

DEVELOPMENT IN FOCUS
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Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition will present short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.

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MEETING COMMITMENTS IS INDISPENSABLE

There is a global consensus on the need to help developing countries and marginalized people in their fight against poverty. Industrialised and developing nations have committed themselves to undertake an array of steps. But the burgeoning number of international agreements has not led to steady action.

Against this backdrop, great importance is being attached to three upcoming important international meetings: the Accra High Level Forum on Aid Effectiveness (Sep. 2-4); the UN's high-level meeting on the Millennium Development Goals in New York (Sep. 25); and the Doha Review Conference on Financing for Development (Nov. 29-Dec. 2). These conferences are expected to provide fresh impulses to move forward on the implementation of internationally agreed development goals (IADGs).

The UN Development Cooperation Forum (UNDCF) Jun. 30-Jul. 1 in New York provided some critical inputs in the run-up to these gatherings. The Forum was launched in Geneva in Jul. 2007. Mandated to enhance the implementation of the internationally agreed development goals, including the MDGs, and promote dialogue to find effective ways to support it, the UNDCF will be held every other year within the framework of the High-level Segment of the ECOSOC.

Participants in the New York Forum included representatives from developing and developed countries, bilateral development agencies, UN system organizations, World Bank, IMF, OECD, regional development banks as well as civil society and the private sector.

It was agreed that mutually supportive policies on trade, debt, investment, technology, climate change, food security and systemic issues are critical if development cooperation is to have a meaningful impact. This includes policy coherence across the core areas of the Monterrey Consensus, which constitutes the international framework for cooperation for development.

There was consensus among participants that meeting aid commitments is indispensable to the realization of the internationally agreed development goals, including the MDGs. In particular budget targets for annual increases through to 2015 need to be set for effective delivery of aid commitments.

This is particularly important because aid allocation is not adequately balanced across countries and sectors and does not maximize progress towards the realization of the internationally agreed development goals.

Regular review is required to ensure that aid allocation is predictable, responsive to the needs of programme countries and oriented to maximize development results, ECOSOC president Léo Méorès of Haiti said in his official summary.

The forum participants further pointed out that more transparent criteria is needed for aid allocation *across programme countries*, based on multidimensional poverty indicators, structural vulnerability to exogenous shocks and progress towards the realization of the internationally agreed development goals. *(Continued on page 6)*

WHOSE 'AGENDA FOR ACTION'?

As the world's largest provider of development assistance to poor countries, the European Union is bound to play a prominent role at a Sep. 2-4 international conference on boosting the effectiveness of aid in Accra, Ghana.

It is not clear, however, that European taxpayers will be given firm assurances at the event that their money - a total of 46 billion Euros - will be better used to fight poverty.

An 'agenda for action' drafted for the Accra High-Level Forum appears at first glance to take on board many of the criticisms that have been directed at development aid for many years. It states that there should be greater consultation with parliaments and such bodies as trade unions and organisations working on social policy about the use of aid and that donors should not attach such conditions to their aid as requiring that recipients carry out free market reforms.

Despite the laudability of such goals, the draft agenda is not flanked with robust mechanisms to make donors keep their word.

"We are very worried that the meeting in Accra is not going to deliver anything to hold donors to account for," says Lucy Hayes, an aid policy specialist with the European Network on Debt and Development (Eurodad). "The meeting is supposed to result in the 'Accra agenda for action'. But to be called the 'Accra agenda for action', you need some concrete time-bound commitments. What we fear is that something bland and vague is going to be launched."

In public statements ahead of the event, Louis Michel, the European commissioner for development aid, has highlighted the need to avoid the duplication that can occur as a result of the EU effectively having 28 different aid policies. Each of its 27 governments manages its own foreign assistance activities, while also contributing to a budget managed by the European Commission in Brussels.

