreign Trade Bank, Myanmar	17 ongoing irrigation schemes and 9 rehabilitation schemes in the irrigation project in Myanmar	247.20
9	Government of Angola	Supply of Tractors	23.00
10	Government of Mozambique	Rural drinking water project extension	19.72
11	Government of Zimbabwe	Up-gradation of Deka Pumping Station and River Water Intake System in Zimbabwe	28.60
12	Government of Afghanistan	Export of goods and services and project exports	50.00

Source: Reserve Bank of India, Annual Financial Survey Report: 2012-13 were yet to be signed. While Myanmar has the highest amount in a potential LOC, it appears that a majority of the credit was being offered to African nations, directed at the development of different industrial purposes.

Roadmap for Future:

India's participation in South-South Cooperation is supplemented in bilateral relationships and complemented by its regional cooperation efforts and increasingly proactive engagements in various multilateral forums. India has coined itself to be a development partner not only to its neighbours, but also to the farther reaches of the South. SSC has historically been a development partnership that included trade, investment and technology transfer. In most recent years there have been an enhanced flow of trade and investment within and between the nations of the South, which translates to 20% of global trade and almost 50% of developing country trade.[12]

With the creation of the DPA, India should now be able to articulate its development cooperation agenda in a well-defined manner. India's unique model of a 'development compact' depicts diversity in engagement though trade and investment, technology transfer, finance through credit lines, and capacity building by means of its flagship program. India's aid assistance program is mostly dedicated to creating technical capacities and the provision of production support. As a new aid provider, India is facing some shortcomings such as institutional problems, inadequate system for monitoring and evaluation, and a more transparent decision-making process with regard to aid size and agreements with partners. As part of SSC, India's profile builds on its history of being a developing nation with domestic socio-economic challenges, with a willingness to share its experiences with other countries.[13]

Apart from a more structured approach to aid provision, including monitoring and evaluation of the projects, India would be able to leverage its bilateral relations with other groups such as the DAC. India would benefit from the expertise on project impact analysis and other practices to improve the quality of delivery and better assessment of mechanisms utilized in projects such as the Small Development Projects. India sees the importance of participating in Aid-for-Trade, which it believes is an effective instrument for addressing the insufficiency of trade-related capacity in many developing countries to allow them to benefit from the opportunities offered by the multilateral trading system. Accordingly, India should go beyond its primary focus of economic infrastructure and productive sectors to develop a more detailed and robust database to help identify areas of concern such as aid-for-trade.[14]

Conclusion and Recommendations

As a result of its outward orientation in the last two decades, the Indian economy has become one of the fastest growing economies in the world. Despite many serious challenges like internal security, poverty, energy security, infrastructural bottlenecks, policy paralysis, and global slowdown, it is expected that the economy will continue to grow at reasonably high rates in the medium to long run. The strategic consequences of its high growth rates are clearly evident as India has been able to increase its global profile. It has also been able to forge close economic and political linkages with all major powers and concluded many trade and investment agreements in Asia and beyond. It has also been taken seriously on issues concerning global economic governance.

Although India has been active in aid programmes with other developing countries for quite some time, the increased scale of its aid, linked to the abovementioned economic growth, has now made India an important player in the area of development cooperation. This is clearly evident in its development activities in South and Southeast Asia (particularly Afghanistan) as well as in Africa.

India's aid architecture is still evolving. Indian civil society, including the voluntary sector, is not fully aware of India's development cooperation programmes. Although Indian NGOs have tremendous experience in different kinds of development work, they have not been involved significantly in any of the development cooperation programmes by the government. The evolving Indian architecture for development cooperation should focus on: a) detailed information of its activities, b) a clear strategy, c) a specific institutional structure (the DPA), and d) a plan to involve the Indian CSO sector in designing and implementation its overseas programmes.

Overall, some key recommendations follow:

- With increasing global engagements, the Indian policy-making institutional structure needs to be expanded, with a more prominent role for civil society.
- Citizens needs to be better informed about Indian government's engagements/ commitments/negotiations in various international and bilateral forums.
- A proper mechanism for timely information about Indian development activities abroad should be evolved.
- Indian CSOs have a long history of working at the grassroots level with successful innovative methods in various development sectors. Their development experience needs to be taken into account by the government while finalizing development projects for other developing countries.
- A proper mechanism for the involvement of CSOs in the development cooperation sector needs to be evolved.
- Various legal and institutional barriers restricting the inclusion of small and medium Indian CSOs in global development activities should be removed.

Endnotes

1 Chaturvedi, S., 'India's development partnership: key policy shifts and institutional evolution', Cambridge Review of International Affairs, 2012, Vol. 25, No. 4, December 2012.

2 IBSA includes India, Brazil and South Africa and BRICS includes Brazil, Russia, India, China and South Africa.

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11 GOI (Government of India) (2009), India's response to the OECD/WTO Questionnaire for South-South Co-operation, Paris: OECD www.oecd.org/dataoecd/43/39/43149339.pdf.

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Australia

Economic growth as the panacea for poverty

Thulsi Narayanasamy and Claire Parfitt
AID/WATCH Australia

Overview

- Total ODA for 2014/15 is AU$5 billion (US$4.5 billion)
- AusAID has been amalgamated with the Department of Foreign Affairs and Trade
- Delayed commitment to ODA performance to 0.5% of gross national income (GNI), with aid only rising with the rate of inflation over the next 4 years
- New aid paradigm policy that changes the objective of the aid program to operate solely in Australia's interest
- Explicit focus on aid for trade, the increased role for the private sector and economic growth central to the new policy
- Geographic focus on the Indo-Pacific region largely continues with PNG and Indonesia retaining the highest portion of the aid budget

The Road to 2014: Real change under the new conservative government

The trajectory of Australia's aid program recently underwent a significant shift, in most part as the result of the conservative Coalition Government that was elected in November 2013. In earlier federal elections, which saw a change in the ruling party, aid was a significant election issue, with the target for ODA, at 0.5% of GNI, a focus of significant advocacy efforts in 2007. A groundswell of young people coordinated under the Make Poverty History banner came together in this campaign and paved the way for the Labor Party's sustained awareness of aid as a political issue over their six years in power.

As a result, the previous Labor government was viewed by the sector as an ally and supporter of improving aid delivery and quality, as well as committed to raising the aid budget to 0.5% of GNI. The government therefore drew significant attention when in 2013 it announced a diversion of AU$375 million (US$340 million) of the aid budget towards onshore asylum seeker processing. This is classified under DAC guidelines for ODA as "donor refugee costs." However, this allocation of aid attracted attention due to the punitive nature of Australia's refugee processing policy, which indefinitely detains asylum seekers in difficult conditions as a deterrence mechanism.

The aid community in Australia responded by condemning the diversion of aid from critical overseas programs. But this budget move again sparked public interest in the aid program. It opened public space for the aid budget to be more closely examined in light of the allocation of aid to other aspects of the 'border protection' policies, including offshore detention of asylum seekers, which has been condemned by the United Nations. Aid spending has also been used for:

- Funding for the Sri Lankan government, which has been accused of genocide and war crimes against the minority Tamil population, to stop the flow of refugees to Australia;
- Advertisements in the region aimed to deter

people from seeking refuge in Australia; and

- Additional funding for Papua New Guinea (PNG) to co-operate with the previous government's plans to process asylum seekers on Manus Island and resettle refugees in the country.

Another key part of the aid budget has been the Mining for Development Initiative, where Australia's commercial interests played a considerable role. AID/WATCH explored this initiative in the 2012 *Reality of Aid Report*. This program presents mining as a sustainable development option and links Australian mining companies with government officials of resource-rich countries through study tours. AID/WATCH campaigned significantly on this issue. The mining program has since received an increased budget allocation, and renamed "Extractives Sector Development Assistance."

Despite such programs clearly designed to support Australia's business interests abroad, strong health and education initiatives continued to be important for the aid program, with considerable multilateral support to the GAVI Alliance and various UN agencies. In addition to making steps towards increasing transparency and effectiveness of the aid program, the previous Labor Government was committed to the 0.5% target. It increased aid incrementally each year, with the goal to reach the target in 2017-18. The 2013-14 aid budget under Labor was projected to hit AU$5.7 billion (US$5.2 billion), which would have been the highest level for Australia in 25 years. But with their electoral loss in 2013, this eventuality did not happen.

In the lead up to the 2013 federal election, the Labor Government announced the appointment of the first Minister for International Development. This move was applauded as a positive step towards greater coherence and oversight of the aid program, with the potential to reduce the tension between the dual objectives of national interest and poverty reduction. In contrast, the new Coalition announced significant cuts to the foreign aid budget just 48 hours prior to the election.

Current state of Australia's aid budget and department

Since the election of the new government, there has been a qualitative and quantitative shift in Australia's aid program. This has been in line with sweeping budgetary and social changes across the country, with Australia's position on climate change, social justice and foreign policy taking a more aligned approach.

Australian aid spending has been frozen at AU$5billion (US$4.5 billion) annually for the next two years, after which spending will increase only at the rate of inflation. As already noted, the government has sidelined the goal of 0.5%, with the possibility to revisit this decision only in 2025. This is a cut of approximately AU$7.6 billion (US$6.9 billion) over three years, based on the forward estimates, and means that Australian ODA will settle at around 0.32% of GNI.

One of the first changes after the election shows Australia following in the footsteps of both Canada and New Zealand, with the abolition of the independent Australian Agency for International Development (AusAID). The aid program has been reintegrated into the Department of Foreign Affairs and Trade (DFAT) after almost four decades of separation. This has resulted in a significant downsizing in the number of staff in the Department, and greater leadership on ODA decisions being made directly by High Commissions. This change has resulted in a closer alignment of the aid program with other elements of foreign policy, and greater emphasis on Australia's national interest rather than poverty reduction. AusAID's integration into DFAT has brought about a marked increase in aid being used to facilitate the expansion of Australian business in Asia and the Pacific, and a decrease in accountability and transparency for foreign aid. This move has paved the way for what the Australian Government is referring to as a 'new aid paradigm.'

A new paradigm for development – Australia's current aid policy

In June 2014, the Foreign Minister, Julie Bishop, launched a new development policy[1] and performance management framework[2] for aid. Bishop characterised the changes as radical and dramatic. The fundamentals of the new Australian aid strategies largely follow a political and philosophical trajectory that aligns with the most cynical interpretation of aid, as purely a tool to further Australia's commercial interests. However, many programs merely build upon or expand existing policies, such as the aid-for-trade policy, a long-standing policy set to receive a considerable boost to 20% of the overall budget. This continuity has led to commentators dubbing the policy the 'not so new aid paradigm.'

The overall objective of Australia's ODA has been changed to further prioritise Australia's national interests ahead of poverty reduction. Economic growth in partnership with the private sector is more explicitly the favoured vehicle for achieving development outcomes, at the expense of other possibilities grounded in local contexts. But much of the details of the aid program and its intended delivery continue to remain vague.

The new aid paradigm focuses on aid-for-trade, economic growth as a panacea for poverty, and a significantly increased role for the private sector. Support for the involvement of the private sector is strong to the point of discounting more cautious views, including evidence demonstrating involvement of Australian companies in human rights abuses, land grabs, corruption and environmental degradation overseas. This alignment with Australia's corporations is relatively unprecedented.

Cuts were also made to the global programmes budget. During the 2014-15 financial year, Australia will not contribute to a range of multilateral programs and organisations that it has previously supported. There is no allocation for global environment programs, for example, and regional environment programs will only receive AU$500,000 (US$455,000). These cuts are part of an overall trend in Australia, shifting away from policies that take action on climate change. Other major changes include reduced funding to multilaterals, particularly the UN agencies and the International Labour Organisation.

There will be an increased focus on the Indian Ocean and Pacific region, reversing the previous trend of expanding the aid program in Africa, South America and the Caribbean. This is an attempt to streamline and consolidate work in existing regions, rather than what is considered a piecemeal approach. What this focus will mean in practice is a relatively small increase in the Indo-Pacific budget accompanied by cuts to programs in the Middle East and North Africa, sub-Saharan Africa and Latin America. Overall, 92% of the country program budget will go to the Indo-Pacific in 2014-15, up from 86% last year. Within the target region, the Philippines and Timor-Leste will both lose around 15% of their aid funding, while the Pacific, Burma and PNG in particular, will see funds increase.

The most significant change resulting from folding AusAID into DFAT is related to the alignment of aid policy with DFAT objectives and the subordination of poverty reduction aims to Australia's self-interested trade and diplomatic priorities. In June 2014 an economic diplomacy policy was unveiled as a way to lend coherence to the activities that fall under DFAT. Bishop has said that this will mean that all international efforts are aligned so that they are 'pulling in the same direction.' Using development as a foreign policy tool makes room for the pursuit of Australia's national interest, possibly to the detriment of those that the aid program seeks to assist. Similarly, presuming an end to traditional donor-grantee relationships in a move towards economic partnerships denies the inherently unequal nature of aid relationships where power is ultimately stacked against the recipient country.

The language of 'economic partnership' and 'mutual obligation,' along with a much stronger focus on Australia's national interest, also signals a return to tied aid. AID/WATCH and other organisations around the world have long argued against tied aid, and have achieved success in compelling countries like Australia to untie aid funding. Despite a formal untying of aid budgets, the incidence of 'boomerang aid' — where Australian aid funds return to benefit Australian companies and contractors — continues to exist unchecked.

The policy changes were received mostly with surprise from the international development community, both in Australia and the region. However, commentary focused in large part on the budget cuts, with little analysis of the likely ramifications of the ideology underlying policy changes, which arguably will have a more significant impact. AID/WATCH has understood this reaction as perhaps an indication of gagging of critique amongst the larger NGOs, which was a stalwart of the Coalition government when they were last in power. With most organisations in Australia receiving around 50% of funding through the aid budget, there is significant nervousness in the sector about speaking openly. In the absence of critical public dialogue, further policy and program decisions are made with ease and impunity. AID/WATCH has raised concerns about the lack of critique from the broader development community — the frequent endorsement of their policies has resulted in an enabling effect for the Government to continue making decisions based on a neoliberal framework. Similarly, in a show of consultation, the government has conducted a number of Senate Inquiries related to foreign aid within a short period, thus offering a semblance of legitimacy for having listened to the NGO sector, while in effect sidelining the voices of those ultimately affected by the change in policy.

Uncritical involvement of private sector in aid delivery

The aid program has long been a vehicle for Australia's national interest. But the latest policy moves significantly tips the balance away from poverty reduction and towards more firm support for Australian foreign policy objectives and Australian companies. In 2014-15 the Government will focus on achieving two development outcomes: strengthening private sector development and enabling human development. Bishop argues for embracing partnerships with business, presenting their role as natural in poverty reduction. Such an uncritical approach to business suggests a failure to properly acknowledge the role that many corporations have played in human rights abuses, breaches of labour standards, and contributions to environmental degradation.

In May 2014, the Government held an Inquiry into the Role of the Private Sector in Economic Growth and Poverty Reduction, inviting submissions from across the sector. In an unprecedented stance by the Government on public submissions, they have requested references to instances of Australian companies being implicated in human and environmental abuses to be redacted from evidence. Foreign Minister Bishop has said that the 'private sector is a force for good,' which sums up the approach of the Government to private sector involvement. Little attention has been given to nuance within the spectrum of different private sector actors. However, it has been made clear that Government references to the private sector refer primarily to big business — for instance, foreign direct investments, large-scale development projects such as mining, and the involvement of Australian companies in aid delivery abroad.

What has been given as the example of a positive private sector partnership is the memorandum of understanding which the Government signed with cruise ship giant Carnival Cruises. This partnership has been said to be beneficial to local people, despite criticism both of the relationship between the Government and Carnival Cruises, as well as little evidence that cruise tourism in Vanuatu is having a demonstrably beneficial impact. The deal with Carnival Cruises was made in the absence of a transparent competitive process with little oversight on the impacts of the company's claims. There has been a similar treatment for the nine mining companies funded through the aid program in 2012, when concerns raised about the lack of transparency were brushed aside.

In December 2013, allegations surfaced that Australian government agencies, including AusAID, were involved in spying on the East Timorese cabinet room during sensitive meetings about oil and gas negotiations for the benefit of Woodside Petroleum. The allegation that what allowed the bugging to happen was related to an AusAID program which was overseeing the renovation and construction of the cabinet offices in East Timor is an example of the possibilities of the role aid can play in serving Australian and commercial interests to the detriment of others. Similarly, Australian aid support in Bougainville, PNG has fuelled tensions on the island – locals oppose the push to re-open a contentious mine that has already been the fulcrum of a previous civil war in the region. Actions such as recruiting advisors with links to the mining company Rio Tinto, who owned the mine, have muddied the name of AusAID and raised concerns about the role that aid is playing in PNG.

Economic Growth as Poverty Reduction

The 'aid-for-trade' policy demonstrates this government's faith in the neoliberal notion that growth will reduce poverty, a cornerstone of its development philosophy. Economic growth is conflated with poverty reduction despite a lack of evidence for a correlation between the two. Although the Foreign Minister acknowledges that a majority of the world's extreme poor now live in middle-income countries, there is little reference to the problem of unequal wealth distribution. Various critics have stated clearly that people living in poverty do not necessarily benefit from rapid economic growth.

Julie Bishop has said, "Economic growth, driven by the private sector and supported by trade liberalisation, has been the key to reducing poverty on a large scale.[3]" Yet the United Nations Development Program (UNDP) has recently cited huge income disparities between the rich and poor, particularly in those countries that have experienced rapid economic growth, such as China and India.[4] Rapid growth is often achieved through blanket exploitation of workers and the natural environment in developing countries. Many of the countries that are beneficiaries of the Australian aid program have experienced rapid economic growth with very limited human development outcomes.

One of the substantive changes is the previously noted increase of aid-for-trade funding to 20% of the total aid budget by 2020. Trade-oriented aid funding is not new and focuses heavily on economic growth at the expense of other human development indicators.

The Pacific Agreement on Closer Economic Relations – Plus (PACER Plus), a free trade agreement being pursued between Australia, New Zealand and the Pacific Island countries, has been characterised as aid-for-trade. It is not clear how the Pacific will benefit from the agreement and many Pacific nations have been clear that it is not in their best interests.[5] Fiji is no longer a part of the agreement, and PNG has made serious statements about withdrawing from the negotiations. Development assistance is currently being negotiated for inclusion within the agreement, raising concerns about aid being used as a bargaining chip to achieve Australia's trade goals.

The focus on the private sector is linked to the government's vague aspirations for a 'nimble' and 'catalytic' aid program that delivers 'better value for money.' There is a blind faith in the notion that market mechanisms and the private sector generate an agility that eludes the public and not-for-profit sectors. The lack of specificity as to what is meant by these terms gives a great deal of latitude for government preference for certain political and economic interests. One vehicle for this is a new AU$140 million (US$127 million) innovation fund to finance successful new approaches to development. Bishop's examples of initiatives that the Development Innovation Hub might finance constitute a long list of stopgap measures, including oral rehydration therapy, vaccines for children, and disease-resistant crops. Apart from demonstrating little actual innovation, the approach suggests a flimsy strategic basis for the Innovation Hub that responds to symptoms of poverty, rather than addressing structural and systemic causes.

Conclusions

The current state of Australian aid presents a grim picture of the hegemony of the private sector over aid delivery and policy. Both the alignment of Australia's aid and the uncritical acceptance of companies as legitimate development actors, in the total absence of a push for corporate accountability, appear to be in line with global trends.

There is a considerable need to bring together the voices of those who have experienced the negative impact of policies that prioritise the private sector at the expense of other possible development pathways, and to use these examples as a way to renew calls for ODA to be focused on poverty reduction rather than the economic interests of Australia's private sector.

With such an open ideological favouring of a neoliberal economic model as the only viable vehicle for poverty reduction, there is a significant opportunity to utilise existing research and evidence to share a more complex story of the impacts of these policies. This evidence also demonstrates the ramifications that economic growth alone can have on inequality within societies and between countries, the impacts increased trade liberalisation can have on smaller economies and their public sectors, and the consequences of large-scale development projects on sustainable livelihoods and the environment.

Endnotes

1 AusAid. 2014. Australian aid: promoting prosperity, reducing poverty, enhancing stability. http://aid.dfat.gov.au/aidpolicy/Pages/home.aspx [accessed 20 June 2014]

2 AusAid. 2014. Making Performance Count: enhancing the accountability and effectiveness of Australian aid. http://aid.dfat.gov.au/aidpolicy/Pages/home.aspx [accessed 20 June 2014]

3 http://www.foreignminister.gov.au/speeches/Pages/2014/jb_mr_140429.aspx

4 http://www.undp.org/content/undp/en/home/librarypage/poverty-reduction/humanity-divided--confronting-inequality-in-developing-countries.html

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Belgium

Qualitative reforms, despite declining aid expenses

Bart Tierens, Wiske Jult, Thijs Van Laer, Jan van de Poel
11.11.11 – The Coalition of Flemish North South Movement

Overview

- In 2013, Belgian ODA was €1,731 million (US$2,275 million) or 0.45 % of gross national income (GNI). This represents a 3.9 % decline compared to 2011, when ODA amounted to €1,800 million (US$2,365 million).
- Belgium's aid disbursements have been in continuous decline since 2010.
- Austerity measures have resulted in €787 million (US$1,020 million) cuts in aid from 2012 and 2014.
- Belgium's genuine or "real" aid rose between 2012 and 2013, from €1,410 million (US$1,850 million) to €1,520 million (US$2,000 million).
- The amount of ODA spent by the Development Co-operation Department was 67% in 2013, higher than in 2012 (57%), but the same level as in 2011.
- 68% of the aid provided by the Development Cooperation Department (DGD) goes to 10 low-income partner countries in Africa, while 56 % of its aid goes to fragile states.

From frozen to evaporated aid budget

Belgium's official development assistance has been in steady decline since 2010, when it peaked at 0.64% of GNI. In 2011, ODA decreased to 0.53% of GNI. The new Belgian government, which came into power after a long political crisis in December 2011, declared that it wanted to freeze the aid budget, referring to the economic crisis and budgetary constraints. However, it said that it was still committed to the UN target of 0.7% of GNI.

In reality, the budget freezing was turned into a succession of budget cuts. In 2012 and 2013, the

Table 1: Belgian aid levels, 2004-2013

Year	Total ODA in € million	Spent by development cooperation department (% of total ODA)	Total aid (ODA/ GNI ratio)	Real aid (ODA/GNI ratio)
2004	1,178	58%	0.41%	0.36%
2005	1,571	54%	0.53%	0.40%
2006	1,573	53%	0.50%	0.38%
2007	1,425	59%	0.43%	0.37%
2008	1,654	66%	0.48%	0.43%
2009	1,863	67%	0.55%	0.50%
2010	2,268	58%	0.64%	0.48%
2011	2,011	67%	0.53%	0.48%
2012	1,801	57%	0.47%	0.37%
2013	1,731	67%	0.45%	0.39%

total development aid budget cuts amounted to €687 million (US$905 million), or almost 20% on a total two-year budget of €3,531.82 million (US$4,640 million). For 2014, €100 million has already been cut. ODA disbursement in 2012 and 2013 were respectively 0.47% and 0.45% of GNI. Belgium is well off the aid target of 0.7% of GNI, which is integrated in the new 2013 development cooperation law.

The decision of the federal Belgian government in October 2012 and September 2013 to cut all "non-necessary spending" – spending not necessary for the functioning of the state – strongly affected development cooperation and is responsible for €240 million (US$315 million) of the aid budget cuts.

One glimmer of hope is the fact that genuine or "real" aid increased between 2012 and 2013. This is largely due to a €200 million (US$265 million) decrease of commercial debt relief. Genuine aid amounted to €1,520 million in 2013 (US$2,000 million), compared to €1,410 million in 2012 (US$1,850 million).

The Belgium development cooperation is very active in low-income countries. Sixty-eight percentage (68%) of the aid provided by the DGD goes to 10 low-income partner countries, which are all in Africa. Moreover, 56% of DGD aid goes to fragile states.

A year of reforms

With the formation of a new government in December 2011, Belgium's 541-day political crisis — during which the country was in state of "current affaires," meaning that no new policies and initiatives could be elaborated — came to an end. The conclusion of the crisis meant that some long-expected reforms could be put in place, such as a new law on the Belgian Investment Company for Developing Countries (BIO) and new institutional framework on policy coherence for development (PCD).

A new law on development cooperation

Belgium is one of the few donor countries with a law on international cooperation. In December 2007, the Minister of Development Cooperation announced that the law on international cooperation had to be revised to adapt it to the Paris Declaration aid effectiveness framework. Finally, in April 2013, the new law was adopted by Parliament.

Rather than a substantial reform, the new law is an adaption to new international priorities in development cooperation. The law refers to the five principles of the Paris Declaration, and explicit attention is given to fragile states. The level of fragility has become one of the selection criteria for partner countries. Human rights, state-building and decent work are put forward as priority themes.

Interestingly, the 0.7% ODA target is mentioned in the law. Therefore, efforts to reach this target does not only stem from an international commitment, but also from a juridical obligation. Nevertheless, no deadline is mentioned.

Policy coherence for Development

For many years, NGOs have asked that policies in fields such as agriculture, trade, foreign policy, defence and taxes be aligned with development objectives. Such coherence is necessary in order not only to contribute to these objectives, but also to avoid policies that thwart efforts in the field of development cooperation. The 2010 OECD Peer Review called upon the Belgian government to "develop an explicit policy statement on policy coherence" and to "identify the institutional framework and tools Belgium will use to implement and monitor the coherent use of all policy levers for development, and to report on it."[1]

The new Belgian government was willing to step up its efforts in favour of policy coherence for development (PCD). The 2013 development cooperation law advanced the principle of PCD. At the end of 2013, an institutional framework was created to ensure a coherent policy for development. The framework consists of several instruments that should help to ensure PCD, such as an impact analysis, an inter-departmental commission, and an Advisory Council related to the Minister of Development Cooperation.

Through the Dutch and French-speaking coalitions of development NGOs, civil society is involved in the process through their representation on the Advisory Council. The coalitions will also take the lead in setting up a platform of indirect actors to furnish the Advisory Council with expert and technical information and analyses. In May 2014, on the eve of new elections, the Prime Minister, as well as the Minister-Presidents of the regional governments, signed a declaration in which they called for an inter-ministerial conference that would ensure that development objectives would be taken into account in each policy field, as well as better coordination between the federal and regional levels of government.

Although the creation of this new institutional arrangement is a clear sign that PCD has been accepted on a policy level, time will show whether it is effective or not. It will be a challenge for the new Minister of Development Cooperation to make sure these instruments show their relevance for the whole of government. The political will of the entire government is needed to use this framework to pursue its aim for more coherent policies for development. Moreover, in order to resolve policy incoherencies, politicians must put development objectives at the forefront, even though it could mean competition with other Belgian interests.

Reform of the Belgian Investment Company for Developing Countries (BIO)

In February 2012, the Flemish coalition of development NGO's 11.11.11 launched an evaluation of the Belgian Investment Company for Developing Countries (BIO). The Report questioned the development relevance of BIO's investments. It was very critical that a significant part of the investments went through tax havens, and pointed to the weak collaboration with other stakeholders in Belgian development cooperation. The Report was extensively discussed in the Belgian parliament and led to a reform of the investment company.[2]

By law, BIO is obliged to make profit. This is difficult to align with its objectives in the field of development cooperation, as it makes it unlikely that BIO will invest in businesses that do not have access to private capital. Despite these criticisms regarding its profit orientation in 11.11.11's Report, the profit requirement was maintained after the reform.

