Part I
Introduction

Introduction

The global security agenda and the "war on terror" launched by a coalition led by the United States have become key defining elements for international policy in a new millennium fraught with increasing social unrest, growing militarism and armed conflicts.

As the reports by NGOs from both sides of the globe in this Reality of Aid Report attest, this global security agenda influences development cooperation to a large degree. On one hand, the debate has emerged as to what legitimate role or value donor security interests have in its ODA policy.

On the other hand, in countries currently involved in conflict there is prominent concern regarding aid diversion by recipient governments and the respect for rights of the poor caught in the armed conflict. There are a number of reports inquiring into complicated issues such as the role of donors in countries they have designated as "fragile or failing states" or "difficult partnerships", and the difficult conditions to uphold the rights of the poor for genuine poverty reduction.

The issues of security, conflict and the war on terror present life-and-death challenges to development cooperation. While issues and circumstances appear varied, there are strong common voices that emerge from these reports:

- In the context of conflict, development cooperation must be even more clearly guided by binding obligations under international human rights instruments and agreements and must be the framework for building improved donor coherence;
- Democratic national actors, including local civil society, are the owners and drivers for the resolution of conflict and people-centered approaches to security must be strengthened;
- The integrity of aid for poverty eradication must be protected; and
- All avenues for promotion of peace must be exhausted and the UN system reformed for effective democratic multilateral resolution of conflict.

As militarism grows in response to an increasingly unstable world and threatens instead to take the world into greater instability and war, the rights of the poor need to be championed as we work together for peace and development.

Antonio Tujan Jr.
Chair, Reality of Aid

Conflict, Security and Development

The Reality of Aid Management Committee

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

HUMANITY AT A CROSSROADS

The year 2005 will be remembered as the year of the tsunami, of devastating earthquakes and other natural disasters in which tens of thousands died. But in 2005 as in years previous, many millions of people were devastated by "silent tsunamis" resulting from conflict, systemic human rights violations, and preventable diseases. Over the last three decades, external and internal conflicts have increasingly inter-connected with deepening social and economic injustice, undermining both global security and the capacity of countries to achieve sustainable development. The population of conflict-affected states[1] today represents a sixth of the population of developing countries and a third of those living on less than a dollar a day.

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

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

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

Since the end of the Cold War, seemingly intractable conflicts in developing countries have deepened, specially in the poorest countries. According to the UNDP, 22 of the 32 countries in the low human development category measured by the Human Development Index have experienced violent conflict at some time since 1990.[2] In December 2004 there were 32 active conflicts in 26 countries, with more than one-quarter of African, and one-fifth of Asian, states affected by one or more wars, and all except one was internal.[3]

While casualties among soldiers in recent civil wars are not large, with combatants often avoiding direct contact, these wars have seriously affected the well-being of large numbers of civilian populations, particularly women and children. Indirect war deaths in the Democratic Republic of the Congo (1998-2001) are estimated at 2.5 million, the Sudan (1983 - 2002) at 2 million, and Mozambique (1976 - 1992) at 500,000 to 1 million, mainly due to war-related disease, and lack of access to food, clean water and health care.[4]

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

A human development disaster in the making

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

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

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

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

> *"Conflicts arise when groups of people feel economically or politically deprived, others arise when people have their land or natural resources taken from them, or their control. Patterns of economic and political governance that perpetuate and reproduce inequality and exclusion often fuel political mobilization. In many cases, group mobilization often occurs along lines of ethnic, religious or ideological identity, enhanced by sharp inequalities and various forms of exclusion....*
>
> *In conflict societies, where the majority of people are robbed of their capacity to shape the conditions of their lives, political mobilization can be an act of collective self-determination, an attempt by ordinary people to reclaim ownership and direction over their own lives, sometimes even through violent means."*[6]

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

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

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

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

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

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

The terms "poverty eradication", "conflict" and "peace" are increasingly intermingled with notions of "terrorism" and "security" in the discourse of most donors today. In the words of a controversial DAC paper in early 2002, "development cooperation does have an important role to play in helping to deprive terrorists of popular support and addressing the conditions that terrorist leaders feed on and exploit."[9] Quite abruptly, it seems that the Millennium Summit emphasis on "sparing no effort" for poverty eradication, guided by international human rights and humanitarian law, has been pushed aside. The possibility of increased aid resources, urgently needed for these latter purposes, has been hijacked by the demand for almost limitless amounts of human, financial and military resources to prevent further terrorist attacks on the North. Some donors, beginning with the observation that "you can't have development without security", concluded that security concerns must trump and orient all other aspects of development.

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

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

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

Political Overview

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

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

- *Redefining the goals and purposes of development assistance*. To what degree have donors adjusted their mandates for international cooperation and diverted aid resources to foreign policy and global security interests? What are the trends in the crucial area of military assistance and security sector reform?
- *Conflict prevention: donor policy coherence and intervention in conflict-affected countries*. What is the implication of donor-created notions of "failed and fragile States"? How have donors adjusted their policy capacities to create more comprehensive responses to their interests in these countries? What are the implications of the September 2005 World Summit's acknowledgement of the "Responsibility to Protect"? How are peace operations affecting the capacity to deliver aid on the ground?
- *Donor Coordination and the role of International Financial Institutions (IFIs)* Have the IFIs become a gate-keeper for donor approaches? As the World Bank asserts leadership and coordination roles for both donors and recipients in countries affected by conflict, what policies are prominent, and with what consequences?
- *Securing the rights of poor and vulnerable people: A Reality of Aid agenda for peace and development*. How can Civil Society Organizations (CSOs) re-assert a human rights approach to current issues and approaches to conflict, security and development? How can CSOs collaborate to support local capacities for peace in conflict-affected countries? Are there multilateral alternatives emerging in the creation of a Peacebuilding Commission at the UN, reform of the Security Council, or Human Rights Council?

