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### Introduction

This chapter focuses on the assessment of the implementation of the Paris Declaration (PD) and the Accra Agenda for Action (AAA) in Benin based on two (2) key criteria: democratic ownership and development results for the people. It intends to give an overall civil society *alternative* insight on major issues for Official Development Assistance (ODA) on these two (2) thematic areas.

### Democratic ownership

#### Participation

Despite efforts made in recent years to involve civil society organizations (CSOs) in the formulation, implementation, monitoring and evaluation of development policy processes, participation in decision-making on ODA allocation involving the Beninese government and donors remains low.

In fact, when government officials and Technical and Financial Partners (TFP) determine the conditions for CSO participation, the latter are often given one or two seats at the last minute, when no actual preparation is possible. Aside from this, the needed documentation is not provided on a timely basis and the CSOs identified by government are not necessarily those who are the best informed on the issues at stake. In the end, such constraints have prevented CSOs from having real influence on decision-making.

This has been the case with the development process of the SRCP3 (3<sup>ème</sup> Stratégie de Croissance pour la Réduction de la Pauvreté – 3<sup>rd</sup> Growth Strategy for Poverty Reduction), which is the policy framework defined by government and donors to ensure the implementation of the PD principles and the commitments reflected in the AAA.

CSOs have been “*associated*” with the process by having two (2) representatives in the SCRCP3 steering committee. However, the approach and CSOs’ terms of their participation have not enabled them to make a significant contribution by having their voices and proposals heard. This situation stems from the fact that they are a significant minority, and that their views are not based on previous broad consultations with civil society actors.

Indeed, considering the high importance of the SCRCP3 which will be the reference framework for national development during the next five (5) years, such civil society contributions should come from an independent national consultation, carefully prepared, and involving all Beninese civil society components. This approach would comply with the commitment to a “broadened dialogue” recommended by the AAA and would enable all civil society actors’ comments and consensus suggestions.

A broad consultation also allows government and donors to be clearly informed about the actual

motivations of civil society, its positions on development priorities, and areas which the latter deem their engagement as their responsibility.

Aware of the poor level of this participation, and keen for an improvement, the civil society platform called the “Plateforme des Acteurs de la Société Civile du Bénin” (PASCiB<sup>1</sup>), convened a national consultation and a multi-actors’ dialogue on the SCRP<sup>3</sup> development process before its finalization. A memorandum specifying criticisms and proposals was issued following this meeting, which was addressed to the Beninese government and to the TFP. Unfortunately, this apparently has had no specific impact<sup>2</sup>. The process went forward, involving state actors alone with the development of the government’s Priority Action Plan (PAP).

Participation has also been very weak involving other actors such as the private sector and parliament, which have raised questions on the relevance of government’s adopted approach.

## Transparency

Transparency and access to information are major concerns for all actors and were among the goals of the 2008 government action plan to improve aid effectiveness in the aftermath of Accra HLF<sup>3</sup>. Unfortunately, progress has been slow, and until recently the situation regarding information on ODA funding was even worse.

The only information available to the public on funding agreements signed by the government was usually culled from the media (TVs, radios and newspapers). Access to these agreements is limited to direct stakeholders of the programs and, in most cases, such information could not be obtained through “Contrôle Citoyen de l’Action Publique” (CCAP)<sup>3</sup> initiatives conducted by some

CSOs. Many now recognize that the public is insufficiently informed about ODA decisions. They are also bereft of means to adequately monitor their implementation.

Since 2010, however, some concrete efforts have been made to improve access to information on aid flows with the creation of the Cellule de Coordination de l’Aide au Développement<sup>4</sup> (CCAD), and with the elaboration of the national policy on aid, which included participation of all CSOs. These measures do reflect positively on the government’s commitment in favor of a transparent and open process, allowing access to information to all stakeholders. Therefore, recurring concerns from CSOs regarding difficulty in access to information from donors will be solved with the establishment of an information system available to the public. This system will also allow for the coordination of all forms of aid flowing to Benin.

## Accountability

The Beninese financial system has been highly dysfunctional these last years, what with several scandals (CEN-SAD, financial operations / ICC services, agricultural equipment procurement) aside from persistent corruption within the public administration. Although the media report these scandals and despite government’s measures in the fight against corruption, the situation does not seem to improve.

Indeed, the Council of Ministers sanctioned some public servants on the basis of audit results which have been conducted by competent bodies. Nevertheless, administrative sanctions did not follow in most cases and some sanctioned individuals were even nominated to other functions in government.<sup>5</sup>

In other words, even if there are no new laws, the current law allows government to pursue those who are guilty. Until now, however, most of the cases revealed by the audits were not followed by judicial sanctions.

Recent audits show that the National System of Public Finances remains flawed with bad practices, such as abuses in the use of “emergency” implementation procedures and their payment orders, and delays at all levels in the implementation of external accountability mechanisms performed by the DGTCP<sup>6</sup> and by the Parliament. Indeed, important delays in the vote on regulations are common and consequently, donors are increasingly reluctant to align with the national system and provide general budget support.

For the general population, government accountability practices are also insufficiently developed in Benin. There are no mechanisms to inform the population on government expenditures on their behalf and on the real results of those programs and projects. The annual speech on the State of the Nation delivered at the end of the year by the Head of State at the National Assembly is the only opportunity for the people to be informed of development results. But such results, in the view of opposition parties and many CSOs, are usually overestimated or hard to verify.

At the level of local authorities, accountability to the population is becoming part of the regular practices of some communal councils, to the credit of CSO efforts.

In summary, democratic ownership issues and realities remain insufficiently tackled, although some initiatives taken before and after the 3rd Accra HLF have been positive. There are various

reasons to explain the slowness of this progress, including the non-participatory approaches used by government, inadequate institutional framework and lack of political will for the conduct of a true and open dialogue. These are especially true in the face of CSOs’ advocacy for the implementation of the AAA commitments.

The following recommendations need to be taken into account in order to improve the situation:

1. To elaborate, in a concerted approach<sup>7</sup> with CSOs, Government, Private Sector, TFP and Parliament, a Strategic Framework allowing Non-State Actors to participate in the elaboration, implementation, monitoring and evaluation processes for development policies and programs, and to support the institutionalization of this framework as a sustainable mechanism for structured dialogue, allowing for effective and accountable participation of Non-State Actors.
2. To improve the institutional framework for the management and coordination of development aid by updating legal regulations, clarifying the roles and responsibilities of different actors, establishing information mechanisms adapted to the needs of different stakeholders and strengthening technical capacities of organizations in charge of the implementation of the national aid policy.
3. To support initiatives for public action and citizen control at all levels, in order that citizens might positively influence the consideration of new laws and other regulatory and legislative acts regarding aid management at all levels (including procurement), while at the same time strengthening parliamentary control to improve the management of Public Finances.

## Development Results

### Poverty reduction

Table 1 below presents some general indicators on the state of poverty in the country before and after 2005 and the implementation of the PD.

Although there is a lack of up-to-date statistical data and specific studies on the impact of the PD on poverty reduction in Benin, some poverty indicators raise, *ceteris paribus*, the following points: (See Table 1)

- The Human Development Index in Benin has not improved with the PD implementation;
- One can also observe lower poverty and inequality indexes between 2006 and 2007. But the lack of data for the other periods does not allow any comment on a trend.
- The growth rate has been lower during the implementation period of the PD. But this can be largely explained by the global crises since 2008.

Extreme poverty, according to INSAE reports (2007, 2009), is estimated to be 20% and has not varied since 2006. Globally, poverty has worsened in the most recent years. One of the reasons is the weakness in implementing development strategies in actual programmes. There are weak synergies between communal development plans, sectorial programmes and the Priority Action Plan (PAP), with the latter being the primary mechanism through which national development priorities should be implemented.

Unfortunately, the government's process to elaborate the PAP does not include non-state actors and parliamentarians. The result is that sectoral decisions and the proposed measures, programmes and projects, are not the most relevant to tackle specific socio-economic development challenges.

Despite this poor political performance, nevertheless the private investment rate (internal and external) increased by a small margin compared with the period before the PD implementation; and the education and the child mortality rates improved.

**Table 1:** General development indicators

INDICATORS	2005	2006	2007	2008	2009	2000-2004	2005-2009
Poverty index		37.4	33.2				
Inequality index		0.53	0.43				
Human Development Index	0.44	0.47	0.44	0.44		0.45	0.45
Real GDP growth (%)	2.9	3.8	4.2	5.0	2.7	4.5	3.8
Internal private investment rate (% GDP)	9.0	11.6	12.4	12.7		9.0	11.4
External private investment rate (% GDP)	1.6	1.2	5.0	2.8	1.5	2.2	2.7
Education rate (%)	94.8	93.0	98.5	104.3	109.0	89.4	99.9
Maternal mortality Ratio (% 0000 birth)	230	397	179			295.5	268.6
HIV-AIDS prevalence – pregnant women	2.1	2	1.7	1.8	2	2.9	1.9
Child mortality (%0)	102.9	100.8	97		77	77	64.3

Source: INSAE, 2009

If those results cannot be attributed only to the PD and the AAA, they are partially the consequence of the efforts and commitments made as a result of the PD, notably increased financial and technical assistance as well as donor reforms (harmonisation and use of common procedures by TFP).

### Gender equity

The rights of women and girls in Benin have not benefited up to now from better legal protection, although some important efforts have been made in the legal framework.

Benin has ratified several conventions and international agreements on the elimination of discrimination against women. This political will translated in the adoption of several laws in support and promotion of women's rights. Nevertheless, challenges still remain in the implementation of these laws and in access of women to justice.

For instance, a study by the Ministry of Family and National Solidarity in 2009 on violence against women demonstrated that 69% of women suffered from gender violence. The reason for this situation is not only a lack of respect for women's right to security and protection, but also basic ignorance by women themselves of their own rights.

However, several multilateral and bilateral partners<sup>8</sup> and CSOs do work together with the government in the promotion of gender equity. Indeed, expenditures on gender equality programs have increased regularly, from 2.8 billion FCFA in 2007, to 4.0 billion FCFA in 2008, and 4.9 billion FCFA in 2009. Budgets for the eradication of violence against women have also increased, from 0.8 billion FCFA in 2007 to 1.1 billion FCFA in 2009. As regards the inclusion of women in the labor market, the budgets were 0.5 billion FCFA

in 2007, 0.8 billion FCFA in 2008 and 1.0 billion FCFA in 2009.

These trends in support of gender equality must be reinforced in order to achieve concrete progress and results for women and girls.

### Environmental sustainability

Major current environmental challenges in Benin, notably in the south, are caused by population growth; widespread poverty; discrepancy between the consumption of natural resources and their renewal; and lack of sufficient consideration of environmental issues in sectoral plans and programs.

The most visible signs of environment degradation are the gradual disappearance of forests; increasing soil erosion in many parts of the country, but notably on the coasts of the Guinea Gulf; the silting and erosion of lakes and rivers, which produce water shortages; the decrease in water quality, the loss of soil fertility and the decrease of capacities for water renewal; and unbalanced urban development.

Initial analysis of the economic costs of this environmental degradation have demonstrated an annual cost of between 3% to 5% of the country's GDP (PAE, 2001), with little hope to reverse this trend.

The Programme National de Gestion de l'Environnement<sup>9</sup> (PNGE), created in 2002, confronts these environmental challenges with a series of coordinated activities linking environment and poverty alleviation, as recommended in the 1992 Rio Summit. Its main goal has been to "contribute to the sustainable economic and social development of the Beninese populations, through poverty alleviation, participatory planning and local governance". Since 2007, this program has also

been supported by the sub-program, “Programme d’Action National d’Adaptation aux changements climatiques”<sup>10</sup> (PANA), in synergy with the Growth Strategy for Poverty Reduction (SCRIP). The Beninese government decided to “green” the Growth Strategy for Poverty Reduction through measures aimed at integrating environmental concerns into poverty reduction plans, programs and projects. Under this strategy, poverty is considered a multi-dimensional phenomenon which include monetary aspects, lack of opportunity, human capacity, education, health and security.

In spite of the importance given by this programmatic framework for environmental management, there is little information on how ODA contributes to environmental sustainability. Even the December 2010 national report of the Phase II Independent Evaluation of PD Implementation in Benin did not address environmental issues. Specific efforts need to be undertaken in order to determine progress realized as well as extract lessons to improve ecological sustainability in Benin.

## Endnotes

- 1 “Benin Civil Society Actors Platform”
- 2 Audience requests were made to relevant ministers but they remained unanswered. The memorandum is annexed to this report.
- 3 “Citizen Control of Public Action”
- 4 Development Aid Coordination Committee
- 5 CESS (2010) : Evaluation report of the PD implementation in Benin, p. 37.
- 6 DGTCP: Direction Générale du Trésor et de la Comptabilité Publique, and the parliamentarian « Chambre des Comptes et Commission des Finances et des Echanges”.
- 7 This recommendation applies to all stakeholders, but CSOs must show initiative and be technically and financially supported by the State and/or TFPs.
- 8 Notably UNFPA, UNICEF, UNDP, World Bank, USAID, DANIDA, Swiss Cooperation, Plan International, RIFONGA, AFJB, GRAPAD, etc.
- 9 National Programme for Environmental Management
- 10 National Adaptation Action Plan

## Resources Giant, Development Failures Improving Local Living Conditions by Implementing the Aid Effectiveness Principles

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### Introduction

Cameroon is a country with 19.4 million inhabitants of which half are women, with young girls accounting for 45% of female citizens. The population growth rate is 2.8% per year and close to 65% of this population lives in rural areas, majority of whom are poor.

In 2007, poverty incidence reached 39% of the population (compared to 40% in 2001). If this trend is maintained, centuries will be required to complete the first Millennium Development Goal (MDG). Indeed it is likely that the only MDG to be reached will be the completion rate for primary school by 2017.

The mortality and morbidity rates remain high, and the situation deteriorates year after year. Women's mortality is 669 per 100,000 births. Malaria, HIV/AIDS, tuberculosis and hepatitis C and B are the major causes of death aside from road accidents. Nearly 75% of the population lives in slums and 86% of inhabitants in rural areas have no access to hygienic toilets.

On the other hand, less than 50 percent of the population has access to potable water, with 7% of these people living in rural areas. Chronic malnutrition affected 30% of children in 2006 while 19% of those under five (5) remain undernourished. Together these factors have resulted in a declining life expectancy, from 59 years a decade ago to 53 in 2004.

The lack of jobs is still Cameroon's main challenge, with more than 75% of the population classified as underemployed. According to the International Labor Organization (ILO) definition, 4.4% of Cameroonians are counted as unemployed, but in the local context unemployment concerns around 13% of the population.

### Development cooperation

In the field of cooperation for development, Cameroon's official delegation attended the adoption of the Paris Declaration in 2005. But the main preoccupation of the country that year was meeting the completion point for debt cancellation within the Highly Poor Countries' Initiative. This goal was reached in April 2006. Since then, Cameroon has moved from its 2003 Poverty Reduction Strategy Paper (PRSP) as compass for development to the Growth and Employment Strategy (GES). The latter currently serves as guide for the implementation of socio-economic action plans for the next 10 years (2010 – 2020). The National Strategy is also based on the 2035 Vision for Cameroon whose goal is to achieve an emerging country status in 25 years (starting from 2010).

However, given the weaknesses in governmental capacities to efficiently implement programs and projects --with endemic corruption being the most salient -- there is little prospect that Cameroon will indeed reach the goals of both the Strategy and Vision. Unless effective measures are taken to improve governance, public-private management

and accountability, richness in resources will paradoxically co-exist with substantial numbers of people living in poverty.

Cameroon is not dependent on aid funding as ODA. The latter's proportion to the GNP is only approximately 2%, while the ODA as a proportion of State Budget revenue is about 10% annually. In terms of gross commitments, ODA is about 220 billion CFA francs (US\$440 million). But Cameroon has real difficulty in its institutional capacity to absorb these amounts.