Michel has cited Tanzania as an example of the administrative headaches that can ensue when a recipient country has to deal with a plethora of uncoordinated aid programmes. Each year, he said recently, the Dar Es Salaam authorities have to "produce some 2,400 reports for the different donors and - listen to me carefully - more than 8,000 audit reports for the multilateral banks dealing with development."

"We should admit that that leaves them flabbergasted and that it is a real problem," he added. Development aid has been one of many policy areas subject to a dispute between the Commission and some EU governments. Michel's plea that there should be an improved division of labour in this area was initially regarded by diplomats from a number of EU states as an attempt to make them cede power to Brussels.

However, all EU governments signed up to a 'code of conduct' in May 2007, under which they promised to liaise more between each other on their aid activities.

Joakim Stymne, Sweden's state secretary for international development has suggested that the lack of coordination can undermine the EU's credibility. "The EU is the world's largest donor but it doesn't always feel that way," he says. "We don't always understand we are part of the world's largest donor community and we don't always act that way."

Guidelines drawn up for EU participants in the Accra conference, meanwhile, state that the Union should not make the disbursement of aid conditional on poor countries undertaking particular reforms. This follows decades of criticism directed particularly at the World Bank and the IMF that it has been using aid to foist privatisation and other policies deemed favourable to large corporations on countries in Africa, Asia and Latin America. The EU has also been accused more recently of insisting that some countries sign free trade agreements with it if they are to receive the full amount of aid available to them.

Although the guidelines say that the practice of making aid conditional on economic reforms should end, they do not propose a deadline for when that should happen.

David Booth from the Overseas Development Institute in London says that the issue of conditionality was already addressed to a certain extent by a previous international declaration on aid effectiveness - agreed in Paris in March 2005. That declaration stated that conditions for aid that are not in accordance with those set by a recipient itself require a "sound justification".

"In international development folklore, IMF and the World Bank are the big bad wolves in the conditionality forest," says Booth. "However, our research in Ghana and Tanzania suggests that the Bank and the Fund have made important headway in reforming their approaches to conditionality. In contrast, bilateral donors including the European Commission continue to require monitoring of agreements with elaborate matrices of policy actions and outcomes. In this respect, they are still inclined to try to 'buy' reforms by attaching specific preconditions to disbursement."

While EU officials may have devoted a great deal of energy to addressing the aid effectiveness issue, the Union could have a more fundamental problem of credibility in Accra. All of the Union's countries have pledged to increase their aid budgets in order to help the realisation of the MDGs of reducing extreme poverty. But last year more than half of the EU's governments not only failed to keep that promise, their aid funds decreased.

"Increasingly, some governments are using the aid effectiveness discussion to cover up the fact they haven't delivered on their promises for aid quantity," says Joanna Maycock from the organisation ActionAid.

- David Cronin ☑

VISION EXISTS, REALITY DOESN'T

The implementation of internationally agreed development goals -- including the eradication of extreme poverty and hunger by 2015 -- is being increasingly hampered by lack of coordination and coherence both among rich and poor nations, and also within the United Nations.

"The vision exists," says Louis Michel, European commissioner for development and humanitarian aid. But the international community is not doing enough to make it a reality -- "and that goes for both developed and developing countries," he complains.

Addressing the inaugural meeting of the UN Development Cooperation Forum, he said the implementation of IADGs, which includes the promotion of gender equality and the achievement of universal primary education, could be more effective if there was a broader integration of the development agenda.

This includes, among other things, a division of labour; targeted and sectoral assistance; results-based management; removal of conditions on aid; and predictability of aid.

The global aid architecture has become nearly inscrutable "even to us donors, as donors turned to ever more baroque methods of aid allocation, either out of fear of doing, or appearing to do, the wrong thing," Michel said.

Secretary-General Ban Ki-moon said the inaugural session of DCF, which included the participation of parliamentarians, local governments and civil society, brought together key partners to help implement the development agenda.

He said development assistance does not always go where it is most needed because "some countries enjoy the attention of the international community, while others find it harder to attract funding."