What counts as ODA?

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

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

REDEFINING THE GOALS AND PURPOSES OF DEVELOPMENT ASSISTANCE

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

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

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

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

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

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

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

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

> *"The war on terror has led to a broadening of USAID's mandate and has thrust the Agency into*

situations that go beyond its traditional role of humanitarian aid and development assistance….Aid is a powerful leveraging instrument that can keep countries allied with U.S. foreign policy. It also helps them in their own battles against terrorism."[11]

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

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

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

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

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

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

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

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

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

Source: Reports from Reality of Aid network members.

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

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

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

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

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

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

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

The 2005 Paris Declaration established "local ownership" as a central principle guiding the effective use of new aid resources directed to the MDGs. Yet a close examination of donor bilateral aid belies this rhetoric. The World Trends Chapter in this *Reality of Aid Report* closely examines the nature of bilateral aid allocations in terms of its relevance to local ownership, following a similar calculation in the 2002 *Report*. It estimates that only 32% of total bilateral aid in 2004 was actually available to counterparts in developing countries as a resource *they* could allocate to implement their own development strategies (see **Table 18** in the World Trends Chapter), notably down from 39% in 2000, when donors pledged to spare no effort in a renewed partnership with developing countries. Developing countries partners therefore had at their disposal a significantly smaller proportion of bilateral aid in 2004, compared to a few years earlier, over the allocation of which they had some degree of control.

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

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

> *"Development cooperation does have an important role to play in helping to deprive terrorists of popular support…and donors can reduce support for terrorism by working towards preventing the conditions that give rise to conflict in general and that convince disaffected groups to embrace terrorism in particular…this may have*

> *implications for priorities including budget allocations and levels and definitions of ODA eligibility criteria."*[17]

Donor moves to expand ODA eligibility criteria along these lines have been resisted strongly by CSOs since 2003.[18]

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

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

African contributions to this *Report* call for "the substitution of competing Western military initiatives by centrally coordinated efforts through the emerging African Union Peace and Security Commission".[20] Recent G8 initiatives have focused on strengthening these capacities for African regional (in the African Union) and sub-regional organizations (in ECOWAS) to undertake peace operations in Africa. The UK-sponsored Commission for Africa emphasizes the need for donors to provide all necessary resources for a comprehensive engagement by these institutions.[21] While supporting this approach for peacekeeping operations, African analysts in this *Report* suggest that support for military peace operations should not be given priority over, or be at the expense of, strengthening early-warning conflict prevention capacity and non-military tools for conflict resolution in the African Union.

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

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

be at the expense of the resources required for achieving the Millennium Development Goals (MDGs), sustainable development, social justice and human rights".[24]

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

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

Is aid being diverted to national security priorities?

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

While the extent of new resources for aid may be uncertain, the experience of the

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

past four years suggests that new funds that do materialize may not be available for poverty reduction and for the MDGs. While donors did not reallocate *pre-existing* aid money to national security priorities after 2001, many donors made new supplementary budget allocations to meet commitments flowing from the broad-based 'war on terror'.[26] These large supplementary increases in assistance (not all of it ODA-eligible) have been spent in security-strategic countries, rather than the poorest and most vulnerable.

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

For individual donors, the trends are even starker. Ngaire Woods' definitive study on aid diversion concludes that almost all of the increase in U.S. assistance (military, economic and ODA) between 2002 and 2004 (some $20 billion) went to strategically important countries in the Middle East, the Fertile Valley (Israel, Egypt, Iraq, and Turkey) and to Afghanistan and its immediate neighbors. These allocations were roughly equal to the total US aid flows to the rest of the world combined. The Bush Administration created a privately-managed Millennium Challenge Account (MCA), which is beyond the administrative purview of USAID, to channel its promised $5 billion post-Monterrey increased assistance to developing countries. To put this into perspective, the MCA's $2.5 billion allocation to date is roughly equal to funds available to the US military for fast-disbursing quick impact projects on the ground in Iraq in 2004.[28]

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

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

alone is $212 billion. "Operation Enduring Freedom" in Afghanistan has cost well over $100 billion to date. For the UK, the Chancellor of the Exchequer put the total cost of UK operations in Afghanistan and Iraq at UK £4.4 billion, in excess of the annual budget of DFID in recent years.[30] Figures in **Box 2** suggest that $40.2 billion have been pledged for relief and reconstruction by bilateral donors for Afghanistan and Iraq, while approximately $16.7 billion has been disbursed.

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

The impact of military spending and US military assistance is apparent in Asia. An earlier *Reality of Aid Reality Check* on security and development noted the dramatic increase in US economic assistance to that region (104%) and in US military assistance (1,614%) between 2000 and 2003. The focus for these aid increases are Pakistan, Indonesia and the Philippines (which is now the third largest US aid recipient).[32] The Philippines alone received $144 million in "foreign military finance" from the US and a further $10 million for "international military education and training" during this period.[33]

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

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

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

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

counter-terrorism exercises in North and West Africa under a Trans-Saharan Counter-Terrorism Initiative. The International Crisis Group notes that these maneuvers with local governments for counter-terrorism have been seen by these governments as "a way to stifle legitimate dissent and Muslim groups".[35]

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

Security sector reform? Whose security?