The Global Public Policy Institute (GPPi), a consultancy based in Berlin, reported in February 2010 that actual disbursements (compared to commitments) vary from one donor to another and according to the sector. In 2008-2009, this variation was from 6% (minimum) to 84% (maximum) in donor support for the Health Sector Wide Program, from 25% to 73% for the Forest and Environment Sector Programs, and 38% to 100% in the Education Sector Programs. Rates of aid disbursement are lower in other sectors. Low rates of aid disbursement are mainly due to two factors: difficulties with projects aiming for structural change in the government, and failures to improve capacity. The execution rates are higher in the projects funded by China in that they are ideology and conditionality free, and because China provides manpower in the implementation process.

Cameroon has the opportunity to provide leadership in its relationship with its development partners since the traditional donors are not more than 10. Among the most important are the World Bank, the African Development Bank, the United Nations organizations, the European Union, France, Germany, Japan, the International Fund for the Development of Agriculture. Still, poor management and incompetence in the public sector as a whole have hindered the country's leadership potential.

## Democratic ownership

### Participation

To date, there is no operational multi-stakeholder body that prepares and monitors the National Strategy. However, government has organized important thematic dialogues to share opinions with civil society on some core socio-political issues. These dialogues were implemented in preparations for the 2003 PRSP, and repeated during the subsequent revision of the PRSP and formulation of the current National Strategy which was adopted in 2009. This gave civil society organizations (CSOs), community leaders, traditional rulers and women associations a unique chance to be heard. But unfortunately much of the Strategy reflects the recommendations of Bretton Woods Institutions (most notably the World Bank and the International Monetary Fund). In this sense, ODA policy remains primarily restricted to dialogue between donors and the government. Other development actors are still not part of the aid architecture.

With the creation of a Multi-donor Committee in 2003, development partners started to meet with a view to harmonize their positions throughout the aid process. They created specialized thematic platforms. This mechanism is now being transformed into a Multi-Partner Committee as an effective platform where all stakeholders may be able to discuss aid and development.

### Transparency

It is important to note that in a presidential system, such as the one in Cameroon, information and communication are very much under government control. In this context, parliamentarians cannot undertake any initiative that has not been previously mandated by the incumbent Executive. Members of Parliament (MPs) have no influence

on the budgeting process; nevertheless, the former are granted a few days to discuss Fiscal Law and adopt it according to the Constitution of the Republic.

Apart from written and oral questions to members of government, MPs are not allowed to undertake any parliamentary inquiry or audit of public sector officials or structures.

Information on the national development strategy and public expenditures are available in French and English through hard copies, newspapers and electronic media in government and other ministerial websites. However, there is still limited transparency for ODA management. An ODA database created by the Ministry of Economy, Planning and Regional Development is not yet operational because of lack of information on external resources provided by donors to governmental agencies. Nevertheless, it is possible for CSOs and the public to have access to tendering information when it is published in newspapers as stipulated by procurement law.

## Accountability

The following legal frameworks and mechanisms are in place to address corruption: 1) the 1996 State Constitution; 2) the Penal Code; 3) the Law on Property and Possessions' Declaration (article 66 of the Constitution, voted by the National Assembly in 2005 but not yet implemented due to lack of presidential decrees); 4) the Public Procurement Code; 5) the Higher State Control; 6) the National Anti-Corruption Commission; 7) the Audits Chamber; 8) the National Financial Investigation Agency; 9) the Change Habits, Oppose Corruption (CHOC) program; 10) the National Governance Program and, 11) the Budgetary and Financial Discipline Commission.

Despite the relative importance of these mechanisms, Cameroon is still one of the most corrupt countries in the world. According to the 2010 Transparency International Index (TPI), the country has a 2.2 out of 10 score and ranking (146 out of 176 countries). Various corruption cases have been identified, investigated and sanctioned, notably with education and health as particularly vulnerable sectors. In most instances funding had been allocated in line with Cameroon reaching the completion point for the Highly-Indebted Poor Countries Initiative in 2006.

As regards independent monitoring and assessment, Cameroon is not yet a member of the African Peer Review Mechanism (APRM) created by the African Union Commission. However, reports done by international consultants on aid management could be considered independent since they address donors and government accountability for development results.

## Development Results

### Contribution of ODA to poverty reduction

It was noted above that the preparation of national strategies in Sub-Saharan Africa are mainly ideologically determined by the Bretton Woods Institutions. Given this reality, the 2003 PRSP was oriented to fill the investment gap in social sectors, which had been overlooked during the structural adjustment programs of the 1980s and 1990s. The PRSP stipulated that investing in education and health infrastructures could reduce poverty, but ignored the incidence of mismanagement and poor quality of investments in these sectors.

The current National Strategy takes into account the importance of wealth and jobs creation. However, redistribution of that wealth is still not envisaged and job creation strategies focus

heavily on public service recruitment. Meanwhile, there are unlimited opportunities for job creation in agriculture, livestock, fishery, forestry, manufacturing and services that remain largely untapped.

Most investments have been geared towards large infrastructure projects such as dams and power generation. Despite their importance, it is well known that most people living in rural areas remain isolated. There is a need to construct rural roads to collect crops and to facilitate the movement of people and goods in those areas where many people seek to improve their livelihoods.

### Gender equity

At the institutional level, the Ministry of Women Empowerment and Family monitors gender equity. The Ministry is also in charge of gender mainstreaming and advocacy, as well as the promotion of the rights of marginalized groups. Thanks to donor support, the government is introducing gender-sensitive budgeting in some Ministries. Indeed, the National Strategy for Growth and Employment is widely understood to address gender equality issues, although relevant actions have yet to be coordinated. A National Gender Strategy has been drafted and is awaiting government approval.

Despite these otherwise formidable measures, Cameroonian women have yet to see their situation improve significantly. The Cameroon Association for Women Legal Practitioners has been created to improve the protection of women's rights. But women's leadership in the socio-economic and political spheres is weak by any standards, with women's concerns underrepresented at the institutional level. In view of this persistent imbalance in men and women ratio in most Cameroonian institutions, one solution could be

the inclusion of a legally binding framework that mandates gender parity.

### Ecological sustainability

Since 1994 Cameroon has had a law relating to the sustainable utilization of natural resources, including forests, wildlife and fisheries. But protection of biodiversity is challenged by large rural populations living in poverty and facing food insecurity on a recurrent basis. Households use wood for meal preparation, with few other options for cooking alternatives. Of significance here is that more than 18% of land surfaces are protected biodiversity areas, but the proportion of people using wood for cooking chores is more than 40%. Moreover, transnational firms conduct significant exploitation of forests, most of which have predispositions to corruption.

Ecological sustainability thus far seems to be a concern only for donor officials, CSOs and a small number of government representatives. Nevertheless, the amount of aid allocated to this sector in particular remains substantial: US\$2.2 million between 2002 and 2014. But most of this aid has been earmarked for technical cooperation (technical enhancement, training and research). In this regard, ODA has had a positive impact on environmental and forestry management, producing plans for forest use, improving the value of forestry products and facilitating forest management from a community perspective and the development of new wildlife products.

It is crucial to note that Cameroon receives more aid in the context of global climate change financing and the need to abolish the anarchic exploitation of the country's forests. The latter has a 0.6% declining rate in forest cover annually, which is the highest rate of exploitation in Central and West Africa apart from the Democratic Republic of the Congo.

## Conclusion

Cameroon still has a long way to go in order to mitigate the impact of structural adjustment policies and programs from earlier decades, which deeply damaged local socio-economic conditions that had in fact been improving in previous years.

The aforementioned living conditions of the vast majority of Cameroonian people are stark enough to demonstrate that more substantial efforts are needed to reverse the poverty trends

in each and every sector. The impact of ODA and international cooperation on these sectors is not yet evident. Development resources have not been efficiently managed, which is an unfortunate outcome that donors and government must be held accountable.

Nevertheless, there is hope in the form of better organization of local CSOs and increased links being forged with their global counterparts. At the same time, an international socio-political framework is emerging to remind leaders of their obligation to become more responsible for and champions of their own development's success curve.

## Democratic Ownership and Development Results: Are the politics, policies, power and institutions properly aligned?

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### Introduction

Democratic ownership and development results in Ghana have notably improved in the context of meeting the commitments of the Paris Declaration (PD) and the Accra Agenda for Action (AAA). Some contributing positive examples for this good progress have included existing legislative frameworks for public procurement, public financial management and whistleblower legislation, which were enacted before the PD and AAA. Other initiatives include ongoing national policy reviews on aid, anti-corruption, decentralization and the 1992 Constitution, which have been initiated by the government.

These efforts have been further bolstered by proactive civil society engagement and systematic joint efforts on the part of government and development partners (DPs) on national policy issues. However, much could still be done to enhance the quality of progress, including passage of the Freedom of Information Bill; enabling CSO organizational and capacity development on strategic issues; improved parliamentary engagement and oversight; and efficient data management. Efforts at making improvements are quite urgent as evidence for some human development indicators, relating in particular to gender equality, health, education and geographic imbalances in Ghana, are still falling far short of the Millennium Development Goals targets.

### Democratic Ownership

Ghana is widely regarded as a bastion for democracy in Africa partly due to its recent political history of consistently holding free and fair elections as well as having experienced two successive peaceful transfers of political power (in 2001 and 2009) from one party to another. Other general assessments of Ghana's performance on selective governance indicators since 2008 have also pointed to improvements<sup>1</sup>. These trends are critical ingredients to determining democratic ownership in the context of development effectiveness.

The Paris Declaration (PD) and Accra Agenda for Action (AAA) are the current agreed frameworks of principles for measuring country performance on democratic ownership even though they are inadequate from the perspective of civil society. Democratic ownership requires strong governance institutions for participation and accountability, and it thus behooves governments and donors to protect civil and political rights, especially for the broad participation of stakeholders<sup>2</sup>.

Ghanaian civil society, under the aegis of the Ghana Aid Effectiveness Forum (GAEF) has conducted an independent assessment of democratic ownership in Ghana.<sup>3</sup> The GAEF noted a number of positive processes and evidence for increased participation in national development. These included:

Qualitative improvements in the annual consultations for the Multi-Donor Budget Support (MDBS) review.

Both donors and government now increasingly value the input of civil society in setting national development policies.

Inclusion of civil society members in government official delegations to regional workshops on aid effectiveness. The Ministry of Finance and Economic Planning (MOFEP) invited the GAEP to the first regional workshop on Country-Led Division of Labour for Anglophone Africa held in Uganda in 2010<sup>4</sup>.

Development partners and government initiatives to build civil society capacity to improve their participation. For instance, the Swiss Embassy organized a workshop for CSOs to share information on the MDBS process in 2010.

The Governance Sector Working Group has a civil society person<sup>5</sup> as Co-Chair, which is intended to enhance civil society influence on this important sector, and on the entire MDBS planning process. CIDA, as the donor Co-chair of this Working Group, for example, called a meeting of Ministry of Finance, donors and CSOs to discuss coordination on development issues.

Significant and active participation by CSOs in the formulation of a number of aid-related policy documents including the Ghana Joint Assistance Strategy (G-JAS), Ghana Aid Policy Strategy, Development Partners' Performance Assessment Framework (DPs – PAF), the national medium-term development plan called the Ghana Shared Growth and Development Agenda, and draft legislation on Oil Exploration and Revenue Management.

In April 2010 the Government of Ghana convened a policy fair under the theme 'Engaging

the citizenry for a Better Ghana', which was open to general public participation.<sup>6</sup> All ministries and government departments/agencies, including the Ministry of Finance, held exhibits at the fair to provide relevant information from their department. This was a wonderful opportunity for citizens to ask questions about development issues, including government's budget and financing. Admittedly though, information about development grants and loans was very limited as the staff from the Ministry of Finance could not respond to many questions on financial data. The second Ghana Policy Fair was held again in late April 2011. An official statement<sup>7</sup> from the government during the end of the Fair indicated that its purpose was to increase transparency and accountability to citizens. They promised to replicate the event in three regions (Volta – Ho, Ashanti – Kumasi and Northern – Tamale) before the yearend.

There are major anti-corruption legislative instruments to improve transparency and accountability. These include the Public Procurement Law, the Financial Administration Act and the Internal Audit Agency Act, all passed by parliament in 2003. Transparency and accountability are also enhanced by the 2003 Ghana Extractive Industries Transparency Initiatives, the Whistleblower Act (2006), and since 2007 the open hearings on the Auditor-General's reports by the Public Accounts Committee of Parliament. In early 2011, a draft national anti-corruption action plan<sup>8</sup> (NACAP) was presented during the last Governance Sector Working Group meeting for consultation before it goes to the Cabinet.

Notwithstanding these achievements, it is widely held particularly among a cross section of civil society actors, that a lot more could have been done to inspire greater transparency and

accountability in how public systems in Ghana operated, since corruption still remained a significant problem.<sup>9</sup> The Commission on Human Rights and Administrative Justice (CHRAJ) and the Economic and Organised Crime Office, for instance, are considered to be weak mechanisms to combat corruption due to the fact that they are not economically independent from the government.<sup>10</sup> Civil society “watch dogs”, though in place to check corruption, are not yet robust.<sup>11</sup>

The capacity (organizational, skills and strategy) of civil society to engage systematically and from an informed perspective in policy discourses is weak, fragmented and uncoordinated.<sup>12</sup> In addition, enforcement of the various anti-corruption laws is considered to be suboptimal because of the lack of implementation capacity as well as insufficient resource allocations to ensure that these legislative provisions take full effect.<sup>13</sup> The Auditor-General’s Reports have raised concerns about significant weaknesses and lapses in internal controls, mainly arising from non-compliance with existing legislative frameworks and weak monitoring procedures.

There are no specific official statistics that attest to the effect of corruption on development; however, the Economic and Organised Crime Office posits that between 5% – 30% of national revenue goes to waste due to fraudulent practices such as over – invoicing and tax evasion.<sup>14</sup> The Chief Executive of the Public Procurement Authority underscores the effects of non-compliance to existing legal frameworks: “Poor procurement performances affect millions of lives, in particular the very poorest in our society. For example, apart from personal emoluments, public procurement accounts for about 50 to 70 percent of government expenditure.”<sup>15</sup>

A number of significant gaps add to the institutional deficits in the quest to promote transparency and accountability, including the fight against corruption: the absence of a Freedom of Information Law, which after several years of advocacy by civil society still remains in the legislative pipeline; the apparent inertia of the Public Accounts Committee of Parliament to go beyond public hearings on auditor-general’s reports, which currently has several editions in arrears; and the current difficult-to-verify and inaccessible asset declaration regime for public office holders.

## Development Results

Current trends suggest that progress in achieving gender equality goals has been slow. The number of women Members of Parliament (MPs) was reduced from 25 in 2007 to 20 after the 2008 elections, resulting in less than 10% women parliamentarians. The proportions of women<sup>16</sup> in other key governance sectors are equally concerning: elected to District Assemblies, 12% women; appointed to District Assemblies, 28%; High Court Judges, 15%; Supreme Court Judges, 29%; and appointed as Chief Directors, 24%.