Currently, some of the biggest aid recipients are countries such as Iraq, Afghanistan and Israel, primarily for political or military reasons, while sub-Saharan Africa remains the most neglected.

Although he did not name names, the secretary-general said that some countries now receive less aid than would be expected on the basis of their needs or performance.

So far, only five countries have consistently met -- and gone beyond -- the target set by the UN General Assembly in 1970 to set aside 0.7 percent of gross national income for overseas development aid (ODA).

The five countries are Denmark (1.06 percent), Netherlands (0.82 percent), Sweden (0.81 percent), Norway (0.80 percent) and Luxembourg (0.7 percent).

The percentage of national incomes given to help the poor has always been the test of the generosity of nations, and donor countries have consistently failed to match promises with action.

Addressing reporters, Jean-Louis Schiltz, Luxembourg's minister for development cooperation and humanitarian affairs, said all five countries are committed to reaching 1.0 percent in the future. While encouraging other donors to join the "0.7 club", Schiltz said that Ireland, Belgium and Spain "seemed quite on track to do so".

But he pointed out that last year's ODA figures were much lower than those for the previous year, a trend that was not in line with international development commitments. Total ODA from the world's 22 rich nations amounted to 103.7 billion dollars in 2007 compared with 104.4 billion dollars in 2006.

The secretary-general said aid also continues to be burdened with conditionalities, "which undermine national autonomy, lead to distortion in aid allocations, and have a poor record in improving economic performance." The DCF is expected help improve the impact, coherence and effectiveness of international development cooperation.

Ban said the inauguration of DCF coincides with "worrying trends" -- including the rise in food and energy prices, a deepening credit crisis and volatile capital markets -- which could affect the implementation of the global development agenda.

But he expressed confidence that "the voice of the Forum will have a special legitimacy, anchored, as it will be, in a rich set of views and perspectives of the range of actors in development cooperation."

Meanwhile, even in the UN system, there has been a longstanding demand for coordination and coherence in the development agenda.

Currently, there are several UN bodies with multiple mandates involved in the area of trade: the UN Conference on Trade and Development (UNCTAD) in Geneva has mandates overlapping with the International Trade Centre and the UN Regional Commissions in various capitals.

There is also duplication between UNCTAD and the UN's Department of Economic and Social Affairs (DESA) in New York.

There are overlaps and redundancies in sustainable development and human settlements involving at least five UN entities: DESA, UN-Habitat, the UN Environment Programme (UNEP), the UN Development Programme (UNDP) and the Secretariat of various conventions, including biodiversity, climate change and desertification.

- Thalif Deen ☑

TOWARDS A GLOBAL CONSENSUS?

As the international community strives to achieve a global consensus on aid effectiveness and coherence of development cooperation in the upcoming conferences, it is worthwhile casting a look at the G8 Hokkaido Toyako Summit Leaders Declaration and the political declaration of the leaders of Brazil, China, India, Mexico and South Africa, gathered in Sapporo, Japan on Jul. 8.

The G8 said although progress has been made at the mid-point to the MDGs, significant challenges remain. They renewed their commitment to these goals by reinvigorating their efforts, and by strengthening partnerships with, as well as encouraging the efforts of, the developing countries based on mutual accountability.

The OECD/DAC had estimated the global increase of ODA by 2010 at around USD 50 billion a year. "We are firmly committed to working to fulfil our commitments on ODA made at Gleneagles, and reaffirmed at Heiligendamm, including increasing, compared to 2004, with other donors, ODA to Africa by USD 25 billion a year by 2010."

They also commended the successful replenishments of the resources of the International Development Association, the African Development Fund and the Asian Development Fund in which G8 countries provided nearly 75 percent of donor's contributions and they acknowledged "that ODA from G8 and other donors to Africa should be reassessed and may need to be increased for the period after 2010, beyond our current commitments".