While military assistance, including US and allied military intervention, has played an expanding role in selected countries affected by conflict, since the mid-1990s donors have also given increased emphasis on reform of the "security sector" in these countries. Security cooperation in the Cold War period was highly controversial with its focus on "modernizing" militaries that then played direct roles in politics and development processes. Most often, military officers took power, occupying governments in support of elite interests and those of their northern allies at the expense of the rights and legitimate concerns of citizens and communities.

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

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

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

Poor established that the lack of physical security was experienced by poor people as a major impediment to their ability to claim their rights and reduce their poverty. However, in practice a "human security" starting point by donors has often ignored the underlying socio-economic and structural causes of conflict and insecurity in communities and may ignore the role of security forces in sustaining these conditions.

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

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

> *"in Africa, Asia, Central Europe and Latin America, SSR — in the DAC sense of the word — remains peripheral to most government reform agendas, … [with] much of it more narrowly focused on strengthening the capacity of the state security services to carry out their core functions. Even when the stated objective of the work is to strengthening security sector governance, some of the reforms carried out in these regions actually* reduced *accountability and transparency within the security sector. This is often the outcome of reforms undertaken in conflict-affected or insecure countries, where the perceived urgency to bolster state security forces by increasing their operational effectiveness takes precedence over efforts to strengthen civil management bodies."*[39]

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

The *2004 Reality of Aid Report*, which focused on governance and human rights, suggests that democratic control over security forces is an essential priority, but "like democracy, good governance cannot be

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

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

A key element of the "war on terror" has been to strengthen intelligence agencies and anti-terrorist military capabilities, the regulation of remittances, and stronger border controls, all potentially reinforcing a repressive state apparatus. Australian and Danish CSOs highlight in this *Report* the use of aid resources for these purposes. CSO colleagues from the US point out in their chapter that "in 2005 USAID invested $887.5 million or 7.2% of its budget, towards counterterrorism" which "represents a nearly seven-fold increase over 2004". Beyond the use of US ODA, "a study of 47 low-income, poorly performing states carried out in 2002/03 found that those countries that were considered major US allies in the 'war on terror' received 90% of the military and police aid provided by the US to that group of countries between 2000 and 2004."[41]

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

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

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

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

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

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

In fact, the Bank's own analysis demonstrates that between 1992 and 2002 these "poor performing" countries received 43% *less* aid than predicted by their population and poverty levels, policy and institutional environment.[44] These gaps for some countries have grown even wider with aid diversions after 9/11.[45] *The Reality of Aid* in its 2004 *Report* emphasized the fundamental importance in the international human rights law framework of non-discrimination in donors' allocation of resources for the realization of the MDGs.[46] There is little evidence that these principles are determining current donor aid allocation policies.

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

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

For donors, analysis of "fragile states" informs initiatives in conflict prevention because they exemplify social, economic and political indicators that signal impending or existing conflict. The focus is largely on the internal deterioration of governance factors

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

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

But even as they provide less and more volatile aid volumes to "fragile states", donors seldom acknowledge, much less attempt to address, the systemic structural and international causes of stress to the capacities of these poor countries. A major source of "fragility" are the decades of failed donor-imposed structural adjustment programs (SAPs) in many countries that have descended into conflicts, such as Sierra Leone or the Ivory Coast. SAPs dismantled State structures, throwing many into poverty and creating highly competitive environments among elites for diminishing economic returns from commodity exports.

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

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

the South to reduce the spread and impacts of easily accessible light weapons, while working urgently towards a binding global Arms Trade Treaty that will control arms flows to the South.[51]

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

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

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

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

Unfortunately "best practices" seldom inform the actual realities of donor engagement "on the ground" in most situations of conflict. Indeed, several

studies of donor peace-building initiatives point to a fundamental contradiction in donor practices. To what degree can post-conflict transition processes be locally-owned through stakeholders for peace, while the donors seem to work uncritically from a universal agenda? This agenda comes with a fixed set of policy tools linked to liberal democracy and the market economy, and "holds that a combination of democracy and market economy is suitable for all societies and eventually will bring lasting peace".[54]

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

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

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

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

and non-discrimination should lead donors to promote social processes of inclusion and measures to enhance equality and justice, with particular emphasis on women's rights and the rights of those who have been systemically excluded. Understanding the unique aspects of a more just society in a given country is a prerequisite for establishing peace and preventing conflict.

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

Donor interventions: a whole-of-government approach

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

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

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

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

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

The Dutch chapter describes a Stability Fund created in January 2004 with a budget of approximately $200 million to support peace processes, re-integration of former combatants, re-organization of military and police forces, and the destruction of small

arms. Uniquely (in comparison with other mechanisms in other countries), this Fund cannot be used to support military activity or civil-military cooperation. The British government created a Global Conflict Prevention Pool (approximately $650 million) and an African Conflict Prevention Pool (approximately $170 million). In this case, a substantial portion of each Pool is earmarked for peace operations, including military components, and the Africa Pool has been very active in supporting the peace process in West Africa. Canada and Norway have created similar Funds or Taskforces with coordinating structures.