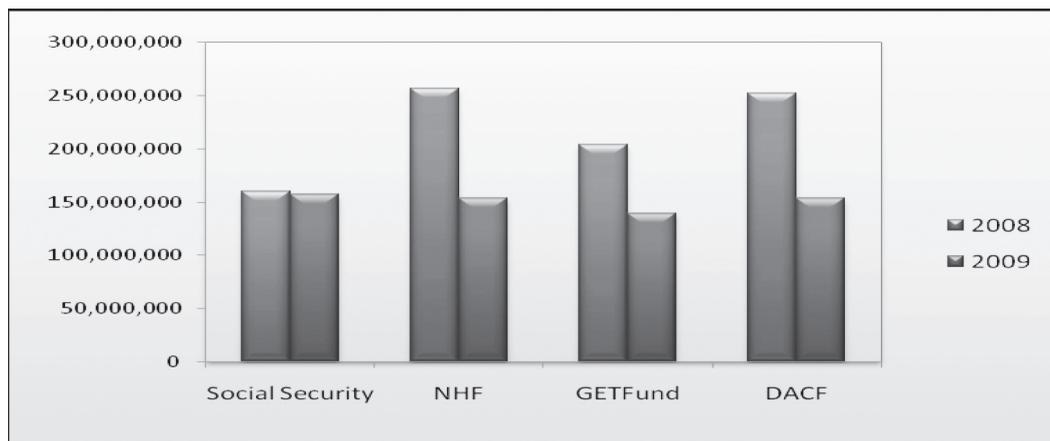
Remarkable achievements have been made at the very top level with the positions of Chief Justice and Speaker of Parliament, two out of the three arms of government, headed by women.<sup>17</sup> This notwithstanding, at the local level, women’s exclusion from national processes, under-representation in public life and decision-making, and weak entitlements to economic assets, appear at odds with Ghana’s performance in the economic and political spheres.<sup>18</sup>

In spite of the government's professed commitment to women empowerment as evident in the establishment of the Ministry of Women and Children Affairs (MOWAC) as well as the introduction of laws and policies to protect their rights, implementation has been weak.<sup>19</sup> MOWAC, for example, is faced with challenges such as inadequate staffing, infrastructure and finance in addition to inadequate capacity for decentralization and representation at the district level.<sup>20</sup> The total budget allocation to MOWAC for 2009 was less than 1% of the national budget.<sup>21</sup> The allocation for the 2011 budget improved marginally to 1.05%, even though 75% of this budget is supposed to be generated by the ministry itself, including those from donors.<sup>22</sup> Yet there is a consistent large deficit between projected grants and actual disbursements from donors. MOWAC received only 43% in 2008 and 6% in 2009 (at the end of third quarter) of projected grants for the sector.<sup>23</sup>

The government's *Ghana Shared Growth and Development Agenda (GSGDA)* gives priority to transparent and accountable governance and the strengthening of systems of local government, rule of law and justice, evidence-based decision making and the empowerment of women, among others. This emphasis recognizes the essential role that good governance plays in specific sectors. For instance, for maternal health, limited government responsiveness to emerging issues, weak transparency and accountability, as well as the mismatch between resources and sector plans, are among the major bottlenecks to reducing maternal mortality. From 2009, total donor allocation to the health sector declined by 4% in 2010 and 24% in 2011.<sup>24</sup> The picture is pretty much the same with contributions to good governance.

In 2009, the government set up a policy-monitoring unit under the President's office to monitor campaign promises made in the party manifesto. Yet there is the constitutionally mandated National Development Planning Commission which is responsible for developing and monitoring the outcomes of national development plans.<sup>25</sup> Earlier in 2011, the Head of the Policy-Monitoring Unit under the presidency of Dr. Tony Aidoo emphasized, in a press interview, that the National Democratic Congress (NDC) party's manifesto constituted a social contract between the government and the citizens. Hence this government's priority was to ensure that its party agenda was pursued earnestly. Clearly, the existence of such parallel systems has the potential to undermine development results.

According to economic data by the Ghana Statistical Service, real GDP growth in Ghana in 2009 was 4.1%, down from 7.2% recorded in 2008. This notwithstanding, the national currency unit, the cedi, has maintained a stable value in relation to other major currencies such as the US Dollar, British Pound and Euro. The year-on-year inflation declined steadily to 9.4% in September 2010, down significantly from the 20.7% recorded in June 2009, with decline in food prices as a major factor. Food inflation dropped from 15.4% in June 2009 to 6.1% in June 2010. But at the same time statutory payments to sectors that are key to delivering human development such as social security, national health insurance fund (NHF), the education trust fund (GETFUND) and the sub national fund (District Assemblies Common Fund – DACF), all witness a reduction. (See the figure below.)

**Figure 1:** Government's statutory payments in 2008 and 2009.

Source: Ministry of Finance Economic

## Planning (MOFEP)

To address one of the major structural challenges of Ghana's economic development i.e. the wide development gap between the south and the north, government has introduced the Savannah Accelerated Development Authority (SADA) initiative. Its purpose, among others, is to facilitate the achievement of the goals of the Ghana Shared Growth and Development Agenda (GSGDA) in that region.<sup>26</sup> The initiative has been designed to bridge the spatial and income gaps in the country. Even though the law for this initiative, under the original name Northern Development Fund (NDF), has been in place since 2008, actual financial disbursement for relevant programs has yet to be made. It is hoped that donors will be more disposed to contributing to the initiative once the government takes the first step to actually commit resources and go beyond mere promises and pronouncements.

Key social indicators are also low despite recent economic growth in Ghana. A recent review<sup>27</sup> of

Ghana's health system noted "slow improvement in health outcomes since independence – with little changes in disease patterns". It further noted that children under five constitute 20% of the population, but account for 50% of all recorded deaths.<sup>28</sup> Maternal mortality remains one of the highest in Africa (451 per 100,000 live births). Analysis<sup>29</sup> of Ghana's education systems concluded that it was "below expectations of a middle income country with 53 years independence". The following evidence were provided:

- 62% population literate, of which 53% are women;
- Gross enrolment at Kindergarten (KG): 92.9% (2008);
- Net enrolment for Primary School: 88.5% (2009);
- Net enrolment for Junior High School: 66.6% (2009);
- Net enrolment for Senior High School: 16% (2008); and
- Net enrolment for University: 06% (2008).

## Conclusion and Recommendations

Ghana has made significant strides in realizing democratic ownership and development results especially with respect to legislation and governance. A significant gap in the legislative framework is the absence of the Freedom of Information (FoI) law. Action on FoI needs to be expedited to further enhance Ghana's efforts at ensuring development effectiveness. The ongoing consultations towards a review of the 1992 Constitution provides another propitious opportunity.

However, other practical efforts are equally important. Ghana must improve its data storage and retrieval management system. It is extremely difficult to compare and measure progress without up-to-date data on critical areas of development, including gender disaggregated data. Apart from this, delays by government institutions in putting together the required information to respond in a timely manner to questionnaires such as the one administered for this study, compels researchers to resort to less than adequate secondary data sources.

Ghanaian civil society, through the Ghana Aid Effectiveness Forum, has engaged proactively with Ghana's development processes to enhance democratic ownership and development results, consistent with the current framework of the Accra Agenda for Action (AAA).<sup>30</sup> However, the organizational framework for civil society in this area has not improved significantly since 2008. Yet the role of CSOs to ensure democratic ownership and development results has become even more crucial in the preparations for the Fourth High Level Forum (HLF4) in Busan and beyond. The Ghana Aid Effectiveness Forum needs to rethink both its organizational and operational strategy to remain relevant and effective for now and in the future.

Parliament also needs to reassert its constitutional role especially with respect to approving development assistance loans and grants, and deepening their involvement in the national budget processes. A strategic partnership between CSOs and Parliament will build both synergy and complementary approaches to enhance the effectiveness of each in their own right. This will contribute to addressing the current power imbalances between the Executive on one hand and development partners, Parliament and CSOs on the other.

## Endnotes

- 1 For instance, the Mo Ibrahim Governance Index for 2010 improved over previous years on consistent basis. (See [www.moibrahimfoundation.org](http://www.moibrahimfoundation.org)). The International Budget Partnership's Open Budget Index for Ghana in 2010 was 54% compared with 50% in 2008 (See [www.internationalbudget.org/files/OBI2010-Ghana.pdf](http://www.internationalbudget.org/files/OBI2010-Ghana.pdf)). Political rights, civil liberties and press freedom have improved and rank among the best in Africa and comparable to some developed democracies. (See United Nations, 2010. Ghana Country Analysis – Final Draft)
- 2 Better Aid, April 2011. CSOs on the Road to Busan: Key Messages and Proposals. (Under the Campaign Slogan 'Civil Society Voices for Better Aid')
- 3 Bashiru Jumah, 2011. Towards Democratic Ownership in Ghana: Strong Progress in Civil Society Engagement. (A policy brief for Ghana as part of the Alliance 2015's briefing paper for Busan in 2)
- 4 OECD, 2010. Country Led Division of Labour Progress and Challenges on the Road to HLF4. (Available at [www.oecd.org/dataoecd](http://www.oecd.org/dataoecd). cited in Bashiru Jumah, 2011)
- 5 Dr. Emmanuel Akwete of the Institute of Democratic Governance (IDEG) was elected in 2010 and 2011 as Co-Chair representing civil society. The other two Co-Chairs are from Government and Development Partners (Donors). No other Sector Working Group has made this provision for civil society.
- 6 See [www.modernghana.com/news](http://www.modernghana.com/news).
- 7 Hon. Samuel Okudzeto Ablakwa, Deputy Minister of Information and Government Spokesperson, stated this during the closing ceremony of the Fair on 30 April, 2011 in a nation-wide televised address.
- 8 Presentation by Mr. Richard Quayson, Deputy Commissioner of the Commission for Human Rights and Administrative Justice (CHRAJ), at the Governance Sector Working Group on 17 March, 2011.
- 9 <http://www.business-anti-corruption.com/country-profiles/sub-saharan-africa/ghana/initiatives/public-anti-corruption-initiatives/>
- 10 *ibid.*
- 11 Ghana Joint Assistance Strategy (G-JAS),(2007). *Commitments by partners to work toward GPRS II goals and harmonization principles*, <http://www.gtz.de/de/dokumentel/en-ghana-GJAS.pdf>
- 12 GAEF, 2009. Opportunities for Civil Society Engagement with Aid Effectiveness in Ghana. (A report documenting aid architecture in Ghana which was undertaken for the Ghana Aid Effectiveness Forum by Dr. Nicholas Atampugre).
- 13 *ibid*
- 14 United Nations,(2010). Ghana Country Analysis (Final Draft)
- 15 <http://news.myjoyonline.com/news/201003/43045.asp>
- 16 GoG 2008, The Annual Progress Report on the Implementation of the Growth and Poverty Reduction Strategy (GPRS II). National Development Planning Commission
- 17 The Honourable Lady Chief Justice Theodora Georgina Wood and Rt. Hon. Justice Joyce Bamford-Addo the Speaker of Parliament.
- 18 Ghana Joint Assistance Strategy (G-JAS),(2007). *Commitments by partners to work toward GPRS II goals and harmonization principles*, <http://www.gtz.de/de/dokumentel/en-ghana-GJAS.pdf>
- 19 *ibid*
- 20 United Nations 2010. Ghana Country Analysis (Final Draft)
- 21 *ibid*
- 22 GoG 2010. Stimulating Growth for Development and Job Creation. (Budget statement for 2011 presented to Parliament in November, 2010.)
- 23 Ministry of Finance and Economic Planning (Mofep): Appendices to 2009 and 2010 Executive Budget Proposals.
- 24 *ibid*
- 25 <http://news.myjoyonline.com/politics/200906/31574.asp>
- 26 Government of Ghana, (2010), Ghana Shared Growth and Development Agenda (GSGDA), volume i: medium-term national development policy framework, 2010-2013, (final draft) National Development Planning Commission (NDPC) September 7, 2010
- 27 MOH, 2010. Cited by Vicky T. Okine in a presentation on 'A review of Ghana's Health System; Challenges and Recommendation' for the Strengthening Transparency and Accountability Responsiveness (STAR – Ghana) Programme on 13 January, 2011.
- 28 MOH, 2009. *ibid.*
- 29 Judith S. Sawyerr, 2011. Analysis of Ghana's Basic Education System for the STAR – Ghana Programme. Presentation made on 13 January, 2011. Ms. Sawyerr is Education Thematic Lead of the Ghana National Education Campaign Coalition (GNECC) and Ghana Aid Effectiveness Forum (GAEF).
- 30 See paragraph 20 of the 3<sup>rd</sup> High Level Forum (HLF3) 2008 Accra Agenda for Action on Aid Effectiveness.

### Democratic Ownership and National Development Strategy

Kenya receives approximately Ksh.50 billion (USD 548.85 million) in aid annually. Such aid has mostly been in the form of grants and program, as well as loans, but since this amounts to only 5% of the government of Kenya's budget in 2010 for instance (Ksh.1 trillion, or USD 10.97 billion), Kenya cannot be considered an aid-dependent country. With this level of local revenue generation, donor leverage is generally low. While the government has not received budget support in the past, the enactment of the new constitution has led the World Bank to sign off on the first financing agreement for budget support to the country. A handful of donors agree that the priority of donor funding in Kenya should be to strengthen systems, with the government providing stronger leadership. Both government officials and donors have raised a concern that the government is not standing up to partners to clearly determine the country's priorities.

The formulation and monitoring of national development planning is driven by the Ministry of State for Planning, National development and the government's *Vision 2030*. *Vision 2030* is the long term national development plan of the government of Kenya, which has been translated into a Five-year Medium Term Plan (MTP, 2008-2012). Under the current governance reforms, the government has recognized the inclusion of Parliament, citizens and civil society as an

underlying principle in development planning. But in practice, there are no structured mechanisms for realizing this commitment with the possible exception of budget hearings. The latter have become institutionalized consultations on development planning. While they have included ad hoc invitations to civil society, they are also conducted with an absence of public information about the process. Often the budget has already been determined and civil society is invited to virtually rubberstamp the process.

The inclusion of civil society, and women in particular, in national planning is improving. But greater democratic participation seems marred by the widespread perception within the government and among development partners that civil society is fragmented, and often lacking in capacity to engage meaningfully. Yet, there is a vibrant civil society in Kenya that is eager and capable of influencing policy. On the part of civil society, there is uncertainty about where the levers of power are. There is also a significant lack of access to information on processes and content.

Policy and legislation exist to ensure the participation of women in Kenya's development process. The National Policy on Gender and Development (2000), Presidential Circular No. 1 of September 2004; and Sessional Paper No. 2 of 2006 on Gender Equality and Development all require women's inclusion in political participation and decision-making; policy implementation and resource mobilization, and greater gender mainstreaming in programs. In practice, women's

participation is undermined by the dismally weak consultation framework and structures, a lack of information on actual development plans being formulated by government, with gender mainstreaming extremely weak across all sectors.

## **Democratic Ownership and Official Development Assistance**

Greater dialogue and coordination on aid effectiveness in Kenya began in earnest with the launch of the Kenya Joint Assistance Strategy (KJAS) in 2007, which saw robust participation of multiple stakeholders including civil society. Government and development partners alike, however, acknowledge that the recent review of the KJAS and their agreement on new coordination structures have not involved civil society, nor the public. The recently established Development Partnership Forum is the highest level donor/government policy-making forum for development cooperation. It is chaired by the Prime Minister and attended by Heads of Agencies and Permanent Secretaries from all ministries. Parliament is invited to the Forum but CSOs are not part of it. Discussions at the Forum focus on issues of political governance and corruption, but those on development strategy and concrete development are minimal. Analyses of projects and reform commitments to improve development cooperation remain weak, and are hidden from the public domain.

Kenya's External Resource Mobilizations Policy has remained a draft for the past two years and stakeholders outside government, including donors, have not been involved in its development. Only the Parliamentary Committee of Finance has made some commentary on the

draft. In the absence of a policy, external resource mobilization takes place under the External Loans and Credit Act, while donors are guided by their country assistance frameworks. This has left a huge gap in the definition of government external resource mobilization priorities, thus hindering better alignment.

The absence of an aid policy severely undermines parliamentary oversight on aid resources, which are generally executed under the Fiscal Management Act. This Act provides for parliamentary regulation and oversight of the national budget process. But it is unspecific on the amounts that the government may borrow, thus rendering parliamentary oversight weak. The Loans Act was amended in 2008 to increase Parliament's power to scrutinize specific aid estimates and expenditure. However, aid receipts are not transparent as they are buried within the Exchequer's overall budget, thus making scrutiny of specific aid estimates and expenditure difficult. Parliament's Budget Office has strengthened parliamentary oversight of public expenditure, including aid financing. However, the Office is only concerned with the status of program implementation, not the administration of funds, nor audit of the expenditures. Parliament is also not involved nor informed about negotiation of mutually agreed conditions; such negotiations are exclusively between government and donor officials, or relevant NGOs for grants financing.

## **Development Results**

According to the Kenya National Bureau of Statistics, the proportion of households below the absolute poverty line was 49.1% in 2007. Male-headed household was 48.8%, slightly lower than female-headed household. In the urban areas where the prevalence of poverty

was 33.7%, poverty in male-headed households was 30% and in female-headed households was 46.2%. Given these statistics, one of the key objectives of the national Policy on Gender and Development (2000) is to build capacities for gender mainstreaming in public programs and to review programs to ensure that women are properly targeted. The policy requires greater transparency in the budget-making process, and greater efficiency and effectiveness in addressing gender priorities and realizing development results, as well as reversing disparities.