One positive change in the reform has been the curtailment of the use of tax havens by BIO. Since these reforms, BIO is only allowed to invest in countries that have a nominal tax rate of at least 10% and that respect international regulations on fiscal transparency. Moreover, measures are taken to avoid the transfer of profits to tax havens in order to avoid taxes, through so-called transfer pricing. With all these measures, BIO is ahead of other development banks such as the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the World Bank (WB). Belgium is profiling itself as an advocate against tax avoidance. However, some issues remain, as it is still possible to invest through tax havens with tax rates above 10% such as Mauritius, Luxembourg or the American state of Delaware.

An important observation of the 11.11.11 Report was that BIO stood outside the framework of development cooperation, rather than being a part of it. With the reform, BIO assumed new management, which had knowledge of and experience in development cooperation. BIO also strengthened its internal knowledge of development. Moreover, collaboration with other actors in Belgian development cooperation, such as the Belgian Development Agency (BTC) has been strengthened. Time should tell whether these reforms enhance the development relevance of BIO's activities.

Although the reforms are definitely a step in the right direction, some issues remain. More effort is needed to reach out to local small businesses. Monitoring and evaluation mechanisms should be enhanced in order to better estimate the development impact of investments.

New strategic notes

Belgian development cooperation has developed strategic notes to guide its development policies on particular themes. Several new notes were published in 2012 and 2013. Although these notes are valuable instruments for strategy and execution, they are not always extensively applied in the field. A gap exists between theory and practice, and more effort is needed to operationalise these notes.

Three notes are described briefly below: on middle-income countries, on fragile states, and on the private sector.

Middle-income countries

During the last decades, several developing countries have "graduated" from low-income country status to middle-income countries (MICs). Although big differences exist between these countries on the political, economic and social level, they share a level of economic growth and social evolution, which often goes together with growing inequality and environmental problems. These specific problems require a particular approach for these countries.

The Belgian strategic note focuses on global public goods (particularly the environment), inclusive growth and redistribution. The latter, with a special emphasis on social protection, is an essential lever to ensure that growth benefits the whole population.

The note deals with a number of important topics for MICs and discusses relevant arguments for a new partnership. According to the strategic note, the government wants to decrease aid to MICs in favour of low-income countries. It wants to spend 80% of governmental aid in this latter category after 2015, which will result in a 50% reduction of the aid to MICs.[3] The note provides no arguments to rationalize this decision to cut aid to MICs, which continue to have profound issues of poverty and inequality.

Moreover, new Belgian cooperation programs in two middle-income partner countries — Algeria and Bolivia — have shown that the strategic note did not bring forth major changes in the field. The cooperation programs are largely a continuation of previous programs. The program for Algeria pays little attention to support for democracy and an independent civil society, which are important instruments to tackle inequality and to foster inclusive growth.

More problematic is the fact that many of the alternative instruments and proposals presented in the MIC strategy are still not in place (September 2014), while an evolution towards a new partnership is expected in Belgian cooperation with these countries. As long as the alternatives are not developed, it is hard to evolve a new relationship.

Fragile states

According to Peter Moors, director-general of the Development Cooperation Department, "For a donor with the DNA of Belgium, the poorest and the most fragile countries in Africa should be the focus. That's where our added value is."[4] Six of the eighteen Belgian partner countries are fragile states, and over 56% of Belgium's bilateral aid went to these states in 2013.

A strategic note on fragile states, aimed at strengthening the state, the population and their mutual relationships, was approved by the Belgian Minister of Development Cooperation in early 2013. It is largely based on international guidelines such as the ten fragile states principles from the OECD Development Cooperation Committee (DAC) and the five "peace-building and state-building goals" that were elaborated in the framework of the "New Deal for Engagement in Fragile States." It adds some specific Belgian elements such as the emphasis on capacity strengthening of the state aimed at economic regulation and social protection. Time will show whether the new note will make a difference on the field.

The Private sector

In May 2014, a new strategic note on support for the private sector in developing countries was published. It focuses on the financing and capacity building of local businesses, in particular, small and medium enterprises. As such, the Belgian approach deviates from the European one in that the latter is more focused on large enterprises. The strategic note also emphasizes policy coherence for development. The local private sector can only be strengthened if measures are taken in the field of equitable fiscal policy and trade.

A real evaluation of the note can only be made once it is implemented. The coalition of development NGOs expects an important role to be played by the "Platform for Entrepreneurship for Development," which is foreseen in the note and wherein NGOs will participate. Such a platform could be a valuable instrument to enforce policy coherence for development in Belgian policies.

Conclusion

Belgium's development assistance has been in decline for three years, moving further away from the UN target of spending 0.7% of GNI on aid. Austerity measures caused €687 million (US$905 million) aid cuts in 2012 and 2013, almost 20% on a total two-year budget. This year (2014), €100 million has already been cut.

Despite dropping aid levels, the end of the political crisis in December 2011 has allowed some important reforms to take place in Belgium. With a new law on development cooperation, a new institutional framework on policy coherence for development, the reform of the Belgian Investment Company for Developing Countries, and several new strategic notes, Belgium is clearly willing to improve the quality of its development assistance.

However, to sustain a focus on global challenges such as poverty, inequality and climate change, Belgium will have to step up its financial efforts, while continuing to improve the quality of its interventions.

Endnotes

1 OECD Peer Review, 2010, http://www.oecd.org/dac/peer-reviews/belgium2010dacpeerreview-mainfindingsandrecommendations.htm

2 See Jan Van de Poel, "What's in it for development? Assessing the Belgian Investment Company for Developing Countries' (BIO) Development Outcomes," 11.11.11 – Coalition of Flemish North South Movement, in 2012 Reality of Aid Report: Aid and the Private Sector: Catalysing Poverty Reduction and Development? Accessible at http://www.realityofaid.org/?roa_report=aid-and-the-private-sector-catalysing-poverty-reduction-and-development.

3 http://diplomatie.belgium.be/fr/binaries/MIC_note_strategie_tcm313-243803.pdf, p. 13

4 Peter Moors at ODI-conference 'What future for 'traditional' development agencies in a changing world?', May 2013. http://www.odi.org.uk/events/3163-future-traditional-development-agencies-changing-world.

Canada

Big changes and challenges, with new partnerships

Fraser Reilly-King
Canadian Council for International Co-operation

Overview

- Canadian official development assistance (ODA) for fiscal year (FY) 2014/15 is estimated by the Canadian Council for International Co-operation (CCIC) to be Cdn$5.0 billion (US$4.5 billion) or 0.26% of Gross National Income (GNI), assuming no supplementary estimates and that GNI growth remains consistent with current levels.
- Canada's performance ranked 15th in 2013 among the 28 member countries of the Organization for Economic Cooperation and Development (OECD) Development Assistance Committee (DAC), with respect to percentage of GNI for ODA — falling from 0.32% in 2012 to 0.27% in 2013. With a drop of 11.4% for 2013, Canada posted the biggest decrease in ODA funding after Portugal.
- After Canadian aid peaked at Cdn$5.57 billion (US$5.1 billion) in FY 2011/12, in Budget 2012 the government announced three years of major aid cuts. In its first year of cuts, the government in fact far surpassed the planned cuts, and returned Cdn$286 million (US$260 million) in unspent allocated money to the Treasury. If Canadian ODA had continued to grow by the same pre-2010 rate of 8%, more than Cdn$2.4 billion (US$2.2 billion) additional resources would have been spent on aid priorities by 2014 than is currently expected.
- Aid to Sub-Saharan Africa (SSA) has remained above 2008 levels (when Canada met its 2005 Group of Seven commitment), with a slight increase in FY 2012/13, while Asia saw its aid remain steady and the Americas experienced a sharp decline after years of increases.
- In 2012, the government made reductions and cuts to 13 country programs, including eight in Africa, but then shifted its countries of focus in 2014 from 20 countries to 25, including three more in SSA. It cut Bolivia and Pakistan in the process, but added Burkina Faso, Benin, the Democratic Republic of the Congo (and substituted Sudan for South Sudan) in Africa; added Burma, Mongolia and the Philippines in Asia; and included Jordan in the Middle East.
- Support to multilateral organizations saw a slight decline in FY 2012/13 following years of successive increases. Support to partner governments continues to decline, but for the first time in several years, support to civil society actually saw a slight increase.

Major changes for Canadian aid and development

It has been a turbulent couple of years for Canadian aid and development. After freezing the aid budget in 2011, the government announced major cuts in 2012 over the next three years, a period which saw the plummeting of aid levels. It then introduced new legislation to merge the Canadian International Development Agency (CIDA) into a mega Department of Foreign Affairs, Trade and Development (DFATD), under the premise of promoting greater policy coherence. But this came against a backdrop of Canada increasingly aligning its development policy with its own commercial interests, aggressively pushing a strong role for the (Canadian) private sector in development, in particular Canadian mining companies, and increasingly minimizing the importance of aid relative to other financial flows.

Meanwhile, the government distanced itself from civil society, with opportunities for engagement few and far between, and no new major funding initiative for civil society being announced between 2011 and 2014. Spring 2014 did see a thaw in relations with civil society and the announcement of a draft CSO policy, on which CSOs were consulted, which could suggest a potential new partnership with the government looking forward. What all of these changes mean for Canada and the post-2015 agenda, only time will tell.

Aid budget collapses, under cuts and lapses

Following an announced freeze at Cdn$5 billion (US$4.5 billion) in 2011 to the International Assistance Envelope (IAE) — which constitutes a large part of Canadian ODA — in FY 2012/13 the Conservative government announced reductions that would bring the IAE to Cdn$4.66 billion (US$4.2 billion), or 7.6% by FY 2014/15.

Not only did the government implement cuts, it also allowed Cdn$286 million (US$260 million) to lapse in authorized spending in FY 2012/13 (essentially unspent money), which the former CIDA was required to return to Treasury.[1] If Canadian ODA had been sustained at its peak 2010 level (Cdn$5.57 billion or US$5.1 billion), by 2014 there would have been Cdn$870 million (US$790 million) in additional aid dollars. Indeed, if the government had continued its pre-2010 policy of increasing ODA by 8% each year, rather than cut aid, more than Cdn$2.4 billion (US$2.2 billion) additional resources would have been spent on aid priorities by 2014.

In April 2014, the OECD confirmed the sharp fall, noting that Canadian aid allocations had dropped by 11.4% in 2013 relative to 2012, or from US$5.65 billion to US$4.91 billion. The government points out that there was an extraordinary increase in 2012 due to Fast Start Finance for climate change adaptation and mitigation. While this may be the case, it cannot excuse the sharp decline in 2013, when the need for climate finance remained urgent. Canada has not followed up its initial Fast Start climate finance with new resources for climate change.

This decline in Canadian ODA came in a context wherein overall ODA from OECD countries had a small rebound from declines in 2011 and 2012 to post an increase of 6.1% in real terms in 2013. Canada's aid-to-GNI ratio also tumbled from 0.32% to 0.27% as a result, and Canada moved to the bottom half of the ranking at 15th out of 28 OECD-DAC donor countries.[2]

First among equals: The merger of aid, trade and diplomacy

While cutting Canada's aid budget, in March 2013 the government also announced plans to merge its development agency, CIDA, into a new Department of Foreign Affairs, Trade and Development (DFATD). The announcement received mixed reviews. Foreign affairs pundits generally heralded the government line[3] of greater coherence and impact through the merger. Trade and investment advocates pointed to the failures of aid, and how growth and the private sector were the real game changers for development. Development experts, on the other hand, feared a shift away from poverty reduction, with its programmatic focus on the poorest and most marginalized, towards the promotion of Canadian commercial interests.[4]

The legislation did enshrine the position of the Minister of International Development in law by formally recognizing this minister's role and mandate, separate from the Minister of Foreign Affairs. The legislation also technically put "development on equal footing with trade and diplomacy,"[5] albeit with Foreign Affairs – and with it Canadian foreign policy – still clearly first among equals.

Concerned about the directions for aid with the merger, the CCIC produced a set of benchmarks just prior to the release of the legislation to ensure development would remain a top priority in DFATD.[6] The benchmarks recommended that the legislation acknowledge the ODA Accountability Act to guide decisions about ODA (which it did). The CCIC called for a strengthened role and mandate for the Minister (which it also did), and the benchmarks also called for an explicit reference to key principles like the Paris Declaration and Accra Agenda for Action, as well as Humanitarian Principles, as the basis for assessing the effectiveness of Canadian aid and development (which it didn't do).

While it still remains to be seen how the merger will affect Canadian development policy and practice, there are signs of hope: various officials within the former CIDA have been posted to key positions of authority within DFATD in areas of both policy and programming.[7] In February, the government released a set of internal and external guidance notes[8] — the first public initiative since 2008 — to inform how DFATD programming should comply with the three criteria of the ODA Accountability Act.[a] These guidance notes likely emerged as a result of the strong critique by the Auditor General of how the government had been using the criteria — to report on aid spending, rather than to determine how aid should be spent.[9]

But there are also signals that give cause for concern, namely in the government's preoccupation with partnerships with the private sector, in the increasing promotion of economic growth as a key measure for development and poverty reduction, and in the overall deterioration — until recently — in partnerships with civil society organizations.

Growth and the private sector – a partnership without evidence (or a strategy)

In the past several years, Canada has made sustainable economic growth and the private sector (in particular extractives) the central tenets of Canadian development cooperation. In October 2010, CIDA released its Sustainable Economic Growth Strategy (SEG).[10] The Strategy takes three paths: building economic foundations by strengthening the necessary legal environment for business; growing businesses by enhancing micro, small and medium-sized enterprises; and investing in the employment potential of people in the formal and informal sector.

In early 2013 a new International Institute for Extractive Industries and Development was formed to support and build natural resource

a "Official development Assistance may be provided only if the competent minister is of the opinion that it (a) contributes to poverty reduction; (b) takes into account the perspectives of the poor; and (c) is consistent with international human rights standards." Official Development Assistance Accountability Act (S.C. 2008, c. 17), clause 4.

management capacity in developing countries.[11] Then in October 2013, the DFATD adopted an approach that further entrenches the key role of the Canadian multinational and international private sector "as partners in development," in order to leverage "capital and expertise to grow businesses," to develop public private partnerships that will "improve the lives of people living in poverty," and to promote private sector innovation to "improve the delivery of essential public services."[12]

Then in November of that year the government launched its Global Markets Action Plan. The Plan envisages developing "an extractive sector strategy to further the interests of Canadian companies abroad."[13] "Under the plan, all diplomatic assets of the Government of Canada will be marshalled on behalf of the private sector."[14]It is clear that these assets also include the allocation of ODA resources to these ends.

The Strategy and Action Plan equate increased growth with poverty reduction, without giving due consideration to the role that government must play (through policies, practice and programs) to ensure a redistribution of the benefits of growth to the poorest and most marginalized.[15]Both initiatives sit in direct contrast to an earlier detailed CIDA Private Sector Development policy, which sought to promote "pro-poor equitable economic growth" through "more, better, and decent jobs and sustainable livelihoods and… stimulating the growth of the local private sector in developing countries and countries in transition."[16]

While explicitly promoting Canada's economic interests and domestic private sector, it remains unclear how exactly this strategy will be implemented in practice beyond supporting ad hoc initiatives. In this vein, DFATD runs the risk of making the same mistake for which the UK Department for International Development has just been chastised. The British Independent Commission for Aid Impact noted the DFID's inability to match its vision for the role of the private sector "into clear guidance for the development of coherent, realistic, well-balanced and joined-up country-level portfolios… In none of the countries we visited did we see a plan for – or assessment of – the cumulative impact of programmes, so it was unclear how well DFID's work overall is transforming the private sector as a tool for economic growth and poverty reduction."[17]

Will partnering with the private sector leverage positive development impacts and change for the poor? Certainly not, unless the partnerships and approaches are well thought out. As Canada's 2012 Peer review by the OECD DAC concluded, any private sector strategy should provide a clear rationale for Canada's engagement, including "well-defined aims, strategic objectives and transparent procedures for partnerships with private sector enterprises."[18]

A rapprochement with civil society?

In July 2010, CIDA launched its "Partnership Modernization and Effectiveness Framework", introducing new policy guidance on civil society funding and programming. The call-for-proposal mechanism became the sole modality for CSOs to access funding from the former Partnerships with Canadians Branch of CIDA. Despite the promise that the new call-for-proposal mechanism would "streamline the application process,"[19] it has instead been characterized by a lack of transparency, few funding opportunities, unacceptable delays, and inadequate resources to manage the process efficiently.

In June 2014, more than three years after the last set of major calls-for-proposals for CSOs, the CCIC and the Inter-Council Network of Provincial and Regional Councils launched a report that assessed the impacts arising from the changing funding modalities, as well as new and emerging issues.[20] The absence of timely and predictable new funding opportunities for organizations has had a profound and detrimental impact on Canadian CSOs' capacity to deliver their programs on the ground. This in turn has had a negative knock-on effect on the counterparts and people with whom these organizations are working.

Among the headline findings of the study, revenue for a very significant number of organizations (44% of the 138 sample) has declined, affecting their capacity to sustain their development programs. This has led to actual or planned cuts in longstanding partnerships for 46% of the organizations surveyed; major reductions in the diversity of Canadian CSO activities on the ground, for 53% of the organizations surveyed; and significant reduction in staffing, reported by 43% of the organizations. CSOs confirmed that dialogue with the government has been ad hoc and selective. The resulting conclusions and recommendations of the report pointed to the urgent need for a new strategic partnership between the Canadian government and the Canadian development community.

Following a very tense period in the relationship between Canadian development and humanitarian CSOs and the government under the previous two Ministers, there are signs of a thaw under new ministerial leadership. In the words of the current International Development Minister, Christian Paradis, "Mobilizing the private sector does not mean we should ignore civil society."[21] Since early 2014, the Department has been taking definite steps towards re-establishing a more positive relationship with civil society.

In April, the Minister committed the Department to "protecting and promoting an enabling environment for civil society—in law, in policy and in practice."[22] He also indicated the Department would, "provide predictable, equitable and transparent funding opportunities through different modalities that support the diverse roles of civil society; and… promote a multi-stakeholder dialogue to inform and facilitate a diversity of perspectives and approaches."[23] New funding announcement have followed, albeit none of them major, as have a series of roundtables on a range of issues. And in June, the DFATD launched consultations on a draft Civil Society Partnership Policy. The coming months will be critical in determining the space for CSOs in Canada's aid programs –whether as a mere instrument to further government priorities, or as independent development actors in their own right, with decades of development experience to bring to the table.

Conclusion

How will these trends in Canadian ODA converge with global efforts to establish the post-2015 sustainable development agenda and a new set of Sustainable Development Goals (SDGs)? Cooperation for effective development impacts will not be achieved without engaging the full array of development actors: governments at all levels, parliamentarians, civil society organizations, citizens, and the private sector, in particular the local private sector.

But partnerships do not occur simply by bringing these different entities together. They require development strategies with clear objectives and modalities for implementing them, and ways to assess the outcomes, both short-term and long-term. They require policies and legislation in place to facilitate the roles of these different actors, while promoting and protecting the environment and the basic rights of citizens and CSOs. They benefit from dialogue, drawing on the evidence and experience of these different actors. And they need to be resourced through flexible, diverse and predictable mechanisms.

The Canadian environment for moving forward on the SDGs is one that is witnessing a massive decline in aid resources, while decisions about their use become increasingly aligned with Canadian commercial and foreign policy interests. How will the DFATD reconcile these policy orientations with the urgent need for countries like Canada to live up to the UN goal of 0.7% of GNI for its ODA, with the commitment to respond to developing country ownership of their development priorities, inclusive partnerships with all development actors, and sustainable outcomes that reduce poverty and tackle inequality, leaving no one behind? Evidence to date suggests that it may only be possible by doing things very differently.

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New Legal Framework in Denmark

Focus on fighting tax evasion

Hannah Brejnholt Tranberg; Lars Koch; Mathias Ljørring and Kira Boe
Action Aid Denmark, Ibis, & Global Focus — Danish CSOs for Development Cooperation

Overview

- In 2013, Denmark remained well above the UN 0.7% ODA target by delivering a total of €2.24 billion (US$2.9 billion) or 0.85% of gross national income (GNI). The government plans to stabilise ODA at 0.83% from 2014.
- Despite promising to bring Denmark's ODA back to 1% of GNI, the current government shows little progress.
- In 2012 Denmark enacted a new law on development cooperation, which explicitly focuses on cooperation and partnerships.
- The 2012 Strategy on Development Cooperation sets out four priority areas: human rights and democracy, green growth, social progress, and stability and protection.
- In October 2013, the Danish government launched a new strategic framework for Denmark's participation in EU development cooperation, which focuses on three priority areas: human rights; fragile states and stability; and green growth and employment.
- In June 2013, the Danish Ministry of Foreign Affairs published an implementation plan for Danish engagement in taxation and development in June 2013, with the aim of pushing issues of taxation and development, as well as illicit capital flows, higher on international agendas, as well as to strengthen the capacity of the world's poorest countries to collect taxes, ensuring fair taxation and closing tax loopholes.
- In June 2014, Denmark presented its Action Plan on Policy Coherence for Development (PCD), which concentrates Denmark's PCD efforts on EU policies, focusing on three strategic priority areas: trade and finance; food security and climate change; and peace and security.

Danish ODA Performance

By delivering 0.83% of GNI in ODA in 2014, Denmark remains well above the UN 0.7% target. There is broad political consensus that Denmark should stay above this target, but the current Danish government's promise to return to 1% of GNI in ODA is still far off.

The current government is led by the Social Democrats and came into power in late 2011. In its election platform it promised to increase development assistance to 1%. However, it has since refused to provide a timeframe for how and when to reach this goal. The 2014 aid level of 0.83% represented a decrease from 0.85% in 2013, putting Denmark further from the government's 1% target. Recent statements from the Minister for Trade and Development Cooperation show little commitment to reach this target.

Though continuously showing small nominal increases, Danish aid has stagnated in relation to the overall economy. In 2013, Denmark spent about €2.24 billion (US$2.9 billion) on aid, of which almost three-quarters was bilateral aid and one-quarter multilateral.

Slightly less than 20% of the total aid in 2013 (about €400 million or US$520 million), under OECD DAC rules, was allocated through funds other than the actual aid budget (such as the budgets for refugees and climate change, etc.). ODA disbursements include aid given through the EU budget (excluding the European Development Fund or EDF); deposits in investment funds with development objectives; and administration and first-year expenditures for housing and receiving asylum seekers from developing countries.

Notably, expenditures related to receiving asylum seekers have increased rapidly over the past years, rising from about 1.7% of ODA in 2008 to almost 5.5% in 2013. This rise is very problematic as aid is almost the same today as it was in 2008, as a proportion of GNI. Thus the share of GNI that is genuinely directed towards poverty eradication has been scaled down when the amount spent on refugees in Denmark is taken into account.

In order to enhance transparency, the government has for the last few years reported its ODA spending under two budget frameworks – one focusing on poverty reduction, and a second "global frame" focusing on efforts that are not directly linked to alleviating poverty, but include other forms of international assistance. The latter cover issues such as the fight against climate change, refugee costs in Denmark (see above), debt relief, initiatives through the Danish private sector, including aid tied to business, and spending in certain non-Least Developed Countries (LDCs). This reporting makes it easier for civil society to monitor changes in the policy focus and objectives of Danish ODA.

During recent years, spending under the poverty framework has increased slightly, to about 82% of total spending (excluding administration). But according to the most recent budget figures proposed for 2015, these expenditures will decline to below 78% — the lowest level since the introduction of the two budget frameworks in 2012. There is a risk that this shift in the Danish aid budget will undermine the poverty reduction focus and legitimacy of Danish aid.

A significant amount of aid targeting the private sector remains tied to Danish business interests. While these budget lines remain fairly stable, there is growing political interest in engaging the Danish private sector in development cooperation. Also, security interests continue to play a major role in bilateral aid spending. Denmark has been including its climate finance in ODA, despite having committed in international climate negotiations to provide new and additional funds. When excluding funding for climate and environment, the remainder of ODA constitutes 0.80 % of GNI.

Public perception of aid

In late 2013, Danish development aid spending and administration found itself unwittingly at the centre of national and international media attention. Danish support to the Global Green Growth Institute (GGGI) in South Korea was heavily questioned by the media, CSOs and politicians alike. The GGGI was criticised for its lack of focus on poverty reduction and for overspending on administration costs (such as travels, offices, etc.). The case not only spurred a public debate about the use and administration of development funds, but it also resulted in a more professional discussion about what are appropriate initiatives for support by Danish ODA.

The case and media attention reached its climax when the Minister of Development Cooperation, Christian Friis Bach, chose to step down as a result of his role on the GGGI board. A subsequent opinion poll has showed a significant decrease in public trust in the management of aid funds.

New legal framework

A New law

In 2012 Denmark enacted a new law on development cooperation, replacing a law from 1971.[1] The new law is explicitly focused on development cooperation, while the old law it replaced simply referred to 'aid to developing countries'. This change in wording is important as it underlines the fact that Danish development aid is not just charity, but rather a partnership between Denmark and developing countries.

In the new law, the objective of Danish development cooperation is to fight poverty and promote human rights, democracy, sustainable development, peace, and stability. It is also recognized that conditions in developing countries are not only affected by donor development policies. Other policy areas play an important role as well.

The new law reflects an important new shift, in that a human rights based approach (HRBA) is to be mainstreamed into all Danish foreign policy and Denmark aims to advance HRBA in all international forums, including the EU. Danish civil society was particularly pleased to see this approach reflected in the law, although some scholars have debated the effectiveness of HRBA in terms of promoting economic development.

A New development strategy

In working towards the objectives of fighting poverty and ensuring human rights, Denmark's 2012 development strategy, 'The Right to a Better Life,'[2] sets out four priority areas: human rights and democracy, green growth, social progress, and stability and protection. These priority areas are interlinked, and a starting point for working on them will be human rights principles of participation, non-discrimination, accountability, and transparency.

Under the heading of human rights and democracy, Denmark will seek to promote good governance, civil society, democratic institutions, equality, and international cooperation on human rights, democracy and good governance. At the same time Denmark will combat tax avoidance and tax evasion (see below) and promote fair taxation of natural resources.

As for green growth, the strategy sets out objectives for ensuring the sustainable management of natural resources, resource efficient food production, and the access of developing countries to sustainable energy sources.

Social progress means supporting civil society and the social sectors through budget allocation, multilateral efforts, and in political dialogue with developing countries.

As part of the fourth priority area, stability and protection, Denmark will work on conflict prevention, dialogue and mediation as well as state building and peace building in fragile states.

A Human rights based approach in the new law and development strategy

Both the new law on development cooperation and the new development strategy reflect a major new commitment to a human rights based approach. Obtaining full human rights requires a state with the will and ability to respect and protect the rights of its citizens, but also demands an informed and active citizenry and civil society. Denmark will thus support the development of a strong and independent civil society empowering the weakest and most marginalized in society. This may involve changing power relations within countries, and between countries, and thus might not be a process free of conflict.

Partnerships in the new development strategy

Denmark's international cooperation is based on partnerships, which must be flexible and context specific. As part of the new development strategy, Denmark is aiming to focus its partnerships with a limited number of priority developing countries. In each of these countries, Denmark will use different instruments and competencies.

At the same time, Denmark will look to new partners, particularly the private sector, in working for development and poverty reduction.

A New Strategic framework for Denmark's participation in EU development cooperation

In October 2013, the Danish government launched a new strategic framework for Denmark's participation in EU development cooperation: 'Together for a better world'.[3] The strategy focuses on three areas of priority for Denmark's engagement: human rights; fragile states and stability; and green growth and employment, through which Denmark will focus its engagement and take the lead in relevant processes in EU development cooperation. Under each priority area, various tracks of action are laid out in line with the new overall strategy of Danish development cooperation. Shared results through coherent policies, joint analysis and programming, and budget support, ownership and accountability are the main approaches within each priority area.