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

While the experience of most of these coordinating mechanisms is still quite recent, a number of observations can be made. The first, and most obvious, is that the mechanisms give overall priority to military responses to conflict, particularly where the strategic interests of the donors are involved, as in Afghanistan. The focus for coordination of policy is entirely with respect to the immediate circumstances of a country in conflict; there is rarely any link made to northern-based policy issues that are an important element in fueling conflict (such as investment in zones of conflict). At the operational level the results have been mixed. Some level of coordination is achieved, but there is rarely a concerted overall country or regional strategy. The degree to which country-based policies and strategies are built through on-the-ground assessments is an open question, particularly those that give precedence to strengthening the capacities of citizens' organizations to set country-owned priorities.[59]

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

In a "3-D" peace operation (which brings together defense, diplomacy and development), the military brings a distinct command structure that may be appropriate to its mission, but may prove counter-productive in resolving on-the-ground tensions and sensitivities to local needs in a truly joined-up mission. Operational control in peace operations in high conflict areas

gives the military distinct advantages in field operations, which may be needed to halt military action. But in the words of Michael Pugh, a UK analyst, "it is not the military's job to empower those vulnerable to abusive States or warlords" in creating conditions for post-conflict peace.[61]

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

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

While PRTs represent an integrated approach to security and reconstruction, corresponding closely to donor thinking on managing conflict, they also present several serious challenges. In a context of ongoing military action, it is impossible to avoid a blurring of the line in the eyes of the local population between offensive military action (by US or other northern allied forces) and stabilization efforts by PRTs. Because of their make-up and their mission, PRTs lack substantial expertise to assess the needs of the population to design and implement sustainable projects. Usually military personnel make up all but 5% to 10% of a given PRT.

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

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

PRT operations not only create confusion, but also endanger domestic and

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

international workers who face daunting challenges in reaching vulnerable people in rural Afghanistan; they cannot afford to be identified with one party to the conflict, and in particular with military forces seen by local populations as an occupying force. A coalition of Afghani NGOs sees a role for PRTs, but one exclusively focused on establishing security in their zones of operation — training the Afghani National Army at the provincial level as well as the police. In their view, "PRTs should not act as a conduit for humanitarian assistance except under exceptional circumstances where lives are at risk and there is no government or civilian assistance workers willing and able to respond".[64]

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

New international norms: the responsibility to protect?

In response to divisions among countries over the non-UN sanctioned military intervention in Kosovo in 1999, the International Commission on Intervention and State Sovereignty was established at the UN. Its report in 2001, *The Responsibility to Protect,* asserted that the obligations attached to State sovereignty assumed the responsibility to protect its citizens from massive human rights violations such as war crimes and genocide. In these circumstances and as authorized by the Security Council, the international community had a corresponding obligation to protect citizens in the face of massive crimes against humanity, when the State in which they lived is unwilling or unable to meet their responsibility to do so. The Report sets out three pillars for action, which have not received due attention in the controversy that followed – *the responsibility to prevent* the escalation into armed violence, *the responsibility to protect,* which includes in the extreme military action, and *the responsibility to rebuild* societies affected by war.[65] Most attention has been focused on the responsibility to protect through military intervention.

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

To what degree is a new international norm emerging for intervention in the affairs of another State? Major efforts to bring reform to the structures and work of the UN in 2005, and particularly the reform of the Security Council, have largely failed. Without a reformed Security Council that is

seen to have improved legitimacy, particularly for developing countries, there is no assurance that the major powers will not abuse a biased Security Council decision-making process to further their own strategic ends.

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

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

Africa has been the focus for those promoting a role for the UN and African regional organizations in implementing the *Responsibility to Protect*. The Africa chapters in this *Report* point to important changes in the 2001 Constitutive Act of the Africa Union which for the first time acknowledged that the AU could intervene in the internal affairs of a sovereign member state if the Assembly determines that there exists "grave circumstances, namely war crimes, genocide and crimes against humanity" or if instability in one country may lead to instability in neighboring states. These mechanisms have yet to be fully tested, with the notable exception of the AU monitoring mission in Darfur. But clearly, as Darfur so amply demonstrates, the means at the disposal of the AU to act is severely limited and highly dependent on donor resources, equipment and training.

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

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

These are measures consistent with *Responsibility to Protect* norms, but have received scant attention by donors to date.

DONOR COORDINATION AND THE ROLE OF THE INTERNATIONAL FINANCIAL INSTITUTIONS

Coordinating donor approaches and funding mechanisms

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

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

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

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

The Bank is able to exercise its coordinating roles in part through the pooling of donor resources in Special Trust Funds placed by donors at the Bank. These Funds are managed separately from the Bank's own resources and have discrete objectives and management structures. By the end of 2003, the Afghanistan Reconstruction Trust Fund had received

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

contributions totaling $453 million, the third largest World Bank Trust Fund after HIPC and the Global Environment Fund. This Trust Fund is a key resource for the government of Afghanistan in financing its core budget needs.[71] Overall, by late 2003 the World Bank had over 80 projects in the area of conflict prevention and recovery totaling $5.5 billion in 13 conflict-affected countries, an amount larger than the total humanitarian assistance budget of the DAC donors in 2001.[72]