It is difficult, however, to link budget expenditures to gender prioritization, although success stories of affirmative action projects exist. Examples include the establishment of the Women's Enterprise Fund and of the National Gender Commission. Allocations for gender in the current budget FY 2010 - 2011 are very weak. The Gender Division within the responsible ministry received a paltry 3.7% of the overall budget. The agricultural and rural development sector, which remains significant in realizing gender results due to the nature of participation in the sector, received only 3.2% in gender targeted funding, with the Ministry of Agriculture alone receiving 1.6 %.

Kenya adopted the Medium Term Expenditure Framework (MTEF) approach to budgeting in 2000 - 2001. The three-year rolling budget guidelines encourage consultation but the process remains vague and highly centralized, with limited participation of women. Consultations are top-down, focusing on the setting of the macro-economic indicators, but bottom-up for sector prioritization. Public sector hearings on the MTEF although conducted annually, remain closed to new inputs from other stakeholders since the macro-economic parameters laid out in the Budget Strategy paper are non-negotiable. Equally concerning is the disappearance of gender

priorities as ministries bid in subsequent stages for resource envelopes, as gender issues are seldom a priority in specific budgetary guidelines.

## **Technical Assistance and Conditionality**

Several development partners provide technical assistance (TA) to the government of Kenya based on a wide range of uncoordinated criteria including proposals from the government; donor analysis of the situation; mutual donor and government assessment of needs; program plans; available resources; and sometimes, comparative advantage or best practice. Both civil society and some donors have reported mixed progress with TA, with some believing that flying in experts is an outdated model, stressing a more appropriate focus on finding and supporting good local expertise. They also argue that the success of TA performance depends on leadership within the program or governmental department concerned. Civil society and government have confirmed that more recently there has been a modest improvement in TA performance, but that TA still creates dependency, and is often not integrated within the overall programming which undermine skills transfer.

It is widely believed by donors that procurement practices in Kenya are also improving but are not yet sufficient, citing as concerns weak staff capacity; corruption; weak procurement planning and misuse of funds. Government for its part cites ongoing reforms such as strengthening its fiduciary framework, budgeting process, financial controls, procurement practices and auditing systems. They blame donors for the slow pace in their use of country systems which still prefer the donor's system and financial procedures. While Nordic donors are more open to using country systems, the US and the UK are at the other end of

the spectrum. The procurement system in Kenya is seemingly open, allowing for local businesses and small and medium enterprises (SMEs) to bid. But benchmarks are set based on international standards that often create conditions that preclude locals from actually bidding.

Globally, aid tying is declining as a number of donors have adopted policies for untying their aid. In Kenya, China remains the single-most notorious donor that fully ties its aid. The World Bank Trust Funds, for example, were previously tied to certain companies in donor countries, but these rules have now been eliminated. At the same time, donors are increasingly moving towards valuing local decision-making and input, learning from the period of structural adjustment programs that development cannot be imposed from the outside. Country ownership for donors implies that priority must be given to government initiative. Government seemingly 'defines' its own conditionality, but informal conditionality still remains strongly felt, mainly through incentive tranches that come with financing arrangements, such as by the European Union.

## **Mutual Accountability and Independent Monitoring**

Donor harmonization and coordination with government has improved through an approach that has enabled more dialogue and technical coordination through Sector Working Groups, joint program funding, and joint missions and analysis. Intra-government coordination has also been facilitated by the Government Coordination Group. One of the key results of the renewed dialogue between donors and the government is the development of a mutual accountability framework in line with the revised KJAS, and linked to priorities to *Vision 2030*. This framework

may be a tool for the parties to become more transparent in working towards a shared agenda and incorporates space for dialogue, debate and negotiation. The framework comprises five (5) key result areas relating to strategic alignment, sector organization, a results framework, joint risk analysis and division of labor. A final framework is expected in June 2011 but unfortunately neither civil society nor parliament has been involved in this critical process.

## **Transparency**

Awareness of development cooperation remains very vague in the minds of the Kenyan public with much of the information sitting with donors and government officials within the Treasury and in various sector ministries. While donors are opening up their information systems to public scrutiny, they are held back by government restrictions on the specific information that may be disclosed. Parliamentary oversight bodies and civil society watchdogs do not have access to information or data on aid resources.

Public expenditure data is not available, while the budget statement only reveals the government's stated budgetary intentions. Statements about ODA flows exist in the annual speech and budget statements, or in in-depth official reports that are available for a fee from the government printers. There is no dissemination of such information to non-state actors. The new Constitution of Kenya (2009) now requires public participation in the formulation, monitoring and auditing of the budget. Article 201 lays out the Public Finance principle as openness and public participation, while Article 221 creates a constitutional requirement for public hearings on the budget. The Bill of Rights in the Constitution further underscores the right to information disclosure, but there has been no systematic way of disclosing information.

## Recommendations:

### The Government of Kenya

- Expedite the development of the External Resource Mobilization Policy to guide prioritization of external resources within the national development planning process, encourage alignment of donor funds within the national budget systems, and ensure greater public oversight of expenditure;
- Establish formal mechanisms for consultation on the national development process, the national budget-making process, and on aid delivery to deepen democratic ownership of the development process;
- Strengthen capacity on gender mainstreaming within the national development planning process and institutions to ensure effective monitoring of gender and development results; and
- Strengthen information systems to ensure greater disclosure and public oversight on aid flows, disbursements and expenditure.

### Donors

- Respect country ownership of the development process by increasing alignment of resources to the national budget process, and increasing budget support, while strengthening policies and capacities for inclusive dialogue and participation in determining country development priorities;
- Improve aid delivery by moving away from small project mentality to supporting programmatic approaches that strengthen national systems for effective delivery;

- Work within a reformed aid architecture that enhances efforts towards greater coordination and harmonization of structures, policies and procedures to streamline the myriad of aid delivery systems;
- Respect the Paris principle of mutual accountability by moving away from donor predilection for convenience towards supporting the use of national systems of procurement, responding to national needs on technical assistance, and eliminating policy conditionality;
- Increase and harmonize efforts towards greater public disclosure of information on aid disbursements, projects and results; and
- Ensure and encourage meaningful civil society participation within the emerging aid structures.

### Civil Society

- Organize effectively and become more proactive in demanding participation within the emerging aid structures.

The Survey on **Better Aid to end Dependency** was conducted by Action Aid Kenya in February 2011 through a series of interviews with government officials, development partners and civil society in Kenya.<sup>1</sup> The key findings from the survey are presented in this report.

The survey was also informed by a review of key documents including the Kenya Joint Assistance Strategy, the National Gender and Development Policy, and the National Budget. It also coincided with a meeting of the AEG. Findings from the meeting formed part of the report.

# Lesotho

## Civil Society Perspectives on Aid Effectiveness

Maseru Lesotho  
Economic Justice Network Lesotho

### Introduction

The government of Lesotho endorsed the Paris Declaration (PD) in April 2008, thereby subscribing to the principles of the Declaration on Aid Effectiveness. These principles include, among others, the principle of country ownership, which should entail ownership of the development agenda not only by the executive branches of government, but also by the wider citizenry. Understanding “country ownership” as democratic ownership suggests building synergies between aid effectiveness and democracy-building agenda. Among other critical issues, it implies parliamentary strengthening, party support and civil society capacity building -- all of which increase the impact of democracy for the people. The PD principle of mutual accountability also requires building the capacity of democratic institutions and actors to engage with development processes. Accountability requires transparency, including access to information laws, and is essential to ensuring open systems that are accessible to all citizens so that they participate in democracy.

Lesotho is a small country, completely surrounded by its much larger neighbor South Africa. The country has the third highest HIV prevalence rate in the world (23.2% of 15-49-year olds are infected) and as a result, life expectancy has dropped from 58.6 to 44.9 years between 1990 and 2008. Many of Lesotho’s 1.8 million inhabitants depend on small-scale agriculture for a living.

Because less than 10% of the land mass is suitable for farming, Lesotho produces less than 30% of its total food requirement, resulting in a reliance on imported foodstuffs, and vulnerability to price fluctuations (the regional price of maize tripled between the beginning of 2005 and the end of 2007). Lesotho is the most remittance-dependent country in Africa and the third most remittance dependent in the world, despite continuing loss of employment opportunities in the mining industry in South Africa. Some 43.4% of the population are classified as ‘very poor’ without sufficient income to meet even their basic needs. In addition, 68% of the population live below the local poverty line of €0.41 per day.

Irish Aid is the most important donor for Lesotho with Irish assistance at close to 10 million Euros annually. Established in 1975, Lesotho is Irish Aid’s longest running bilateral program. The program is administered by the Embassy of Ireland, based in Maseru, which includes a development specialist and four (4) sector advisors. The Desk Officer in Dublin assists in the formulation of strategy, as well as the preparation and approval of project proposals.

The U.K. Department for International Development (DFID) has decided to reduce its bilateral aid to Lesotho, saying the reduction will have minimal impact on overall aid flows to the African nation. “Even without the DFID bilateral programme, Lesotho will continue to receive more aid per person than most African countries, including some which are far poorer

than Lesotho in income terms,” U.K. Minister for International Development, Alan Duncan, told the House of Commons in March 2011. Lesotho is one of 16 nations that will see their U.K. bilateral aid programs halted by 2016 as part of Britain’s bilateral aid review. DFID’s 2010 bilateral program to Lesotho totaled 3.7 million pounds (\$6 million).

The Economic Justice Network Lesotho (EJNL) has worked in collaboration with civil society organizations (CSOs) in coordinating a dialogue on international cooperation among civil society, donors and the government. The consultations revealed a number of findings on aid effectiveness. Citizens have no democratic ownership of the development policy formulation and implementation processes. Elected representatives (Members of Parliament) at the central government have serious capacity constraints in carrying out their responsibilities and they do not report back to their constituencies on government policy. Therefore, national policy does not trickle down to the citizens. Councilors at the community level have no legitimate voice to rally their constituents to participate in governance.

Considerable efforts have been made on the side of the donors in aligning priorities with government policies. Development Partners (DPs) have created a Development Partners Consultative Forum (DPCF), which is open to all active DPs in Lesotho. The Forum represents resident and nonresident DPs, including the UN agencies. The resident DPs are U.K.’s Department for International Development (DFID), Irish Aid, European Commission, German Technical Cooperation (GTZ), the Government of Libya, the U.S. Government, the World Bank (WB), the People’s Republic of China, French and Danish Honorary Consuls and UN Agencies. The

nonresident DPs being the African Development Bank, IFAD, and Japan, among others, are included in the distribution list and provide inputs to the Forum.

Donor Development strategies in Lesotho are generally aligned with the government’s priorities as set out in the different National Development Plans (NDPs). At present, the government is working on its NDP as a successor for the PRS, which expired in the beginning of 2008 (after being extended in 2007). This new plan will provide the basis for DPs’ Country Assistance Programs.

Lesotho does not have a coordinated system of recording aid despite some attempts from the Ministry of Finance and Development Planning to identify aid flows from the DPs through annual surveys. The latter mostly directly deal with line ministries. While the Ministry of Finance and Development Planning is informed of these matters, these contributions have not been accurately recorded at the central level. The national budget captures donor budget support and some of the donor-funded projects. Grants are not fully covered in the budget and technical cooperation is also not registered. The government’s inability to provide a comprehensive coverage of aid flow is attributed to the absence of proper mechanisms to identify and track commitments and disbursements forecast from the DPs.

This chapter looks at three (3) pillars of effective development -- democratic ownership in the form of participation, transparency and accountability -- in order to gauge aid effectiveness in Lesotho. Other considerations have been on the level of development in terms of cross-cutting issues such as poverty reduction, gender equity and ecological sustainability.

## Democratic Ownership

### Participation

The participation of stakeholders in policy-making in Lesotho is ad hoc. CSOs, faith-based organizations, trade unions and other stakeholders recently organized themselves under the aegis of Non-State Actors (NSAs)<sup>1</sup> to participate in consultations. However, they have no role in national policy implementation and monitoring. The latter could be attributed in part to the NSAs' capacity constraints to assess policy effectiveness. In principle, NSAs are considered partners in development, but their participation is limited only to periodic consultation.

During policy formulation, government invites NSAs to give input on a process that has been predetermined in terms of goals and objectives. NSAs therefore become rubberstamps of a process in which they have no direct ownership. Sometimes the consultation with NSAs is merely in compliance with the requirement of a donor agency that funds the particular project with the government.

When a policy has been finalized by government and implemented, NSAs consider that they have a role to analyze its impact on the people. But government often disagrees with NSAs on the premise that NSAs were 'party to the formulation of the policy', and hence their advocacy is imprudent. For example, when the Poverty Reduction Strategic Paper (PRSP)<sup>2</sup> was formulated, wide-ranging consultations were undertaken with the NSAs. But until now, CSOs have little information about the stage of implementation of the PRSP because of the ad hoc nature of their inclusion in implementation. Their advocacy for pro-poor policy-making is seen as efforts to mislead the voters. Another

example is that of the media policy, where media advocacy and lobby groups only hear about the policy after it has been approved by the cabinet.

There are few platforms for NSAs to debate and dialogue on national development policy. There is no culture in Lesotho of debate, dialogue, information and knowledge sharing across NSAs or in the nation at large that would encourage more robust participation. Local private media attempt to set an agenda for policy dialogue, but this is undermined by government, which does not participate in the debate and ignores the calls from policy experts, opinion leaders and opposition parties. Above all, there are no ownership-creating mechanisms in place so that all could have their voices heard and become part of the processes. There are also perceptions from government that NSAs are anti-government, and are always oppositional in approach. This perception is sometimes affected by the fact that NSAs formulate their positions on policy based on inadequate information, as there is no information sharing mechanism in place. Government structures are so closed and bureaucratic that they make it difficult for NSAs to access government-held information.<sup>3</sup>

The European Commission Delegation in Lesotho held a stakeholders' meeting in December 2010 to gauge the NSAs' involvement in policy-making, revealing that latter's role in development was minimal. It was apparent that there is no clear strategy or mechanism of engagement with government or among NSAs themselves. Deliberations also revealed that NSAs were in disarray, fragmented and not organized as a united force, which otherwise would have given greater legitimacy to their voice and facilitated their being heard by policy-makers. It was also during these sessions that it was observed that NSAs lacked networking skills among themselves and across

the sub-Saharan region. These are some of the challenges that impeded the NSAs' ability to engage policy.

The outcome of the European Commission conference led to the formation of a multi-stakeholder structure. This structure includes the Lesotho Council of NGOs (LCN) representing CSOs in general, the Economic Justice Network (EJNL) representing CSOs working on economic justice issues, the Lesotho Congress of Democratic Unions (LECODU) representing trade unions, the Christian Council of Lesotho (CCL) representing faith-based organizations and the National University of Lesotho representing academic institutions in Lesotho. This Task Force will lead a multi-stakeholder dialogue on national policy. The coming together of the NSAs was made possible by the assistance of the Local Governance Non-State Actors Support Programme, an EU-sponsored program that assists NSAs with capacity-building in order to engage public policy.

The impact of the EC conference and Task Force was immediate, as the government took positive steps to engage NSAs in policy-making. For the Seventh National Strategic Plan 2012-2016,<sup>4</sup> government has invited players from the length and breadth of the civil society movement, civil service, academe and the private sector. The initial stages of the consultations were ad hoc as usual, but after the EC-led non-state actors' fora, government changed dramatically and engaged NSAs to participate in the various clusters for the formulation of this national plan.

## Transparency

Lesotho has signed and ratified many international instruments that provide for accessible information. These include the Windhoek Declaration of 1991, the African Charter

on Broadcasting and the SADC Protocol on Information Dissemination. Other international treaties have also been ratified to provide for citizens' access to information. However, implementation of these instruments has not been effected.

In 2000, the government presented to parliament the Access to and Receipt of Information Bill,<sup>5</sup> which was meant to give citizens the right to access government-held information. But this bill was stalled for five (5) years until in 2005 when it was sent to parliament again for debate. Since then, it has been shelved and no further debates have taken place. The Media Institute of Southern Africa – Lesotho Chapter,<sup>6</sup> a media advocacy body in Lesotho, tried without success to exert pressure on parliament to pass the bill into law.