The G8 said that in tackling the development agenda, they will take a multi-faceted approach, promoting synergies among MDG-related development sectors particularly among health, water and education, in a framework of sustainable development.

"In this regard, our work will be grounded in the set of core principles of development policy that we endorsed at Heiligendamm, including promoting good governance based on transparency and rule of law and broad-based private sector-led growth."

They also vowed to promote a 'participatory approach', involving all key players and stakeholders. "We will work together, and with other countries, in a complementary manner, to address global health priorities and deliver on existing health commitments. We will also work to improve human security through protection and empowerment of individuals and communities."

In addition, they emphasized the importance of education, science and technology as a means to facilitate development. "We will promote gender equality and women's empowerment as a principle in our development cooperation through mainstreaming and specific actions."

The G8 will reaffirm during the High Level Forum in Acra the commitment "to make our aid more effective based on the Paris Declaration principles. "We continue to encourage innovative approaches to leverage private investments in connection with domestic public financing and official development assistance," the leaders of Britain, France, Germany, Italy, Russia, Japan, Canada,

and the United States said. They also renewed their "commitment to support the development agenda agreed in the Monterrey Conference on Financing for Development". This, they said, had underscored the importance of mobilizing all available sources for development including ODA, foreign direct investment and other private flows, trade, debt relief, innovative financing, and domestic resources.

G5 insist on 07 percent of GNP for ODA

The G5 political declaration devoted one segment to the MDGs and Monterrey Consensus, pointing out that "the global community of nations has recognized that achieving the internationally agreed development goals, including those contained in the United Nations Millennium Declaration, demands a new partnership between developed and developing countries."

The declaration continued: "This was stated in the Monterrey Consensus, whereby the international community agreed to work in a coordinated manner to support development by mobilizing domestic resources, attracting international resource flows, developing innovative financial mechanisms, harnessing the benefits of international trade, increasing international financial and technical cooperation, achieving sustainable debt financing and external debt relief, and enhancing the coherence and consistency of the international monetary, financial and trading systems."

The G5 said that as we reach with "uneven success" the mid-point in the process to achieve the MDGs, particularly in the least developed countries in Africa and other regions, "the international financial community should join efforts to preserve financial stability and resume the path of vigorous and sustainable economic growth as necessary conditions to attaining these goals".

They urge developed countries to renew their resolve to support these processes in the global interest, particularly regarding trade openness, the fulfilment of their commitments to allocate at least 0.7 percent of their GNP to ODA, and the reform to global governance.

"The international community should ensure that, from their holistic perspective, the upcoming UN Millennium Development Goals High-level event and the Doha Follow-up International Conference on Financing for Development contribute to achieving all-round and balanced progress towards the Millennium Development Goals at the global level," the G5 declaration says.

A follow-up mechanism to continue to monitor the implementation of the Monterrey Consensus should be one of the results of the Doha Conference, the G5 say.

- Jaya Ramachandran ☑

IS AID GOING WHERE IT IS NEEDED MOST?

Nearly three years ago, the members of the Development Assistance Committee (DAC) of the OECD announced renewed commitments to increase their official development assistance to provide an additional USD 50 billion of ODA by 2010 (in 2004 dollars).

To help monitor delivery on these pledges, the DAC agreed to conduct regular surveys of its 23 members' plus ten major multilateral agencies' plans for allocating their aid, covering 153 recipient countries.

This is being done through an annual survey, using a new measure ("country programmable aid" or CPA) to gauge the amount of aid that can be programmed at recipient country level.