Part of rolling out the first of the above-mentioned approaches, i.e. working towards coherent policies, involves the development of a Danish action plan for policy coherence for development (PCD).

An Action plan on Policy Coherence for Development

In June 2014, Denmark presented its Action Plan on Policy Coherence for Development (PCD) 'A Shared Agenda'.[4]

PCD is an approach and a policy tool for integrating the multiple dimensions of development at all stages of policy making. It is a legal obligation in the EU, as stipulated in Article 208 of the Lisbon treaty: *"The Union shall take account of the objectives of development cooperation in the policies that it implements which are likely to affect developing countries"*.

The Danish Action Plan concentrates Denmark's PCD efforts on EU policies, focusing on three strategic priority areas: trade and finance; food security and climate change; and, peace and security. Within each strategic priority area, a limited number of political objectives have been established for the next few years. The Action Plan not only clarifies the objectives, but also sets out clear policy tracks to reach those objectives. All relevant ministries are involved, as is civil society. The process is to be monitored by the Committee on European Affairs in the Danish Parliament.

The Action Plan is the first of its kind in Europe, and if implemented well and fully, it could be an example of good practice on how to work on PCD. The actual implementation is yet to begin and it will be monitored closely by civil society.

Private sector involvement

Alongside other donors, Denmark is also showing a growing interest in engaging the private sector in development cooperation. This priority has recently been highlighted by the appointment of Mogens Jensen as Minister for both Development Cooperation and Trade.

The development of private-public partnerships holds interesting potential both in terms of the operational impact and the broader support for aid spending. However, there is also reason to be cautious in the design and implementation of new and existing aid modalities — especially the risk of a shift of objectives away from poverty reduction towards an approach driven more by Danish commercial and economic interests.

A Case Study: Taxation and development

Domestic revenue mobilization is key to development. However, every year developing countries lose millions in tax revenue foregone. In fact, each year developing countries are estimated to lose up to US$160 billion in revenue due to money hidden in tax havens[5] – more money than they receive in aid.[6] Moreover, it is estimated that developing countries also lose up to US$138 billion in tax revenue foregone, as a result of favourable corporate tax incentives.[7] Consequently, public sectors in developing countries find it even harder to meet their obligations and deliver the required public services.

It follows from this context that fighting tax dodging and investing in fair taxation, improving the capacity of tax authorities to collect taxes, and other similar measures could provide a big opportunity as a means to increase public revenues. Moreover, fairer taxation would also help minimize growing inequalities, particularly in middle-income countries. But if positive development impacts are to be attained, progressive taxes must be coupled with progressive spending. Mobilisation of domestic revenues will not be able to cover public expenditures anytime soon in developing countries, hence it must be supported with development aid. This agenda has caught the attention of many countries, including Denmark, and has led to an increase in the interest in the relationship between taxation and development.

As mentioned above, in Denmark development and trade have been linked in the 2012 Danish strategy for development cooperation: "*Development cooperation is increasingly serving as a catalyst for trade, investments, higher tax revenues and new sources of financing.*"

This orientation has naturally led to an increased interest in fighting tax avoidance. And the Danish strategy for development cooperation includes strong commitment to working on this agenda and goes on to promise that Denmark will "*strengthen efforts in the fight against tax loopholes, address illicit financial flows and promote a fair taxation of natural resources in the world's poorest countries.*"

Proving itself sincere about this commitment to work on taxation and development, the Danish Ministry of Foreign Affairs published an implementation plan for Danish engagement in taxation and development in June 2013, known as: "Udmøntningsplan: Styrket dansk engagement inden for skat og udvikling."[8] The aim of the implementation plan is to push issues of taxation and development, as well as illicit capital flows, higher on international agendas. It also aims to strengthen the capacity of the world's poorest countries to collect taxes, ensuring fair taxation and closing tax loopholes.

More specifically, the implementation plan concentrates on four areas; namely,

1. Increased efforts to strengthen tax systems and close tax loopholes in Danish priority countries;
2. Fighting illicit financial flows and increasing financial transparency;
3. Encouraging more efficient and fair taxation of extractives and natural resources, including in fragile states; and
4. Coherent policies that work toward development.

The funding for Danish engagement in taxation and development is an integral part of development cooperation, which will facilitate longer-term planning and follow-up and ensure greater sustainability of initiatives. An additional 10 million DKK (US$1.7 million) was allocated in 2013 in support of new initiatives with international organizations working to increase transparency and anti-corruption and fighting illicit financial flows. A fundamental aspect of the plan is the fact that Danish embassies will strive to ensure issues of taxation, development and financial transparency are reflected in country programming.

The initiatives in the implementation plan are good and sound. However, it will be essential for Denmark to follow-up with a coherent approach, one in which Denmark plays a more active role in the EU and other international forums to support progressive taxation and activities that are advantageous to the poorest countries. Therefore, our recommendations would be the following:

- The implementation plan stresses the importance of policy coherence, which means that it is critical that ministries that deal with the subjects of development, tax and trade engage properly with each other and commit to ensuring policy coherence.
- Denmark should push for comprehensive Country-by-Country reporting to become a requirement for all sectors, not only the bank sector as the currently the case. This means all companies should disclose information regarding budgets, turnover, staff costs and numbers as well as assets etc. for each of the countries in which they have a presence and do business, and not only at a cumulative/global level – which is the case at the moment.
- Denmark should push for public lists of beneficial ownership, which means that information about who actually owns businesses should be collected and made publicly available.
- In general, Denmark should promote greater transparency, thus making the use of tax havens and tax dodging unacceptable behaviour, ultimately leading to an increase in tax revenues and thus to better provision of public services.
- Therefore, it would obviously be preferable for the African Guarantee Fund to be moved out of the tax haven in which it has been established.

Conclusion

The new Danish legal framework sets out impressive, progressive and participatory targets and objectives. The Danish civil society will closely monitor implementation, as there are little or no guarantees in the political sphere.

The new legal framework makes it clear that Denmark only gives aid in partnership with developing countries. While the old law from 1971 simply referred to ‘aid to developing countries,’ the new law is focused on cooperation and partnerships.

The Danish government is increasingly focused on structural causes of poverty, human rights, private sector development, and the improvement of EU legislation for the betterment of developing countries.

Endnotes

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4 http://fnnewyork.um.dk/da/~/media/UM/Danish-site/Documents/Danida/Nyheder_Danida/2013/2%20Handlingsplan%20PCD.PDF

5 http://www.taxjustice.net/cms/upload/pdf/Price_of_Offshore_Revisited_120722.pdf

6 ibid; http://www.oecd.org/dac/stats/

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Finland

Development policy towards 2015: downhill ODA

Pauliina Saares
Kepa

Overview

- Finland's development cooperation is guided by a Development Policy Program (2012), which emphasizes a human rights-based approach to development.
- Finland will not achieve the UN goal of 0.7% by 2015. Instead, annual ODA cuts between €50 million and €100 million (US$65 million to US$130 million) are budgeted for 2015-2018. Estimated performance for 2015 is 0.48 % of gross national income (GNI).
- Most of bilateral cooperation is implemented through country programs in long-term partner countries – Ethiopia, Kenya, Mozambique, Nepal, Zambia and Tanzania. Finland is withdrawing from Nicaragua, shifting into new modalities with Vietnam, and increasing cooperation with Myanmar.
- There is an increased emphasis on fragile states, notable allocations to Afghanistan, Somalia and South Sudan.
- There is also more emphasis on private sector cooperation. Issues relating to tax evasion and corporate responsibility are topical, but more policy coherence for development is needed in practice.

Current policy and discussion

Finland pursues a human rights-based approach to development through the guidelines established by its Development Policy Programme, adopted in 2012. There are four priority areas in development cooperation and policy: 1) A democratic and accountable society that promotes human rights; 2) An inclusive green economy that promotes employment; 3) Sustainable natural resources management and environmental protection; and 4) Human development. Gender equality, climate sustainability and reducing inequality are seen as crosscutting objectives, which should be part of all activities. Principles of effectiveness, coherence, openness, transparency, ownership and accountability guide development cooperation. Alongside the Millennium Development Goals (MDGs), the programme builds on aid effectiveness commitments made in the 2005 Paris Declaration, the 2008 Accra Agenda for Action and the 2011 Busan Partnership.[1]

The emphasis on human rights is not new to Finnish development policy, but is still a significant step away from the previous government's export-driven thinking. Overall, this new policy alignment was well received in 2012. Minister Heidi Hautala (the Green League) and her staff were given positive feedback, especially for the participatory manner in which the programme was prepared. CSOs were particularly happy to see a Human Rights-Based Approach (HRBA) as the guiding star, and many other key CSO asks, such as democratic ownership and policy coherence, included as principles. After the disappointment for CSOs in the modest advances on development effectiveness globally in Busan, it seemed as if at least Finland among other Nordic countries was doing the right thing.

Development policy and cooperation are not given a lot of public attention in Finland. Usually, only cases with corruption and misuse of funds reach the news, and coverage has been marginal. Even the large ODA budget cuts of recent years have not made headlines in major media channels. No loud protests have been organized; even the CSOs have somewhat accepted the harsh reality.

For several years, approximately four out of five Finns have expressed their support for development cooperation. In 2014, 82 % thought development cooperation to be important.[2] Despite this wide public support, it seems that for politicians ODA is an acceptable and easy budget to cut. The economic crisis gives an excuse for decreasing budgets for programmes to "others than Finns." The populist Finns Party recently proposed ODA funds to be covered by a voluntary tax with only some stimulus support from the government budget.

As a measure of transparency and a response to persistent perceptions of misuse of ODA in development projects, the Ministry for Foreign Affairs recently introduced a "corruption button" on its website. This button is a tool for anyone to report possible corruption. Instead of a focus on effectiveness and results, the development professional-public dialogue still tends to concentrate on tracing whether every euro given is received and used by whom it was intended. Governments and professionals alike have not successfully communicated the important initiatives and outcomes from the international development effectiveness process.

If development cooperation as such is not gaining attention, public discussion on some wider global governance-related issues, such as tax evasion and tax havens, has intensified recently. The importance of assisting developing countries to improve their tax systems is acknowledged in the Development Policy Programme. The Programme calls for global action to prevent tax evasion and curb illicit capital flight and lists actions to be taken in order to close tax havens. These include the improvement of the exchange of tax information between states, the development of international standards pertaining to the maintenance of accounting records, and increasing and making more stringent the reporting obligation of companies and the exchange of information between jurisdictions. International financial transaction taxes are suggested as an example of policies to stabilize the global market as well as provide further finance for development and climate efforts.

Despite these commitments, policy and practice do not fully coincide when tackling tax-related capital flight. According to Kepa, improved policy coherence is needed, as the Ministry of Employment and Economy and the Ministry of Finance do not take developing country interests into account systematically enough when drafting Finland's positions for global fora. Some steps forward have been taken, including: preparation of a joint action plan of ministries on tackling international tax evasion; ensuring that CSOs are heard more often in policy processes, establishment of a policy banning tax haven investments for the Finnish Development Finance Institute (Finnfund), and financial support for the Tax Justice Network's work on transfer pricing between Finland and Tanzania.[3]

Cooperation with the private sector has also gained a lot of attention in Finland's recent development policy dialogue. The role of Finnish companies in development cooperation has been increasingly important for both the current and previous government, and the economic crisis has clearly underlined these approaches. The 2011 government program states that Finland will support projects for the enhancement of international norms and rules concerning corporate responsibility, and will promote better observance of corporate responsibility in government economic policy and public procurement. The program also sets a goal to place Finnish companies as forerunners in corporate responsibility matters.[4] However, recurring cases of Finnish companies operating in an irresponsible manner in the global South clearly demonstrate the problem of the voluntary nature of corporate responsibility measures and the lack of policy coherence for development.

Even though some progress has been made on issues such as corporate responsibility or sustainable development impacts, public discussion still revolves mainly around the interests and needs of the Finnish companies. The latest embodiment of this theme is the Team Finland network, consisting of the Ministry of Employment and the Economy, the Ministry for Foreign Affairs and the Ministry of Education and Culture, publicly funded bodies and Finnish offices abroad. As the network's main objective is to promote Finland and its interests abroad, it has been criticized for being yet another initiative focused solely on export promotion.

Policy in practice: Centralization and human rights

Finland implements its development policy through bilateral, multilateral and regional cooperation, humanitarian assistance, the EU, and through CSOs and the private sector. Multilateral and bilateral cooperation receive the largest share, with CSO funding coming in third, and humanitarian aid fourth. In 2012, 33% of ODA was disbursed for multilateral cooperation, and 31 % for bilateral assistance. CSOs received 12 % and humanitarian aid 11 % of ODA.[5]

In order to decrease fragmentation, a new results-based approach has been introduced in the Ministry for Foreign Affairs, and the number of partners has been reduced. Finland's long-term partnerships give a good indication of policy in practice. Geographically, Finland's development cooperation focuses on the Least Developed Countries (LDCs) in Africa and Asia. The long-term partner countries — Ethiopia, Kenya, Mozambique, Nepal, Zambia and Tanzania — receive most of Finland's development cooperation. Each of these countries has a country strategy, which has been elaborated together with Finland, defining areas of joint cooperation and indicators to monitor the effectiveness of the efforts.

Vietnam had been one of the long-term partners, but since the country rose from an LDC to lower-middle income status, Finnish development cooperation will gradually shift into new modalities. A new partner from Asia has emerged, as Finland's cooperation with Myanmar will grow. According to the Ministry of Foreign Affairs, Finland plans to raise its funds to Myanmar from the current €3 million (US$4 million) to €16 million (US$20 million) by 2016 in order to support the country's evolution towards democracy.

Finland's withdrawal from Nicaragua is perhaps one of the most concrete examples of the HRBA policy being implemented in practice. Along with the new programme in 2012, Finland announced that it would stop bilateral cooperation with Nicaragua. Budget support had already been suspended. The decision to withdraw was partly based on the move to concentrate on LDCs in Africa and Asia, but also due to the growing concern over the human rights situation in Nicaragua.[6] The decision was praised for being a bold sign that Finland would not tolerate human rights offenses and act according to its principles. On the other hand, similar questions were asked about other partner countries, such as Ethiopia where human rights violations clearly occur and civil society is not fully free to operate. Criticism was also voiced for the possible negative effects the withdrawal might have on CSOs' work in the country. The government of Nicaragua was obviously not happy. Now, cooperation continues through initiatives at the regional level and through CSO cooperation.

One of the most recent shifts in Finland's development policy and cooperation has been the growing focus on fragile states. The specific needs of fragile states were identified and given emphasis in the Development Policy Programme, as well as by the current Minister for International Development, Pekka Haavisto (the Green League). Mr. Haavisto has a long background in conflict resolution and peace mediation, having worked for example as the special representative of the European Union in Sudan where he participated in the Darfur peace talks. Finland has established a long-term commitment to Afghanistan, and allocations to Palestinian territories, Somalia and South Sudan have been substantial compared to previous years. During the last few years, Finland's ODA to Somalia and Afghanistan has doubled. In 2014 Afghanistan is the fourth largest bilateral recipient of Finnish ODA and in 2015 it will be third, right after Tanzania and Mozambique.[7]

The 0.7% goal by 2015: Promises not kept

Finland has not fully kept its promises in its commitment to contribute to eradicating poverty. Despite commitments made in the United Nations and the European Union, Finland will not achieve the goal of directing 0.7% of its GNI to ODA. The current government program states, "The Government's goal is to ensure stable development of appropriations, leading to the target level 0.7% share of GNI and meeting Finland's international commitments."[8]

Reaching 0.7% has also been confirmed as Finland's goal in the annual budget frame proposals of the Ministry for Finance, but since 2011 the target year of 2015 has been ignored.[9] The recent Government Report on Development Policy also states clearly that Finland still pursues a steady growth towards 0.7%. A hint of guilt might be found in the next sentence, where an aspiration to maintain a reputation as a responsible long-term partner is expressed.[10]

The failure to achieve 0.7% has not been a surprise. First, in 2012 the government decided to freeze ODA funds for 2013-2015 at its 2012-euro level. In 2013, cuts were budgeted for the 2015-2017 period: €59 million (US$76 million) for 2015, €30.5 million (US$39.5 million) for 2016, and €32 million (US$41 million) for 2017. In addition to the 2013 cuts, additional cuts were budgeted in 2014. This year, the government decided to decrease ODA by €50 million to €100 million annually during 2015-2018 period.[11] This means that Finland's ODA share of GNI will most likely be approximately 0.48% in 2015.[12]

In 2014 Finland's funds for actual development cooperation are €879.4 million (US$1,140 million) (with overall appropriations €1,102.6 million (US$1,428 million)), equalling a GNI share of 0.55%.[13] For 2015, the proposed budget is €788.2 million (US$1,020 million). In practice, even less is left for non-climate development cooperation, since instead of providing "new and additional" climate finance, Finland counts climate finance as part of its ODA. The budget proposal for 2015 estimates that €87.7 million (US$114 million) of ODA will be counted as climate finance.[14] An important key financing demand of Finnish development CSOs is to stop counting climate finance as part of ODA.

Interestingly, CSO funding is a sector that was not touched by the budget cuts, which will stay at the 2014-euro level for 2015. CSOs will increase their share of ODA to 14.5%, as overall funds are cut. In 2014, the share is approximately 13%. The decision to safeguard CSO funding has received understandable appreciation from Finnish development organizations, which through the umbrella organization Kepa have campaigned for a share of 15% for years.[15] On the other hand, the goal has been achieved through overall budget cuts.

In 2013, a decision was made to direct all income from the European emission-trading scheme to ODA. This allocation was explained as a compensatory measure for the ODA budget cuts, even though it was quite evident from the start that not enough would be acquired. In 2013 the income was €54.8 million (US$70 million).

Using the emission-trading income to patch the hole in ODA has been critiqued as an unpredictable tool, whereas development financing should be predictable and steady to ensure effectiveness. The emission prices vary and thus income, and political earmarking does not guarantee future use of the funds for development and climate efforts. The government has also been criticized for replacing cuts in its ODA, which is public responsibility, with a market-driven mechanism, and thus giving legitimacy for future cuts. Still, however insufficient and controversial, directing the emission-trading income to ODA has been one of the few efforts to initiate a new funding mechanism for development and climate finance.

Future challenges

In its 2013 annual review of Finland's development policy, the Development Policy Committee — a multi-stakeholder advisory body appointed by the Government — concludes that Finland is off to a good start in its implementation of HRBA. The review notes that the new approach is well written in all the policies and guidelines to inform general directions for the Programme. However, it suggests that more detailed discussion and practical guidelines are needed. The Committee also highlights the importance of developing monitoring and reporting tools to better measure the impact of Finland's HRBA policy in practice. Some of the recommended prerequisites for successful implementation at the country level include HRBA-grounded country analysis, better coordination and cooperation with like-minded donor countries, and more dialogue and cooperation with local civil society.[16]

Strategic influence in multilateral organizations and development banks is an effective way of implementing the development policy. Finland currently holds a board position in both the World Bank and African Development Bank. International policy processes are important as well. Within the UN post-2015 process to establish sustainable development goals, Finland has been co-chairing the Expert Committee on Sustainable Development Financing. The board positions and chairmanships provide valuable opportunities for Finland to implement its development policy and promote the human rights-based approach.

Nevertheless, one of the biggest obstacles for implementation of Finland's development policy lies in the lack of policy coherence. The issue is raised in the 2012 OECD-DAC peer review of Finland's development cooperation,[17] and in the 2013 and 2014 annual reviews of the Development Policy Committee.[18] It is also brought forward as an issue in Kepa's mid-term review of the government's development policy and in the government's own report on development policy.[19] In the recent report, the government renews its commitment to enhance policy coherence for development, for example, by increasing training and inter-ministerial dialogue.[20] Increasing policy coherence for development in issues relating to corporate responsibility, tax policies and other private sector cooperation will be a major challenge for the next government.

A new government will be formed after the spring 2015 parliamentary election, which most probably will bring changes to the Finnish development policy. The recent polls predict a centre-right or centre led government, but the populist party might also gain more support than expected, as has happened in previous elections.[21] Either way, it is unlikely that the next government will increase Finland's ODA. Finding other sources of development financing and intensifying efforts on taxation and climate policies will become even more important. Whether the next government will continue to concentrate on human rights and make a greater effort to build on recommendations arising from the implementation of the current Development Policy Programme remains to be seen.

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A Law, But Still No Changes in France's International Development and Solidarity Policy

Gautier Centlivre
Coordination SUD

Overview

The French government should:

- Respect France's commitments by devoting 0.7% of its gross national income (GNI) to aid;
- Rebalance the proportion of grants and loans;
- Double the amount of funds channelled through CSOs;
- Strengthen the transparency, accountability and efficiency of French aid; and
- For private actors who are supported by the French Development Agency, strengthen the requirements relating to social, environmental and fiscal responsibility, and human rights.

Introduction

In 2014, France made progress by adopting a law giving guidance for its international development and solidarity policy. Implementing the law, however, is challenging. Funds allocated to aid have continued to follow a downward trend since 2010, falling sharply in 2013, by 9.8%. This decline contradicts the official government rhetoric suggesting that aid amounts have stabilised. The decrease was accompanied by a significant reduction in various budget lines, which represent necessary support for the most vulnerable populations.

A law guiding France's international development and solidarity policy

The year 2014 was marked by the adoption of a law that provided guidance for France's international development and solidarity policy. For the first time in the Fifth Republic, Parliament and civil society contributed to determining the orientation of French development policy.

Throughout the legislative process, Coordination SUD stressed the importance of an ambitious approach to development based on support for reformed development practices, ensuring the consistency of all public policies, respect for human rights, and the regulation of economic and financial actors.

By engaging in this legislative process, France has expressed its willingness and ambition to develop a new dynamic for its development cooperation. However, this dynamic is constantly challenged by the budget plan. The Finance Act for 2015 provides a decrease of 2.78% in ODA allocations and a further decrease of 7.31% until 2017 — seven years of continuous decline of ODA and especially loans.

We know that the funding requirements for the achievement of the post-2015 sustainable development goals (SDGs) will be huge. ODA will represent only a small share of this funding.

However, in this context, the continuation of the decline in French public support appears simply stunning.

In addition, significant effort is still needed to improve transparency in the use of ODA funds in order to increase accountability. It is also essential to review the composition of French assistance in order to give priority to the fight against poverty and inequalities. As such, the importance given by the Government to "economic diplomacy" can only be a worrying trend that raises the risk of more tied aid.

Support for CSOs

Despite their multiple roles in international cooperation as humanitarian and development actors, technical experts, and advocates, French CSOs received only a very modest share (1%) of France's ODA. Non-governmental cooperation remains the "poor relation" of French cooperation. According to a recent survey published by the OECD, the OECD average for the share of ODA channelled through CSOs is 13%.

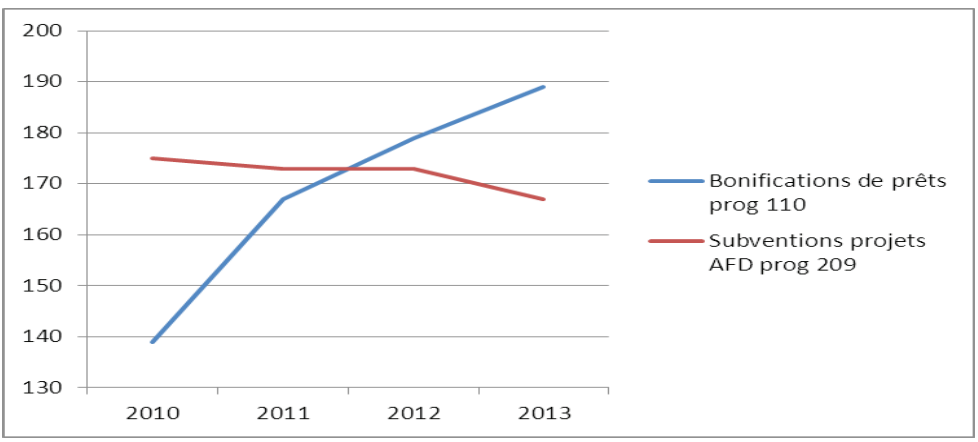
It is essential that France significantly improve its support for CSOs as development actors, creating conditions for cooperation based on true partnership. French CSOs have important programs in the field of international solidarity and development education, working closely with their partners.

Changing priorities in France's budget

France must adopt a more transparent and reformed ODA, refocused on development objectives and public interest, and stripped of its "old demons." Indeed, it is clear that ODA has too often been at the service of military, geopolitical, cultural and economic influence.

Moreover, French ODA is too often subject to budget cuts. The stated prioritisation of social sectors in poor countries is not reflected in the French budget effort. The significant increase of loans to middle-income emerging countries, with meagre concessions, has resulted in a diminution of grants funded by bilateral aid. The French Development Agency (AFD) seeks to minimise the cost of state commitments, and focuses on lending to creditworthy countries.

The following graph shows the evolution of grants and concessional loans in France's budget plans since 2010.



The poorest countries find themselves *de facto* excluded from this funding. Sub-Saharan Africa received only 35% of French bilateral aid in 2014. In contrast, France has devoted a growing part of its aid to middle-income countries, using the leveraging effect of subsidized loans with the intention of providing benefits to its own companies.

France's ODA should focus on local and national public policies that contribute to the fight against poverty and inequalities. Only the consistent deployment of grant financing in social sectors ensures the relevance of France's ODA instruments in the fight against inequality in least development countries (LDCs). France's ODA should target countries with the greatest need and with evidence of improving effectiveness.

"Economic diplomacy" and the role of private sector in development aid

A recent report by the European network Eurodad, titled, "A Private Affair" (July 2014), is concerned about the growing power and opacity of operation of development financial institutions (DFIs). This is the case in France, with respect to Proparco (branch of AFD), the European Investment Bank (EIB) at the regional level and at the international level, and the International Finance Corporation (IFC), a subsidiary of the World Bank.

These DFIs have raised capital steadily since the early 2000s. According to Eurodad, by 2015 these amounts should reach US$100 billion on a global scale, equivalent to two-thirds of ODA, with the purpose of funding support for businesses to invest in the South via loans, guarantees or direct and indirect holdings.

The investments in the private sector are not per se incompatible with development, but the fact that the orientation of DFIs essentially favours multinational firms is a problem. Between 2006 and 2010, 50% of this aid was distributed to companies of OECD countries and some even domiciled in tax havens. Forty percent of these grants are for very large companies. One must question the relevance of such investments to the actual satisfaction of social needs.

This orientation for the private sector in donor countries is easily explained if we consider the very low representation of developing countries in the decision-making committees of these institutions, not to mention the absence of consultations with civil society in investment choices. For Proparco, large French and international groups are even directly involved in the capital of the institution.

There are serious shortcomings in terms of transparency and the requirements of social, environmental and fiscal responsibility of DFI support for the private sector.

Moreover, the negative impacts that sometimes result from multinational firm activities on development and the environment cannot be ignored. It is necessary to supervise and regulate these private investments in order to ensure a fair tax contribution and the promotion of human rights.

In France, under the last government, the choice was made to link foreign trade with the Ministry of Foreign Affairs. The Foreign Office now puts economic issues at the forefront of its work. In its paper "The Foreign Ministry for Business,"[1] it is noted that diplomatic and political tools of influence will be mobilized to serve business and the attractiveness of investment in the French territory. This document also noted, "development policy will be better articulated with the French economic interests."

By putting the interests of national private actors at the heart of the French international strategy, which involves a "reallocation of resources and means" to certain sectors or areas — primarily in the so-called emerging high-growth countries — France takes the risk that this priority will overshadow the financing requirements for managing the global commons, improved living conditions and human rights of people in the South.

How will the Government manage the tension between development policy and "economic diplomacy?" What are the consequences for LDCs and the most vulnerable populations?