Consequently, citizens have difficulty in accessing information. It is even more difficult for CSOs when they try to source information for advocacy purposes. This is largely due to the fact that they are perceived as oppositional. Civil servants are not allowed to release government-held information under the Public Service Act (as amended in 2005). This law forbids them to divulge information held by the state as it is wholly classified as confidential. Failure to observe this legal provision provides for penalties such as suspension or dismissal. There is also the Official Secrets Act of 1967 which also prohibits civil servants from divulging government-held information.

Nevertheless, there are other channels that release government-held information on policy, but these do not provide comprehensive factual view. They provide one-sided government public relations information that portrays government in the most positive light. The Central Bank of Lesotho publishes Quarterly Reviews<sup>7</sup> with brief

analyses of the economy from a macro-economic perspective. The Bank's annual reports also provide some guidelines on how the economy has fared in the previous year. However, there is no critical analysis, as the Central Bank remains the chief advisor of government on macro-economic policy.

The government website is very shallow with information, and is updated very irregularly. The United Nations Development Programme (UNDP) in Lesotho publishes many bulletins and publications on Lesotho's economy, but these also provide information that is one-sided in that the UNDP is a partner with government and as a result cannot critique government.

Independent of government, there are no commentaries on the national economy from the Economics Department of the National University of Lesotho, or from the Centre for Accounting Studies and the Lesotho Institute of Accountants, or even the Lesotho Chamber of Commerce and Industry. As a result, NSAs live in an information vacuum as they shape their advocacy strategies.

## Accountability

A number of oversight bodies exist that should hold the government of Lesotho to account. These include the Office of the Auditor-General (OAG), the Public Accounts Committee (PAC) of parliament, the Ombudsman and the Directorate on Corruption and Economic Offenses (DCEO). However, these oversight bodies lack the requisite capacity to fulfill their responsibilities to hold the state accountable. The African Peer Review Mechanism (APRM)<sup>8</sup> in 2010 confirmed this view that the oversight bodies were too weak to provide the necessary checks and balances.

Parliament is the supreme body of the land. But its supremacy has been usurped by the Executive, hence relegating the law-making body to a "rubberstamp" organization. The Executive operates largely independent of oversight and has amassed excessive power over other state bodies. A parliamentary reform program has been undermined by the ruling party in many ways. The program was to ensure that parliamentary committees operate effectively. The ruling party has undermined the Public Accounts Committee (PAC) of parliament when the latter releases its findings on the state of government finances. This has been the case since 2006 when the first PAC issued recommendations on the Auditor-General's report. Government mocked the Committee and none of its recommendations have been implemented.

The Auditor-General's office produces audit reports, but these are very late, addressing a five-year backlog that dates back as far as 2001. The current (2011) Audit Report is for 2008. With the exception of 1978, all released audit reports have been qualified or there were no audits at all. Where audits have been carried out, no remedial measures have been taken to bring to justice those who have misappropriated public funds. Where the audit report recommended punitive measures against government officials, the government has refused to take action. Permanent Secretaries (PSs) who have been identified by an audit report for misuse of state funds for their personal aggrandizement have either been moved to other ministries or have been sent on diplomatic missions abroad.

CSOs also have weak capacity in holding the government accountable. There are no clear advocacy strategies on tackling issues head-on in a manner that will make government rethink its actions. The media do not provide

the needed checks-and-balances because it is weak in investigative reporting. There is no clear agenda-setting in the Lesotho media in terms of its fiduciary role to investigate and expose wrongdoings in society.

The Ombudsman is a government appointee who is limited in his capacity to perform the fiduciary duties as spelled out in the Constitution of Lesotho and the laws that establish the office. He has to protect the rights of Basotho and produce annual reports to present to parliament. In most cases, the Speaker of Parliament has not allowed him to present his reports.

Appointment of the heads of these statutory bodies is the sole responsibility of the Executive. According to the APRM 2010 report, the Executive has thereby amassed a power unto itself and consequently undermined rule of law and good governance. In the National Program of Action suggested by the APRM, there is a deliberate effort to ensure that state organs are granted autonomy to function effectively without political or other interference. This should come in the form of financial and political freedom to make decisions. But this is not practical, given the current power of the Executive.

The Director-General of the Directorate of Corruption and Economic Offences (DCEO) is a political appointee. As such, he or she has monitored the activities of the same people who appointed him or her. The former head of the anti-corruption unit did not have his contract renewed when he began to touch on the interests of those engaged in corruption. The former Ombudsman also did not have his contract renewed because his sting was now felt by the appointing finger.

The amendment of Prevention of Corruption and Economic Offences Act in 2004 to provide

for a declaration of assets and sources of income was deemed a move in the right direction. It meant to demonstrate Lesotho's determination to ensure that officials in high offices were a bulwark against corruption, but to date, no attempt has been made to ensure its implementation. The DCEO provides a weak excuse that there are no resources and infrastructure to implement the disclosure of assets and sources of income.

Of late, there has been an attempt by the prime minister to root out corruption in the civil service through a forensic audit launched in all government departments. This may put Lesotho on the right track, although it also has to tighten certain areas such as fast-tracking the asset disclosure measures. Good governance is impossible without a conscious effort to root out corruption in the public and private sectors.

## Development Results

### Poverty Reduction

In a period of about 10 years, Lesotho has had many blueprints to demonstrate the country's commitment to democratic rule and good governance. These include the 2001 *Vision 2020*,<sup>9</sup> which sets out in unequivocal terms the path for Lesotho's quest for peace, political stability, economic growth and the intention to lift the country from the status of an underdeveloped country. Lesotho also embraced at the time, the International Monetary Fund (IMF)-sponsored blueprint of a Poverty Reduction Strategy (PRS) in 2004, which was unfortunately ignored by the government in the end. Lesotho has also associated with the African Peer Review Mechanism (APRM) as a self-assessment tool geared towards good governance. The government's response to the APRM spells out in very ambitious terms, Lesotho's unflinching stance to uphold

the principles of good governance. The 2011 National Plan of Action (NPA) has reinforced these intentions.

Donor agencies have endorsed these blueprints and promised to fund their implementation. The PRS was directly sponsored by the International Monetary Fund (IMF). These agencies have provided financial and capacity-building support for the implementation. They have conducted their own assessment of poverty levels and advised the government on how to address poverty in Lesotho. For example, the UNDP conducts household surveys, and also collaborates with other national efforts such as the Disaster Management Authority (DMA) in their livelihood surveys, and then allocates resources accordingly. Other donor agencies are guided by national development strategies and provide development assistance based on these plans. Sometimes they provide technical assistance to support the implementation processes.

What is striking is that there is no nexus between any of these blueprints. *Vision 2020* is a long-term vision that was supposed to have been supported by mid-term and short-term plans such as the NPA in such areas as the eradication of poverty. But the NPA came 10 years after the *Vision 2020* was endorsed. It was supposed to have come immediately after the *Vision 2020* in order to support its short-term and medium-term implementation. The APRM also breathed new life to the country's determination to create good governance. But like other blueprints, there seems to be no umbilical cord that connects the APRM, *Vision 2020*, PRS or the NPA. The national annual budget also fits into this economic development quagmire with no clear attachment to the mentioned blueprints. Therefore, the parallel nature with which these important developmental tools have been formed

leaves gaps for a coordinated approach to real development and economic growth in Lesotho.

*Vision 2020* provides an opportunity to link the five (5) strategic documents so that they all pull in one direction towards long-term development as envisaged in the former. This synergy must also include the national budget to ensure that annual budget allocations are informed by the planning processes. There must also be a deliberate effort to monitor progress and evaluate what has been done in the short- and medium-term, so that there is continuous link between new proposals and actions already undertaken.

## Gender Equity

Lesotho has received international acclaim for ensuring gender equality. This represents progress for a country that has a significant history of gender disparities, which have been exacerbated by rigid cultural beliefs and practices. Lesotho ranks eighth (8<sup>th</sup>) in global rankings of 134 countries in the World Economic Forum Global Gender Gap Report for 2010. The country also topped the 25 countries which make up the sub-Saharan cluster. Seen from the perspective of political will, it is not surprising that Lesotho has achieved this distinction. Lesotho's political leaders have taken a bold step towards removing gender disparities and bridging the gender inequalities that have existed for decades.

Concerted efforts have been taken to ensure women are represented in all spheres of decision-making. In the judiciary, there are a number of women judges and senior magistrates. In all these areas, however, appointment to positions of senior decision-making is sometimes not based on merit, but as a political reward and can be seen as an expression of tokenism. This may be case for the current Cabinet where there are seven (7)

women out of 19 cabinet ministers, constituting 37% of Cabinet members. There are also three (3) female assistant ministers in government. However, they all have very limited power.

Lesotho is signatory to a number of international, continental and regional Conventions and Protocols, which intend to correct the imbalances between men and women in the economic, social and political spheres. These include the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW). With the SADC Declaration on Gender and Development (1995), member-states committed themselves to a target of at least 30% women in decision-making structures by 2005. The SADC Protocol on Gender and Development 2008 commits signatories to at least 50% of decision-making positions by 2015 in the private and public sectors through measures that include affirmative action.

The Millennium Challenge Corporation (MCC), an American support program to Lesotho has provided support for the advancement of gender equality in the country. This program has supported processes leading to the promulgation of the Legal Capacity of Married Persons Act of 2006, which provides for the equity of married persons regarding allocation of land, access to inheritance by all genders and the right of married women to open their own bank accounts without having to seek the permission of their spouses. The MCC also supports the formation of the National Gender council, an umbrella body that will coordinate gender issues at the national level.

### **Ecological Sustainability**

The Parliament of Lesotho enacted the Environmental Law in 2008. This law provides guidelines on maintaining a safe and clean

environment. The said measure, however, has yet to be enforced. Nicknamed ‘blue rivers’,<sup>10</sup> companies come to invest in the mining industry in Lesotho, but do not observe the provisions of the Environmental Act, resulting in severe land degradation. One company, Angels Diamonds from Germany,<sup>11</sup> for example, undertook prospecting of the Kolo mine without an Environmental Impact Assessment. CSOs such as the Transformation Resource Centre (TRC)<sup>12</sup> exerted pressure on the National Environmental Secretariat to compel the company to undertake an EIA according to international standards. The company did ultimately undertake an EIA, but it was of poor quality and failed to meet international standards.

### **Conclusion**

Lesotho has made some positive strides towards policy formulation and implementation in line with the PD. But the challenge is that the processes of formulation and implementation are not democratic, notably with minimal stakeholders’ participation. There exist few platforms and fora for debate and dialogue on national policy. This therefore reduces NSAs’ capacity to engage in policy and to formulate their own advocacy strategies. With no laws providing access to information, receiving government-held information is very difficult for NSAs. Despite the existence of many oversight bodies that should hold the government accountable, the Executive arm has amassed excessive power, appointing the heads of these bodies. They therefore have primary allegiance to the same government that they should be holding accountable. CSOs and the media have weak capacity and fail to provide the direly needed checks-and-balances. Therefore, commitment to good governance and democracy remains a challenge.

## Endnotes

- 1 Non-state actors are role-players in the development process which are not controlled by government.
- 2 A blueprint that was sponsored by the World Bank to alleviate poverty in Lesotho in 2004.
- 3 Access to information survey conducted by MISA-Lesotho 2010.
- 4 A national growth strategy that is intended to address policy gaps, especially regarding poverty reduction.
- 5 A Bill that was to ensure citizens access information that is held by government
- 6 A national chapter of the regional media advocacy group that pushes for liberalization of media policies
- 7 Monthly publications on the economy that are produced by the Central Bank of Lesotho
- 8 An African homegrown mechanism of ensuring adherence to good governance principles by participating states under the NEPAD
- 9 A long-term national vision that spells out Lesotho's long-term goals in 20 years
- 10 Rivers whose water is turned blue in color as a result of bad refuse disposal from textile firms
- 11 A German diamond mining company that was given rights to mine diamond in Lesotho
- 12 A civil society organisation in Lesotho that works on the Lesotho Highlands Water Project (LHWP)

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### **Introduction: Nigeria's Development Context**

Nigeria, located in West Africa and covering an area of 923,768 square kilometres, is the most populous country in Africa with a population of 154.7 million. Majority live in rural areas (World Bank Group 2010).

Nigerians are governed through three tiers of government – federal, state and local governments. Having a presidential system, the country consists of 36 states and a federal capital territory (Abuja), 360 federal constituencies and 990 state constituencies, and 774 local government areas with 109 senatorial districts. The country is further subdivided into six geopolitical zones comprising North-central, North-eastern, North-western, South-eastern, South-south and South-western zones.

Nigeria is blessed with both human and natural resources. It is primarily an oil economy after diversification from agro to petro-chemicals in the early 1970s. Apart from talented, successful, and well-endowed human resources, Nigeria has other mineral resources beyond hydrocarbons such as coal, tin, lime stone, gold, quartz sand, iron ore, aluminium and nickel, to mention a few. It is rather unfortunate and paradoxical that despite these very significant human and natural resources, Nigerians are still suffering from poverty, hunger and curable diseases.

Nigeria's Gross National Income (GNI) per capita (PPP) was US\$2,070 in 2009 (World Bank, 2010)

and this grew to US\$2,156 in 2010 (UNDP 2010). This represents a considerable improvement in economic indicators over the previous years.

Unfortunately, Nigeria still belongs to the countries categorized by the UNDP with a Low Human Development index, ranking in 142<sup>nd</sup> position with a 0.423 HDI value out of 169 countries so ranked (UNDP 2010). There has been no significant improvement in this ranking since 2005. Despite being a country rich in both mineral and human resources, 70% of Nigeria's population, according to a 2009 estimate, still live in poverty (CIA 2011).

Debt also remains a significant determinant of Nigeria's development prospects. Driven by oil revenues Nigeria's foreign reserves was US\$43.3 billion at the end of 2010, but the country also has an external debt of US\$11.0 billion and a total debt load (external and domestic) of US\$27.3 billion (Debt Management Office, 2011).

In 30 years, Nigeria generated an estimated US\$320 billion from oil revenues, invested in infrastructure and service provision, but without any commensurate real economic improvements. US\$16 billion dollars was wantonly spent on the power sector between 1999 and 2007 without a corresponding result. Thousands of Nigerians involved in small- and medium-scale business enterprises are thrown into poverty due to epileptic, erratic and, often non-functioning, power supply from the Power Holding Company of Nigeria – the sole authority that is vested with the statutory function of supplying electricity.

While the majority of Nigerians live in rural areas, the land tenure system in Nigeria has hampered rather than facilitated the reduction of rural poverty. Approximately 85% of Nigeria's land mass can be considered suitable for agriculture (World Bank Group 2010). But the majority of farmers do not own land for farming and cannot therefore easily improve their economic and social situation. In some parts of Nigeria, land ownership discriminates against women farmers who cannot own land except upon the consent of their husbands. Food security is not guaranteed due to uncertain tenure, small individual plots of land, poor storage and poor government support to genuine farmers.

Rural poverty is compounded by the fact that the level of public investment by the Nigerian government in agriculture has been quite inconsistent. Prior to the 2009 budget, the highest level of public investment in agriculture as a percentage of the annual budget was achieved in 2007 at 7%. Even though this investment rose to nearly 13% in 2009, it again dropped to 3.7% in the 2010 appropriation bill (VFS, 2010). Government at all levels have failed agriculture, as most farmers in rural areas do not have access to government loans to purchase modern agricultural equipment due to a lack of collateral security.

From a gender perspective, Nigeria is one of 90 countries around the world that missed the 2005 gender MDG target for gender disparity in school enrolment. Girls, compared to boys, face many constraints in their attempt to access and benefit from education. There are significant geographic disparities, with the ratio still as high as 1:3 against girls in some northern states, while better conditions obtain in the southwest. But in most of the south-eastern states, fewer boys go to school than girls, as boys are dropping out of school to learn a trade or a business skill.