In recent years the International Monetary Fund has established similar Trust Accounts from which it allocates non-concessional loans to countries emerging from conflict (whose interest payments are subsidized by bilateral donors). In the words of one analyst, these loans not only add to the indebtedness of highly stressed economies, but this engagement creates "the Fund's capacity to maintain a quasi-permanent state of policy-making in the member country", at the behest of bilateral donors.[73]

International financial institutions and the "liberal peace"

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

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

In post-conflict environments, the rebuilding of social trust and public confidence in government is critical to establishing roots for peace. Donor responses will fail if they are not informed by deep understanding of local politics and local knowledge, including community level conflict resolution, multicultural co-existence and local initiative for improving livelihoods.[75] Donor strategies for improved governance rarely take up these issues seriously. Roland Paris, writing about the

limits of liberal internationalism in peacebuilding, argues "that the hasty promotion of elections and superficial institutional changes can actually destabilize fragile peace processes, particularly when combined with economic liberalization".[76]

Civil society can be a space that encourages conditions for democratic governance – tolerance in the context of pluralism, diversity, and mediation of social and economic conflict. Governance is in fact the product of complex local political processes in which different groups in society compete and benefit differently from alternative governance agendas. Political tensions in the aftermath of conflict must be dealt with through flexible and sensitive political engagement across the society to re-establish the legitimacy of government. These political processes cannot and should not be short-circuited by IFI/donor imposed governance models or quickly organized elections.[77]

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

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

> *"High levels of unemployment pose a clear threat to peace, whether through disillusionment, lack of alternative activity and status, or continued availability of the unemployed for mobilization by [peace] spoilers…*
> *Yet economic strategies are not aimed to overcome this problem. Neither the IMF approach to macro-economic stabilization nor the World Bank emphasis on developing large scale infrastructure promotes employment. Development assistance and advice is still focused on laying the basis for economic growth in the long run and assumes that employment will naturally follow…."*[79]

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

For countries emerging from conflict or "fragility", there is no pretext on the part of donors that they are working with policies that are *initially* "owned" by the country concerned. The aid, coordinated by the IMF and the Bank on behalf of the donor community, is consequently highly conditioned for both policy and development impact. The failure of conditionality as an approach to implementing externally designed policies is now well-established in development literature.[80] For countries experiencing conflict and political stress, this is no less so, as the box quote on the

> ***Box 3. Donor aid conditionality in Haiti***
>
> *"Haiti exemplifies some of the negative consequences of conditionality for both recipient and donor. The years 1994 to 1997 were marked by donor-driven reform agendas and conditionality-based financing in Haiti. Results from this period are unsurprising. Donor driven agendas contributed to poor commitment and ineffectual implementation on the part of the Government of Haiti and to frustration and 'Haiti fatigue' for the donor community. This in turn contributed to the withdrawal of some donor agencies. Following the 2000 disputed election, strict conditionality was imposed to promote transparency of governance, solid macroeconomic policies, and fiscal responsibility. Once again, it is highly questionable how constructive this set of conditionalities was, given that the system did not reform and in February 2004 Haiti experienced another period of intense political instability."*
>
> *Source: CIDA, "Canadian Cooperation with Haiti: Reflecting on a Decade of 'Difficult Partnership', December 2004, p. 11.*

overall effectiveness of donor conditionality in Haiti demonstrates (see **Box 3**). This donor-initiated study concluded that it was essential to avoid one-size-fits-all conditions. Rather, donors need to work with broad sectors over relatively long periods of time (usually beyond the timeframe of agencies seeking quick results) in order to develop multi-stakeholder coalitions that could begin to develop their own priorities for stabilization, to which donors could then respond.

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

Reality of Aid authors suggest in this *Report* that donors might use the considerable influence that they command in countries affected by conflict to assure that their aid is allocated so that it does no harm (by favoring one side over another). They suggest that public accountability could be improved through donor support for the use of prominent global citizens, parliaments or UN forums to highlight provocateurs of conflict and isolate war criminals. Donors

can contribute to the repatriation of refugees, particularly war-affected youth and women, and their reintegration with improved livelihoods, as a vital condition for sustainable peace since unemployed youth are often the targets of war recruiters. Creditor countries and IFIs should also acknowledge and cancel odious debt assumed by governments in conflict with their citizens.[82]

Unfortunately, donors face few incentives to follow these policy directions, either because security considerations in the "war on terror" trump effective support for peace processes, or because other competing donor interests such as companies interested in exploiting natural resources are given priority. As one analyst concludes, "the IFIs face few penalties for failure to exercise due diligence in conflict prevention….IFIs [and donors] need incentives to take risks for peace, as well as reduce risks of war".[83]

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

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

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

CSOs working through the global *Reality of Aid* network insist that international human rights and humanitarian law must be the guiding framework for international assistance. These rights are relevant as the international community and CSOs work towards the achievement of the MDGs and the principles of the Millennium Declaration. They are equally relevant to addressing the inter-related challenges of conflict, security and development, the theme of this *Report*.