For Coordination SUD, it is essential to disconnect aid from other purposes than those designed to meet the needs of poor and vulnerable people. The purpose of aid should not be to look for opportunities for French companies, but rather to encourage the development of businesses based in the recipient countries (local small and medium enterprises rather than local subsidiaries of Western multinationals).

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Italy

Overhauling its development cooperation system in search for a fresh start

Luca De Fraia
ActionAid Italy

Overview

- At 0.16% of gross national income (GNI) in 2013, Italy's development cooperation ODA has been notoriously lagging behind the agreed targets in the international statistics released annually by the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC) for the past years.
- After many dry seasons, the prospects are for a change for the better with new political leadership responsive to the calls for improved Italian development cooperation from different quarters, including Partner countries, international institutions and NGOs.
- A new development cooperation program is now in place; Italian ODA may not go up dramatically in the next few years, but there is hope that it can be better in terms of coherence and effectiveness.
- CSO persistence and good political leadership can make a difference.

Recent Aid Performance

Italy's ODA performance in 2012 reached its lowest point in many years, when the DAC reported that its ODA was at 0.13% of GNI, along with Greece, and later adjusted the figure into a slightly less embarrassing 0.14%. In 2013, ODA increased slightly to 0.16% of GNI. In concrete terms, this means Italy's aid in 2013 was about US$3.3 billion, much less than other donors with smaller economies and possibly less than what some of the largest global foundations do in their best years.

Not surprisingly, Italy is one of the worst culprits when it comes to the EU's collective performance. In fact, the EU has committed to reaching "collectively" (EU institutions + all EU Members states) 0.7% by 2015; Italy's projected gap — according to the latest European Commission report — accounts for 21% of the total missing resources. Italian aid is estimated at around € 2.6 billion for 2014 (about US$ 3.3 billion), or 0.17% of GNI; in 2015, total ODA is expected to be about 3.1 billion euro (about US$ 3.9 billion) under present conditions, or 0.20% of GNI[1].

Why has Italy been doing so bad in fulfilling its aid commitments? Despite relentless CSO efforts to revamp the fate of the Italian development cooperation – backed by popular support according to the recurrent polls showing that Italians are not less generous than other nations – the country's leadership has been dominated by a cadre of politicians mostly intent on systematically squandering Italian credibility on international development cooperation.

There have been exceptions that only further prove the rule. Between 2007 and 2008, the centre left government brought the grant budget managed by the Ministry of Foreign Affairs to about €600 million (US$775 million) and €700 million (US$900 million) respectively. These were such considerable amounts that they raised concerns as regards the absorptive capacity of the machinery of the Ministry of Foreign affairs in charge of planning and processing funding proposals. In the end, the wise choice was to focus on multilateral voluntary contributions, including overdue fees to the Global Fund to Fight AIDS, Tuberculosis & Malaria and other international institutions. Italy's never-ending political instability since then ushered in a centre-right government that depleted those resources by 90%. By 2011, grants managed by the Ministry of Foreign Affairs were only about €90 million (US$115 million).

Reforming Italian ODA

Against all odds, the seeds of change were planted and about to yield results whenever the minimal conditions arose. The opportunity came in 2011, when the old political leadership was swept away by a rancorous economic crisis, fuelled by international finance targeting the huge Italian public external debt – above 120% of GDP. In November 2011 a government of technocrats was sworn in, bypassing general elections. The appointed Prime Minister, Mario Monti, was a well-known academic, and — most importantly to the international investors — the former EU Commissioner for Internal Markets, Customs and Taxation. Interestingly, he was adamant that he was responding to a call for change from civil society itself as he assumed the position of Prime Minister at such a difficult time for the country. Prophecies seemed to be fulfilled when it was announced that the cabinet would include a Minister for Cooperation and Integration. The picture turned out even brighter when the name was disclosed for this Minister: Andrea Riccardi, someone with a remarkable CSO pedigree. Mr. Riccardi in fact is one the leading figures of the *Comunità di San Egidio*, a Catholic community which is known globally for its commitment to inter-religious dialogue and peace. The community played a pivotal role in the Rome General Peace Accords that brought about a peace agreement in civil-war-torn Mozambique. At about 12 months in office, Riccardi's government experience was short, following Prime Minster Monti's resignation in December 2012. Despite this limited time span, he managed to renew the debate on the future of the Italian development cooperation by convening a National Forum and securing a minimal increase in the ODA budget for 2013 to start reversing a steep downward trend.

The turning point for radical change materialised after the general elections of 2013. The ballots delivered an uncertain political verdict. After a first cabinet was sworn in on April 2013, the current Prime Minister Matteo Renzi assumed the government in February 2014. Deputy Minister Lapo Pistelli consequently finalised steps to table a bill to reform Italian development cooperation.

Highlights of the Reform

The good news is that the Italian Parliament gave its final approval to the new legislation at the beginning of August 2014. Domestically, this final approval was welcomed by many decision makers and interested observers even if the general political context could not be said to be favourable. The final vote on the reform legislation took place amidst fierce divisions around other legislation also being discussed by Parliament, including a substantive institutional reform.

Despite divisions across the political spectrum, approval of the aid bill was nearly unanimous with only two nays in the plenary voting sessions in the Senate and the Chamber of Deputies.

This is the final chapter in a story of attempted reforms that has spanned about twenty years. There is also an ironic side to this story: over the years, not many seemed to care about Italian cooperation, but, when it came to fixing it, all different sorts of interests coalesced to stop the reformers. The outcome is the product of the current political leadership in the Government and in the Parliament, which firmly pushed this reform through at last.

The legislation calls for a comprehensive reform, one that covers many aspects of development cooperation – from governance to stakeholder's participation, from transparency to the role of the private sector. It is worth noting a few of the signature changes as well as the issues that the implementing legislation, now in the making, will have to settle.

First, at the highest political level, development cooperation has become fully integrated into the Cabinet, as there is now a Ministry of Foreign Affairs and Development Cooperation. There will also be a deputy minister for development cooperation, who will take part in Cabinet meetings whenever issues of development concern are *directly* or *indirectly* on agenda. This wide latitude of action may bode well for an increased capacity to address issues of broader policy coherence with the objectives of development cooperation, which is explicitly mentioned in the legislation along with the Paris aid effectiveness principles.

In terms of planning and coordination, the Cabinet will endorse a rolling three-year plan to provide clear indications of priorities for Italian development cooperation. The three-year planning document will be subject to the scrutiny of the Parliament as well as an assessment by stakeholders gathered in the National Council for Development Cooperation, which brings together a variety of interested players – public and private – in a consultative forum. Other aid-providing ministries will take part in the planning process through an ad-hoc inter-ministerial committee.

The aid budget will be captured yearly in a specific section of the budget law, which will offer a comprehensive picture of the resources available to be allocated to ministries after agreement has been reached in the inter-ministerial committee.

Provisions in the law also include required reporting on an annual basis, which should mark a dramatic departure from the current practice, whereby members of parliament (MPs) get accounts with a two-year delay. These changes are not the only good news regards transparency, which should also benefit from a radical change of perspective, and more specifically, from the creation of a public online database to provide timely updates as aid activities are developed and carried out.

A key and essential reform in aid governance is the creation of a brand new Italian Agency for Development Cooperation. The Agency will operate under the Ministry of Foreign Affairs and International Cooperation's oversight in compliance with the Italian legislation. Creating the political space and will for an initiative for a stand-alone Agency has been the subject of arm-twisting for many years, with opposition fuelled by those from inside and outside the diplomatic community that fear a diminished role for the Ministry itself. But the Agency might provide a greater degree of permanent knowledge and responsibility compared to the current system, which is affected by the strengths and weaknesses of a diplomatic career based on regular job rotation.

One notable and important change is in the broadening of the community of the development actors eligible for public funding through selection procedures. These actors are now expanded beyond national/local government entities and development NGOs to embrace a wide range of CSO players, which are only required to have development cooperation in their missions. These reforms go well beyond CSOs, as they acknowledge the for-profit sector as a development actor eligible for ODA funding. At this point, due to vigilant work on the part of CSOs, MPs amended the original draft legislation to state clearly that interested companies must abide by the commonly agreed Corporate Social Responsibility (CSR) standards. Companies involved in arms trading are definitely excluded.

Another outcome from the legislation is a provision for the creation of an Italian Development Financial Institution. This addition to the legislation was brought about in the second reading in the Chamber of Deputies, as the proposal was not included in the original draft tabled in the Senate. Technically speaking, the legislation is not creating a new body, but, rather, endows new development goals and capacities into the "Cassa depositi e prestiti," which is "a joint-stock company under public control, with the Italian government holding 80.1% and a broad group of bank foundations holding 18.4%, the remaining 1.5% in treasury shares.... [It] manages a major share of the savings of Italians – postal savings – which represent its main source of funding."[2]

Given its peculiar legal status, Cassa's accounts are not included in the national budget, which implies that any money that it disburses should not be reported as ODA. The intent is to utilise the leveraging capacity of these resources to mobilize other flows through appropriate blending mechanisms. Whether these ambitions will be fulfilled remains to be seen in the future.

The creation of the new policy and institutional context for Italian development cooperation is just beginning, as implementing legislation is needed to establish the actual working arrangements. In fact, within 180 days of publication of the law —the 29th of August 2014[3] — the statutes for the new Agency will have to be agreed upon, which in turn will pave the way for the appointment of the first Director. Within 90 days, the national council for development cooperation will have to come to life. The framework to operationalise the Italian financial institution still needs to be discussed. CSOs have put on the table a number of their concerns, including:

the right balance between the political leadership (the Minister/Deputy Minster, and the diplomats) and the operational arm (the Agency);

the Agency's capacity to seek funds from the public, which may erode CSOs' space;

fragmentation of resources – just partially addressed through the adhoc budget annex, which seems to be a feeble interpretation of the single trust fund called for by CSOs; and

the actual rules that will apply to the for profit sector.

Conclusion

A legitimate question remains: Will the current realities for Italian development cooperation change? As noted earlier, Italy is one of the worst performers when it comes to implementing global commitments. Unfortunately, Italy's poor ODA performance – 0.16% of GNI in 2013 – is an indisputable failure. So, will Italy's performance improve? On the plus side, efficiency, effectiveness and coherence may be better, given the substantive changes in governance, transparency and planning. But the hopes for a better quantitative performance may rely on the new financial initiatives for Italian development cooperation, as grants and concessional loans cannot likely be expected to grow.

So the clock for implementing the reforms has definitely started ticking, but it is easy to predict that it may take at least 12 to 18 months for all the pieces to fall into place. A lot of work needs to be done. It is more important than ever that all stakeholders be given the opportunity to be part of the process. A major risk needs to be avoided – complexity: new arrangements need to be kept as simple as possible to bring on board public opinion, or else the much needed popular support for development cooperation will not materialise.

Last but not least, praise is in order for Italian CSOs. For many years, CSOs have been through many struggles for reform in the midst of on/off political interest on the part of political elites. Despite this difficult environment, CSOs sustained their efforts for the legislation and now some of their flagship demands are well planted in the reform. But active CSO engagement will continue to be necessary, to ensure that the final combination of structures and norms are up to the challenges of creating a new Italian development cooperation system ready for the post-2015 agenda.

Endnotes

1 Council conclusions on Annual Report 2014 to the European Council on EU Development Aid Targets FOREIGN_ AFFAIRS (Development) Council meeting Brussels, 19 May 2014

2 For more information please see http://www.cassaddpp.it/en/company-profile/mission-and-role/mission-and-role.html .

3 Law 125, 11 August 2014 - http://www.normattiva.it/uri-res/N2Ls?urn:nir:stato:legge:2014;125- Published on 29th August

Japan's Ongoing Revision of the "ODA Charter"

CSOs Opposing Securitization of ODA

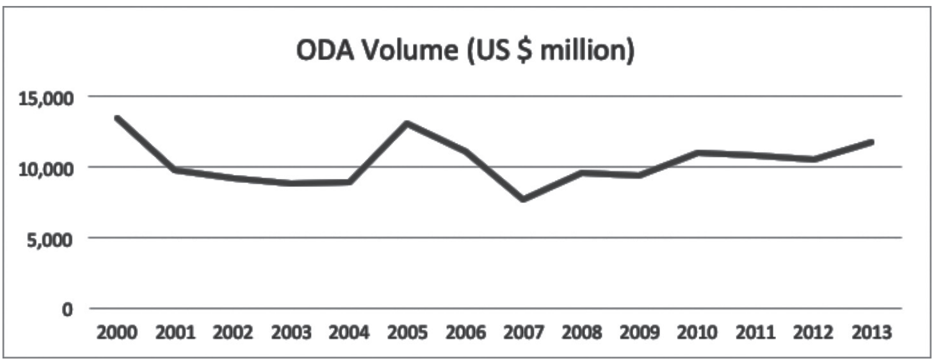
Akio Takayanagi
Japan NGO Center for International Cooperation

Overview

- According to the OECD Development Assistance Committee (DAC), Japan's Official Development Assistance (ODA) was US$11.8 billion (net disbursement) in 2013, an 11.1% increase (or 36.6% increase at 2012 prices and exchange rates) from US $10.6 billion in 2012. Japan is the fourth largest donor among the DAC. ODA accounts for 0.23% of Japan's GNI (Gross National Income), up from 0.17% in 2012.[1] The increase was due to a large debt-relief measure for Myanmar, and increased bilateral lending. It is unlikely that the increase in 2013 is a sign of sustainable increase of Japan's ODA.
- An important ongoing development (at the time of writing this chapter in August 2014) is that Shinzo Abe's Government is working on a revision of the "ODA Charter," which is the framework for Japan's aid policy. It is likely that the objective for this revision is the alignment of Japan's aid policy more closely with its national security policy and its own commercial interests.
- The report and the recommendations of the DAC Peer Review for Japan's ODA was released in July 2013. While the Peer Review's recommendations expect that Japan, in the revision of the ODA Charter, should emphasise and establish a prioritised agenda for meeting international development goals and poverty reduction, the Abe Government's ideas for aid seem to be going in the opposite direction.

Aid Volume and Allocation

The government's ODA budget, as reflected in the General Account Budget (the main budget), was cut by 0.7% for Fiscal Year (FY) 2013.[2] Despite this fact, net ODA for 2013 largely increased. While there was an increase in bilateral lending, the major reason for this unexpected upswing was a large debt-relief program for Myanmar, agreed to in May 2013, cancelling a total of 188.6 billion Yen (approximately US $1.9 billion) in debt.[3] Considering that ODA in the General Account Budget for FY 2014 was further cut by 1.3%, it is unlikely that the increase



(Source) DAC Annual Reports and Press Release

in 2013 is the first step forward for sustainable increase of Japan's ODA.

The geographic and especially the sectoral allocation of Japan's ODA has always been "unique," and Japan has often been criticised by DAC peers for this uniqueness. There have been little significant changes in these allocations of Japan's ODA.

In 2012, geographically, 70% of ODA went to Asia (37% to Southeast and East Asia and 32% to Southern and Central Asia; the DAC average for Asia is 34%). Only 14% was for Sub-Saharan Africa (DAC average: 37%). The top five recipients in 2011-12 were Vietnam, India, Indonesia, Afghanistan and China. Sectorally, 41% was allocated to economic infrastructure (DAC average: 16%), while only 25% to social infrastructure (DAC average: 41%).[4]

Revision of the ODA Charter

In March 2014, the Abe Government launched a process for a major revision of the ODA Charter, for the first time in 11 years. The ODA Charter is a government document that describes the objectives, principles and priorities of Japan's aid policy. Similar to the process for the last revision, an Experts Panel was organised, composed not only of international development experts and a CSO representative (JANIC's Chairperson, Masaaki Ohashi), but also security experts close to Abe and a private sector representative from Keidanren (the Japan Business Federation).

However, in the last revision there were only two CSO representatives out of twelve. This time, there was only one out of eight, which means a further decrease in the representation of CSOs in the Experts Panel. The Panel submitted its Report in late June 2014, but a revised Charter has not been finalized at the time of writing this chapter.

The "ODA Charter" was first approved by the Cabinet in 1992. The current Charter (revised in 2003) emphasizes humanitarian principles and the importance of working on global issues in an interdependent world as the objective of Japan's aid policy. The Charter (both 1992 and 2003 versions) also includes the following four principles.

1. Environmental conservation and development should be pursued in tandem.

2. Any use of ODA for military purposes or for aggravation of international conflicts should be avoided.

3. Full attention should be paid to trends in recipient countries' military expenditures, their development and production of weapons of mass destruction and missiles, their export and import of arms, etc., so as to maintain and strengthen international peace and stability, and developing countries should place appropriate priorities in the allocation of their resources on their own economic and social development.

4. Full attention should be paid to efforts for promoting democratization and introduction of a market-oriented economy, and the situation regarding the securing of basic human rights and freedoms in the recipient country.

While the four principles remained the same, "assuring Japan's security and prosperity" was added as an aid objective when the Charter was revised in 2003.

The current revision of the Charter is in line with Abe's review of national security policy, which includes allowing the exercise of collective defence[5] and a loosening of restrictions on arms exports. The government's National Security

Strategy, approved by the Cabinet in December 2013, stipulates the "strategic utilization of ODA."[6] Vice Foreign Minister Seiji Kihara said at the first meeting of the Experts Panel, "in order to promote such universal values as freedom, democracy and human rights, ODA will play a role in security-related fields."[7] According to the Ministry of Foreign Affairs (MoFA), one reason behind the revision is the "diversifying roles of ODA." MoFA named the National Security Strategy and the "Japan Revitalization Strategy" (Abe's domestic economy strategy approved by the Cabinet in June 2013) as key related documents.[8] A policy paper by the Japan Business Federation, Keidanren, said that aid should be used to expand Japanese presence in the South. It would do so through public-private collaborations. This paper also recommended that Japan proactively propose projects to developing countries' governments and suggests a greater use of Japanese knowledge and experience through technical cooperation.[9]

After four meetings, the Experts Panel submitted its final Report to Foreign Minister Fumio Kishida at the end of June 2014.[10]

CSOs welcomed several aspects of the Report. For example, the Report regrets the recent decline of Japan's aid volume. It describes the importance of working on global issues and the Post-2015 sustainable development agenda. It considers it necessary the strengthening of human resource development in the aid agencies' field offices (Japanese embassies' aid teams and JICA field offices).

Diverse partnerships are emphasized with different stakeholders, including non-ODA governmental agencies, CSOs, the private sector, local governments, academia, international organisations, emerging donors (with triangular cooperation in mind), and other local actors in the field.

However, CSOs are also concerned about the direction of many of the Report's recommendations, including the following:

- The name of the Charter should be changed from "ODA Charter" to "Development Cooperation Charter," taking account an emphasis on increased private flows.
- While the principle of avoidance of ODA for military purposes should overall be maintained, on some occasions, non-combat military activities such as those related to peoples' lives and disaster relief should be supported.
- In order to simultaneously pursue economic development in the South and growth in Japan, there should be enhanced collaboration with Japanese private sector actors and a greater sharing of Japanese knowledge and experience in developing countries through development cooperation. In some cases, aid should support projects that are proposed by the Japanese private sector.
- Although there is reference to human security, human rights and "people-centred approach," a growth-centred view of development is dominant in the Report. Growth is emphasised as the primary basis for tackling poverty, while it also says that growth must be inclusive.
- Not only ODA, but also, more broadly, development cooperation for upper middle-income countries that have graduated from the DAC's list of eligible developing countries for ODA, should be enhanced.

The recommendation on support for non-combat military activities brought media attention, as it was a dramatic shift away from the Principle Two in the current Charter. This Principle — based on the peace principles in our Constitution — clearly prohibits the use of ODA for any military purposes.[11]

JANIC issued a statement on the Experts Panel Report immediately on its release.[12] JANIC's criticisms and concerns for the Report's recommendations can be summarized as follows:

- The primary objective of aid should be to support development and poverty reduction. Self-interest – political and commercial objectives – is given too much emphasis in the Report.
- The Report's views on the approach to making progress in development or sustainability are too growth-centred.
- The change of the name to the "Development Cooperation Charter" is problematic. While the private sector's impact on international development and poverty reduction is both positive and negative, the Report pays little attention to the negative side of an increased role of the Japanese private sector.
- From the experience of CSOs' humanitarian work, collaboration between aid actors and the military in emergency relief in areas under conflict has often exacerbated the existing conflicts. Therefore, CSOs believe that no activities by the military should be supported by aid.

In addition to the JANIC criticisms and concerns, it is also the case that aid effectiveness principles agreed in Paris, Accra, Busan and Mexico City are mostly neglected. For example, the idea of greater utilisation of Japanese knowledge in technical assistance and the notion that the private sector may proactively propose projects – probably included based on Keidanren's proposal – will likely lead to supply-driven aid, which will undermine the principle of developing country ownership.

At the time of writing this chapter, the government will be asking for public comments online, and consultations on the new ODA Charter will be held in November and early December. The government hopes the Cabinet will approve the new Charter before the end of this year (2014).

DAC Peer Review

The DAC meeting on Japan's Peer Review was held mid-June 2014 – interestingly just before the public submission of the Experts Panel's final Report – and the Peer Review was released in July 2014. The peer reviewers were Australia and France. Some of the most important of the Peer Review's 20 recommendations for Japan are highlighted below:[13]

1) Towards a comprehensive Japanese development effort

1.1) Japan should establish a prioritised agenda to ensuring that domestic and foreign policy choices are informed by an assessment of development goals, along with other goals. The planned revision of the ODA Charter could provide an opportunity to set out this approach clearly.

2) Japan's vision and policies for development co-operation

2.1) Japan should use the updating of its ODA Charter to emphasize its focus on meeting international development effectiveness commitments.

2.2) Japan should clarify the rationale for allocating aid across countries, channels and instruments.

2.3) Japan should further develop guidance on how to meet poverty reduction objectives across its entire portfolio, including for its co-operation in middle-income countries.

2.4.) Japan should ensure it has updated guidance and increased capacity to deliver on its policy objectives for gender equality and women's empowerment.

3) Allocating Japan's official development assistance

3.1) Japan should develop a roadmap to increase ODA to make progress towards meeting the 0.7% ODA/GNI target.

3.2.) Japan should continue to increase the share of ODA allocated to countries where assistance is most needed, including LDCs, bearing in mind international commitments.

4. Japan's development co-operation delivery and partnerships

4.1) Japan should reverse the decline in the share of its aid that is untied.

4.2) Japan should further engage with civil society in the countries where it works, based on a strategy and clear guidelines.

From what has been described in the previous section on the proposed revisions to the ODA Charter, it is apparent that the Peer Review's expectations for this revision are already being ignored or betrayed. The call by Abe's Government and the Experts Panel's Report's inclination, for a strengthened linkage between aid and Japan's self-interests — national security and commercial interests — is contrary to the Peer Review's recommendations calling for a prioritised agenda and a comprehensive framework for meeting internationally-agreed development goals, particularly the goal of poverty reduction.

The Experts Panel's Report regrets the recent downward trend of Japan's aid volume, but does not make any concrete recommendations for making progress towards meeting the 0.7% ODA/GNI target, which is recommended in the Peer Review. A growth-centric focus, dominant in the ODA Charter revision discussions, is also contrary to the Peer Review's recommendation to "further develop guidance on how to meet poverty reduction objectives across its entire portfolio." Moreover, this recommendation from the DAC can be interpreted as a request for Japan to change its emphasis on economic infrastructure to social infrastructure. The idea of enhancing aid to "graduated" countries is against the Peer Review's recommendation "to increase the share of ODA allocated to countries where assistance is most needed, including LDCs, bearing international commitments in mind."

Conclusion

Narrow-minded nationalism has characterized the Japanese Government since Shinzo Abe came back into office in December 2012, five years after his resignation in fall 2007. Abe has taken a hawkish approach to foreign and security policy, as evident in the emergence of the collective defence issue,[14] and his Government is planning to revise the pacifist Constitution. His hawkish and nationalist view on history has become a global concern.

The proposed revision of the ODA Charter, which emphasises political/strategic/security and commercial priorities, rather than developmental and humanitarian objectives, is part of this nationalist and hawkish agenda. It goes without saying that in this policy context, CSOs must urgently respond by engaging in the following:

- Advocate that the primary objective of aid must be to support human rights-based and people-centred development;
- From a global civil society perspective, question and oppose Abe's narrow-minded nationalist and hawkish agenda;
- Raise awareness among the Japanese public on these issues (and on its implications for the post-2015 agenda); and

- Bring the voices of Southern CSOs into the debate on revisions to Japan's ODA Charter.

Apparently, Abe Government's plan for the ODA Charter revision is going against many of the DAC Peer Review's recommendations; namely, to create a comprehensive framework, visions and policies for achieving international development goals and poverty reduction, poverty-focused policies and aid allocation, and to develop a roadmap for meeting the 0.7% ODA/GNI target.

In this light, the DAC Peer Review recommendations and the aid effectiveness principles can be important references for CSOs in their advocacy work towards human rights-based and people-centred international development cooperation policy, and in the promotion of public understanding on issues concerning aid.

Endnotes

1 DAC Press Release, 8 April 2014.

2 Japan's ODA has financial sources other than the General Account Budget, such as the Fiscal Investment and Loan Program (FILP). According to the Ministry of Finance, "FILP are long term low interest loans and investments by the government to achieve policies: financial support for small and medium enterprises, construction of hospitals and welfare facilities, scholarship loans, and securing of overseas resource rights. Procuring the capital through issuing FILP bonds, (a kind of Japanese Government Bond), FILP enables the execution of providing long-term and low-interest funds and large-scale and long-term public projects, which have strong policy needs, profitability and expected returns but are difficult for the private sector to deal with. Considering the harsh fiscal conditions, FILP are becoming increasingly important as fiscal measures which do not rely on tax funding." Ministry of Finance, FILP Report 2013. (http://www.mof.go.jp/english/filp/filp_report/zaito2013/index.html)

3 http://www.mofa.go.jp/press/release/press6e_000096.html

4 These figures are from OECD Development Co-operation Peer Reviews: Japan 2014.

5 There has been a long consensus in Japan that collective security is against Article 9 of our Constitution, but Abe's Cabinet announced that this interpretation of the Article should be changed.

6 Cabinet Secretariat, National Security Strategy, 2013, p.30: (http://www.cas.go.jp/jp/siryou/131217anzenhoshou/nss-e.pdf)

7 Asahi Shimbun (English Version), April 1, 2014. (http://ajw.asahi.com/article/behind_news/politics/AJ201404010044)

8 http://www.mofa.go.jp/mofaj/gaiko/oda/about/kaikaku/taikou_minaoshi/files/minaoshi_1403.pdf (in Japanese language. At the time of writing chapter, all resources regarding the Experts Panel is available only in Japanese)

9 Keidanren, "Keidanren Asks for Promotion of International Cooperation under a New Philosophy: Business Community's View on the Revision of the ODA Charter," June 2014: (http://www.keidanren.or.jp/policy/2014/046.html: in Japanese language only). Since late-1990's, Keidanren, in their various policy papers on ODA, has asked for increased tied aid, but there was no explicit ask for increased tied aid in this paper.

10 Final Report of the Experts Panel on Revision of the ODA Charter, June 2014. http://www.mofa.go.jp/mofaj/gaiko/oda/about/kaikaku/taikou_minaoshi/files/yusikisya_report.pdf (in Japanese language only)

11 Around the time the Experts Panel started its work, it was reported that the Abe Government wanted to lift the ban on the use of ODA for military purposes in order to support, for example, Philippines and Vietnam (both having territorial disputes with China) construct military-civilian ports (Asahi Shimbun, op.cit.), although MoFA, on occasions like the NGO-MoFA Regular Meeting, has denied this report.