There is a very low representation of women in the political system in Nigeria. The issue of

marginalization of women in political positions is a reflection of their socio-economic status, especially in education. This situation is more worrisome in the northeast, which has the highest gender disparity figures in access to education (Male: 42%, Female: 21%). Studies show that women, especially in the northern parts of Nigeria, are greatly hindered in political participation and representation, largely due to entrenched cultural attitudes and widespread illiteracy. Most Nigerian states are far from the target of 30% political decision-making positions for women, according to UN ECOSOC. Nigeria has yet to have a female President of the country or of the Senate. None of the 36 state governors is a woman, while the number of women chairpersons for local government is insignificant.

The process for women's political empowerment in Nigeria has not been improving despite the hope for change due to affirmative action. During the April 2011 elections, women candidates constituted just a mere 8% of all 2,400 candidates for the House of Representatives and about 11% (80 out of 720) candidates for the Senate. However, according to the results released by INEC (Independent National Electoral Commission), women's representation in political decision-making seems to be in even further jeopardy in Nigeria. Only seven (7) out of 109 senators and 12 out of 360 members of the House of Representatives elected are women.

Health indicators are among the worst in Nigeria (GCAP 2008) with infant and maternal mortality rates consistently increasing in recent years. According to the Population Reference Bureau (2007), the Nigerian infant mortality rate stood at 100 per 1,000 live births in 2007, while in 2006 it was 77 per 1000. In 2008, the child mortality rate dropped slightly to 75 per 1,000 live births, while the maternal death rate stood at 840 per 100,000 (PRB 2011). There seems to be a slight improvement in

nutrition for children. In 2007, 27% of children under age five (5) were underweight, whereas it was worse in 2004 when 30% were underweight. However, this was a benign increase, compared to 9% of children that were severely underweight and 29% that were suffering from moderate underweight in 2006 (UNICEF 2008). Overall, the average life expectancy for women is 48 and 47 for men (PRB 2010).

## **Nigeria, the High Level Forum and Aid Reform**

Nigeria has been represented at the High Level Forum (HLF), beginning from HLF1 in Rome in 2003, through Paris in 2005 to HLF3 in Accra in September 2008. During the HLF3, prominent development partners and international NGOs from Nigeria were also present as part of the global CSO delegation. While the Accra Agenda for Action (AAA) was a significant blueprint for reforming aid for development, the AAA in Nigeria unfortunately received little attention from the last administration, which favored its 7-Point Agenda or the MDGs, especially as the leadership under the late Umaru Yar Adua became comatose in 2010. The 7-Point Agenda was the former Nigerian administration's blueprint to reshape and strengthen the socio-political framework of Nigeria for total development.

Since Accra, the government has taken no initiative to organize any national forum for multi-stakeholder consultations as a follow-up to HLF3 or to discuss the formulation, implementation and monitoring of Official Development Assistance (ODA) policies in Nigeria. This is unfortunate given the recent volatility of ODA to Nigeria in recent years. Total ODA to Nigeria rose consistently from US\$198.9 million in 2003 to US\$5,930.5 million in 2005, only to nosedive to US\$10,820.0 million in 2006 and to US\$687.5 million in 2009

(OECD, 2011). In 2007, World Bank assistance to Nigeria involved 23 active projects value at about US\$2.7 billion, while US\$10.5 billion was given to Nigeria as IBRD loans and IDA credits (Library of Congress 2008).

Between 2008 and 2009, the top ten donors of ODA in relative size to Nigeria included IDA, United States, United Kingdom, the Global Fund, the EU, Denmark, UNICEF, Germany, Japan and GAVI (OECD, World Bank 2011). Nigeria received US\$56 million and US\$202 million in ODA from Denmark and UK respectively between 2008 and 2009. Denmark's ODA bilateral policy with Nigeria focuses on democracy and human rights, growth and employment, gender and climate change. UK's policy, on the other hand, focuses on poverty reduction.

While the government has not engaged the AAA or the Paris Declaration, civil society has been active on these issues in Nigeria. CSOs collaborating under Open Forum for CSOs' Development Effectiveness and the Reality of Aid Network organized several fora between May 2010 and April 2011 to discuss implementation and monitoring of ODA in the context of the AAA. While local CSOs, NGOs and some development partners, were present, government representatives were conspicuously absent. Government saw the May 2010 event as a mere "talk-shop", and the Special Adviser to the President on CSO Relation sent his apologies.

## **Democratic Ownership**

### **Participation**

The level of public engagement with ODA has been very modest and has not really impacted on donor decision-making affecting Nigeria. There is no functioning multi-stakeholder body

involving CSOs, legislators and private sector representatives that prepares and monitors the national development policies, plans and strategy. However, Nigeria has many proactive and articulate CSOs that are on their own involved in governments' project and budget monitoring. There is also a CSO responsible for advising the federal government on civil society and governmental relation. But overall the level of awareness on ODA among CSOs and the private sector is very low. The major priorities for ODA in Nigeria are determined by the government through the National Planning Commission, while the Ministry of Finance sometimes makes inputs.

Though there is an ODA Policy enacted in 2007 by the federal government, CSOs and the private sector were not consulted for their views on this document, as it was hurriedly put together for the 2008 Accra HLF3. On a positive note, the ODA Policy noted that limited involvement of Nigerians in the formulation and implementation of projects and programs funded from ODA undermines ownership and sustainability (NPC 2007, p.3). Unfortunately, those taken into account as "Nigerians" in that Policy are mainly government officials and "experts", leaving out CSOs and the private sector that are a critical part of the economy. While there has never been any forum for multi-stakeholder consultation, as noted above, some CSOs have come together to discuss implementation and monitoring of ODA without government engagement.

In order to make governance participatory, the National Assembly or some of the line ministries, at times may call for ad hoc public input into critical areas of public policy such as constitutional or fiscal issues affecting the nation. In such cases, it has not been possible to assess the nature of individual representation involved in these consultations.

## Transparency

Broad Nigerian democratic ownership within aid architecture is deeply affected by a nebulous relationship between the government and the CSOs as well as the private sector. It is usually characterized by grave mutual suspicion between the government and non-state development actors in relation to open access to governments' plans and projects, especially for monitoring purpose by the latter.

Government officials tend to reference secrecy regulations to withhold information from the public, even when such information is in the interest of the people. A Freedom of Information (FOI) bill has been approved by parliament, but has yet to be signed into law, although the President promised he would sign it as soon as it reached his desk (Guardian, March 2011). It is therefore difficult to have access to information on policies, plans, and strategy including public expenditures. Budgets, for example, are classified as official documents not freely accessible to the people at all levels of government in Nigeria. The FOI bill has suffered many setbacks in the last decade, but is now awaiting the President's concurrence.

Even though the legislative arm of government, through both the Senate Committee and the House Committee, has an oversight role in public financial management, procurement and audit, in practice this role remains to be proven. Similarly, there is a tendering system for government procurement following the passage into law of the Public Procurement Act in 2005, but access to information pertaining to ODA receipts remains difficult to discern in the annual Fiscal Statement.

Consequently a publicly accessible database on ODA volume, allocations and results of development expenditure in Nigeria are not easy to determine, as there is very scanty information on

government websites. The website of the Ministry of Finance does not identify ODA volume or allocation, nor does it disaggregate sources of income from ODA in its income and expenditure reports. Researchers depend heavily for data and information from website sources provided by organizations such as the OECD, the World Bank, the Africa Development Bank and the UNDP.

## Accountability

The Nigerian three-tier governance structure in practice provides scope for accountability to some extent; parliament plays an oversight role over the executive, while the judicial arm has some independence. It should be pointed out that accountability at the state level involving the three arms of government is severely compromised as most of the legislators are closely aligned with the executive, to the extent that the former cannot often play its oversight role. Worse, the elected officers are not accountable to the electorate because most of them were imposed on the people following the rigged 2007 elections.

The fight against corruption in Nigeria is on course, although there are some elements of ineptitude on the part of the anti-corruption officials. Existing laws and mechanisms are designed to address corruption and improve systems of investigation and accountability in the use of public funds. Apart from Senate and House Committees, there are independent anti-corruption bodies, such as the Independent Corrupt Practice and Other Related Offences Commission (ICPC, 2000) and the Economic and Financial Crimes Commission (EFCC, 2004). These bodies are intended to prohibit and prescribe punishment for corrupt practices and other related offences, and to combat financial and economic crimes. These two bodies have played a critical role in investigating the Halliburton bribery scandal and in the indictment

of top past government officials involved in huge financial crimes. One such example is the former Delta State Governor, James Onanefe Ibori, who has been in London since 2010, having been extradited from Dubai where he had taken refuge after running away from EFCC prosecution in Nigeria. The financial sector is still working towards adopting international financial reporting standards. The jailing of former Oceanic Bank CEO, Cecilia Ibru, in October 2010 and the surrender of assets worth US\$1.2 billion was perhaps the most important signal of cultural change (Africa Report 2010).

Apart from the Halliburton scandal, it is not clear whether graft and corruption cases specifically in ODA-funded projects have been identified, investigated and resolved. But on the other hand, CSOs have been actively working in harmony with the anti-graft bodies in monitoring, assessing and critiquing government and donor accountability processes, although lack of access to information has been a major obstacle for this work most of the time.

## Development Results

As noted above, Nigeria is rich in both mineral and human resources, but still 70% of Nigerians are still living in poverty. There has been a progressive increase in the number of those living in poverty, considering in 2005 53.6% of Nigerians were considered poor, with 78% of them living in rural areas. (APRM Country Review Report 2008)

## Contributions of ODA to Poverty Reduction

ODA contributions to Nigeria's development have been consistently irregular between 2003 and 2009. According to the OECD, total net ODA provided to Nigeria by the members of the OECD's Development Assistance Committee

(OECD-DAC) amounted to US\$1.1 billion in 2006 (of which US\$1 billion was in the form of debt relief), US\$1,956 million in 2007, US\$1,290 million in 2008, and US\$1,680 million in 2009 (OECD, World Bank). It is evident from the available statistics that these three-year ODA receipts went into some specific sectors of Nigerian economy. For example, about 21.5% of ODA receipts went into production, economic infrastructure and services on average from 2007 to 2009. It is noteworthy that education was not given any priority in sectoral ODA allocations as it recorded less than 10%, while health and population received over 43%.

The degree to which aid has contributed to the rural sector where 78% Nigerians live is important, but is difficult to assess because fiscal allocations are not disaggregated as rural or urban. Certainly, aid money is allocated to rural sector through some capital expenditures such as road construction, rural electrification and agricultural development.

There are no readily available government statistics on per capita agriculture and rural development aid allocated for the rural poor. According to one government source, agriculture contributes 42% of national GDP, accounts for 38% of non-oil foreign exchange earnings, employs about 70% of the country's labor force, but unfortunately, the level of public investment in agriculture has been quite inconsistent. According to the OECD-DAC reporting system, agriculture made up only 5% of donor sector allocated aid between 2007 and 2009.

The highest level of public investment in agriculture as a percentage of the annual budget was 7% in 2007, which rose to nearly 13% in the 2009 appropriation bill (VFS, 2010). As one example of a rural aid project, the Fadama II Project is a World Bank-funded project (\$100 million IDA Credit), with \$6.9 million co-financing from the African Development bank (ADB), a

Global Environment Facility (GEF) grant of \$10.0 million and \$1.4 million counterpart funding from Nigerian Government (Hussaini 2009). The project aims to improve the incomes of about 2.3 million rural households whose livelihoods depend directly or indirectly on low-lying alluvial flood plain (Fadama) resources in 18 of Nigeria's 36 states. The GEF component of the project is to enhance the productivity of *fadama* areas and the livelihood system they support through sustainable land use and water management.

The European Union (EU), on the other hand, is funding projects worth about \$8.3 million in the Niger Delta region under its Micro-Projects Program (Hussaini, 2009). The EU interventions mainly cover the construction of simple water and sanitation systems, small-scale village transport, school buildings, health centers and income generation. One of the key rural-focused USAID bilateral programme for Nigeria is the Sustainable Practices in Agriculture for Critical Environments (SPACE) program. The program is concerned with both direct threats, such as conversion of forests to agricultural uses and unsustainable harvesting of non-timber forest products, as well as indirect threats such as institutional and management conditions. The program also helps farmers to improve agricultural and agro-forestry practices, increase crop yields and promote a diversity of useful native species on existing agricultural lands and forests. Total development assistance for this program is not yet certain.

With a slight improvement from 57% in 2007, the proportion of Nigerian people with access to an improved water source was 58% in 2008 (World Development Indicators 2010), which when disaggregated is 36% of the urban and 28% of the rural population respectively (PRB 2010). Despite the policies put in place by the government, the water/sanitation situation is deteriorating as many Nigerians still lack access

to these basic requirements, with only 32% having access to improved sanitation facilities (UNICEF/WHO Joint Report 2010). Despite this, there could be hope in this sector following the significant US\$904.5 million invested on water and sanitation sector by the Africa Development Bank in October 2010.

## Gender Equity and ODA Policies and Priorities

Nigeria has a National Gender Policy (2006) that spells out the country's commitment to women's empowerment. It calls for the eradication of unequal gender power relations in the workplace and economy, in trade unions and in broader society, and increasing the participation of women in leadership and decision-making, among others. To this end, a Ministry of Women Affairs has been created and replicated in all 36 states of the federation.

Goodluck Jonathan, the incumbent president of Nigeria, during his election campaign in early 2011, promised to give 30 political positions to women in the next government. Nigeria, however, has yet to produce a substantive woman governor. Only two women have been speakers in the State Houses of Assembly in Ogun and Benue States. The period when Nigeria produced the first female Speaker of House of Assembly was short-lived as she was impeached on pecuniary grounds. Only one woman contested the presidency in the 2011 elections on the platform of UNPD and she lost with a mere 21,203 votes (0.06% of total polls cast).

The national budget has never been drafted and implemented with specific reference to women concerns and gender disaggregated data is not available. Yet over 67% of Nigerian women live in poverty (World Bank 2008). However, in some cases women's groups are consulted through the

Ministry of Women Affairs in order to make inputs into the government's development agenda. Such inclusion in development consultation does not guarantee a rebalancing of the interests of women over men in fiscal and wealth distribution affected by government policy, as Nigeria tends to have a complex socio-political system. This complex system coupled with inaccessible data makes it difficult to situate ODA, as gender socio-economic data is not disaggregated in the country's fiscal allocations.

However, OECD-DAC data indicates that DAC members committed an average of US\$306.3 million per year to gender equality in 2007-2009 period or 19% of total aid commitments to Nigeria. While more than 60% of this aid was spent in the health sector, and large shares were also committed in the education sector (33%), much less aid was allocated to gender equality in the economic and productive sectors. The OECD-DAC website gives detailed information on the gender marker for donors' coding of programs on a recipient country basis.

## Education

The primary school enrolment rate between 2005 and 2010 was 68% for females and 83% for males, while the enrolment rate for secondary school education within the same period was 27% for males and 34% for females. As noted above, there is disparity in school enrolment among boys and girls across the six geo-political zones in Nigeria. Generally, education seems not to be a priority of the Nigerian government as the annual sectoral allocation for education between 1999 and 2009 has been less than 15%, which is contrary to the UNESCO standard of 26% (GCAP 2008). This probably explains the reason why the total OECD ODA contribution to the Nigerian education sector was less than 10% between 2007 and 2009 (OECD, World Bank).

## Ecological Sustainability

There are laws, policies, and operational guidelines relating to the sustainable utilization of natural resources in Nigeria. Among these are the Constitution of the Federal Republic of Nigeria (1999), the National Policy on Water and Sanitation (2000), the National Policy on Environment (1989), and Vision 20-2020 (2007). Also in place is the National Reforestation Programme (2009), which is intended to combat the twin problems of desertification in the North and deforestation in the South. Unfortunately, there is no specific policy nor is there a national plan on climate change and adaptation for Nigeria. The latter is imperative if Nigeria is to have a credible position in global discussions, while seemingly doing little to act locally to combat the challenges of climate change.