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

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

> *"Human rights do not impede the protection of national security…. [A] country is as much at risk of destruction, and so are the ideals*

> *it stands for, by the collapse of its human rights norms, and of the rule of law that acts as their guardian, than it is by the explosion of bombs on its territory. To fight insecurity within the framework of human rights is to fight with our strongest weapon, our deepest values; it is the protection of human security in the most profound sense."*[84]

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

2. Giving primacy to local actors for peace:

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

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

People affected by conflict and poverty are not pawns in a global game aimed at protecting the powerful from perceived threats to their security. Donors should support and strengthen civil society capacities to deal effectively with conflict prevention, civilian crisis management, early warning systems, post-conflict reconstruction and peacebuilding. Civil society organizations play critical roles in sustaining peace, bringing unique skills of mediation and reconciliation, defense of human rights and unique local strategies for peacebuilding. Donors and local governments should support negotiation processes and implementation of peace agreements with wide stakeholder involvement, and with particular attention to the interests of women, the disabled, youth, indigenous peoples and other marginalized and vulnerable groups. In post-conflict development, donors should experiment and seek out engagement with marginalized actors beyond those most immediately accessible in national capitals.

The role of women, the promotion of gender equality, and the rights of women in ending violence and building peace are fundamental. Gender equality and human rights are inextricably intertwined. War and community level violence have profound and varied impacts on women. Women experience general social marginalization and a neglect of their rights, but also may suffer through conflict from displacement or threats to personal security including rape as a weapon of war. They experience greatly diminished social well-being for themselves and their family with the loss of land, of access to health, education and housing. But women often also have crucial social roles in their communities, are the heads of

households (particularly those who are displaced), and the primary sources of livelihood for their families. Women's participation and leadership in creating the terms of a just peace process and in negotiations is therefore crucial. The interest of women in post-conflict reconstruction should take into account their rights to political participation, access to land and other assets essential for their livelihoods, and basic social services that meet their needs.

Donors need to pay close attention to the implementation of Security Council Resolution 1325 on Women, Peace and Security. This Resolution is a ground-breaking recognition of the rights of women during armed conflicts, not just as victims of violence, but as actors for peace and reconstruction. Donors and their local counterparts must design policies and programs that are conscious of their gender dimensions and offer practical steps in implementation directed specifically to improve gender equality and social justice.[85] A 2004 review by the UN Secretary-General of progress in implementing the Resolution 1325 noted "major gaps and challenges…in all areas, including, in particular, in relation to women's participation in conflict prevention and peace processes; the integration of gender perspectives in peace agreements; attention to the contribution and needs of women in humanitarian and reconstruction processes; and representation of women in decision-making processes".[86]

3. Protecting the integrity of aid for poverty eradication:

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

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

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

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

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

insufficient and inadequate. In the words of the 2005 Human Development Report:

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

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

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

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

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

4. Strengthening people-centered approaches to security:

> **Security assistance by donor countries and the democratic reform of the security sector must be governed first and foremost by their obligations**

under domestic and international human rights instruments and provisions, and they must be transparent, accountable and screened for potential human rights impacts.

Strengthening the security sector and its reform have become major preoccupations of donors since the events of September 11th, 2001. While donors have developed substantial lessons and discourse that orients this reform towards democratic accountability for the security sector, there is little evidence of this approach on the ground. The security sector in countries such as Indonesia, the Philippines or Guatemala, for example, operate largely to protect the interests of elites and international corporations to safeguard their privileged and highly unequal access to wealth. The post-9/11 focus on security has allowed political leaders to link complex national conflicts in countries such as Colombia, the Philippines or Nepal, to the "war on terror" and to seek support to strengthen the repressive apparatus of their military and security sector in response. CSOs are calling for clear transparency and accountability for the resources, training and equipment provided by northern donors to the security sectors of countries affected by conflict. Transparency must apply to all channels of cooperation, not just ODA, so that affected communities can monitor its impact on conflict. Donors must clearly assess the extent to which their current priorities and approaches for security sector reform contradict the real security interests of local populations in zones of conflict.

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

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

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

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

Norms associated with *The Responsibility to Protect* made some progress at the September 2005 World Summit at the UN. The three pillars of international responsibility offer a menu of policy options to protect vulnerable people, short of direct intervention. However, UN norms related to direct military intervention arising from *The Responsibility to Protect* take little account

of the current geo-political realities outside of the UN that fuel major conflicts today – such as the unilateral exercise of power by the US and its allies in the "war against terrorism". The sovereignty of the poorest countries is already deeply compromised by the lending policies of the IMF, the World Bank and the terms for aid from the major donors. To date a majority of member countries of the UN see *The Responsibility to Protect*'s option for aggressive military intervention as a means to further compromise sovereignty. Minimally, significant democratic reforms in governance of the UN, particularly in the key roles and composition of the Security Council, will be required if UN-endorsed intervention under these norms is to take practical form. Donors should continue to strengthen the capacities of regional forces for peace operations, such as in the African Union, by investing in the required training, equipment and logistical support to enable them to meet the mandates agreed upon by the international community.

6. Exhausting all avenues for the promotion of peace:

(a) **Donors must invest significantly in early warning and conflict-prevention action, thereby reducing costly reconstruction of societies devastated by armed conflict.**

(b) **Coherent and coordinated approaches to conflict prevention in donor countries must include as a matter of priority the establishment of an international arms trade treaty.**

(c) **OECD countries should establish clear, comprehensive and legally enforceable guidelines covering the potential social, environmental and related impacts of companies operating in areas at risk of violent conflict.**

(d) **Donors must ensure 100% unconditional debt cancellation for all of the world's poorest countries, including, but not limited to, post-conflict countries, while upholding self-determination and human rights in designing and implementing economic programs in affected countries.**

(e) **All countries must ratify and implement the United Nations Convention against Corruption adopted in 2005.**

In developing early warning capacities, particularly in Africa, donors, regional institutions and local governments alike should work with local stakeholders, including civil society organizations, to analyze and address the root-causes of conflict. Where possible, stakeholders committed to peace, including advice from highly credible "neutral parties", should be brought into the analysis of these root-causes towards resolving conflict and building peace. These underlying causes include those for which the donors themselves bear considerable responsibility – the perpetuation of unpayable debts which reduce resources available for meeting urgent social needs in the poorest countries, the uncontrolled export from northern countries of small arms and light weapons, and the investment and commerce by northern-based corporations in natural resources in poor countries affected by conflict.