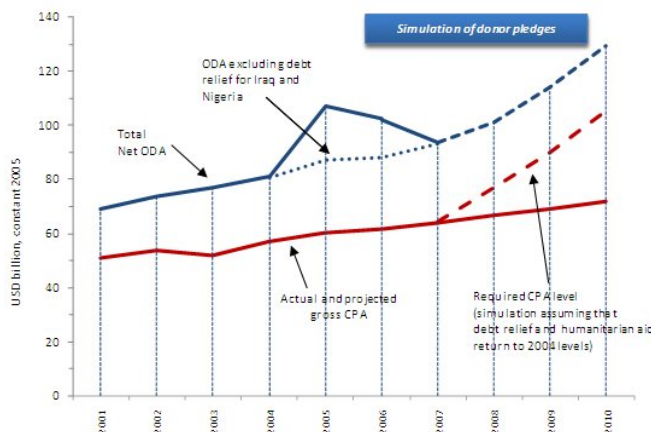
In 2005 - the baseline year - CPA amounted to USD 60 billion. USD 47 billion of this was from DAC bilateral donors, equalling 46 percent of their gross bilateral ODA.

"This information will not only track delivery on donors' commitments; it will also make it clear where there are resource gaps, as well as opportunities for improving co-ordination in each aid-recipient country. It will also help to improve the medium-term predictability of aid, a key target of the Paris Declaration," says a DAC paper.

The 33 donors covered by the first survey, concluded in early 2008, provided information on forward spending to 2010, covering 56 percent of total CPA from all donors. Estimates were made for the balance.

With respect to delivering on global commitments, the survey results show that USD 21 billion of the USD 50 billion promised are already delivered or programmed into the donors' forward spending plans. But on the assumption that debt relief and humanitarian aid return to 2004 levels, this leaves nearly USD 30 billion in 2004 dollars - about USD 34 billion in 2007 dollars - still to be programmed into donor budgets if 2010 commitments are to be fully met.

A gap to close: DAC members' total net ODA and gross CPA for 2001-2010



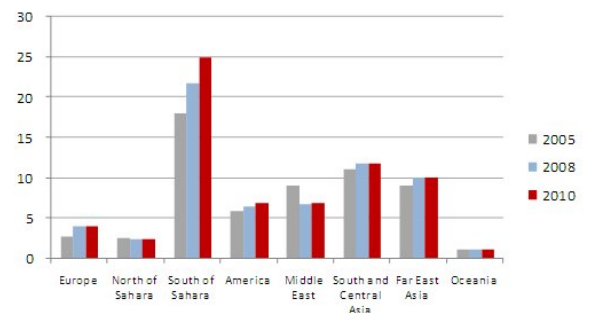
Note: Net ODA for 2007-2010 is estimated by the DAC Secretariat. CPA for 2007-2010 is based on Survey returns and estimates by the DAC Secretariat.

There has been slightly better progress on delivering on promised increases in aid to Africa. In 2005, donors committed to increase this funding by USD 25 billion (in 2004 dollars) by 2010.

At the half-way point, net ODA to Africa is estimated to have increased by some USD 7 billion (since 2004).

The survey shows a further USD 4 billion programmed for 2008 to 2010. But this still leaves some USD 14 billion outstanding, assuming debt relief and humanitarian aid return to 2004 levels.

More aid projected for sub-Saharan Africa, but well below commitments (gross CPA disbursements - constant 2005 USD billion)



With regard to improving aid predictability at the country level, the survey provides a broad indication of trends in future aid levels for 153 partner countries.

It shows that 102 countries can expect a real increase in their aid by 2010, 33 of them by USD 100 million or more.

In contrast, 51 countries are faced with a decrease in aid by 2010. For some, such as China, Egypt, India and Thailand, this reflects a diminishing need for aid.

Yet eight less-developed countries and four fragile states are each expected to have drops of over USD 20 million, giving cause for concern.

According to DAC, the survey is particularly useful for reviewing aid allocation across countries at the global level.