12 http://www.janic.org/mt/pdf/pressrelease_odataiko1.pdf (in Japanese language only)

13 Quoting directly from OECD Development Co-operations Peer Reviews: Japan 2014.

14 On 28 July 2014, JANIC issued a statement to express concerns on the Cabinet's decision on collective defence See http://www.janic.org/mt/pdf/pressrelease_syudantekijieiken.pdf (in Japanese language only).

The Netherlands

Development aid and new partnerships

Youssef Rahman
Oxfam Novib

Overview

- A trend of cutting aid that began in 2010 continued in 2013, and is expected to continue until 2017.
- In 2013, the Dutch government spent €4.1 billion (net) (US$5.4 billion) on official development assistance (ODA) or 0.67% of Dutch GNI.[1] At this level of spending, 2013 marked the year that Dutch ODA dropped below 0.7% GNI for the first time since 1974.
- In 2014, Dutch government spending on ODA is projected to be €3.7 billion (US$4.9 billion). This is expected to lower ODA performance to 0.6% of GNI.
- 2014 is the year the Dutch Good Growth Fund took off. By 2017 a total of €700 million (US$930 million) in ODA will be allocated to this Fund, which is intended to support Dutch and local small and medium enterprises in developing countries and emerging markets
- In 2015 the current CSO-government co-financing mechanism will end. It will be replaced by a new framework of strategic partnerships with a singular focus on lobby and advocacy, leaving no room for service delivery. With an earmarked amount of €185 million (US$246 million) per year, a sharp downward trend compared to the current €385 million (US$512 million), the budget for CSO partnership is cut by more than half.

Political analysis: A new government, a new agenda

Over the past decade the Dutch political landscape has become increasingly unstable. Since the start of the new millennium, five national elections were held, with the last two held in 2010 and 2012. The Dutch chapter in the 2012 Reality of Aid Report described political developments and policy implications of the then-incumbent government. That year, the Dutch government spent €4.37 billion (US$5.8 billion) on ODA, corresponding to 0.71% of GNI.

Later in 2012, new elections were held and a new government was formed, which continues to govern as of 2014. A new government meant a new political agenda with major implications for the aid budget.

The current Dutch government, envisaged to rule until 2017, is a two-party government led by Prime Minister Rutte. The Prime Minister's Conservative Liberal party (VVD) and the Labour Party (PvdA) were the big winners of the elections. Although they have strongly opposing positions on a number of issues like development cooperation, the two parties now hold joint control of the government. Both parties have an equal number of ministers in office, but not an equal number of seats. The government has a majority in the parliament (Second Chamber), but not in the senate (First Chamber). This lack of majority is a problem because in order to get laws passed and initiatives adopted, the senate must also adopt these laws. As a result, the ruling parties form ad hoc coalitions with other parties to secure a majority in both chambers. The three parties that are most cooperative are the Liberal party (D66) and two smaller Christian parties (ChristenUnie and SGP), and together they are called the "Constructive 3."

What does this mean for the ODA budget?

Under the influence of the PVV (a right-wing populist party that wants to abolish all development aid), the Conservative Liberals pledged in their election campaign to cut back on development aid by €3 billion (US$4 billion). The Labour party on the other hand wanted to increase spending from 0.7% back to the previous level of 0.8% GNI.

The outcome of the 2012 government negotiations between the two parties resulted in further cuts on the AID budget. Taking the level of ODA at 0.7% of GNI as the point of departure, starting in 2014, there is to be a cut each year of €750 million (US$997 million) to be taken off this 0.7% level. In 2017 and onwards, this amount will increase to €1 billion (US$1.3 billion).[2] Civil society organizations (CSOs) will be hit hard by these cuts.

An additional €200 million (US$266 million) per year allocated to climate spending will be included in the ODA, contrary to international agreements to keep climate and development assistance funds separate by *not* financing climate costs out of the ODA budget.

As a result of all these cuts, in 2013 The Netherlands dropped below the UN performance target of 0.7% of GNI for ODA for the first time since 1974. This unfortunate development is expected to continue in the coming years. The Netherlands may unfortunately lose its international leadership role as a champion for the UN target. In addition, this performance is also contrary to trends in like-minded Western European countries that are gradually increasing their ODA spending. In 2013, spending on ODA rose in countries like the United Kingdom, Germany, Denmark and Sweden by 27.8%, 3%, 3.8% and 6.3%, respectively, compared to 2012 rates.[3]

The Netherlands, however, has not completely put aside the UN target. In 2013, an interdepartmental policy study was conducted focusing on a new definition of development cooperation and its implications for ODA.[4] Additionally, the Advisory Council on International Affairs (AIV)[5] published a report titled "Development cooperation, more than a definition."[6] One of the recommendations in the AIV report was "*to stick to the internationally agreed norm of 0.7% GNI to ODA as a basis for a broader framework of international cooperation. In this framework verifiable agreements should be made on financing the broader spectrum of international public goods, such as environment, climate change and security*." In reaction to these two studies, the minister of foreign trade and development cooperation declared that "*with regard to the post-2015 agenda and the transition to a broader system of international cooperation, The Netherlands sticks to the international standard of 0.7%, even though we do not meet this standard ourselves today*."

In international forums, such as the recently concluded Intergovernmental Committee of Experts on Sustainable Development Finance, the government still defends this target. Although its credibility has been given a blow, CSOs and a majority of the political parties remain committed to the 0.7% norm. For as long as there is no new international standard (currently being discussed in the Organisation for Economic Co-operation and Development, or the OECD), they will not cease calling on the government to return to this level as soon as possible. A slightly positive sign emerged during the budget negotiations for the 2015 national budget. All parties agreed to adhere to the link between economic growth and ODA spending, resulting in an increase with approximately €375 million (US$498 million) in 2015 due to economic growth.

The Netherlands is playing a leading role in the debate at the OECD Development Assistance Committee (DAC) on modernising the ODA definition. The minister wants policy coherence and impact assessment to become part of a new ODA definition. She wants to introduce a more aligned and transparent way of reporting, and proposes that a fixed percentage of 0.25% GNI should be allocated to the world's least developed countries (LDCs). Before determining the final strategy (for instance, should debt relief or expenditures for the sustenance of refugees in donor countries during the first year be part of ODA or not?), she awaits an international comparative study on the position of other countries. The debate on modernizing ODA should be concluded no later than 2016.

The process for a post-2015 agenda is running partly parallel to this debate on ODA. The Netherlands also contributes actively to this agenda. Together with the United Kingdom and Australia, the Netherlands occupied one seat in the negotiations process of the Open Working Group (OWG). These negotiations have recently been concluded with 17 proposed sustainable development goals.

The Netherlands was a pioneer in the post-2015 debate and focused on issues like water, sustainability, women's rights and sexual and reproductive health and rights and peace and stability. The Netherlands wants more attention to be given to inequality within and amongst countries, as well as to gender inequality, and stresses the link between human rights and development.

The final document of the OWG is a major step but not the last one. A number of countries will want to continue to negotiate the OWG outcomes, including a possible reduction of the number of goals. The Netherlands would like to hold on to the 17 proposed goals by the OWG. Hopefully the Netherlands will contribute to an ambitious and realistic financial framework that will be able to fully fund the post-2015 agenda.

A new development agenda

Apart from significant budget cuts, the priorities for development aid changed with the election of a new set of government officials in 2012. Trade (previously under the responsibility of the Minister of Economic Affairs) was to be combined with Aid under the responsibility of a new "Minister for foreign trade and development cooperation." In 2013 Minister Ploumen presented her new agenda under the title, "A world to gain: a new agenda for aid, trade and investments." In this policy document, the minister describes three ambitions: (1) Getting to zero on extreme poverty within one generation, (2) Sustainable and inclusive growth all over the world, and (3) Success for Dutch companies abroad.

Already reduced from 33 to 15 under previous ministers, the number of countries with which the Netherlands maintains an aid relationship remains unchanged. Within these 15 countries, the minister distinguishes two types of relationships:

<u>Relationships of aid</u> with those countries incapable of resolving poverty by themselves: Afghanistan, Burundi, Mali, Yemen, Rwanda, South Sudan and

the Occupied Palestinian Territories.
Relationships of transition with middle income countries and lower income countries that show a substantial economic growth. In these countries there will be a combination of aid and trade, benefiting the countries concerned as well as the economy of The Netherlands. These countries are Bangladesh, Benin, Ethiopia, Ghana, Indonesia, Kenya, Mozambique and Uganda.

In addition to investments in the post-2015 agenda, The Netherlands has four policy priorities: women's rights and sexual and reproductive health and rights (SRHR), security and the rule of law, water management, and food security.

Changing donor/partner relationships

The Netherlands has had a long tradition where the government channels a substantial part of ODA through CSOs. This unique cooperation has been widely acclaimed as a success. Various parties in the parliament characterize Dutch CSOs as one of the top sectors in the Netherlands. In 2016 the current co-financing framework for CSO-government relationships, called MFS-2, will end. A much heard criticism of MFS-2 was the enormous bureaucracy that came with reporting on outputs and outcomes. The new framework is referred to as a "strategic partnership" and focuses mainly on the lobby and advocacy roles of CSOs. It is shaped around the methodology of theories of change. This framework is expected to be much more efficient in terms of reporting.

The minister states that she strongly believes in the role of CSOs in realizing her agenda of aid, trade and investment. CSOs are an invaluable partner in the policy implementation of the above-mentioned themes. However, by examining the means allocated to the different policy areas, it is apparent where the real priorities of the government lie. Around €385 million (US$510 million) is now being spent each year on CSOs under MFS 2. From 2016 onwards, with the new strategic partnerships, this amount will be more than halved to a mere €185 million (US$246 million) yearly. By comparison, the Dutch Good Growth Fund (DGGF) will receive €100 million (US$133 million) in 2014, €150 million (US$200 million) in 2015 and 2016 and €300 million (US$400 million) in 2017. So although the government acknowledges the important role of the CSOs, in practice, a large part of ODA parties are being reallocated to the private sector.

It seems that the minister for foreign trade and development cooperation is also justifying the enormous cuts for CSOs by mentioning the increased funds available for CSOs from large external actors, such as the Dutch Postcode Lottery and the Bill & Melinda Gates Foundation. Over the past ten years these funds have more than doubled. In an interview in August on Dutch television, Bill Gates countered this argument by saying: "*I hope they don't really think that way. My money is not intended to help the budget of rich countries. It's like I don't help poor people, but contribute to solving budgetary issues of rich countries. That is not my intention.*"

The minister particularly wants to strengthen the role of CSOs in advocacy and influencing with regard to the post-2015 agenda. Her analysis is that this influencing role receives relatively little support from donors although it is necessary for inclusive and sustainable growth.

The minister intends to enter into a maximum of 25 strategic partnerships with Dutch CSOs covering a period of five years. These partnerships are intended to strengthen the lobbying and influencing role of CSOs in lower and middle-income countries for the purpose of 'sustainable inclusive development.'

The necessity of strengthening the advocacy and influencing component of southern CSOs is widely shared. But a major point of concern for many CSOs, however, is that the service delivery component of CSO programs can no longer be funded through these partnerships. CSOs will have to find separate funding for these components (which are often the basis for advocacy positions). This change in Dutch policy will bring an extra challenge for CSOs and may be at the expense of their effectiveness as development actors.

Apart from the strategic partnerships, there are two other channels through which CSOs may receive Dutch aid funding. The minister has allocated €15 million (US$20 million) per year for direct funding of southern NGOs out of a so-called 'accountability fund'. An evaluation carried out by the IOB (Inspection for Development Cooperation and Policy Evaluation)[7] demonstrates that southern organizations highly value this type of funding by Dutch embassies. It is perceived to be more flexible, and embassies are willing to support sometimes-sensitive themes that would otherwise be much harder to fund. There are also mutual benefits to this type of funding. The embassies develop relationships with local organizations. These contacts will provide them with additional information about local processes that may be beneficial for other stakeholders and may sharpen Dutch policy.

A point of concern for these funds is the available capacity of the embassies. As a result of the cuts at the Ministry of Foreign Affairs, the number of staff (particularly at embassies) was significantly reduced. There may now be little capacity to enter into these local relationships and monitor the projects funded. It remains to be seen how the minister will address this issue.

Finally, another €10 million (US$13 million) per year has been allocated for innovative ideas through the innovation facility. A yearly call-for-proposals will be organized. Organizations that are already strategic partners are excluded from this facility. The kind of ideas that will be funded is broadly defined. The minister points out that the information revolution links thinkers from various sectors that previously didn't interact with one another. Ideas evolving out of these kinds of collaborations deserve support. She also wants to fund ideas or projects that are already successfully tested elsewhere, but which may be interesting to implement in a different context or environment.

ODA and the private sector / Dutch Good Growth Fund

In recent years, private sector involvement in development has become an increasingly hot topic in Dutch development debates. Like in the past, a significant share of Dutch ODA is being channelled to and through the private sector.[8] In 2014, a special fund — the previously mentioned Dutch Good Growth Fund — has been established. This revolving loan fund is intended for Dutch and local small and medium enterprises (SMEs) in emerging markets and developing countries. Until 2017, the government will invest a total of €700 million (US$930 million) from ODA in this Fund. SMEs may receive loans, which must be paid back so that other companies can also make use of this facility. These loans must contribute to employment, increase the strength of local manufacturing and promote knowledge transfer in developing countries and emerging markets.

Notwithstanding the necessary and positive role the private sector can play in the area of poverty reduction, according to a major IOB evaluation,[9] in general the relevance of ODA allocated to private sector development for poverty reduction is questionable. Most evaluations examined by the IOB concentrated on the direct beneficiaries, but did not report on the impact upon the ultimate target groups. A very limited number of evaluations focused on improvement of income, poverty reduction and economic growth. In the small number of evaluations that had this broader scope, the impacts appeared more limited than previously estimated.

The minister has adjusted the government's private sector policy in a number of areas, one of them being a reinforced commitment to development relevance and impact. But the question remains whether or not ODA resources allocated to and through the private sector for poverty alleviation are the most effective means to achieve results for poverty reduction and sustainable development. A policy shift towards increased ODA investments for private sector development in order to "get to zero on extreme poverty within one generation, and to sustainable and inclusive growth all over the world" seems to be based on rather weak assumptions. Civil society will play its watchdog role to monitor whether all of the investments from the DGGF will be relevant to development and poverty reduction.

As of 2016, the Dutch government will enter into strategic partnerships with Dutch CSOs in order to strengthen the advocacy role of their southern partners in achieving the sustainable development goals. The government acknowledges that the success of the post-2015 agenda stands or falls with funding for this agenda. Consequently it is a strong advocate for an active role of the private sector in the implementation of this agenda. It also seeks to stimulate other innovative forms of cooperation. In one of these initiatives, civil society and business will form cross-sector partnerships on their role in the Post-2015 Development Agenda. The actual agenda is still being developed, but at the end of September 2014 a Charter is expected to be signed by CSOs and business alike.

Apart from these partnerships, and apart from ODA, the government would like to strengthen developing countries' capacity to mobilize and spend domestic flows to fund the post-2015 agenda. (Countering tax avoidance and evasion should be part of this strategy.)

Endnotes

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2 In 2017 new elections will be held, so the current government has little to say about the budget from 2017 onwards.

3 OECD figures.

4 http://www.rijksoverheid.nl/documenten-en-publicaties/rapporten/2013/06/03/naar-een-nieuwe-definitie-van-ontwikkelingssamenwerking-beschouwingen-over-oda.html

5 The Advisory Council on International Affairs (AIV) of the Netherlands is an independent body that advises government and parliament on foreign policy, particularly on issues relating to human rights, peace and security, development cooperation and European integration.

6 http://www.aiv-advies.nl/ContentSuite/upload/aiv/doc/webversie_AIV_BA25(1).pdf

7 The Policy and Operations Evaluation Department (IOB) is an independent organization within the Ministry of Foreign Affairs that aims to contribute to the knowledge on the implementation and effects of Dutch foreign policy.

8 Refer to Dutch chapter in the 2012 Reality of Aid report for more background.

9 Op zoek naar focus en effectiviteit: beleidsdoorlichting van het Nederlandse beleid voor Private Sector Ontwikkeling in ontwikkelingslanden 2005 – 2012 (In search of focus and effectiveness: policy review of the Dutch policy for Private Sector Development in developing countries 2005 – 2012)

Aotearoa New Zealand

Public-Private Partnerships and Aid

Stacey Hitchcock and Adele Broadbent
Council for International Development

Overview

- A National-led government was elected in 2009, bringing the reintegration of NZAID into MFAT and changing the overall aid strategy from poverty eradication to sustainable economic development
- New Zealand's ODA budgets during 2009-2012 were approximately NZ$500 million/annum (US$405 million); the equivalent of about 0.28% of GNI; budgeted to increase to $650 million (US$530 million) by 2017/18
- Little consultation with civil society and non-governmental organisations, leading to loss of trust and a deteriorating relationship between development organisations and MFAT
- Shift from specialised NGO funding scheme to Partnerships Fund, which is focused on promoting all aspects of sustainable economic development
- Opening of a funding scheme and active encouragement of private enterprise and public-private partnerships (PPPs)
- Expansion of New Zealand's reach and influence through sustainable economic development partnerships
- CSOs uncertain of their place in the future of New Zealand's development strategy if PPPs are strengthened.

Context

An important trend for New Zealand's aid policies over the past few years has been a move towards public-private partnerships. Under the National-led government, New Zealand's aid policies underwent a dramatic shift in 2009 when the new government moved away from the goal of poverty eradication to focus on sustainable economic development. As part of this process, the National-led government reintegrated the New Zealand Agency for International Development (NZAID) back into the Ministry of Foreign Affairs and Trade (MFAT), and rebranded it as the New Zealand Aid Programme. As a consequence of these changes, civil society organisations (CSOs) and non-governmental organisations (NGOs) involved in the development sector had to re-evaluate some of their programmes and approaches for funding to meet the new directives of the New Zealand Aid Programme strategy. This chapter will look at how the changes from 2009 have affected the way that aid and development organisations work, how new funding arrangements leading to the present Partnerships Fund have incorporated the private sector into New Zealand's development strategy and, finally, the CSO responses to the structure of New Zealand Aid Programme and its strategy.

New Zealand's ODA budget has been about 0.28% of GNI for 2012 and 2011.[1] The last OECD Development Assistance Committee (DAC) peer review report noted that ODA would need to be increased dramatically if New Zealand intended to reach the international goal of 0.7% of GNI.[2] The current government aims to reach

NZ$650 million (US$530 million) spending on ODA by 2017/18.[3] However, this has been criticised by CSOs for not being ambitious enough, and will still fall well short of reaching the 0.7% goal. A pre-election survey conducted by the Council for International Development (CID) revealed that seven out of fourteen parties running for the general election in September are committed to adopting a plan to reach the 0.7% goal, although their timetables for doing so vary widely.[4]

Following the election of the National-led government and the changes to the aid delivery mechanisms, the development community was disturbed by the lack of consultation and the rationale behind such a seismic shift in policy direction. As a result, the relationship between the government and development NGOs and CSOs changed. It was clear that the opinions of the broader development community were no longer as valued as they had been under previous governments. Trust had been severely tested between the state and civil society and the nature of communications and dialogue had shifted. Although the relationship has been strengthening in recent years, the development community and MFAT have had to work hard to re-harmonise their relationship.[5] A lot of work still remains. CSOs have had to re-evaluate the focus for a proportion of their programs in order to fit into the criteria of the New Zealand Aid Programme and continue to receive government funding.[6]

The change in focus from poverty reduction to sustainable economic development has had implications for both MFAT and CSOs. MFAT has further prioritised its geographic focus for its aid programs towards the Pacific at the cost of other regions such as Africa. The Ministry re-evaluated the projects it supports and has focused on the fisheries, agriculture, tourism, renewable energy, health, transport, and communication sectors. The framework is to work with the new drivers the government has put in place to promote sustainable economic development.[7] MFAT's priorities lie in economic partnerships; it encourages partnerships between private businesses (economic focus) and CSOs (development skills and local contacts). MFAT's aim is to facilitate sustainable development in developing countries, which it believes in turn, will achieve poverty reduction and a more secure, equitable and prosperous world.[8]

The Partnerships Fund – the new model

The New Zealand Partnerships for International Development Fund (PfiD) ('Partnership Fund') was created in 2012. Its purpose is to encourage and facilitate partnerships between public, state, and private entities to participate in New Zealand's aid strategy. The PfiD succeeded the Sustainable Development Fund (SDF), which was not widely accepted by development CSOs during its short life, because of uncertainty in obtaining funding and the demanding requirements that CSOs were required to adopt.[9] The proportion of CSOs expecting funding to decrease from 2012 to 2013 rose from 14%, to 26% of CID members.[10] The SDF was to focus "on sustainable economic growth, improving incomes, and reducing poverty."[11] But interestingly, the SDF did not include the private sector, which could play a significant role in achieving MFAT's goal of sustainable economic development.

As a result of these perceived limitations in the SDF, the PfiD was developed to "prioritise activities that have a sustainable economic development benefit."[12] PfiD's strategy emphasises the expansion of New Zealand businesses into the Pacific. MFAT notes the Pacific is not generally in the purview of NZ businesses because of the isolation and limited capacity of the region.[13]

This new funding model encourages competitive applications from the state, the private sector, and CSOs, with preference for businesses with a comparative advantage in a sector that will continue to grow within the host country. The geographical focus is on the Pacific first, then on Asia, as forecast in the changes during 2009. One example of a successful bid is the Wanni Dairy Regeneration Initiative, run as a partnership between TEAR Fund, Patton Ltd, QPOD, MILCO and the New Zealand Aid Programme. This initiative "supports post-conflict communities in northern Sri Lanka to re-establish and improve the small-scale dairy livelihoods they have had for generations."[14] This partnership, along with others sponsored by PfiD, has encouraged both public and private organisations in the host country and New Zealand to work towards developing sustainable economic initiatives.

The New Zealand Aid Programme uses partnerships and the promotion of New Zealand's comparative advantages in specific sectors as part of MFAT's larger business strategy, which aims to promote a New Zealand brand referred to as 'NZ Inc.' and expand New Zealand's economic reach. The emphasis of New Zealand's economic position in the international community and the growth of New Zealand's international influence are seen as the priority for New Zealand government. The development of communities is meant to be a positive consequence of these actions. However, CSOs have criticised this approach, as it does not prioritise development and often ignores the impact the projects have on the communities. Additionally, opposition political parties have been vocal in their condemnation of the present government's preoccupation with economic development, saying it undervalues the role of social development and access to health and education services. They argue that making the aid programme subservient to other foreign policy objectives has compromised the quality of development spending.

Oxfam NZ produced a report in 2013 on the role of the private sector in sustainable development in the Pacific that included four case studies. Of these, one failed, one was looking prosperous, and two were relatively successful businesses. The successful projects both relied on financial support from other parts of the company in New Zealand.[15] Therefore, the ability for these projects to be fully sustainable is limited, because of the reliance on their New Zealand offices.

CSOs are concerned that private companies in PPPs may expect to fall back on a government bail-out if they do not receive the expected return on investment promised to them at the start of the project.[16] Additionally, there is concern about the priorities of the companies involved in PPPs, and the "tug-of-war of interests between people and profit and ethical considerations in doing business, among others,"[17] as they are unlikely to be profitable in the early years of the project. While some New Zealand companies have long been involved with infrastructure projects under ODA funding, there is a limited understanding within the private sector of wider social development processes and the complexities of working within different cultural and social systems.

Uncertainty for development NGOs

CSOs have been concerned about the lack of engagement on policy matters following the policy changes to the aid programme. CSOs are less certain of their position in the future of New Zealand's development agenda, because of their new grouping with state and private sector players as funding competitors. Some describe it as a shift from the previous relationship as strategic partners with MFAT to a role as contractors for services.

CSOs in New Zealand range from small, volunteer-run organisations, to large international NGOs with considerable development expertise and extensive experience in planning and implementing development projects with in-country partners. The new competitive funding model has affected them all, but in different ways. Smaller organisations are now effectively excluded from funding via the PfID given its focus on big, multi-year projects that comes with the requirement of contributing large matching funds. Many NGOs have expressed concerns about the expense of investing time and resources to identify potential private sector partners for projects, to make bids that may not get approved. The introduction of PfiD, like the SDF before it, forced development NGOs to reassess the nature of those programmes where they traditionally looked for funding support from government. The changes in the priorities of government funding modalities have affected CSOs across the whole sector.[18]

One objective of the Partnerships Fund was to encourage development actors to work in tandem with private businesses who may lack knowledge of local communities and the appropriate ways of working in developing countries. However, interest in PfID has been low in the private sector, and there are indications that some businesses do not yet appreciate the fundamentals of development projects. If MFAT wants to improve this capacity and understanding, which could benefit private sector players, more needs to be done to support the two-way transfer of skills and experience between sectors.

MFAT is currently working on a feasibility study, due in early 2015, to explore "whether and how the New Zealand aid programme should be engaging in Public-Private Partnerships to reach development goals."[19] There is a willingness by CSOs to increase the dialogue between MFAT and the broader development sector to ensure that the New Zealand Aid Programme's impact on poverty is "inclusive of those most in need."[20] CSOs are hopeful that the emergence of the Post-2015 framework with Sustainable Development Goals will lead to a re-assessment of the focus of the New Zealand Aid Programme. This would provide an ideal opportunity for the government to work with all sectors with an interest in good development outcomes to collectively develop an innovative approach to New Zealand's aid policies, in line with the Post-2015 agenda. As a past leader in social policy, New Zealand has much to contribute. CSOs will be working towards that objective.

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United Kingdom – a new vision for development?

Challenges for democratic ownership and development effectiveness

Amy Dodd
UK Aid Network

Overview

- In 2013, in line with the Government's promise, the UK met the historic target to spend 0.7% of gross national income (GNI) on aid, the only G7 economy to do so, which saw aid increase by £2,671 million (US$4,400 million), up from £8,766 million (US$14,450 million) in 2012 to £11,437 million (US$18,850 million) in 2013.[1]
- However, the political context for aid in the UK remains challenging, with continued attacks on aid in the media by some politicians, and low levels of public support.
- Bilateral aid fell as a proportion of total UK aid, down from 62.7% in 2012 to 59.9% in 2013. Multilateral aid saw a concurrent increase from 37.3% to 40.1%. Africa remained the largest recipient of DFID (Department for International Development) aid on a geographical basis at 38.4%. The DFID saw a small increase of just over 1% in the proportion of UK aid spent through the department, rising to 87.8% in 2013,[3] although this proportion is likely to fall in the coming years.
- The UK played a key role in the aid and development effectiveness agenda as co-chair of the post-Busan Global Partnership for Effective Development Cooperation until the first High-Level Meeting in Mexico in April 2014. This leadership role was reflected in the areas the UK chose to champion, not least of which was aid transparency, which has progressed substantially since 2011. However, a lack of monitoring and accountability mechanisms made progress in other areas harder to track and assess. Moreover, worrying trends in other commitment areas, as well as a lack of political or working level energy and a rejuvenated but unfocused agenda, suggest that the effectiveness of UK aid remains at risk as progress stalls and momentum is lost.
- The last few years, particularly since the 2010 General Election, have also seen continuing shifts, new trends, and emerging priorities in UK aid, most notably with a shift towards what the Prime Minister refers to as the 'Golden Thread' of prosperity, security and stability, human rights and transparent information.[4] UK Government aid and development policy has shifted increasingly to fragile and conflict-affected states, moving away from a traditional donor role in Middle-Income Countries (MICs) such as India and South Africa and towards a more 'aid for trade' approach. The Department's work has been reoriented, focusing more on women and girls, economic growth, and the private sector as the basis of development and the means to create further opportunities for British business.