7. Reforming the UN and the International Financial Institutions

agency, transnational coalitions and the challenges of sustainable peace.* The North South Institute, Working Paper, October 2005, pp 4-9, accessible at http://www.nsi-ins.ca/english/pdf/wkop_lead_paper.pdf.

[6] Noeleen Heyzer, "Women, War and Peace: Mobilizing for Peace and Security in the 21st Century", The 2004 Dag Hammarskjöld Lecture, Uppsala, 2004, pages 11-12.

[7] Baranyi., op.cit., p. 5.

[8] See for example, ODI, Humanitarian Policy Group, at http://www.odi.org.uk/hpg/index.html; Development Initiatives, Global Humanitarian Assistance 2004/05, 2005, accessible at http://www.reliefweb.int/rw/lib.nsf/db900SID/MIRA-6EN83Z?OpenDocument; and Larry Minear and Ian Smilie. *The Charity of Nations*. Kumarian Press, 2004.

[9] DAC, *A Development Cooperation Lens on Terrorism Prevention: Key Entry Points for Action*, 2003, accessible at www.oecd.org/dataoecd/17/4/16085708.pdf, page 11.

[10] Earlier Reality of Aid Reports are available online at www.realityofaid.org.

[11] Andrew S. Natsios, "Foreign Assistance in the Age of Terror", speech to The U.S. Institute for Peace, April 21, 2004, accessible at http://www.usaid.gov/press/speeches/2004/sp040421.html.

[12] Guy Dinmore, "Bush plans overhaul of US foreign aid system", Financial Times, December 11, 2005.

[13] Development Assistance Committee, *Is it ODA? Note by the Secretariat*, Working Party on Statistics, May 2001.

[14] See detailed discussion of reportable ODA and security issues in H. Mollett, "Official Development Assistance (ODA): Conflict and Security Issues", Unpublished Draft Discussion Paper for CONCORD, 2004, pp 1-3.

[15] See DAC, *Development Cooperation Report 2005*. Paris: OECD, Table 14, accessible at http://www.oecd.org/department/0,2688,en_2649_33721_1_1_1_1_1,00.html.

[16] Reality of Aid calculation, based on the average debt servicing by low income countries of 7.3% of the face value of their outstanding debt in the period 2001 to 2003.

[17] See DAC, *A Development Cooperation Lens on Terrorism Prevention: Key Entry Points for Action*, 2003, accessible at www.oecd.org/dataoecd/17/4/16085708.pdf.

[18] See CSO statements on DAC paper on terrorism, including "Joint statement by members of the international Global Security and Development Network on the Development Assistance Committee policy statement and reference document: 'A Development Co-operation Lens on Terrorism Prevention: Key Entry Points for Action" (October 10, 2003), accessible at http://www.bond.org.uk/advocacy/gsd/gsdjoint.htm and "Civil Society Statement on the OECD Development Assistance Committee Senior level meeting, 8-9 December 2004", accessible at http://www.bond.org.uk/advocacy/gsd/daction1204.htm.

[19] See statistical information on UN peacekeeping operations at http://www.globalpolicy.org/finance/tables/inxpckp.htm and http://www.globalpolicy.org/security/peacekpg/data/index.htm.

[20] Rupiya, Martin. "A Critique of the Efficacy of Providing AID to Africa's Peace and Security Agenda", *Reality of Aid 2006 Report.*

[21] See the Commission for Africa, *Our Common Interest*, chapter on "The Need for Peace and Security", pages, 157 – 178, accessible at http://www.commissionforafrica.org/english/report/thereport/english/11-03-05_cr_chapter_5.pdf.

[22] Thalif Deen, "Africa's New Standing Army Primed for Next Year", International Press Service (IPS), November 7, 2005.

[23] DAC, "Note by the Netherlands on Security and Development", Room Document #6, April 14, 2004 and "Towards consistency of ODA-eligibility in relation to conflict prevention, peacebuilding and security-related activities", no name, written after April 2004, mimeo.

[24] "Civil Society Statement on the OECD Development Assistance Committee Senior level meeting, 8-9 December 2004", accessible at http://www.bond.org.uk/advocacy/gsd/daction1204.htm.

[25] See DAC, "OECD-DAC Secretariat Simulation of DAC Members' Net ODA Volumes in 2006 and 2010", accessible at http://www.oecd.org/dataoecd/57/30/35320618.pdf. As the World Trends Chapter points out Japan has effectively reneged on its Gleneagles

(IFIs) for democratic, multilateral management of conflict:

(a) Unless the IFIs implement significant reforms, including democratization of these institutions' governance, their current coordinating role in post-conflict reconstruction should be strongly resisted by bilateral donors, recipient governments and CSOs.