Combined with the assessment of existing aid allocation patterns, it can help to address the existing fragmentation of aid and provide essential information to take forward action on improving the division of labour among donors. - Jaya Ramachandran

MEETING COMMITMENTS IS INDISPENSABLE

(Continued from page 1)

In terms of sectors, increases in aid should particularly support agriculture and food security, economic infrastructure and energy, and trade; all sectors crucial to sustained development and for which many programme countries have designed sector specific strategies. In terms of modalities, budget support should be increasingly used as a preferred modality for delivering development aid due to its positive effects on national ownership, disbursement speed and use of national systems.

Referring to the Accra forum, the ECOSOC president's summary said:

- The aid effectiveness agenda should move towards broader agreement by setting measurable targets for untying aid, transforming technical assistance, reducing conditionality, maximizing concessionality, increasing multi-year predictability and improving flexibility to combat exogenous shocks;
- Mutual accountability processes at the country-level should be strengthened through defining good practice standards and reinforcing national capacity and leadership;
- The implementation of the Accra Agenda for Action will need to demonstrate that it is able to go beyond commitments in principle and procedural changes by producing real change in the behaviour of development actors with the objective of achieving sustainable development results; and
- Greater transparency on aid must be a key outcome of further strengthening the aid effectiveness agenda, by making all aid agreements, policies and data publicly available to facilitate scrutiny by parliamentarians and other stakeholders.

The participants also stressed the need for country-level capacities for coordinating and managing aid:

- Programme countries should develop effective *aid policies*, with donors supporting these efforts by intensifying capacity-building on aid analysis, policy, negotiation and evaluation of results;
- Concerns about *absorptive capacities* need to be resolved by joint comprehensive assessments of bottlenecks, including donor and programme country procedures; and
- *Capacity development* on aid policy should be *further extended* to a multitude of stakeholders, particularly parliamentarians, civil society and local governments.

Country-driven national development strategies are indispensable too:

- Effective frameworks for guiding national development need to be developed through *inclusive processes*, involving all relevant stakeholders at the country-level;
- National development strategies, while entirely country-driven, also need to be *responsive* to the internationally agreed development goals, including gender, the environment and human rights, with programme country strategies containing clear goals and action plans; and

• Conditionality remain a key concern because of their impact on policy space and country leadership of development, as well as negative effect on aid predictability. Targets should be set for sharp reduction in such practices.

The Development Cooperation Forum further pointed out that:

- The internationally agreed development goals, including the Millennium Development Goals, will not be achieved without strong involvement (including financing) by civil society, businesses, foundations and global funds. The comparative advantage of these actors is clear in terms of reach and efficiency, yet at the same time their efforts need to be *fully supportive of national priorities*;
- Development cooperation channeled through civil society organizations, global funds and the private sector needs to be *integrated into an enlarged aid quality framework*, which takes account of the particularities of these actors, while demonstrating clear effectiveness in achieving results. The engagement of these actors should be in conformity with the priorities of programme countries.

The Forum also emphasised the need for South-South and triangular development cooperation:

- A process is needed to facilitate the exchange of information and enhanced analysis, through which other development actors can learn the positive lessons from South-South and triangular development cooperation, especially in technical assistance/capacity development, infrastructure, regional programmes and rapid delivery of development results; and
- Recognizing that South-South cooperation is a complement to North-South cooperation, these lessons could be used to arrive at more widely agreed development cooperation practices and objectives, to help programme countries access and use the best available assistance through a nationally-owned framework.

Paul Collier, Professor and Director, Oxford University, echoed the sentiments of several participants when he argued that the fundamental objective of aid was to lift ordinary people in poor and slow-growing countries out of poverty. The creation of wage jobs and enhanced provision of basic social services are critical in that respect. The poorest and slowest growing countries are desperately short of proper wage jobs, he said. Aid should, therefore, be increasingly addressing employment creation in the private sector. With regard to basic social services, the European model, anchored in public servants motivated by the public interest, does not fit the context of the poorest countries. As a result, donors tend to rely more on incentives and close monitoring of resource use in these instances, i.e. non-public provision through civil society and other similar channels, according to Collier. - Ramesh Jaura ☑