However, leaving aside climate change issues, the Policy on Environment is comprehensive, identifying key sectors requiring integration of environmental concerns and sustainability with development. It presents specific guidelines for achieving sustainable development in the following 14 sectors of Nigeria's economy: Human Population; Land Use and Soil Conservation; Water Resources Management; Forestry, Wildlife and Protected Natural Areas; Marine and Coastal Area Resources; Sanitation and Waste Management; Toxic and Hazardous Substances; Mining and Mineral Resources; Agricultural Chemicals; Energy Production; Air Pollution; Noise in the Working Environment; Settlements; and Recreational Space, Green Belts, Monuments, and Cultural Property.

Vision 20-2020 is the government's forward-looking socio-economic policy plan, which aims to make Nigeria among the top 20 economies in the world by the year 2020. It also includes several more specific environmental and climate

related objectives. It has a goal to increase the national forest reserves to 25% by 2010 from 10% in 2003, and to obtain full compliance with existing regulations by decreasing the emission of dangerous gases into the atmosphere to zero (Vision 2010 Report).

On the whole, the functional operation of all these policies remains to be seen. For example, the realization of vision 20-2020 is already in jeopardy following the death of its author, Mr. Umar Yar A'dua, the former president of Nigeria. Environmental degradation leading to the loss of biodiversity, coupled with continuous gas flaring in the south, and increasing desert encroachment in the north, have portrayed the Nigerian government as a robust policy architect, rather than an astute policy implementor. Poor data collation and difficult accessibility of national indices has been one of the challenges facing researchers in Nigeria. For example, getting the latest statistics on the deforestation rate and Nigeria's rate of biodiversity loss is much less feasible than fishing a needle from the ocean.

The Nigerian government seems committed to crafting large-scale plans, policies and programs on environment sustainability, rather than crafting sustainability mechanisms and transparent data for these ecological plans and programs. For example, there is an Ecological Fund created in 1981 but reviewed in 2009 whose new guideline states that "drought and desertification control will receive 60 per cent, soil erosion, flood/gully control takes 25 percent, pollution control has 5 percent, while Administration of Ecological Fund Office/National Committee on Ecological Problems and other emergencies will gulp 10 percent, which will be disbursed at the discretion of the President" (Daily Trust Jan 2010). Unfortunately, data on this Fund remains scarce, including the actual amount of money involved, thus making monitoring of implementation

impossible. It is also difficult to know the sources and particular donors of this fund, whether it was from the national budget or from ODA.

The ODA contributions to this Ecological Fund can only be identified through what was actually received according to specific ecological programs. For example, the *Local Empowerment and Environmental Management Programme (LEEMP)* is a five-year funded program from the World Bank's International Development Association (IDA) window and the Global Environment Facility (GEF). LEEMP became effective in Nigeria in 2004 with a credit amounting to US\$70 million (IDA) and an \$8.5 million GEF grant. Funding has increased to US\$100 million from the World Bank to cover nine states, while the US\$8.5 million grant from GEF is for the protected areas (Hussaini 2009). Another example is the *Integrated Ecosystem Management Project*, which is funded by the government of Nigeria and Niger, with the GEF providing US\$10 million. The said project aims for the sustainable management of national resources in the trans-boundary areas in eight states (Hussaini 2009).

It is important to point out that investigation has shown that the Federal Ministry of Environment appears to be under-funded; its financing from the federation account is much lower than what other similar departments receive. This paucity of funds makes the ministry unable to achieve its mandated yearly plans.

## Conclusion

It needs to be reiterated that one of the five key principles of Paris Declaration on Aid Effectiveness is country-specific ownership, which the AAA expanded upon to include deeper commitments to inclusive participation, transparency and mutual accountability. The AAA also recognizes the role of CSOs as development

actors in their own right. Unfortunately, the level of public engagement in development in relation to ODA is very low in Nigeria and gaining access to public information is very difficult. Most government documents are regarded as classified information. In addition, the various setbacks that the Freedom of Information bill has suffered ossify transparency and accountability as the bill is still awaiting the President's signature. As a result, it becomes difficult to hold government to account for ODA within the annual budget process since the public is not being engaged, except where CSOs take it upon themselves to monitor budget implementation.

With a few exceptions, the OECD donor countries have been faltering in their ODA commitments. Net ODA receipts to Nigeria have been unstable and for most years have been low. To say that failed promises from donors could be a contributory factor to increasing poverty rates in Nigeria might not be an understatement. But in addition to ODA receipts, though irregular, Nigeria generates several billions of Naira from oil, yet as noted 70% of her citizens are still living in poverty. This suggests that Nigeria does not have sound socio-economic policies, and the implementation of these policies is an albatross for making progress in development for Nigerians living in poverty.

A comprehensive Policy on Environment presents specific guidelines for achieving sustainable development in about 14 sectors of Nigeria's economy. Unfortunately, there is no reflection of the place of ODA within Nigeria's fiscal expenditure framework for the implementation of those policies, and there is a relatively low level of investment by donors in a key sector like education. However, there is hope that the new government in place in May 2011 will be more inclusive, more open and readily accountable not only to the donors but also to the governed.

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### Overview

Rwanda is heavily dependent on Official Development Aid (ODA), with around 50% of the government's budget derived from aid flows. A *National Aid Policy* was passed by the government in 2006, with a strong commitment to work to achieve the principals of the Paris Declaration on Aid Effectiveness (PD) and the Accra Agenda for Action (AAA). The country's development policy is set out in *Vision 2020* and implemented by the *Economic Development and Poverty Reduction Strategy 2008-12 (EDPRS)* together with the *Mid-term-Economic Framework*.

*Vision 2020* and the *EDPRS* were developed, and are monitored, through a broad and inclusive multi-stakeholder government body. However, civil society organizations (CSOs) have more impact on the local level than the central level. CSOs did, however, play a pivotal role in the inclusion of youth and disability as crosscutting issues in *EDPRS*. The government has a strategy for moving out of aid dependency but only in the medium term. For the *EDPRS* period, Rwanda expects to remain aid dependent, with a scaling up of aid if the *EDPRS* targets are to be met. For example, the current plan on agriculture modernization that aims to place Rwanda on the road to food self-reliance has a funding gap of close to US\$300 million. This gap remains even after major donors promised in 2009 to meet this shortfall, but have yet to honor their pledges at the time.

Women play a strong role in parliament and in central decision-making bodies. The Constitution mandates that 30% of parliamentary seats and positions in other decision-making and executive bodies are reserved for women. There is a gender monitoring office and gender-based budgeting is undertaken by the government. However, despite strong government commitment to gender equality, women's involvement at the grassroots levels is limited.

The government and its Development Partners (DPs) are working to ensure that aid meets the government's expectations as set out in the *Aid Policy*. This has been marked with steady, but slow progress. There is a joint annual review of ODA by the government and donors. A number of DPs continue to provide only project support, which involves high transaction costs for the government and spending that is not always coordinated and aligned with government's priorities. With respect to budget support, most bilateral donors explicitly link commitments and disbursements not only to progress on conventional aspect of economic and social policy, but also against donor determined governance criteria.

Independent reviews of aid in Rwanda have concluded that there has been some progress towards mutual accountability between government and donors, but less progress in the former's accountability to its citizens and taxpayers. DPs continue to exert a strong influence on government policies. Civil society

in Rwanda is still weak in rigorously holding government to account before its citizens, and this is exacerbated by recent seemingly negative trends in civil liberties and media freedoms, especially the independent media. Although the 2003 Constitution and the newly enacted media law both provide clear guarantees for public access to information, a special law for this purpose has yet to be passed by Parliament.

## **Democratic Ownership and National Development Strategy**

The national development strategy is set out in *Vision 2020* and the mid-term implementation strategy in the *Economic Development and Poverty Reduction Strategy 2007-12*. *Vision 2020* and *EDPRS* were developed through an inclusive consultation process with the involvement of DPs, CSOs, private sector and academics from higher education institutions. However, the low capacity of local CSOs limited the ability of many to effectively participate in these consultations, and broader concerns have been raised that CSOs remain largely reactive.

The *EDPRS* has a Common Performance Monitoring and Policy Matrix, which include commitments to democratic accountability as well as accountability to DPs. The *EDPRS* performance targets also incorporate the MDGs. The implementation of the *EDPRS* is monitored and evaluated through a monitoring and evaluation framework, which ensures the active involvement of government, DPs, CSOs and the private sector, with the outcome reported to the Cabinet and Parliament. The annual review draws on Joint Sector Reviews and District Performance Contracts. The latter are developed with the active involvement of citizens. CSOs are represented on the *EDPRS* National Technical

Steering Committee and on Province and District Steering Committees. At district and sector levels, all registered NGOs and faith-based organizations, together with representatives of the Women's Council and the National Youth Council, are represented in the Joint Action Development Forum.

## **Democratic Ownership and Official Development Assistance**

The 2006 *National Aid Policy* was adopted after inclusive consultation with representatives of central and local government, DPs, CSOs and the private sector. This *Aid Policy* clearly sets out the government's expectations for the use of aid in Rwanda and the government's intent to have genuine ownership and leadership over development activities. It sets out the expectation that DPs will align and harmonize their aid with government priorities, that technical assistance will be provided through national systems, and that aid relationships will be managed through a joint working with a system for resolving disputes.

The *Aid Policy* and systems for monitoring and evaluation of the *EDPRS* stress mutual accountability between the government and DPs. The quality and effectiveness of aid has a significant impact on domestic accountability for results. The transparency of aid enhances national accountability. There is a mutual aid review process carried out mainly through discussion in the Development Partners Coordination Group, which includes representatives of government, DPs, CSOs and the private sector. The Donor Performance Assessment reviews the performance of bilateral and multilateral donors against a set of established international indicators on the quality and volume of ODA, while the Common

Performance Assessment Framework is anchored in the implementation of *EDPRS*.

The realization of the *Aid Policy* is integral to the implementation of *EDPRS*, as the *Strategy* sets out the budget requirements for the plan, including the amount of aid required. The budget is passed annually by Parliament. ODA provided as general budget support or sector budget support makes up about 50% of total aid to the government, and is used to fund government priorities as agreed through the consultative process for implementing *EDPRS*.

Despite these moves towards joint accountability, it is clear that the balance of power remains with DPs and that government policy is to some extent shaped by them. Just prior to 2008 there was evidence of DPs putting pressure on government to change education policies. Subsequently DPs have pressed for further changes in policy directions.

## Technical Assistance and Conditionality

The *EDPRS* identifies areas where government is seeking technical assistance. The *National Aid Policy* outlines the government's terms for the provision of external technical assistance, which is required because of low capacity and shortage of skills. There is an increasing positive tendency for tenders and contracts to be open to local bidders. In the case of evaluations, international consultants are more often required to work with local consultants to build capacity.

One important area for assistance is for more frequent surveys of poverty and living conditions of the population and for more analysis of the data from the nationwide surveys that are already

carried out. Government and DPs are discussing this need, but civil society needs to be brought into the loop.

## Transparency

Freedom of information is guaranteed under the Constitution and there is limited overt censorship especially for the CSOs. But a law on access to information has yet to be passed by Parliament. The *EDPRS* is publicly available. So are the basic documents for the budget, monitoring and evaluation reports on the *EDPRS* and other reports on aid. There is also a *Public Guide to the Budget* available in Kinyarwanda as well as English. However, much of this information is generally available only through government websites and in English. The vast majority of Rwandans do not have access to the internet and are unable to read English.

The extent to which citizens are aware of government policies and development priorities is difficult to gauge. Radio is a major source of information and there has been a growth in programs targeted in youth and community radio stations. Men are more likely to listen to the radio than women.

Imihigo (Performance Contracts) is a consultation process through which all citizens can be engaged in the annual planning process, which culminates in the development of district plans with performance targets. These then create the basis of Performance Contracts that are signed by the President and are monitored and evaluated as part of *EDPRS* process. The various districts' performance against their Contract is widely publicized in the media. While these processes exist, the actual extent to which Imihigo enables citizens to be involved in planning and holding local government to account has yet to be evaluated.

The Constitution provides for a division of powers among the legislature, the executive and the judiciary in which Parliament is able to exercise its responsibilities for oversight of the budget. The Finance Bill is presented to the Chamber of Deputies together with a guide to this budget and a report on how the previous year's budget was spent. The Chamber of Deputies consults with the Senate before passing the Bill. Parliamentary sessions are open to the public and are conducted in Kinyarwanda. However, there are serious questions on the extent to which Parliament can exercise its constitutionally guaranteed independent powers and its representation of the majority of the population.

## **Mutual Accountability and Independent Monitoring**

As noted above, the *Aid Policy* establishes the foundation for the current system of annual monitoring and mutual accountability between donors and government. The Development Partners Coordination Group meets every two (2) months and has an annual retreat. There is no government or donor provision for independent monitoring.

## **Development Results**

About a third of the government's budget is spent on human development and in the social sectors. The Constitution enshrines the principal of gender equality. There is also a Gender Monitoring Office which is committed to pursue gender-based budgeting. All development programs, including those in rural areas, are supposedly influenced by a gender perspective and many projects target vulnerable groups including women. Gender and social inclusion are cross cutting issues in the *EDPRS*.

However, there is little evidence that the government's pro-poor policies are reducing poverty. Economic growth seems to be fuelling growing inequalities between an urban elite and those living in rural areas and between the better off in rural areas and the majority. Between 2000 and 2006, a marginal reduction in poverty was accompanied by a growth in inequalities especially in rural areas. The findings from the 2010 Household Survey, while still unreleased, will show if there has been any further reduction in poverty. Evidence from other sources suggests that extreme poverty may have declined, but not poverty in general. Women in Rwanda are much more likely to be poor than men. There is evidence that while elite women may have benefitted from the gender policies, the majority of poor women have yet to do so. Violence against women remains widespread despite efforts by the government to fight it. Women, especially in rural areas, bear an inequitable burden of labor, carrying out on average 20 hours of domestic and child care work in addition to farming and other income-generating activities.

Concern has been raised that local CSOs may lose their ODA funding as more aid resources are directed to the government for budget support, as the government has indicated it will not fund CSOs. This trend may also affect poor and vulnerable people as local CSOs are more likely to fund projects and other activities that meet the needs and wishes of local people.

## **Conclusions**

There have been considerable improvements in country ownership of development in mutual accountability process, but progress has been slow and challenges remain. There is a need for more aid to come as budget or sector support

while respecting the importance of support for an independent civil society sector, a better division of labor between donors in each sector, and for assurance that all sectors receive aid in line with *EDPRS* targets. Change is also needed in the way project support is given, with more use of government systems and for transaction costs to be reduced. Donors should take steps to put in place multi-year binding agreements or at least non-binding indications of future aid, with more of this aid on budget and based on joint analytic work.

It is not clear to what extent there is genuine inclusive country ownership in Rwanda with government accountability to its citizens. Information is available on development policy, aid and the budget, but in format that is not accessible to a majority of the citizens of Rwanda. The African Values Survey found that the priority for the vast majority of the population was reducing poverty; the government seems to be failing to do this.

CSOs are represented on implementation and monitoring bodies at central and local levels, but local CSOs may lack the capacity to be effective. The extent to which Imihigo enables citizens' participation in planning and holding local officials to account has yet to be assessed. However, given the dominance of an urban elite and the failure of government policies to significantly reduce poverty and improve the lives of the rural poor, aid is not demonstrably improving the lives of the majority of the population.

There is a strong commitment to gender equality and pro-poor policies. However, women remain disadvantaged compared to men and there is little evidence that pro-poor policies are resulting in a significant reduction in poverty.

## Recommendations to Development Partners

- Increase the proportion of aid given to the government delivered by government agencies, while respecting the importance of resources to support an independent civil society;
- Use the government's systems including inclusion in the national budget approved by Parliament;
- Give more aid to government as General Budget Support or Sector-Based Programs and reduce transaction costs;
- Increase the predictability of aid through multi-year binding agreements or non-binding indications of future aid commitment;
- Avoid parallel Program Support Units; and
- Increase cooperation in the division of labor at country and sector levels.

## Recommendations to Government

- Consider funding local CSOs in monitoring and evaluation of government projects and programs, especially on how aid impacts or not, on people in extreme poverty;
- Increase accountability to citizens and taxpayers through more open political space and improvements in media freedoms, especially to the independent media;
- Ensure timely fund disbursement and execution of projects and programs;
- Implement regular independent evaluations of aid effectiveness in line with the recommendations of the Paris Declaration; and
- Pass the access to information bill, with more careful consideration for the roles of CSOs in the transparency and accountability processes.