Introduction

The past two years have been an interesting time for international development and aid in the UK. A Conservative-Liberal Democrat coalition government — itself just about a first in the UK — took power in May 2010 after 13 years of Labour government that had already been widely touted as relatively 'good years' for development. The context for aid in 2010 was substantially different from other countries and other elections, as there was already cross-party political consensus on reaching the 0.7% aid target and enshrining that promise through legislation. This promise was reflected in the new Coalition Agreement and delivered in 2013.[5]

At the same time, focus was shifting to new development debates, including agreement on a new post-2015 development framework and how to tackle the unfinished — or unmentioned — business from the Millennium Development Goals (MDGs). In July 2012, the Prime Minister was invited to co-chair the UN High Level Panel (HLP) by the UN Secretary General, to set out a 'bold and practical' vision for the post-2015 framework.[6]

40 years on — Finally reaching the 0.7% target

Over 40 years after the world agreed to mobilise sufficient public funding to meet global development needs, the UK finally met the UN target of devoting 0.7% of gross national income (GNI) to aid. UK becomes one of a small group of countries to do so, and the first of the G7 economies to achieve the target. UK aid increased by over 20% from 0.56% of GNI in 2012 to 0.72% in 2013 – a real terms increase of £2,671 million (US$4,400 million), up from £8,766 million (US$14,450 million) in 2012 to £11,437 million (US$18,850 million) in 2013.[7]
Perhaps most interestingly, the UK was one of the only DAC donor countries to increase their aid at this time — a period of ongoing global economic downturn or slowdown, as well as serious issues within the European Union (EU), including the near economic collapse of several EU member states, a close call for the future of the Euro, and a domestic crisis in the UK, which has just seen the UK return to pre-crisis levels. Despite this difficult context, aid and the 0.7% target continued to enjoy the highest levels of political support in the UK, support that was not necessarily reflected in some UK media and on the 'backbenches' of the UK parliament.

Nevertheless, the public and political context for aid in the UK remains challenging in many ways, with decreasing public engagement and support for aid. This support has been further eroded by damaging debates and attacks from some sections of the political parties and the media in the build-up to and after meeting the 0.7% target. In stark contrast, in many other European countries, support for aid and meeting the 0.7% target remains strong despite substantial economic challenges — a 2012 survey found that 61% of Europeans supported increasing aid to help people out of poverty.[8]

The vast majority of UK aid remains 'genuine' or real aid[9] with little in the way of debt relief, student or refugee costs[10] and other donor costs being counted as UK aid.

The commitment to 0.7% was also due to be enshrined in legislation in this Parliament (2010-2015) — a commitment in the General Election Manifestos of all political parties and in the Coalition Agreement. However, the Government has yet to introduce legislation. There have been several attempts, most recently in September 2014, by backbench MPs to introduce such legislation through a Private Member Bill, but none of those attempts have made it past the initial stages yet.

In 2010, the then-incoming Government also conducted a 'root and branch' review of the DFID's work and engagement with multilateral institutions and undertook comprehensive Bilateral and Multilateral Aid Reviews in 2011.[11] The reviews focused on the need to provide and demonstrate 'value for money,' results and effectiveness. The Bilateral Aid Review saw the DFID substantially reduce the number of focus countries for the DFID from 43 to 27 (now 28 with the birth of South Sudan). The review also resulted in significant increases in aid commitments to several countries including Nigeria, Kenya, the DRC, Yemen and Ethiopia, while Pakistan became the biggest single recipient of UK aid. The Multilateral Aid Review assessed 43 organisations, of which 9 were rated as very good value for money, 16 as good, 9 adequate and 9 poor value for money. As a result, a number of multilateral organisations lost UK funding, including notably the ILO.

These reviews were also a window into other shifts happening in the UK and in DFID as the

UK increasingly shifted its priorities towards conflict and fragility, women and girls, economic development and an increasing role for the private sector.

Beyond 2015 — A new vision of development?

The UK Government has been shifting the focus of UK development efforts. While the trend towards addressing the economy and growth as a solution to development was already happening, there is little question that this trend has strengthened considerably in the last couple of years. Then Secretary of State, Rt Hon Andrew Mitchell MP, gave a clear indication of where he saw UK aid and development going in October 2010 when he talked about the role of business in development — "I want to explore how we might enrich DFID's own talent pool with a series of short-term secondments from the private sector in order to inject new, business-savvy DNA into the department"[12] — and established a new private sector department in the DFID. This approach has been strengthened by the current Secretary of State, including building up new skills sets within the DFID through new civil servants with very different backgrounds — and frankly, ideologies — from the traditional DFID civil servant.

In a more general sense, there has been a clear political push towards a different vision of development. This vision involves a move away from the so-called old-fashioned idea of aid and development (supporting basic services and helping to build systems and infrastructure), towards what UK Prime Minister David Cameron called "the golden thread." He argued that "you only get real long-term development through aid if there is also a golden thread of stable government, lack of corruption, human rights, the rule of law, [and] transparent information," and that these are the real enablers of development.

There has been substantial critique and debate around this golden thread ethos, including the interpretation and view it has of those enablers,[13] not least when it is linked to an increased focus on economic development and the private sector in a somewhat revamped form of discredited neo-liberal laissez-faire development economics. But it has continued to influence and shape UK aid policy as well as its international and global advocacy and positioning.

Recently, this influence has most clearly been seen in the increasing focus on economic development and the private sector. While civil society has always recognised the vital and unique role the private sector and economic growth have to play in long-term and sustainable development, this continued increase in focus and resources raises some questions and concerns.

Sustainable and inclusive growth is an important pillar of development. However, current DFID thinking on this issue — as outlined in the recent strategic framework "Economic development for shared prosperity and poverty reduction" — seems to rely rather heavily on the assumption that ensuring growth will necessarily lead to poverty reduction. Economic growth and an expanding private sector will provide a route out of poverty for many– in the form of decent jobs and fair, equal taxes. While such economic growth can create the resources to fund vital social services, this causal link is not necessary, nor will it happen without appropriate and clearly thought through interventions, as supported by evidence from China and India.[14] There is also a concerning focus in the new strategic framework focus on the role for British businesses, where a greater emphasis on local medium and small enterprises (MSMEs) could have a greater pay-off, both in terms of jobs and taxes, but also in supporting country and democratic ownership of development.

From aid to development effectiveness

In late 2011, the development community agreed on a reformed and, it was hoped, rejuvenated agenda for aid and development effectiveness at the Fourth High Level Forum in Busan. The post-Busan agenda was broad, looking to all development issues and not just aid. Formally the process also included a broader range of stakeholders in what would become one of the only genuinely multi-stakeholder development forums. For the first time, civil society, emerging economies and business had an equal seat at the table, in theory at least, and the new, more politicised agenda brought high-level political actors into the conversation.

The UK continued to demonstrate its commitment and leadership to effectiveness by taking on a co-chair role alongside Indonesia and Nigeria. It also continued to lead the charge on some commitment areas, most notable on aid transparency. UK leadership has helped to keep transparency on the agenda and moving in a positive direction, through the International Aid Transparency Initiative (IATI). The DFID has remained in the top cohort in the annual Aid Transparency Index[15] and has piloted data access and usage initiatives such as a new online portal to use IATI data in the Development Tracker (devtracker.dfid.gov.uk). This energy and leadership were reflected in the 2014 post-Busan progress report where the UK topped the transparency indicator.[16]

The post-Busan ambition and hopefulness were, however, perhaps ill founded. The two years since Busan saw relatively little activity on the effectiveness agenda save for a series of fairly closed steering committee meetings. The UK has not produced an implementation schedule, although it asserts that effectiveness principles are part of DFID's 'DNA' and will continue to be mainstreamed into their work. While there are evidently 'pockets' of good work and progress — as aptly demonstrated with the aid transparency work — there is little evidence that this work sits within the strategic institutional framework, and instead seems more ad hoc.

Evaluation of progress or the current state of play on development effectiveness remains difficult. An incomplete monitoring framework, combined with little other publicly available information, provides no effective tools for assessing how aid and development effectiveness is being taken forward within the DFID and other UK government departments. While this change in many ways reflects the shifting and evolving nature of aid, the DFID's move away from a more structured aid effectiveness-target-indicator model, and the lack of a suitable new accountability structure, has made it hard to get an accurate picture of progress since Busan or on the unfinished business from Paris and Accra aid reform commitments.

As a co-chair of the new post-Busan Global Partnership for Effective Development Cooperation (GPEDC) steering committee, the UK contributed to, and in fact drove in some areas, a continued expansion of the effectiveness agenda and a push away from the more traditional aid effectiveness work. The UK also was an important actor in bringing the private sector into the new Global Partnership.

At the same time, this leadership was not being felt at home where little to no progress was made against most indicators as shown in the 2014 progress report,[17] a fact which was more clearly reflected in the post-Mexico coverage and analysis than in the report itself. There has also been a continued decline in inherently more effective aid modalities, such as budget support. A limited political commitment to deliver on the whole effectiveness agenda can be clearly seen in declines in getting aid on budget and support for developing country systems — more challenging and, at the domestic level, less politically palatable areas of the agenda. Important areas of the Busan and Paris agendas such as democratic ownership, accountability and results have therefore suffered. Moreover, despite the substantial focus and resources put into it, there has been little sign, or at least little way of measuring, any improvements in private sector engagement with development. The private sector, particularly the domestic private sector, has a vital role to play in development, but how this role should be reflected, monitored and evaluated in the Busan development effectiveness agenda has not been sufficiently clearly articulated.

Conclusion

Delivering on the long awaited commitment of reaching the 0.7% target is a substantial achievement and one the UK can be rightly proud of. It is a promise 40 years in the making and one the UK remains committed to meeting into the future. To protect and maintain that political commitment, an important job for the future will be ensuring that every pound of UK aid is used well to promote genuine and sustainable development, and that other international policy and interventions support instead of undermine UK aid efforts.

At the same time, meeting the 0.7% target has and should also enable a shift away from the focus on quantity of aid and an increased focus on the quality of UK aid — a shift that is sorely needed. Despite the UK's stated commitment to aid and development effectiveness, there are worrying signs that that commitment is more words than practice. Some areas of the effectiveness agenda such as aid transparency have seen real progress in the UK and globally. Nevertheless, reforms in most other areas have remained stagnant or in fact slipped backwards since the Accra High Level Forum in 2008. This government, and the next, must find renewed ambition and drive to redress these trends to ensure that UK aid is effective and lives up to the UK's reputation as a leader on aid and development effectiveness.

Endnotes

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4 David Cameron, Transcript of speech and Q&A at New York University, 15 March 2012, available at https://www.gov.uk/government/speeches/transcript-of-david-cameron-qa-at-new-york-university.

5 The Coalition: Our Programme for Government, May 2010, available at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/78977/coalition_programme_for_government.pdf.

6 For more information see 'Beyond 2015 – UN High Level Panel' available at http://www.beyond2015.org/un-high-level-panel.

7 Department for International Development, Statistical Release – Provisional UK Official Development Assistance as a proportion of GNI, April 2014, available at https://www.gov.uk/government/publications/provisional-uk-official-development-assistance-as-a-proportion-of-gross-national-income-2013.

8 Solidarity spans the globe: Europeans and development aid, Special Eurobarometer, October 2012, available at http://ec.europa.eu/europeaid/how/public-consultations/eurobarometer_en.htm.

9 There are many different variations of genuine or real aid but, in general, it would include only aid that genuinely helps tackle poverty and reaches the intended recipient (so no tied aid, in donor country costs like refugees and students, etc).

10 Though it should be noted that refugee costs have crept up in recent years as a proportion of UK aid in both real and relative terms they remain relatively small in comparison to total UK aid.

11 More information, analysis, links to the reports and NGO reactions and submissions available at http://www.bond.org.uk/bilateral-and-multilateral-aid-reviews. The MAR was subsequently reviewed in 2012/13 and there are plans for another full MAR in 2015.

12 Andrew Mitchell, Speech on Wealth Creation, 13 October 2010, full transcript available at https://www.gov.uk/government/speeches/andrew-mitchells-speech-on-wealth-creation.

13 See for example Owen Barder, 'David Cameron's 'golden thread' theory of development is a little too convenient' The Guardian, 27 August 2012, available at http://www.theguardian.com/global-development/poverty-matters/2012/aug/27/david-cameron-development-theory-convenient.

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15 Publish What You Fund, Aid Transparency Index available at http://www.publishwhatyoufund.org/index/.

16 Global Partnership for Effective Development Cooperation, Making Development Co-operation More Effective – 2014 progress report, April 2014, available http://effectivecooperation.org/?attachment_id=2328.

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Part 2

Glossary of Aid Terms

Glossary of Aid Terms

AAA Accra Agenda for Action

ACP African, Caribbean and Pacific States (see Lomé Convention).

ADB Asian Development Bank

AECI Spanish Agency for International Cooperation

Aid see ODA Official Development Assistance

APEC Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia- Pacific region.

ASEAN Association of South East Asian Nations

Associated Financing is the combination of Official Development Assistance, whether grants or loans, with any other funding to form finance packages. Associated Financing packages are subject to the same criteria of concessionality, developmental relevance and recipient country eligibility as Tied Aid Credits.

African Union (AU) Formed following the September 1999 Sirte Declaration by African Heads of State and Government, the AU succeeds the Organisation of African Unity (OAU) as the premier vehicle for accelerating integration in Africa, ensuring an appropriate role for Africa in the global economy, while addressing multifaceted social, economic and political problems compounded by certain negative aspects of globalisation. See http://www.africa-union.org

Bangladesh Aid Group was formed in October 1974 under the direct supervision of the World Bank, comprising 26 donor agencies as well as countries that made the commitment of providing support to the country for its development.

Bilateral Aid 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 fields related to these countries.

Bilateral portfolio investment includes bank lending, and the purchase of shares, bonds and real estate.

Bond Lending refers to net completed international bonds issued by countries on the DAC List of Aid Recipients.

BoP Balance of payments

BOT Build, Operate and Transfer

BOOT Build, Operate, Own and Transfer

BSS Basic Social Services (Basic Education, basic health and nutrition, safe water and sanitation) defined for the purposes of the 20/20 Initiative

BSWG Budget Support Working Group

Budgetary Aid is general financial assistance given in certain cases to dependent territories to cover a recurrent budget deficit.

CAP The Consolidated Appeal Process for complex humanitarian emergencies managed by UNOCHA

Glossary of Aid Terms

CAP Common Agricultural Policy (EU)

CAS Country Assistance Strategy

CBSC Capacity Building Service Centre

CDF Comprehensive Development Framework used by The World Bank

CEC Commission of the European Community

CEE/CA Countries of Central and Eastern Europe and Central Asia

CFF Compensatory Financing Facility

CGAP Consultative Group to Assist the Poorest. A micro-lending arm launched by the WB in 1995. A recent report prepared by the Washington DC-based Institute for Policy Studies, found that 46 percent of CGAP's expenditures in its first year of operation was spent on policy reforms which may benefit lenders but end up hurting poor borrowers, particularly women.

CGI Consultative Group on Indonesia

CIS Commonwealth of Independent States

Commitment a firm obligation, expressed in writing and backed by the necessary funds, undertaken by an official donor to provide specified assistance to a recipient country or a multilateral organisation. Bilateral commitments are recorded in the full amount of expected transfer, irrespective of the time required for the completion of disbursements.

Concessionality Level 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).

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.

Constant Prices Prices adjusted to take inflation and exchange rates into account and so make a 'like with like' comparison over time.

Cotonou Partnership Agreement Signed in Cotonou, Benin, on 23 June 2000, the agreement replaces the Lomé Convention, as the framework for trade and cooperation between the EU and its Member States and African, Caribbean and Pacific (ACP) States. For more information, go to: http://europa.eu.int/comm/development/body/cotonou/ index_en.htm

Country-owned ownership implies that all sectors of the country should be involved in determining whether an aid is needed or not, how it is used and in monitoring the implementation of the projects and programs supported by the aid

Glossary of Aid Terms

(grants or loans). Although governments represent partner countries, they can no longer act independently, but have to be accountable to the country as a whole, comprising the citizens, parliament, business sectors and civil society.

CPIA Country Policy and Institutional Assessment

Current (cash) prices are prices not adjusted for inflation.

CSO Civil Society Organization (see NGO below)

DAC Development Assistance Committee the DAC of the Organisation for Economic Cooperation and Development (OECD) is a forum for consultation among 21 donor countries, together with the European Commission, on how to increase the level and effectiveness of aid flows to all aid recipient countries. The member countries are Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, Luxembourg, Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, UK and USA. DAC sets the definitions and criteria for aid statistics internationally.

Debt Relief may take the form of cancellation, rescheduling, refinancing or re-organisation of debt.

a. Debt cancellation is relief from the burden of repaying both the principal and interest on past loans.

b. Debt rescheduling is a form of relief by which the dates on which principal or interest payments are due are delayed or rearranged.

c. Debt refinancing is a form of relief in which a new loan or grant is arranged to enable the debtor country to meet the service payments on an earlier loan.

d. Official bilateral debts are re-organised in the Paris club of official bilateral creditors. The Paris Club has devised the following arrangements for reducing and rescheduling the debt of the poorest, most indebted countries.

Toronto Terms agreed by the Paris Club in 1988 provided up to 33% debt relief on rescheduled official bilateral debt owed by the poorest, most indebted countries pursuing internationally agreed economic reform programmes.

Trinidad Terms agreed by the Paris Club in 1990 superseded Toronto Terms and provided up to 50% debt relief.

Naples Terms agreed by the Paris Club in 1994 superseded Trinidad Terms and provide up to 67% debt relief. They also introduced the option of a one-off reduction of 67% in the stock of official bilateral debt owed by the poorest, most indebted countries with an established track record of economic reform and debt servicing.

Enhanced Naples Terms Under the Heavily-Indebted Poor Countries (HIPC) debt initiative, Paris Club members have agreed to increase the amount of debt

Glossary of Aid Terms

relief to eligible countries to up to 80%.

Democratic ownership - one of the five principles of Paris Declaration. It implies the participation of the people from the very first stages of any project or program to be funded by foreign aid. The project and program implementation should similarly be transparent and directly or indirectly accountable to the people.

Developing Country The DAC defines a list of developing countries eligible to receive ODA. In 1996 a number of countries, including Israel, ceased to be eligible for ODA. A second group of countries, 'Countries and Territories in Transition' including Central and Eastern Europe are eligible for 'Official Aid' not to be confused with 'Official Development Assistance'. OA has the same terms and conditions as ODA, but it does not count towards the 0.7% target, because it is not going to developing countries

Developing Countries Developing countries are all countries and territories in Africa; in America (except the United States, Canada, Bahamas, Bermuda, Cayman Islands and Falkland Islands); in Asia (except Japan, Brunei, Hong Kong, Israel, Kuwait, Qatar, Singapore, Taiwan and United Arab Emirates); in the Pacific (except Australia and New Zealand); and Albania, Armenia, Azerbaijan, Georgia, Gibraltar, Malta, Moldova, Turkey and the states of ex-Yugoslavia in Europe.

DFID Department for International Development (UK)

DGCS Directorate General for Development Cooperation

Disbursement **Disbursements** record the actual international transfer of financial resources, or of goods or services valued at the cost to the donor. In the case of activities carried out in donor countries, such as training, administration or public awareness programmes, disbursement is taken to have occurred when the funds have been transferred to the service provider or the recipient. They may be recorded gross (the total amount disbursed over a given accounting period) or net (less any repayments of loan principal during the same period).

DPL Development Policy Loan

DSF Decentralization Support Facility

EBRD European Bank for Reconstruction and Development

EC European Commission

ECHO European Community Humanitarian Office

ECOSOC Economic and Social Council (UN)

ECOWAS Economic Community of West African States, described at: http://www.ecowas.int/

EDF European Development Fund see Lomé Convention and Cotonou Partnership

Glossary of Aid Terms

	Agreement.
EFA	Education for All
EFF	Extended Fund Facility
EIB	European Investment Bank
EMU	Economic and Monetary Union
EPC	Engineering Procurement Construction
ESAF (E/Sal/F)	Enhanced Structural Adjustment (Loan)/Facility
Export Credits	are loans for the purpose of trade extended by the official or the private sector. If extended by the private sector, they may be supported by official guarantees.
FAO	Food and Agricultural Organisation (UN)
G20	Group of 20 Finance Ministers and Central Bank Governors established in 1999 to bring together systemically important industrialized and developing economies to discuss key issues in the global economy
G24	Group of 24 developed nations meeting to coordinate assistance to Central and Eastern Europe
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEF	Global Environment Facility
Gini	coefficient is an indicator of income distribution, where 0 represents perfect equality and 1 perfect inequality.
GNI	Gross National Income. Most OECD countries have introduced a new system of national accounts which has replaced Gross National Product (GNP) with GNI. As GNI has generally been higher than GNP, ODA/GNI ratios are slightly lower than previously reported ODA/GNP ratios.
GNP	Gross National Product
Grant element	reflects the financial terms of a commitment: interest rate, maturity and grace period (interval to first repayment of capital). It measures the concessionality of a loan, expressed as the percentage by which the present value of the expected stream of repayments falls short of the repayments that would have been generated at a given reference rate of interest. The reference rate is 10% in DAC statistics. Thus, the grant element is nil for a loan carrying an interest rate of 10%; it is 100 per cent for a grant; and it lies between these two limits for a loan at less than 10% interest. If the face value of a loan is multiplied by its grant element, the result is referred to as the grant equivalent of that loan (cf concessionality level) (Note: the grant element concept is not applied to the market-based non-concessional operations of the multilateral development banks.)
GSP	General System of Preferences
HIC	High Income Countries those with an annual per capita income of more than US$ 9385 in 1995.

Glossary of Aid Terms

HIPC Highly Indebted Poor Country (Debt Initiative)

HIV Human Immunodeficiency Virus

IADB InterAmerican Development Bank

IASC Inter-Agency Standing Committee (Committee responsible to

ECOSOC for overseeing humanitarian affairs, the work of OCHA and the CAP).

IDA International Development Association (World Bank)

IDPs Internationally displaced persons

IDT International Development Targets (for 2015) as outlined in the DAC document 'Shaping the 21st Century' also known as International Development Goals

IFAD International Fund for Agricultural Development

IFC International Finance Corporation

IFIs International Financial Institutions

IMF International Monetary Fund

INGOs International Non-governmental Organisations

Internal Bank Lending is net lending to countries on the List of Aid Recipients by commercial banks in the Bank of International Settlements reporting area, ie most OECD countries and most offshore financial centres (Bahamas, Bahrain, Cayman Islands, Hong Kong, Netherlands Antilles and Singapore), net of lending to banks in the same offshore financial centres. Loans from central monetary authorities are excluded. Guaranteed bank loans and bonds are included under other private or bond lending.

IsDB Islamic Development Bank

ISG International Steering Group

JANIC Japanese NGO Centre for International Cooperation

JAS Joint Assistance Strategies

JBIC Japan Bank for International Cooperation

JCPR Joint Country Programme Review

JICA Japan International Cooperation Agency

LIC Low Income Countries those with an annual per capita income of less than US$765 in 1995

LDC (or sometimes LLDC) Least Developed Country 48 poor and vulnerable countries are so defined by the United Nations, with an annual per capita income of less than US$765 in 1995

LMIC Lower Middle Income Countries those with an annual per capita income of between US$766 and US$3035 in 1995

Lomé Convention Multi annual framework agreement covering development cooperation between the EU members and African, Caribbean and Pacific (ACP) States. Funding for Lomé came from the EDF. Lomé has now been replaced by the Cotonou Partnership Agreement.

Glossary of Aid Terms

MADCT More Advanced Developing Countries and Territories, comprising those that have been transferred to Part II of the DAC List of Aid Recipients.

MDGs or Millennium Development Goals are the international goals for poverty reduction and development agreed by the United Nations in the year 2000. These include the IDTs.

MTDS Medium-Term Development Strategies

Multilateral Agencies are international institutions with governmental membership, which conduct all or a significant part of their activities in favour of development and aid recipient countries. They include multilateral development banks (eg The World Bank, regional development banks), United Nations agencies, and regional groupings (eg certain European Union and Arab agencies). A contribution by a DAC Member to such an agency is deemed to be multilateral if it is pooled with other contributions and disbursed at the discretion of the agency. Unless otherwise indicated, capital subscriptions to multilateral development banks are recorded on a deposit basis, ie in the amount and as at the date of lodgement of the relevant letter of credit or other negotiable instrument. Limited data are available on an encashment basis, ie at the date and in the amount of each drawing made by the agency on letters or other instruments.

Multilateral aid is aid channeled through international bodies for use in or on behalf of aid recipient countries. Aid channeled through multilateral agencies is regarded as bilateral where the donor controls the use and destination of the funds.

Multilateral portfolio investment covers the transactions of the private non-bank and bank sector in the securities issued by multilateral institutions.

NABARD National Bank for Rural Development

National Program on People's Empowerment (known as PNPM) sets out the details of operational plans for poverty reduction through promoting capacities of the local communities and providing funds for development.

NBR National Board of Revenue

NEDA National Economic and Development Authority, the economic planning agency in the Philippines

NEPAD New Partnership for Africa's Development. For information, go to http://www.nepad.org/ and see also African Union.

NGDO Non Governmental Development Organisation

NGO (PVO) Non-Governmental Organisations (Private Voluntary Organisations) also referred to as Voluntary Agencies. They are private nonprofit- making bodies that are active in development work.

Glossary of Aid Terms

NIC Newly industrialised countries

NIPs National Indicative Programmes (EU)

NPV Net Present Value

OA Official Assistance (Aid) is government assistance with the same terms and conditions as ODA, but which goes to Countries and Territories in Transition which include former aid recipients and Central and Eastern European Countries and the Newly Independent States. It does not count towards the 0.7% target.

OAU Organisation of African Unity now succeeded by African Union.

OCHA (See UNOCHA)

ODA Official Development Assistance (often referred to as 'aid') of which at least 25% must be a grant. The promotion of economic development or welfare must be the main objective. It must go to a developing country as defined by the DAC

ODF Official Development Finance is used in measuring the inflow of resources to recipient countries; includes [a] bilateral ODA, [b] grants and concessional and non-concessional development lending by multilateral financial institutions, and [c] Other Official Flows that are considered developmental (including refinancing loans) which have too low a grant element to qualify as ODA.

OECD Organisation for Economic Cooperation and Development (see DAC)

OHCHR Office of the UN High Commissioner for Human Rights

OOF Other Official Flows defined as flows to aid recipient countries by the official sector that do not satisfy both the criteria necessary for ODA or OA.

PARIS21 Partnership in Statistics for Development capacity programme for statistical development

Paris Declaration on Aid Effectiveness is a commitment to make aid more effective towards the goal of poverty reduction and better quality of life. Aside from institutional and structural reforms, it also raises concerns about the effectiveness of the aid regime for sustainable development. The Paris Declaration commits signatories to five principles:

Ownership Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

Alignment Donors base their overall support on partner countries' national development strategies, institutions and procedures

Harmonisation Donors' actions are more harmonised, transparent and collectively effective

Managing for Results Managing resources and improving decision-making for results

Mutual Accountability Donors and partners are accountable for development results"

Glossary of Aid Terms

Partially Untied Aid is Official Development Assistance (or Official Aid) for which the associated goods and services must be procured in the donor country or a restricted group of other countries, which must however include substantially all recipient countries. Partially untied aid is subject to the same disciplines as Tied Aid and Associated Financing.

PDF Philippines Development Forum

PEFA Public Expenditure and Financial Assistance. A partnership established in December 2001 involving the World Bank, IMF, European Commission, Strategic Partnership with Africa, and several bilateral donors (France, Norway, Switzerland, and the United Kingdom. Its mandate is to support integrated, harmonized approaches to the assessment and reform of public expenditure, procurement, and financial accountability, focusing on the use of diagnostic instruments.

Performance-based aid is a system of benchmarks which, once reached, trigger additional funding packages.