(b) The United Nations, and its constituent bodies, must be reformed and strengthened with the resources needed to play the principal role in positive, creative and democratic international engagements in situations of conflict.

(c) Urgently needed aid should not be a "carrot" for imposing conditions to resolve conflict by IFIs and donors. Imposed conditions, particularly those relating to policy prescriptions, are incompatible with democratic governance and local ownership of processes to establish policies for peace. Any terms in an aid relationship must be fairly and transparently negotiated with the participation of, and accountability to people living in poverty, and in line with the principles of international human rights and humanitarian law.

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

A UN Peace-building Commission, announced at the September 2005 UN World Summit was agreed upon by Member States of the General Assembly in December. It comes with a mandate to coordinate advice to UN bodies, including the Security Council, on integrated strategies for post-conflict peace-building and the resources required to carry them out. While clearly welcomed by CSOs, the levels of staff, financial resources and authority to enable the Commission to fully carry out this mandate have not materialized. The Commission has been designed for discussion and coordination, but it has no means to assure the adherence of UN agencies, IFIs, bilateral agencies, national governments, and civil society organizations to an agreed-upon coherent and effective post-conflict plan.

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Since 1992, Reality of Aid Reports have focused attention on the ways in which aid has too often served donors' foreign policy and strategic interests, in turn ignoring and sometimes undermining the rights and needs of people living in poverty. We also have pointed to incremental progress in increasing the poverty focus of ODA starting in the late 1990s. Historically, donors' self-interest and

some recipient countries' misuse of aid have undermined the potential for aid to contribute to poverty alleviation. However, aid has been an important catalyst in reducing poverty, not least in significantly reducing the impact of diseases such as polio, cholera and tuberculosis in poor countries or in creating alternative sources of finance for poor and vulnerable people. Aid has been a key resource in rebuilding some post-conflict societies such as Mozambique, East Timor or Central America. It is also suggested that aid can play an increasingly important role in tackling conditions that give rise to conflict.

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

Is it then any wonder that the international community has largely failed to meet commitments made to the Millennium Development Goals? While recent aid resources have been diverted, new aid pledges made in 2005 still fall far short of the urgently needed financing to meet even these minimal Goals. Indeed in 2007, the DAC donors will be returning to a debate on expanding the criteria for ODA that could permit many to "increase" their ODA through accounting adjustments. The international community has an opportunity to replace rhetoric and narrow self-interest with policies and resources that could truly make a difference and ensure that the next decade is devoted to ending global poverty and creating conditions for peace. *Reality of Aid* joins with the UNDP's 2005 Human Development Report in its appeal: "if ever there was a moment for decisive political leadership to advance the shared interests of humanity, that moment is now."[89]

Notes

1 The *Reality of Aid Report* uses the term "conflict-affected states" as a designation of states in which a significant proportion of the population are vulnerable to death, disease and disruption of livelihood as a result of a prolonged conflict and/or crisis in which the state is unable to meet its human rights obligations to its citizens. The international donor community has referred to these countries as failed states, failing states or fragile states. The *Reality of Aid* network rejects the pejorative nature of this terminology, which masks in our view the complicity of international donors and institutions in creating and sustaining state "fragility". While there is a strong correlation between the list of "fragile states" and "states affected by conflict", clearly not all "fragile states" are in the latter category, depending on its definition by donors.

2 United Nations Development Program, *Human Development Report 2005*, page 12. accessible at http://hdr.undp.org/reports/global/2005/.

3 Project Ploughshares, *Armed Conflict Report 2005*, accessible at http://www.ploughshares.ca/libraries/ACRText/ACR-TitlePageRev.htm.

4 *Human Security Report 2005,* pp 128-130.

5 See the excellent summary of the evolution of peace-building in the 1990s in S. Baranyi, *What kind of peace is possible in the post 9-11 era? National*

G8 aid commitment. See http://www.choike.org/nuevo_eng/informes/3208.html.

[26] The most comprehensive review of the question of aid diversion for global security interest of donors has been the studies by Ngaire Woods. See N. Woods, "Reconciling effective aid and global security? Implications for the emerging international development architecture", Global Governance Program, University College, Oxford, 2004 and N. Woods, "The shifting politics of foreign aid", *International Affairs*, March 2005.

[27] Calculated from DAC, *Development Cooperation Report*, 2004, 2003, 2002, and 2001. The countries included for those directly related to the US "War on Terror" includes Turkey, Egypt, Azerbaijan, Kazakhstan, Kyrgyz Republic, Uzbekistan, Tajikistan, Turkmenistan, Iraq, Afghanistan, Pakistan, and the Philippines.

[28] Woods, "The shifting politics of foreign aid", pp 5-6.

[29] Woods, "Reconciling effective aid and global security?", p. 23.

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[37] OECD, *Security Sector Reform: Policy and Good Practice*, DAC, 2005, p. 16, accessible at http://www.oecd.org/dataoecd/8/39/31785288.pdf.

[38] Ball and Hendrickson, op. cit., p. 14.

[39] Ibid., p. 15

[40] See Madelaine Drohan, Making a Killing: How and why corporations use armed force to do business. Toronto: Random House, 2003.

[41] Ball and Hendrickson, op.cit., p. 19.

[42] Baranyi, op. cit., p. 10

[43] For a critique of country selectivity and aid effectiveness as it apples to issues of governance and human rights see the Political Chapter in *The Reality of Aid Report 2004*, accessible at www.realityofaid.org.

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