PFM Public Finance Management

PPP Public-Private Partnership

Power privatization model imposed by the United States and United Kingdom on Chile and India in the 1990's which is claimed to be contrary to the principle of democratic ownership.

PRGF the Poverty Reduction and Growth Facility, which replaces the ESAF and is the name given to IMF Loan Facilities to developing countries. (See also PRSP).

Private Flows are long-term (more than one year) capital transactions by OECD residents (as defined for balance of payment purposes) with aid recipient countries, or through multilateral agencies for the benefit of such countries. They include all forms of investment, including international bank lending and Export Credits where the original maturity exceeds one year. Private flows are reported to DAC separately for Direct Investment, Export Credits and International Bank Lending, Bond Lending and Other Private (lending).

Programme Aid is financial assistance specifically to fund (I) a range of general imports, or (ii) an integrated programme of support for a particular sector, or (iii) discrete elements of a recipient's budgetary expenditure. In each case, support is provided as part of a World Bank/IMF coordinated structural adjustment programme.

PRSP Poverty Reduction Strategy Papers

RoA Reality of Aid Network

Real Terms A figure adjusted to take account of exchange rates and inflation, allowing a 'real' comparison over time see Constant Prices

Glossary of Aid Terms

Recipient Countries and Territories is the current DAC list of Aid Recipients see LDC, LIC, LMIC, UMIC, HIC.

SAPs Structural Adjustment Programmes, a program imposed by the WB for providing its loan to recipient countries

Soft Loan A loan of which the terms are more favourable to the borrower than those currently attached to commercial market terms. It is described as concessional and the degree of concessionality is expressed as its grant element.

South-South Development Cooperation refers to the cooperation/ relations amongst developing countries; in the AAA, "South-South cooperation on development aims to observe the principle of non-interference in internal affairs, equality among developing partners and respect for their independence, national sovereignty, cultural diversity and identity and local content. It plays an important role in international development cooperation and is a valuable complement to North-South cooperation."

SPA Special Programme of Assistance for Africa (World Bank)

SPADA Support for Poor and Disadvantaged Areas

SSA Sub-Saharan Africa

SWA (SWAp) Sector Wide Approach

TA or TC Technical Assistance/ Cooperation includes both [a] grants to nationals of aid recipient countries receiving education or training at home or abroad, and [b] payments to consultants, advisers, and similar personnel as well as teachers and administrators serving in recipient countries (including the cost of associated equipment). Assistance of this kind provided specifically to facilitate the implementation of a capital project is included indistinguishably among bilateral project and programme expenditures, and is omitted from technical cooperation in statistics of aggregate flows.

Tied Aid is Aid given on the condition that it can only be spent on goods and services from the donor country. Tied aid credits are subject to certain disciplines concerning their concessionality levels, the countries to which they may be directed, and their development relevance designed to try to avoid using aid funds on projects that would be commercially viable with market finance, and to ensure that recipient countries receive good value.

TNC Transnational Corporation

Triangular development cooperation refers to Northern donors or multilateral institutions providing development assistance to Southern governments to execute projects/programmes with the aim of assisting other developing countries.

UMIC Upper Middle Income Countries those with an annual per capita income

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	of between US$3036 and US$9385 in 1995
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/AIDS
UNCED	United Nations Conference on Environment and Development, Rio de Janeiro 1992
UNCHS	United Nations Centre for Human Settlements, Habitat
UNCTAD	United Nations Conference on Trade and Development
UNDCF	United Nations Capital Development Fund
UNDAC	United Nations Disaster Assessment and Coordination
UNDAF	United Nations Development Assistance Framework
UNDCP	United Nations Drugs Control Programmes
UNDP	United Nations Development Programme
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFPA	United Nations Fund for Population Activities
UNHCR	Office of the United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
UNIDO	United Nations Industrial Development Organisation
UNIFEM	United Nations Development Fund for Women
UNITAR	United Nations Institute for Training and Research
UNOCHA	UN Office for the Coordination of Humanitarian Assistance
UNRISD	United Nations Research Institute for Social Development
Untied Aid	Official Development Assistance for which the associated goods and services may be fully and freely procured in substantially all countries.
UNV	United Nations Volunteers
Uruguay Round	Last round of multilateral trade negotiations under the GATT
USAID	United States Agency for International Development
Vertical programmes	also known as vertical funds, global programmes and global initiatives, defined by the OECD and the World Bank as "international initiatives outside the UN system which deliver significant funding at the country level in support of focused thematic objectives."
WB	World Bank
WFP	World Food Programme
WHIP	Wider Harmonization in Practice
WHO	World Health Organisation
WID	Women in Development
WSSD	World Summit for Social Development, Copenhagen 1995. See 20/20 Initiative.
WTO	World Trade Organisation

Sources consulted include: Reality of Aid, Annual Development Cooperation Report of the DAC

Part 3

ROA Members
Directory

ROA Members Directory

ROA AFRICA

Jubilee Angola
Address: PO Box 6095, Luanda, Angola
Email: Jubileu2000.ang@angonet.org
Phone: (244)2366729
Fax: (244)2335497

GRAIB-ONG
Address: BP 66 AZOVE Benin
Email: isiagbokou@yahoo.fr
Phone: (229) 027662; 91 62 22
Fax: (229) 46 30 48

Groupe de Recherche et d'Action pour la Promotion de l'Agriculture et du Développement (GRAPAD)
Address: c/1506I Maison DJOMAKON Jean VONS Guindéhou VEDOKO, Benin
Email: acaurelien@hotmail.com
Phone: (229) 21 38 01 72 / 21 38 48 83
Fax: (229) 21 38 01 72

Forum for the Reinforcement of the Civil Society (FORCS)/ Forum pour le Renforcement de la Société Civile (FORSC)
Email: forsc@cbinf.com
Website: www.forsc.org

Centre for Promotion of Economic and Social Alternatives (CEPAES)
Address: P. O. Box 31091 , Yaounde, Cameroon
Email: cepaes2003@yahoo.fr
Phone: (237) 231 4407

North West Association of Development Organisations (NWADO)
Address: P.O. Box 1132 Mankon-Bamenda Cameroon
Email: nwngo@yahoo.co.uk
Phone: 00237 77 82 92 59
Website: www.nwado.wordpress.com

Habitat of Peace - Congo - DRC
Phone: (243) 99811818

Forum National sur la Dette et la Pauvreté (FNDP)
Address: BP 585 Abidjan cidex 03 Riviera, Abijan
Email: kone@aviso.ci
Phone: (225) 05718222

Foundation for Grassroots Initiatives in Africa (GrassRootsAfrica)
Address: Foundation for Grassroots Inititives in Africa (GrassRootsAfrica) House Number 87 Bear Regimanuel Gray Estates, Kwabenya-Accra PMB MD 187 Madina- Accra Ghana
Email: grassrootsafrica@grassrootsafrica.org.gh
Phone: (233)-21-414223
Fax: (233)-21-414223
Website: www.grassrootsafrica.org.gh

Kenya Debt Relief Network (KENDREN)
Address: C/O EcoNews Africa, Mbaruk Road, Mucai Drive, P.O. Box 76406, Nairobi, Kenya
Phone: (254) 020 2721076/99
Fax: (254) 020 2725171
Website: www.kendren.org

Kenya Private Sector Alliance (KEPSA)
Address: 2nd Floor, Shelter Afrique Along Mamlaka Road, Next to Utumishi Co-op House P.O. Box 3556-00100 GPO Nairobi, Kenya
Email: info@kepsa.or.ke
Phone: (254) 20 2730371/2 and 2727883/936
Fax: (254) 2 2730374
Website: www.kepsa.or.ke

Social Development Network (SODNET)
Address: Methodist Ministry Center, 2nd Wing, 4th floor, Oloitoktok Road, Off Gitanga Road, Kilimani Nairobi 00619 Kenya
Email: sodnet@sodnet.or.ke; po-edwardoyugi@gmail.com
Phone: (254) 20 3860745/6
Fax: (254) 20 3860746
Website: www.sodnet.org

PELUM- Kenya
Email: pelumkenya@pelum.net
Phone: (254) 67 31 686/ (254) 20 26 22 674
Website: www.pelum.net

ROA Members Directory

Malawi Economic Justice Network (MEJN)
Address: Malawi Economic Justice Network,
Centre House Arcade, City Centre,
PO Box 20135, Lilongwe 2 Malawi
Email: mejn@mejn.mw
Phone: (265) 1 770 060
Fax: (265) 1 770 068
Website: www.mejn.mw

Africa Leadership Forum
Address: ALF Plaza, 1 Bells Drive, Benja Village,
Km 9, Idiroko road, Ota, Ogun State, Nigeria
Email: info@africaleadership.org
Phone: (234) 803 4543925
Website: www.africaleadership.org

Africa Network for Environmental and Economic Justice (ANEEJ)
Address: 123, First East Circular Road
Benin City Edo State Nigeria, West Africa
Email: david@aneej.org ; aneej2000@yahoo.co.uk
Phone: (234) 80 23457333
Website: www.aneej.org

Centre for Peacebuilding and Socio-Economic Resources Development (CPSERD)
Address: No 2B, A Close, Road 21, Phase 1,
Kado Estate, P. O. Box 3679, Abuja FCT, Nigeria
Email: info@cepserd.org
Phone: (234) 9671 7833; (234) 9290 4926
Website: www.cepserd.org

Economic Community of West African States Network on Debt and Development (ECONDAD)
Address: 123 1st East Circular Road,
Benin City, Edo State, Nigeria

THISDAY
Address: 35 Creek Road , Apapa, Lagos
Email: thisday@nova.net.ng; etimisim@hotmail.com
Phone: (234) 8022924721-2, 8022924485
Fax: (234) 1 4600276
Website: www.thisdayonline.com

Forum for African Alternatives
Senegal
Email: dembuss@hotmail.com

Economic Justice Network (EJN)
Address: Church House 1,
Queen Victoria Street,
Cape Town. Republic of South Africa
Email: ejnetwork@mweb.co.za; admin@ejn.org.za
Phone: (27) 21 424 9563
Fax: (27) 21 424 9564
Website: www.ejn.org.za

Institute for Security Studies/Institut D'Etudes de Securite
Address: PO Box 1787 Brooklyn Square Tshwane
(Pretoria) 0075 South Africa
Email: iss@issafrica.org
Phone: (27) 012 346 9500/2
Fax: (27) 012 346 9570
Website: www.iss.co.za

Center for Economic Governance and Aids in Africa (CEGAA)
Address: Room 1009, Loop Street Studios,
4 Loop Street, Cape Town 8001/ P.O. Box 7004,
Roggebaai, 8012 South Africa
Phone: (27) 21 425 2852
Fax: (27) 21 425 2852
Website: www.cegaa.org

Tanzania Coalition on Debt and Development (TCDD)
Address: Shaurimoyo Road,
Mariam Towers, 8th Floor,
PO Box 9193, Dar Es-Salaam,
Tanzania
Email: ttcdd@yahoo.com
Phone: 255 (22) 2866866/713 - 608854
Fax: (255) 22 2124404
Website: http://ttcdd.org

Tanzania Association of NGOs (TANGO)
Address: Off Shekilango Road, Sinza Afrika
Sana Dar es Salaam
P. O. Box 31147 Tanzania
Email: tango@bol.co.tz
Phone: (255) 22 277 4582
Fax: (255) 22 277 4582
Website: www.tango.or.tz

ROA Members Directory

Uganda Debt Network
Address: Plot 424 Mawanda Road, Kamwokya
Kampala / P.O. Box 21509 Kampala, Uganda
Email: Info@udn.or.ug
Phone: (256) 414 533840/543974
Fax: (256) 414 534856
Website: www.udn.or.ug

Uganda NGO National Forum
Address: Plot 25, Muyenga Tank Hill Rd,
Kabalagala, PO Box 4636, Kampala, Uganda
Email: info@ngoforum.or.ug
Phone: (256) 772 408 365
Fax: (256) 312 260 372
Website: www.ngoforum.or.ug

Jubilee Zambia
Address: P.O. Box 37774, 10101, Lusaka, Zambia
Email: debtjctr@zamnet.zm
Phone: (260) 1 290410
Fax: (260) 1 290759
Website: www.jctr.org.zm

Southern African Centre for the Constructive Resolution of Disputes (SACCORD)
Address: P.O. Box 37660, Lusaka, Zambia
Email: saccord@zamtel.zm
Phone: (260) 1 250017
Fax: (260) 1 250027

Civil Society for Povery Reduction (CSPR)
Address: Plot No. 9169,
Nanshila Road Kalundu-P/B E891 Postnet
No. 302, Lusaka, Zambia
Email: william@cspr.org.zm
Phone: (260) 211 290154

African Forum and Network on Debt and Development (AFRODAD)
Address: 31 Atkinson Drive, Harare,
Zimbabwe
Email: afrodad@afrodad.co.zw
Phone: (263) 4 778531/6
Fax: (263) 4 747878
Website: www.afrodad.org

Institute of Development Studies (IDS) University of Zimbabwe
Address: PO Box MP167, Mt Pleasant,
Harare, Zimbabwe
Email: gchikowore@science.uz.ac.zw
Phone: (263) 4 333342/3
Fax: (263) 4-333345

Zimbabwe Coalition on Debt and Development (ZIMCODD)
Address: 5 Orkney Road, Eastlea, Harare,
Zimbabwe ; P O Box 8840, Harare, Zimbabwe
Email: zimcodd@zimcodd.co.zw
Phone: (263) 4 776830/31
Fax: (263) 4 776830/1
Website: www.zimcodd.org.zw

Grupo Mocambicano da Divida (GMD) / Mozambican Debt Group
Address: Rua de Coimbra, nº 91 - Malhangalene, Maputo
Email: divida@tvcabo.co.mz
Phone: 21 419523, cel. 82 - 443 7740
Fax: (258)21-419524
Website: www.divida.org

Foundation for Community Development - Mozambique
Address: Av. 25 de Setembro,
Edifícios Times Square Bloco 2 - 3º andar
Email: divida@tvcabo.co.mz
Phone: (258) 21 355300
Fax: (258) 21 355 355
Website: www.fdc.org.mz

ROA ASIA/PACIFIC

UBINIG (Policy Research for Development Alternative)
Address: 22-13, Khilzee Road, Block # B,
Mohammadpur, Shaymoli, Dhaka 1207, Bangladesh
Email: nkrishi@bdmail.net
Phone: (880) 2 81 11465; 2 81 16420
Fax: (880) 2 81 13065

ROA Members Directory

Voices for Interactive Choice and Empowerment (VOICE)
Address: House #67, 4th floor, Block-Ka, Pisciculture Housing Society, Shaymoli, Dhaka-1207, Bangladesh
Email: voice@gmail.com
Phone: (880) 2-8158688
Fax: (880) 2-8158688
Website: www.voicebd.org

LOKOJ Institute
Address: No. 706, Road No. 11, Adabor, Shamoli, Dhaka 1207
Email: lokoj@aitlbd.net; aruprahee@yahoo.com
Phone: (880) 28150669
Fax: (880) 29664408
Website: www.lokoj.org

Proshika
Address: I/1-Ga, Section-2, Mirpur, Dhaka-1216, Bangladesh
Email: idrc@proshika.bdonline.com
Phone: (880) 8015812, 8016015
Fax: (880) 2-8015811
Website: www.proshika.org

COAST
Address: House# 9/4, Road# 2, Shyamoli, Dhaka 1207 Bangladesh
Email: info@coastbd.org
Phone: (880) 2-8125181
Fax: (880) 2-9129395
Website: www.coastbd.org

ANGIKAR Bangladesh Foundation
Address: Sunibir, 25 West Nakhalpara, Tejgaon, Dhaka 1215 Bangladesh
Email: angikarbd@yahoo.com
Phone: 881711806054 (mobile)

Advancing Public Interest Trust (APIT)
Address: 107/ Ground Floor, Sher Sha Shuri Road, Mohammadpur, Dhaka 1216 Bangladesh
Email: info@apitbd.org
Phone: (880) 2-9121396,(880) 2-9134406
Fax: Ext-103
Website: www.apitbd.org

INCIDIN Bangladesh
Address: 9/11, Iqbal Road, Mohammadpur, Dhaka-1207 Bangladesh
Phone: 880-2-8129733
Website: www.incidinb.org

Wave Foundation
Address: 3/11. Block-D, Lalmatia, Dhaka 1207, Bangladesh
Email: info@wavefoundation.org
Phone: 88-02-8113383

Cooperation Committee for Cambodia (CCC)
Address: #9-11, St. 476, TTPI, Chamkarmorn, Phnom Penh, Cambodia, PO Box 885, CCC Box 73
Phone: (855 23) 216 009 or (855 -16) 900 503
Fax: (855 23) 216 009
Website: www.ccc-cambodia.org

The NGO Forum on Cambodia
Address: #9-11 Street 476, Toul Tompong, P.O. Box 2295, Phnom Penh 3, Cambodia
Email: ngoforum@ngoforum.org.kh
Phone: 855)23-214 429
Fax: 855)23- 994 063
Website: www.ngoforum.org.kh

China Association for NGO Cooperation (CANGO)
Address: C-601, East Building, Yonghe Plaza, 28# Andingmen Dongdajie, Beijing, 100007, P.R.China
Email: info@cango.org
Phone: (86) 10 64097888
Fax: (86)10 64097607
Website: www.cango.org

Ecumenical Center for Research, Education and Advocacy (ECREA)
Address: 189 Rt. Sukuna Rd. G.P.O 15473 Suva Republic of Fiji Islands
Email: Fijikjbarr@ecrea.org.fj
Phone: (679) 3307 588
Fax: (679) 3311 248
Website: www.ecrea.org.fj

ROA Members Directory

Pacific Islands Association of Non Governmental Organisations (PIANGO)
Address: 30 Ratu Sukuna Road,
Nasese, Suva, Fiji Islands;
Postal: P.O. Box 17780, Suva, Fiji
Email: piango@connect.com.fj
Phone: (679) 330-2963 / 331-7048
Fax: (679) 331-7046
Website: www.piango.org

Asia Pacific Mission for Migrants (APMM)
Address: c/o Kowloon Union Church,
No.2 Jordan Road, Kowloon Hong Kong SAR
Email: apmm@hknet.com
Phone: (852) 2723-7536
Fax: (852) 2735-4559
Website: www.apmigrants.org

Centre for Organisation Research and Education (CORE)
Address: National Programme Office A-5 Vienna Residency Aldona Bardez 403 508, Goa, INDIA
Email: anarchive.anon@gmail.com ; core_ne@coremanipur.org
Phone: (91) 832-228 9318
Website: www.coremanipur.org

Public Interest Research Centre (PIRC)
Address: 142, Maitri Apartments, Plot No. 2,
Patparganj, Delhi – 110 092
Phone: (91) 11-43036919
Fax: (91) 11-222-4233

South Asian Network for Social and Agricultural Development (SANSAD)
Address: N-13, Second Floor Green Park Extension
New Delhi India - 110016
Phone: (91) 11-4164 4845
Fax: (91) 11-4175 8845
Website: www.sansad.org.in

Tamil Nadu Women's Forum
Address: Kallaru, Perumuchi Village and Post
Arakkonam 631 002, Vellore District,
Tamil Nadu, India
Email: tnwforum@gmail.com
Phone: (91) 041421 70702

Vikas Andhyayan Kendra (VAK)
Address: D-1 Shivdham,
62 Link Road, Malad (West),
Mumbai 400 064 India
Email: vak@bom3.vsnl.net.in
Phone: (91) 22-2882 2850 / 2889 8662
Fax: (91) 22-2889 8941
Website: www.vakindia.org

Forum LSM Aceh (Aceh NGOs Forum)
Address: Jl. T. Iskandar No. 58 Lambhuk,
Banda Aceh, Indonesia
Email: wiraatjeh@yahoo.com;
forumlsmaceh@yahoo.com
Phone: (62) 651 33619; 081514542457
Fax: (62)65125391
Website: www.forumlsmaceh.org

International NGO Forum on Indonesian Development (INFID)
Address: JL Mampang Prapatan XI,
No. 23 Jakarta 12790, Indonesia
Email: infid@infid.org
Phone: (62) 21 7919-6721 to 22
Fax: (62)21 794-1577
Website: www.infid.org

Forum of Women's NGOs in Kyrgyzstan
Address: Isanova 147, kv. 7; 720033 Bishkek
Phone: (996) 312 214585; (996) 555 996612
Website: www.forumofwomenngos.kg

Arab NGO Network for Development (ANND)
Address: P.O.Box: 5792/14, Mazraa:
1105 - 2070 Beirut, Lebanon
Email: annd@annd.org
Phone: (961) 1 319366
Fax: (961) 1 815636
Website: www.annd.org

Third World Network (TWN)
Address: 131 Jalan Macalister, 10400 Penang, Malaysia
Email: twnet@po.jaring.my; twn@igc.apc.org
Phone: (60) 4 2266728/2266159
Fax: (60) 42264505
Website: www.twnside.org.sg

ROA Members Directory

Centre for Human Rights and Development (CHRD)
Address: Bagaa Toiruu, Chingeltei district 17, Mongolia
Phone: (976) 11325721
Fax: (976)11325721
Website: www.owc.org.mn

Nepal Policy Institute (NPI)
Address: 60 Newplaza Marga, Putalisadak,
Kathmandu, Nepal
Email: npi.info@wlink.com.np/
nepalpolicyinstitute@gmail.com
Phone: (977) 1-4429741
Fax: (977) 1-4419610
Website: npi.org.np

NGO Federation of Nepal
Address: Post Box No 8973 NPC 609,
New Baneshwor, Kathmandu, Nepal
Email: info@ngofederation.org
Phone: (977) 1 4782908; Cell : 977 9841212769
Fax: (977) 1 4780559
Website: www.ngofederation.org

All Nepal Peasants' Federation (ANPFa)
Address: PO Box: 273, Lalitpur
Email: anpfa@anpfa.org.np
Phone: (977) 1-4288404
Fax: (977) 1-4288403
Website: www.anpfa.org.np

National Network of Indigenous Women (NNIW)
Address: National Network of Indigenous Women
(NNIW), Kathmandu Metropolitan- 34,
Baneshwor, PO Box 7238
Email: nniw@wlink.com.np
Phone: (977) 1-4115590
Fax: (977) 1-4115590
Website: www.nniw.org.np

Lok Sanjh Foundation
Address: House 494, Street 47, G-10/4,
Islamabad, Pakistan
Email: lok_sanjh@yahoo.com
Phone: (92) 51-2101043
Fax: (92) 51 221 0395
Website: www.loksanjh.org

Pakistan Institute of Labor and Education Research (PILER)
Address: Pakistan Institute of Labour Education &
Research ST-001, Sector X, Sub Sector - V, Gulshan-
e-Maymar, Karachi – Pakistan
Email: piler@cyber.net.pk; info@piler.org.pk
Phone: (92) 21 6351145-7
Fax: (92) 21 6350354
Website: www.piler.org.pk

Peoples Workers Union
Address: B-25, Bano Plaza,
Garden East, Nishtar Road, Karachi, Pakistan
Phone: 92-30-02023639

Cordillera People's Alliance (CPA)
Address: # 2 P. Guevarra Street, West Modern Site,
Aurora Hill, 2600 Baguio City, Philippines
Email: cpa@cpaphils.org; pic@cpaphils.org
Phone: (63) 74 304-4239
Fax: (63) 74 443-7159
Website: www.cpaphils.org

Council for People's Democracy and Governance (CPDG)
Address: Quezon City, Philippines
Phone: (63) 2 3741285

IBON Foundation Inc.
Address: 114 Timog Avenue, Quezon City, 1103 Philippines
Phone: (63) 2 927 6981
Fax: (63)2 927 6981
Website: www.ibon.org

Mindanao Interfaith People's Conference (MIPC)
Address: 2F PICPA Bldg., Araullo St.,
Davao City 8000 Philippines
Email: mfat_mipc@meridiantelekoms.net
Phone: (63) 82 225 0743
Fax: (63) 82 225 0743

Aidwatch Philippines
Address: 114 Timog Avenue, Quezon City, 1103 Philippines
Email: aidwatch-philippines@googlegroups.com
Phone: (63) 2 927 7060 to 62
Fax: (63) 2 929 2496
Website: www.aidwatch-ph.collectivetech.org/node/2

ROA Members Directory

Solidarity for People's Advocacy Network (SPAN)
Address: Cebu, Philippines
Email: gigilabra@yahoo.com

Green Movement of Sri Lanka (GMSL)
Address: No 9 , 1st Lane, Wanatha Road, Gangodawila, Nugegoda, Sri Lanka
Email: office@greensl.net
Phone: (94) 11 2817156
Fax: (94) 11 4305274
Website: www.greensl.net

SEWALANKA Foundation (SLF)
Address: # 432 A, 2nd Floor, Colombo Road, Boralesgamuwa, Sri Lanka
Email: south@sewalanka.org
Phone: (94) 773524410; (94) 112545362-5
Fax: (94)112545166
Website: www.sewalanka.org

Law & Society Trust (LST)
Address: Law & Soceity Trust, No. 3, Kynsey Terrace, Colombo 8, Sri Lanka
Email: lst@eureka.lk , lstadmin@sltnet.lk
Phone: (94) 11 2684845 / (94) 11 2691228
Fax: (94) 11 2686843
Website: www.lawandsocietytrust.org

Jahon
Address: Tajikistan, Dushanbe, S. Ainy 19 a, app. 10
Phone: (992) 935073371

Shan Women's Action Network (SWAN)
Address: PO Box 120 Phrasing Post Office, Chiangmai 50200, Thailand
Email: charmtong2@yahoo.com; kenneri@shanwomen.org
Website: www.shanwomen.org

Timor Aid
Address: TIMOR AID - TULUN RAI TIMOR Avenida dos Direitos Humanos Lecidere Dili, East Timor
Phone: 670 (390) 321 428, F51
Fax: 670 (390) 312 435
Website: www.timoraid.org

East Timor Development Agency (ETDA)
Address: P.O. Box 30, Bairro Pite, Dili, Timor-Leste
Email: etda@etda-dili.org
Phone: (670) 723 3674; (670) 723 3816

Vietnam Union of Science & Technology Associations (VUSTA)
Address: 53 Nguyen Du Str. - Ha Noi - Viet Nam
Email: nguyenmanh155@gmail.com
Phone: (84)4 9432206
Fax: (84)4 8227593
Website: www.vusta.vn

ROA LATIN AMERICA

Fundación para el Desarrollo en Justicia y Paz (FUNDAPAZ)
Address: Calle Castelli 12, segundo piso "A", (C1031AAB) Buenos Aires, Argentina
Email: comunicacion@fundapaz.org.ar
Phone: (54) 11 4864-8587
Fax: (54) 11 4861-6509
Website: www.fundapaz.org.ar

Instituto de Desarrollo Social y Promoción Humana (INDES)
Address: Pte Luis Sáenz Peña 277, 5 Piso Oficina 10, 1110 Buenos Aires, Argentina
Email: indes@arnet.com.ar; indesmisiones@arnet.com.ar
Phone: (54) 11 4372-6358
Fax: (54) 11 4372-6358
Website: www.indes.org.ar

Servicio Habitacional y de Acción Social (SEHAS)
Address: Bv. del Carmen 680, Villa Siburu, (5003) Córdoba, Argentina
Email: sehas@sehas.org.ar; secretaria@sehas.org.ar
Phone: (54) 351 480-5031
Fax: (54) 351 489-7541
Website: www.sehas.org.ar

ROA Members Directory

Asociación para el Desarrollo de los Pueblos (ADP)
Address: Apartado postal 4627, Managua C.S.T. 5 cuadras al Sur, 1 1/2; cuadra al Oeste Managua, Nicaragua
Email: adp@turbonett.com
Phone: (505) 2228-1360; 2228-3005
Fax: (505)2664878
Website: www.adp.com.ni

Centro de Educación Popular (QHANA)
Address: Apartado postal 9989, La Paz, Calle Landaeta No. 522, La Paz, Bolivia
Email: qhana@qhana.org.bo
Phone: (591) 2 249-1447; 249 1494
Fax: (591) 2 212-4198
Website: www.qhana.org.bo

Cedla
Bolivia
Email: katiaurionag@yahoo.com

Centro de Investigación y Promoción del Campesino (CIPCA)
Address: Calle Claudio Peñaranda Nº 2706 esquina Vicenti, Sopocachi, Casilla 5854, La Paz Bolivia
Email: cipca@cipca.org.bo
Phone: (591) 2-2910797; 2-910798
Fax: (591) 2-2910796
Website: www.cipca.org.bo

Coordinadora Mujer
Bolivia
Email: coordina.mujer@acelerate.com

Fundación Taller de Iniciativas en Estudios Rurales (Fundación Tierra)
Address: Apartado postal 8155, La Paz; Calle Hermanos Manchego No. 2576, La Paz, Bolivia, Casilla postal 3972 6022, Santa Cruz de la Sierra, Bolivia
Email: fundaciontierra@ftierra.org
Phone: (591) 2 243-0145 - 243-2263 /2683
Fax: (591) 2 211 1216
Website: www.ftierra.org

Productividad Biosfera Medio Ambiente - Probioma
Address: Equipetrol calle 7 Este No 29 Santa Cruz de la Sierra, Bolivia
Email: probioma@probioma.org.bo
Phone: (591) 2 3431332
Fax: (591) 2 3432098
Website: www.probioma.org.bo

Centro de Assessoria Multiprofissional (CAMP)
Address: Porto Alegre - RS Brazil 90840 - 190, PRACA PAROBÉ, 130-9o ANDAR CENTRO, 90030.170 PORTO ALEGRE - RS BRASIL
Email: camp@camp.org.br
Phone: (55) 51 32126511
Fax: (55) 51 3233 7523
Website: www.camp.org.br

Federaracion de Organos para Asistencia Social Educaciónal (FASE)
Address: Rua das Palmeiras, 90,
Botafogo 22270-070, Rio de Janeiro - RJ
Email: fase@fase.org.br
Phone: (55) 21 2536 7350
Fax: (55) 21 2536 7379
Website: www.fase.org.br

Instituto de Estudos Socioeconomicos (INESC)
Address: SCS Quadra 08 Bloco B-50,
salas 433/441, Edificio Venâncio 2000,
CEP 70333-970 Brasilia - DF, Brazil
Email: protocoloinesc@inesc.org.br
Phone: (55) 61 3212-0200
Fax: (55) 61 3212-0216
Website: www.inesc.org.br

Instituto de Estudos, Formacao e Assessoria em Politicas Sociais (POLIS)
Address: Rua Araújo, 124 Centro,
Sao Paulo - SP Brazil
Email: polis@polis.org.br
Phone: (55) 11 2174-6800
Fax: (55) 11 2174 6848
Website: www.polis.org.br

ROA Members Directory

Corporación de Estudios Sociales y Educación (SUR)
Address: José M. Infante 85, Providencia, Santiago, Chile
Email: corporacionsur@sitiosur.cl
Phone: (56) 2 235 8143; 236 0470
Fax: (56) 2 235-9091
Website: www.sitiosur.cl

Juventudes para el Desarrollo y la Producción (JUNDEP)
Address: Fanor Velasco 27, Santiago, Chile
Email: jundep@jundep.cl; corpjundep@123.cl
Phone: (56) 3611314; 3611321
Website: www.jundep.cl

La Morada
Address: Purísima 251, Recoleta, Santiago, Chile
Email: secretaria@lamorada.cl
Phone: (56 2) 732 3728; 735 1779 / 1785 / 1820
Fax: (56 2) 732 3728; 735 1779 / 1785 / 1820
Website: www.lamorada.cl

Confederación Colombiana de ONG
Colombia

Centro de Investigaciones y Educación Popular (CINEP)
Address: CINEP Centro de Investigación y Educación Popular Carrera 5 No. 33 A – 08 Bogotá, Colombia
Email: info@cinep.org.co
Phone: (57) 1 245 61 81
Fax: (57) 1 287 90 89
Website: www.cinep.org.co

Corporación Región para el Desarrollo y la Democracia
Address: Apartado postal 67146 Medellín, Calle 55 No. 41-10
Email: coregion@region.org.co
Phone: (57) 4 216-6822
Fax: (57) 4 239-5544
Website: www.region.org.co

Corporación Viva la Ciudadanía
Address: Calle 54, No. 10-81, piso 7, Bogotá, Colombia
Email: info@viva.org.co
Phone: (57) 1 348 0781
Fax: (57) 1 212 0467
Website: www.viva.org.co

Fundación Foro Nacional por Colombia
Address: Carrera 4 A No 27 62 Bogotá D.C., Colombia
Email: info@foro.org.co
Phone: (57) 1 282-2550
Fax: (57) 1 2861299
Website: www.foro.org.co

La Alianza
Colombia
Email: director@viva.org.co

Fundación Promotora de Vivienda (FUPROVI)
Address: P.O. Box: 1738-2100, Guadalupe, San José, Costa Rica Del Costado Norte de la Iglesia de Moravia, 700 Mts. Este, 100 Mts. Norte, 100 Mts. Oeste, Moravia, San José, Costa Rica
Email: fuprovi@fuprovi.org
Phone: (506) 2 247-0000
Fax: (506) 2 236-5178
Website: www.fuprovi.org

Centro Félix Varela (CFV)
Address: Calle 5ta. No 720 esq. a 10, El Vedado municipio Plaza de la Revolucion, C.P. 10400, Ciudad de la Habana, Cuba
Email: director@cfv.org.cu; cfv@cfv.org.cu
Phone: (53) 7 836-7731
Fax: (53) 7 833-3328
Website: www.cfv.org.cu

Central Ecuatoriana de Servicios Agrícolas (CESA)
Address: Apartado Postal 17-16-0179 C.E.Q. Inglaterra N3130 y Vancouver, Quito - Ecuador
Email: cesa.uio@andinanet.net
Phone: (593) 2 2524830
Fax: (593) 2 503006
Website: www.cesa.org.ec

ROA Members Directory

Centro Andino de Acción Popular (CAAP)
Address: Apartado postal 17-15-173-B,
Martín de Utreras 733 y Selva Alegre, Quito
Email: capporg.ec@uio.satnet.net
Phone: (593) 2 522-763; 523-262
Fax: (593)2 568-452
Website: www.ecuanex.net.ec/caap/

Centro de Investigaciones (CIUDAD)
Address: Calle Arturo Meneses N24-57(265)
y Av. La Gasca, Sector Universidad Central,
Casilla 17 08 8311, Quito, Ecuador EC1701
Email: ciudadinfo@ciudad.org.ec;
confe@ciudad.org.ec
Phone: (593) 2 2225-198; 2227-091; 2500322 ;
2227091; 2227086 ; 098344757
Fax: (593) 2 500-322 ext 11
Website: www.ciudad.org.ec;
www.cooperacion.org.ec

Fondo Ecuatoriano Populorum Progressio (FEPP)
Address: Mallorca N24-275 y Coruña, La Floresta,
Quito - Ecuador
Email: fepp@fepp.org.ec
Phone: (593)2 2520-408; 2529-372; 2554-741; 2554-744
Fax: (593) 2 2504978
Website: www.fepp.org.ec

Observatorio de la Cooperación - Ciudad
Ecuador

Fundación Nacional para el Desarrollo (FUNDE)
Address: Calle Arturo Ambrogi #411 entre 103
y 105 Av. Norte, Col. Escalón, San Salvador, El
Salvador, P.O. BOX 1774, CENTRO DE GOBIERNO
Email: funde@funde.net
Phone: (503) 2209-5300
Fax: (503) 2263-0454
Website: www.funde.org

Fundación Salvadoreña para la Promoción y el Desarrollo Económico (FUNSALPRODESE)
Address: 17ª Avenida Norte y 27ª Calle Poniente
No. 1434, Colonia Layco,
San Salvador; Apartado Postal 1952.
Centro de Gobierno, San Salvador. El Salvador,
Centro América
Email: funsal@telesal.net
Phone: (503) 22 25-2722; 22 25-0414;
22 25-0416; 22 25-1212
Fax: (503) 2225-5261
Website: www.funsalprodese.org.sv

Centro para la Acción Legal en Derechos Humanos (CALDH)
Address: 6a. Avenida 1-71, Zona 1,
Ciudad de Guatemala
Email: caldh@caldh.org
Phone: (502) 2251-1505 /2251-0555
Fax: (502) 2230-3470
Website: www.caldh.org

Coordinacion de ONG y Cooperativas (CONGCOOP)
Address: 2a. Calle 16-60 zona 4 de Mixco,
Residenciales Valle del Sol,
Edificio Atanasio Tzul, 2do. Nivel Guatemala,
Centro America
Phone: (502) 2432-0966
Fax: 502) 2433-4779
Website: www.congcoop.org.gt

Proyecto de Desarrollo Santiago-La Salle (PRODESSA)
Address: Km. 15 Carretera Roosevelt,
zona 7 de Mixco. 01057 Interior Instituto
Indígena Santiago Guatemala,
Centro América
Email: codireccion@prodessa.net
Phone: (502) 2435-3911; (502) 2435-3912
Fax: (502) 2435-3913
Website: www.prodessa.net

ROA Members Directory

Foro Social de la Deuda Externa y Desarrollo de Honduras, FOSDEH
Honduras

Instituto Hondureño de Desarrollo Rural (IHDER)
Address: COLONIA PRESIDENTE KENNEDY, ZONA No.2 BLOQUE No. 37, CASA #4416, SUPERMANZANA No. 5 TEGUCIGALPA, HONDURAS
Email: ihder@sdnhon.org.hn
Phone: (504) 230-0927
Fax: (504) 2300927

Comisión de Acción Social Menonita (CASM)
Address: Barrio Guadalupe 21-22, Calle 3, Av. NE, 2114, San Pedro Sula, Cortés, Honduras
Email: casm@sulanet.net
Phone: (504) 552 9469 / 70
Fax: (504) 552 0411
Website: www.casm.hn

Asociacion Latinoamericana de Organizaciones de Promocion ad Desarrollo, A.C. (ALOP)
Address: ALOP, Benjamin Franklin #186-Col. Escandon, Del. Miguel Hidalgo, Mexico D.F. C.P. 11800
Email: corpregion@geo.net.co; info@alop.org.mx
Phone: 52 55 5273 3449
Fax: (52) 55 5273 3449
Website: www.alop.org.mx

Deca-Equipo Pueblo
Address: Francisco Field Jurado Nº 51, Col. Independencia, Deleg. Benito Juárez, México D.F. CP.- 03630
Email: jbalbis@alop.org.mx
Phone: (52) 55 5539 0055; 5539 0015
Fax: (52) 55 5672 7453
Website: www.equipopueblo.org.mx

Enlace, Comunicación y Capacitación, AC (ENLACE)
Address: Benjamín Franklin No. 186, Col. Escandón CP 11800, México, D.F
Email: enlace@enlacecc.org
Phone: (52) 55 52 73 34 03; 52 73 44 86
Website: www.enlacecc.org

Instituto Mora
Mexico

Servicios para la Educación Alternativa AC (EDUCA)
Address: Escuadrón 201 # 203 Col. Antiguo Aeropuerto, Oaxaca 68050, México
Email: educa@prodigy.net.mx
Phone: (52) 951 5025043; 513 6023
Website: www.educaoaxaca.org

Centro Operacional de Vivienda y Poblamiento (COPEVI)
Address: 1o. de Mayo No. 151, San Pedro de los Pinos, México, D.F. C.P. 03800
Email: copevi@prodigy.net.mx
Phone: (52 55) 5515 9627 / 4919
Fax: (52 55) 5271 4119
Website: www.copevi.org

Servicio de Información Mesoamericano sobre Agricultura Sostenible (SIMAS)
Address: Lugo Rent a Car 1c al lago, Esq. Sur oeste parque El Carmen. Reparto El Carmen, Managua, Nicaragua
Email: simas@simas.org.ni
Phone: (505) 2268 2302
Fax: (505) 2268 2302
Website: www.simas.org.ni

Instituto Cooperativo Interamericano (ICI)
Address: Apartado Postal 0834-02794 Ave. La Pulida, Pueblo Nuevo, Panamá
Email: icipan@cwpanama.net
Phone: (507) 224-6019 ó 224-0527
Fax: (507) 221-5385
Website: www.icipan.org

Programa de Promoción y Desarrollo Social (PRODESO)
Address: Apartado postal 168, Santiago de Veraguas, Calle 4, Paso de las Tablas, Santiago de Veraguas, Panamá
Email: prodeso@cwp.net.pa
Phone: (507) 998-1994
Website: www.prodeso.org

ROA Members Directory

Base, Educación, Comunicación, Tecnología Alternativa (BASE-ECTA)
Address: Avenida Defensores del Chaco, piso 1 San Lorenzo, Paraguay, Código Postal 2189 San Lorenzo
Email: basedir@basecta.org.py
Phone: (595) 21 576-786; (595 21) 580-239

Servicio Ecumenico de Promoción Alternativa (SEPA)
Address: Apartado postal 23036 Fernando de la Mora, Soldado Ovelar 604 Marcos Riera, , Asunción, Paraguay
Email: sepa@sepa.com.py
Phone: (595) 21 515-855; 514-365
Fax: 595 21 515855

Asociación Arariwa para la Promoción Técnica-cultural Andina
Address: Apartado postal 872, Cusco, Perú; Avenida Los Incas 1606, Wanchaq, Cusco, Perú
Email: arariwa_cusco@terra.com.pe
Phone: (51) 1 205 5730
Fax: (51) 1 205 5736
Website: www.arariwa.org.pe

Centro De Derechos Y Desarrollo (CEDAL)
Address: Jr Talará No. 769, Jesús de María, Lima 11
Email: cedal@cedal.org.pe
Phone: (51) 1 433-3207 / 433-3472
Fax: (51) 1 433-9593
Website: www.cedal.org.pe

Centro de Estudios y Promoción del Desarrollo (DESCO)
Address: Sede central: Jr. León de la Fuente 110 - Lima 17, Perú
Email: postmaster@desco.org.pe
Phone: (51) 1 613-8300
Fax: (51) 1 613-8308
Website: www.desco.org.pe

Centro Peruano de Estudios Sociales (CEPES)
Address: Av. Salaverry No. 818 Jesús María, Lima 11, Perú
Email: cepes@cepes.org.pe
Phone: (51) 1 433-6610
Fax: (51) 1 433-1744
Website: www.cepes.org.pe

Asosacion Nacional de Centros Investigacion, Promocion Social y Desarollo (ANC)
Address: Belisario Flores 667- Lince, Peru
Phone: (051) (01) 472- 8888; (051) (01) 472-08944
Fax: (051) (01) 472- 8962
Website: www.anc.org.pe

Conferencia Nacional sobre Desarollo Social
Address: Belisario Flores 667- Lince, Peru
Email: conades@conades.org.pe
Phone: (051) (01) 472- 8888; (051) (01) 472-08944
Fax: (051) (01) 472- 8962
Website: www.conades.org.pe

Observatorio de la Cooperación – Desco
Peru

Centro Dominicano de Estudios de la Educación (CEDEE)
Address: Santiago 153, Gazcue
(Apdo. Postal 20307) Santo Domingo, Dominicana, Rep.
Email: cedee@codetel.net.do; cedee@verizon.net.do
Phone: (1809) 6823302; 6882966
Fax: (1 809) 686-8727

Centro Cooperativista Uruguayo (CCU)
Address: E. Victor Manuel Haedo 22-52, Montevideo, Uruguay, C.P. 11200
Email: ccu@ccu.org.uy; Info@ccu.org
Phone: (598) 2 40-12541 / 4009066 / 4001443
Fax: (598) 2 400-6735
Website: www.ccu.org.uy

ROA Members Directory

Centro Latinoamericano de Economia Humana (CLAEH)
Address: Zelmar Michelini 1220,
11100 Montevideo, Uruguay
Email: info@claeh.org.uy
Phone: (598) 2 900-71 94
Fax: (598) 2 900-7194 ext 18
Website: www.claeh.org.uy

Asociación Civil Acción Campesina
Address: Calle Ayuacucho oeste No. 52, Quinta Acción Campesina, Estado de Miranda, Venezuela
Email: accicamp@cantv.net
Phone: (58) 212 364 38 72; 321 4795
Fax: (58) 212 321 59 98
Website: www.accioncampesina.com.ve

Grupo Social Centro al Servicio de la Acción Popular - (CESAP)
Address: San Isidro a San José de Avila,
final Avenida Beralt (al lado de la Abadía) Edif.
Grupo Social CESAP, Caracas,
Venezuela Santiago
Email: presidencia@cesap.org.ve
Phone: (58) 212 862-7423/ 7182 - 861-6458
Fax: (58) 212 862-7182
Website: www.cesap.org.ve/

Latindadd
Address: Jr. Daniel Olaechea 175,
Jesús María - Perú
Email: acroce@fundses.org.ar
Phone: (51) (1) 261 2466
Website: www.latindadd.org

ROA EUROPEAN OECD COUNTRIES

Global Responsibility Austrian Platform for Development and Humanitarian Aid
Address: Berggasse 7/11,
A-1090 Vienna, Austria
Email: office@globaleverantwortung.at
Phone: (43) 1 522 44 22-0
Website: www.agez.at

OEFSE- Austrian Foundation for Development Research
Address: Berggasse 7, A-1090 Vienna, Austria
Email: office@oefse.at
Phone: (43)1 317 40 10 - 242
Fax: (43) 1 317 40 15
Website: www.oefse.at

11.11.11 - Coalition of the Flemish North-South Movement
Address: Vlasfabriekstraat 11,
1060 Brussels, Belgium
Email: info@11.be
Phone: (32) 2 536 11 13
Fax: (32) 2 536 19 10
Website: www.11.be

European Network on Debt and Development (EURODAD)
Address: Rue d'Edimbourg,
18–26 1050 Brussels, Belgium
Email: bellmers@eurodad.org
Phone: (32) 2 894 46 40
Fax: (32) 2 791 98 09
Website: www.eurodad.org

Eurostep
Address: Eurostep AISBL, Rue Stevin 115, B-1000 Brussels , Belgium
Email: admin@eurostep.org
Phone: (32)2 231 16 59
Fax: (32) 2 230 37 80
Website: www.eurostep.org

MS Action Aid Denmark
Address: MS ActionAid Denmark Fælledvej
12 2200 Kbh N., Denmark
Email: ms@ms.dk
Phone: (45) 7731 0000
Fax: (45) 7731 0101
Website: www.ms.dk

IBIS
Address: IBIS Copenhagen,
Norrebrogade 68B, 2200 Copenhagen N, Denmark
Email: ibis@ibis.dk
Phone: (45) 35358788
Fax: (45) 35350696
Website: www.ibis.dk

ROA Members Directory

KEPA
Address: Service Centre for Development Cooperation- KEPA Töölöntorinkatu 2 A, 00260 Helsinki, Finland
Email: info@kepa.fi
Phone: (358) 9-584 233
Fax: (358) 9-5842 3200
Website: www.kepa.fi

Coordination SUD
Address: 14 passage Dubail, 75010 Paris, France
Email: sud@coordinationsud.org
Phone: (33) 1 44 72 93 72
Fax: (33) 1 44 72 93 73
Website: www.coordinationsud.org

Terre Des Hommes - Germany
Address: Hilfe für Kinder in Not Ruppenkampstraße 11a 49084 Osnabrück, Germany Postfach 4126 49031 Osnabrück, Germany
Email: info@tdh.de; gf@tdh.de
Phone: (05 41) 71 01 –0
Fax: (05 41) 71 01 –0
Website: www.tdh.de

Christoffel-Blindenmission Deutschland e.V. (CBM)
Address: Christian Blind Germany e.V., Nibelungen Straße 124, 64625 Bensheim, Germany
Email: christian.garbe@cbm.org
Phone: (49) 6251 131-0
Fax: (49) 6251 131-199
Website: www.christoffel-blindenmission.de

Concern Worldwide
Address: 52-55 Lower Camden Street, Dublin 2 Ireland
Email: olive.towey@concern.net
Phone: (353) 1 417 7700; (353) 1417 8044
Fax: (353) 1 475 7362
Website: www.concern.net

CeSPI - Centro Studi di Politica Internazionale
Address: Via d'Aracoeli 11, 00186 Rome, Italy
Email: cespi@cespi.it
Phone: (39) 06 6990630
Fax: (39) 06 6784104
Website: www.cespi.it

Campagna per la Riforma della Banca (CRBM)
Address: Mondiale (CRBM), via Tommaso da Celano 15, 00179 Rome, Italy
Email: info@crbm.org
Phone: (39) 06-78 26 855
Fax: (39) 06-78 58 100
Website: www.crbm.org

Action Aid Italy
Address: ActionAid International - via Broggi 19/A - 20129 Milano
Phone: f
Website: www.actionaid.it

British Overseas NGOs for Development (BOND)
Address: Bond Regent's Wharf 8 All Saints Street London N1 9RL , UK
Email: bond@bond.org.uk ; advocacy@bond.org.uk
Phone: (44) 20 7520 0252
Fax: (44) 20 7837 4220
Website: www.bond.org.uk

UK Aid Network (UKAN)
Address: UKAN, Action Aid, Hamyln House, London, N19 5PG, UK
Email: advocacy@bond.org.uk
Fax: +44 207 561 7563

Action Aid UK
Address: Hamlyn House, Macdonald Road, Archway, London N19 5PG, UK
Email: mail@actionaid.org
Phone: (44) 20 7561 7561
Fax: (44) 20 7272 0899
Website: www.actionaid.org.uk

ROA Members Directory

Norwegian Forum for Environment and Development (ForUM)
Address: Storgata 11, 0155 Oslo, Norway
Email: forumfor@forumfor.no; oerstavik@forumfor.no
Phone: (47) 2301 0300
Fax: (47) 2301 0303
Website: www.forumfor.no

Networkers South-North
Address: Ullveien 4 (Voksenåsen), 0791 Oslo, Norway
Email: mail@networkers.org
Phone: (47) 93039520
Website: www.networkers.org

OIKOS
Address: Rua Visconde Moreira de Rey, 37 Linda-a-Pastora 2790-447 Queijas, Oeiras - Portugal
Email: oikos.sec@oikos.pt
Phone: (351) 218 823 649; (351) 21 882 3630
Fax: (351) 21 882 3635
Website: www.oikos.pt

Intermón Oxfam
Address: Calle Alberto Aguilera 15, 28015 Madrid
Email: info@intermonoxfam.org
Phone: (34) 902 330 331
Website: www.intermonoxfam.org

Diakonia-Sweden
Address: SE-172 99 Sundbyberg, Stockholm, Sweden
Email: diakonia@diakonia.se
Phone: (46) 8 453 69 00
Fax: (46) 8 453 69 29
Website: www.diakonia.se

Forum Syd
Address: PO Box 15407, S-104 65 Stockholm, Sweden
Email: forum.syd@forumsyd.org; maud.johansson@forumsyd.org
Phone: 0046 8-506 371 62
Fax: 46 8 506 370 99
Website: www.forumsyd.org

Alliance Sud
Address: Monbijoustrasse 31, PO Box 6735 CH-3001 Berne, Switzerland
Email: mail@alliancesud.ch
Phone: (41) 31 390 93 33
Fax: (41) 31 390 93 31
Website: www.alliancesud.ch

Novib - Oxfam Netherlands
Address: Mauritskade 9, P.O. Box 30919, 2500 GX The Hague, The Netherlands
Email: info@oxfamnovib.nl
Phone: (31) 70 3421777
Fax: (31) 70 3614461
Website: www.novib.nl

ROA NON EUROPEAN OECD COUNTRIES

Australian Council for International Development (ACFID)
Address: 14 Napier Close Deakin
Australian Capital Territory (Canberra) 2600, Australia
Email: main@acfid.asn.au
Phone: (61) 2 6285 1816
Fax: (61) 2 6285 1720
Website: www.acfid.asn.au

Aid/Watch
Address: 19 Eve St Erskineville
NSW 2043, Australia
Email: info@aidwatch.org.au
Phone: (61) 2 9557 8944
Fax: (61) 2 9557 9822
Website: www.aidwatch.org.au

Canadian Council for International Cooperation/ Conseil canadien pour la coopération internationale (CCIC/CCCI)
Address: 450 Rideau Street, Suite 200 Ottawa, Ontario, K1N 5Z4, Canada
Email: info@ccic.ca
Phone: (1) 613 241-7007
Fax: (1) 613 241-5302
Website: www.ccic.ca

ROA Members Directory

Pacific Asia Resource Center (PARC)
Address: 2, 3F Toyo Bldg., 1-7-11 Kanda-Awaji-cho,
Asia Taiheiyo Shiryo Centre, Chiyoda-ku,
Tokyo 101-0063, Japan
Email: office@parc-jp.org
Phone: (81) 3-5209-3455
Fax: (81) 3-5209-3453
Website: www.parc-jp.org

Friends of the Earth (FOE) Japan
Address: International Environmental NGO, FoE Japan
3-30-8-1F Ikebukuro Toshima-ku Tokyo 171-0014, Japan
Email: aid@foejapan.org ; finance@foejapan.org
Phone: (81)3-6907-7217
Fax: (81)3-6907-7219
Website: www.foejapan.org

Japanese NGO Center for International Cooperation (JANIC)
Address: 5th Floor Avaco Building, 2-3-18
Nishiwaseda, Shinjuku-ku, Tokyo 169-0051, Japan
Email: global-citizen@janic.org
Phone: (81) 3-5292-2911
Fax: (81) 3-5292-2912
Website: www.janic.org.en

Japan International Volunteer Center (JVC)
Address: 6F Maruko Bldg., 1-20-6 Higashiueno, Taito-ku, Tokyo 110-8605 Japan
Email: kiyo@ngo-jvc.net; info@ngo-jvc.net
Phone: (81) 3-3834-2388
Fax: (81) 3-3835-0519
Website: www.ngo-jvc.net

Japan ODA Reform Network-Kyoto
Email: cy0325@mbox.kyoto-inet.or.jp (not working)

ODA Watch Korea
Address: 110-240 #503 Dong-Shin Bldg.,
139-1 Anguk-dong, Jongno-gu, Seoul, Korea
Email: jyyun82@gmail.com; odawatch@naver.com
Phone: (82) 2-518-0705
Fax: (82) 2-761-0578
Website: www.odawatch.net

Council for International Development (CID)
Address: 2/F James Smith's
Building cnr. Manners Mall and Cuba St.,
Wellington, New Zealand/
PO Box 24 228, Wellington 6142, New Zealand
Email: david@cid.org.nz; pedram@cid.org.nz
Phone: (64) 4 4969615
Fax: (64) 4 4969614
Website: www.cid.org.nz

American Council for Voluntary International Action (InterAction)
Address: 1400 16th Street, NW, Suite 210 |
Washington, DC 20036, USA
Email: ia@interaction.org
Phone: (1) 202 667-8227
Fax: (1) 202 667-8236
Website: www.interaction.org

ODA Watch Korea
Address: 110-240 #503 Dong-Shin Bldg.,
139-1 Anguk-dong, Jongno-gu,
Seoul, Korea
Email: odawatch@odawatch.net
Phone: (82) 2-518-0705
Fax: (82) 2-761-0578
Website: www.odawatch.net

People's Solidarity for Participatory Democracy
Email: silverway@pspd.org/ pspdint@pspd.org
Phone: (82) 2-723-5051
Fax: (82) 2-6919-2004
Website: www.peoplepower21.org/English

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