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### Introduction

Senegal is among the countries in Sub-Saharan Africa that receives large amounts of aid or Official Development Assistance (ODA) annually. According to UNDP, ODA to Senegal in 2006-2007 amounted to US\$635 million, which represented 9.3% of the country's gross national income (GNI) and 25% of its exports of goods and services.<sup>1</sup>

But this "aid" comes with many strings attached -- economic, ideological and political conditionalities -- that limit the country's ability to conduct a democratic and participatory process to formulate and implement its development policies. This chapter focuses on the question whether the 2005 Paris Declaration (PD) on Aid Effectiveness has brought about change in the aid regime for Senegal, particularly from the perspective of democratic ownership and development results for people.

### Democratic Ownership

#### Participation

In terms of participation, some significant changes have taken place in recent years. Bodies and mechanisms set up by the government have opened some space for civil society organizations (CSOs) and other stakeholders to participate in discussions on public policies. For instance, since

2007, five (5) Commissions have been established within the framework of the Poverty Reduction Strategy Paper (PRSP). The latter has become the main instrument through which ODA is channeled to Senegal. The Commission with Donors, chaired by the Prime Minister, meets every quarter. The other Commissions -- with the CSOs, with the private sector, with local authorities; and with government entities -- meet on an *ad hoc* basis.<sup>2</sup>

On the other hand, CSOs have organized several consultations with representatives from the government, bilateral donors and the private sector.<sup>3</sup> In general, however, it has been Dakar-based organizations that participate in most of these consultations. On occasions there are decentralized consultations, such as those organized by CONGAD in the 11 regions of Senegal, where more than 100 representatives from CSOs and grassroots organizations participated.<sup>4</sup>

In addition, the Economic and Social Council has also provided a space for representatives from CSOs, labor unions and the private sector to meet and debate public policies with government officials, including senior ministers. Their recommendations are taken into account in policy-making. Furthermore, the government's decentralization policy has allowed more people to participate in decision-making in their own communities through the creation of bodies and institutions that are closer to their issues.

Decisions on education, taxes, health, land distribution, etc., are now left to institutions in which people can have more influence than with the central government.

Lastly, the Accelerated Growth Strategy (AGS) formulated by the government gave another opportunity to CSOs (NGOs, labor unions, and women's organizations) to contribute to its dissemination throughout the country, hence allowing them to meet and discuss with representatives from local governments and the private sector.

## Transparency

Despite some of the progress in participation as outlined above, transparency is still a contentious issue between the Senegalese government and other stakeholders, notably CSOs. For instance, there is no freedom of information law nor is there effective parliamentary oversight despite efforts. In fact, given that 90% of the Parliament is controlled by the ruling party, it cannot effectively exercise its oversight function. The executive branch always gets its way. However, Senegal has a Public Accounts Court tasked to assess the use of public funds by the government and public enterprises. It has a good record in exposing cases of corruption and wasteful spending, and some of its findings have been made public. But its reports are reserved for the President, who has the final word on the Court's recommendations.

Both CSOs and the private sector often take advantage of the publication of the Accounting Court's reports to call attention to wasteful spending and raise awareness on cases of misappropriation of public funds. Unfortunately, their critiques have little effect on the government, which seems immune to criticisms.

For ODA, transparency is very weak with no public access to an ODA database. Data are only available to the government. But statistics from some bilateral donors on ODA volume, as well as ODA allocations to some sectors, are accessible through reports by the Directorate of International Cooperation and the National Statistical Agency.

Information on government procurement tendering for ODA funds is accessible to the public, because tendered contracts are published in the national press, including almost all newspapers. Recently, however, the President prohibited public tendering for procurement on projects relating to national security or for cases deemed urgent.<sup>5</sup> This has raised protests from the opposition, European Union, private sector and CSOs. The latter are pursuing a legal challenge to this presidential action.

## Accountability

Corruption in Senegal is closely associated with the issue of transparency. Under the prodding of creditors, government has adopted laws, measures, and set up bodies and mechanisms to address corruption. All of them aim to improve systems of investigation, legal redress, and accountability in the use of public funds. One of them is the National Commission against Corruption and Nepotism. Unfortunately, this body has not been effective and no cases have been brought to justice as a result of its investigations.

In the face of government failure to create credible and effective mechanisms to fight corruption, some NGOs try to provide an alternative. The Civil Forum, which focuses on this issue, has identified some petty corruption (the police; hospitals, etc.), but has been unable to bring forward cases of large-scale corruption

as the government carefully guards information. In addition, the Civil Forum focuses only on public corruption, not private corruption. The only comprehensive independent monitoring and assessment of corruption comes from Transparency International's annual reports. But again, the credibility of its reports is limited by its methodology (perception of corruption by private investors) and the targets of its research (public enterprises and the State). In the 2010 Report, Senegal ranked 105th out of 178 countries.<sup>6</sup>

Cases of corruption are often made public and Senegal ranks poorly in known levels of corruption. There have been no known cases of graft and corruption linked to ODA so far.

## Development Results

### Poverty Reduction

Senegal is among the countries in Africa where inequalities have widened over the years. It is estimated that 20% of Senegalese own 46% of the country's wealth, while the poorest 40% own only 17%.<sup>7</sup>

Inequalities have been aggravated by privatization of essential services like water, and to some extent, education and health. Poverty is still pervasive, especially in rural areas, due to misguided agricultural policies. Indeed, despite its importance - 65% of the workforce is in agriculture - this sector has not had the attention it deserves from Senegalese governments. For instance, up to mid-2000s, less than 5% of the national budget was allocated to agriculture. In 2007, DAC countries allocated more than US\$40 million in aid to agriculture, with France providing about 63% of that amount.<sup>8</sup> This may have prompted the government to make more efforts to invest in this sector. This is also in line with the

goal of achieving food self-sufficiency by 2015. Over the last three (3) years, in conformity with the Maputo Recommendation by African Heads of State to allocate at least 10% of national budget to agriculture, Senegal is allocating 10-12% of its budget to agriculture.<sup>9</sup>

But increased investment has not translated into improved living conditions in rural areas where poverty is still very much entrenched. Poverty indicators in Senegal are measured by the average quantity of calories necessary for an adult or 2,400 calories a day. Based on this measurement, in 2002-2003, the level of poverty was 48.5% of the population. The latest government poverty statistics indicate a level of 34%. In rural areas, in 2002 - 2003, poverty was estimated at 62.5% of the population according to official figures. Currently, this has gone down to 57%.<sup>10</sup> Using the US\$1.25 per day measurement, the UNDP calculated that approximately 33.5% of Senegal's population has been living in extreme poverty in the decade from 2000 to 2009.<sup>11</sup>

Children are among those most severely affected by poverty. The proportion of undernourished children was estimated at 25% in 2004-2006. In 2009, undernourished children registered a small improvement at 19%.<sup>12</sup> It is estimated that only one (1) in three (3) families eats once a day only. Between 2005 and 2010, DAC members' allocations for essential services, which include basic health care, education, water, and sanitation, ranged from 20% to 38% of their total ODA to Senegal. The major bilateral donors have been France, Japan and the United States.<sup>13</sup>

Among the main factors contributing to poverty are high rates of unemployment and underemployment. Statistics on unemployment vary between 40% and 48% of the workforce.<sup>14</sup> Underemployment is measured by the proportion of the workforce in the informal sector. According

to the Minister of Civil Service and Employment, more than 90% of the jobs created between 1995 and 2004 were in the informal sector, which employs more than 65% of the workforce in urban areas.<sup>15</sup>

The high rates of unemployment and underemployment have been aggravated by the huge influx of rural migrants into urban areas, believed to be over 35% of young people living in rural areas. Even among those who are fortunate enough to find formal jobs, their incomes are low due to low hourly wages which is estimated at 209 CFA francs in 2009 or 41.8 cents. This is why about 29% of workers in Senegal are called the “working poor”.<sup>16</sup>

Low incomes for workers make living conditions very difficult. According to UNICEF, only 69% of all inhabitants have access to improved drinking water. In urban areas, the proportion is 92%, while it falls to 52% in rural areas. For sanitation, 51% of the general population has access to improved sanitation. The proportion in urban areas is 69% and in rural areas 38%.<sup>17</sup>

Increased rural migration, combined with high levels of unemployment, has transformed large parts of Dakar and other big cities into extensive slums. More than 45% of the Senegalese population live in urban areas, leading to the rise of spontaneous dwellings. Out of the 12 million urban inhabitants, over one-third (1/3) live in slums. In the Dakar region, approximately 45% live in squalid neighborhoods while in other cities, the proportion is 30%.<sup>18</sup> The situation continues to worsen as rural migration has accelerated and the crisis of housing has worsened. With high rate of unemployment and a greater proportion of informal jobs, living conditions continue to deteriorate in urban areas.

Another illustration of the impact of the economic and social crisis in Senegal is the crisis of education. According to UNICEF, in

2009, school enrolment in the primary sector was estimated at 83% for boys and 84% for girls. However, the rates of survival through the primary years are 58% for boys and 59% for girls. In secondary school, the rate of survival of boys (28%) overtakes that of girls (22%).<sup>19</sup> Among DAC members, Canada (27.6%), France (10.8%), Japan (8%) and the United States (6.6%) are the main contributors to ODA on education in 2007.<sup>20</sup> It should be kept in mind that since 2006, ODA figures include multilateral and bilateral debt relief. Therefore, real ODA net of debt cancellation is much smaller than current figures and proportions of sector spending correspondingly higher.<sup>21</sup>

The health sector is not spared either. In 2010, the estimate of the national average infant mortality rate is 56.4 for 1,000 live births, down from 66 in 2007. For girls and boys, the proportions are 49.7 and 62.9 respectively per 1,000 live births in 2010.<sup>22</sup>

The main causes of morbidity and mortality in Senegal include malaria, which accounts for over 20% of all deaths, followed by diarrhea and measles for children. For adults, malaria is followed by heart diseases and cancer. According to the Health Ministry, all these causes have been aggravated by the AIDS pandemic.

## Gender Equality

In terms of gender equality, Senegal has made significant progress. It has ratified all major UN Conventions, notably CEDAW, as well as African Conventions and Protocols for the protection of women. In addition, national laws have been passed to ban and punish any kind of discrimination against women. Women’s organizations and human rights associations have led campaigns on violence against women. Several cases have been brought to justice and the perpetrators punished. Laws have been passed against female genital

mutilation and early marriages. All this has raised awareness about women's rights and enhanced the work of women's organizations. At the political level, a law has been passed requiring parity for all elections to public offices: the National Assembly, Senate, local authorities, etc.

Since the Beijing Conference in 1995, the Senegalese government has had a ministerial department in charge of women's affairs, notably for the protection and promotion of women's rights. Currently, there are two (2) ministerial departments dealing with gender issues. The President also has an adviser on gender issues. Gender equality is an issue shared by all political parties and it is very much taken into account in the formulation of public policies. March 8, International Women's Day, is celebrated in Senegal with intense media coverage and with many activities focusing on women's conditions and rights. In addition, there is a two-week celebration of women's progress every year.<sup>23</sup>

All these developments have occurred in large part as an impact of the work done over the past decades by women's organizations, which are very active, well-organized and politically very influential. All political parties, regardless of their ideological orientation, are gender-conscious. The main political parties have women's associations, which play a key role in putting women's issues at the forefront of their parties' programs.

In several key areas, public policies take into account the specific needs of women. For instance, in education, health, employment, there are policies in favor of women. This is based on gender disaggregated socio-economic data, which show that in several areas women continue to be behind men as a result of discrimination and social prejudice. For instance, in 2008, the labor force participation rate for women was 65.3%, compared to 89.9% for men.<sup>24</sup> But this rate for

women is higher than the average in Sub-Saharan Africa, which are 53% and 70% respectively, according to the World Bank.<sup>25</sup>

However, more than 70% of Senegalese women work in the agricultural sector, which is going through a deep crisis as already indicated. This explains, among other reasons, why in Senegal, people talk about the "feminization of poverty". Poverty affects more households headed by women than those headed by men.<sup>26</sup>

Women who work in the formal sector are a small fraction of men, and their wage is much lower than that of men. It is estimated that women earn up to one-third (33%) less than their male counterparts, even with similar level of education and responsibilities.<sup>27</sup>

The low number of women in the formal sector is in large part the result of their low level of education. In Senegal, the participation of girls in primary school is usually higher than that of boys. However, in secondary school, their net participation rate is merely 16%, compared to 20% for boys. The ratio of literate women to men is 63%.<sup>28</sup> In 2010, the proportion of women with at least a secondary degree is 10.9% compared to 19.4% for men.<sup>29</sup> The gap is even wider in higher education.

Gender equality and women's empowerment have been among the top priorities of some donors. For instance, in 2007-2008, France allocated US\$91 million. Belgium, Canada, Japan, Italy and Luxemburg also allocated significant amounts for gender equality.<sup>30</sup>

### **Ecological Sustainability<sup>31</sup>**

Since the Rio Summit in 1992, Senegal seems to have taken very seriously the issue of environmental degradation. In 1995, the government published a National Strategy on the environment. With the

spread of desertification in some parts of the country, successive governments have enacted laws and measures designed to raise awareness about these issues. Today there is a full Ministry of Sustainable Development tasked to oversee the implementation of government policies in this area.

However, such policies are hindered by the scarcity of financial resources. Senegal depends very much on external sources – bilateral and multilateral aid – for its agenda on ecological sustainability. In 2007, it was estimated that over 90% of the resources needed to implement programs on environment came from these sources, with bilateral funding accounting for the lion's share (61%), while the share for multilateral funding was 37%, and NGOs make up the rest of external funding.<sup>32</sup>

Donors have provided significant assistance to Senegal in its efforts to protect the environment. In 2006 - 2007, Senegal has been among the top 10 recipients of ODA in support of the environment, notably from countries like Belgium and Austria. France, Italy and the European Commission<sup>33</sup> have likewise provided funding for this purpose.

Multilateral funding includes UN agencies, such as the Global Climate Fund, as well as the World Bank. For instance, several projects are funded through the Global Climate Fund, notably the Niokolo Koba Park, located in the eastern part of Senegal, where nearly half of the country's biodiversity is under protection. Despite these efforts, biodiversity is still under threat in many parts of Senegal. Many species are at risk of extinction, including mammals, reptiles and fish, among others. For instance, 10 out of the 400 types of fish identified in Senegal are in danger of extinction.

Senegal is confronted with multiple problems due to environmental degradation. For instance, deforestation seems to have reached alarming proportions. Currently, the loss is estimated at

about 50,000 hectares a year, down from 80,000 hectares in the late 1980s. As a result, Senegal has lost 20% of its vegetation since the 1980s. Several factors account for this loss, including wild fires, tree cutting for road construction, use of land for food production and other human-related factors.<sup>34</sup>

One of the main reasons for the alarming rate of deforestation is the use of wood as a primary source of energy by millions of Senegalese. It is estimated that 90% of Senegalese households depend on wood and coal for the preparation of meals and for other uses.<sup>35</sup> In fact, for Senegal 47% of its energy needs is provided by renewable energy (mostly from wood) compared to 53% for fossil energy.<sup>36</sup> The proportion of clean energy (solar, wind) is negligible at around 1%, according to Diouf.

## Conclusion

The foregoing analysis shows that despite some progress, democratic ownership in Senegal still has a long way to go. Creditors, especially the International Monetary Fund (IMF) and World Bank, continue to dictate policies through a myriad of conditionalities. CSOs still have difficulty getting access to information on ODA. Even national institutions like the National Assembly continue to be bypassed on major decisions affecting the country.

Senegal continues to struggle with extreme poverty, which still affects more than one-third (1/3) of its population and more than half of the rural population. Despite some progress, gender disparity is still a reality and poverty affects a greater number of women. Senegalese CSOs need to fight for a truly democratic, transparent and participatory decision-making process to direct government development policy and aid resources towards the interests and rights of those most affected by poverty.#

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Medani Abbas Medani Mohamed  
National Civic Forum

To understand the implications of the Paris Declaration (PD) and the Accra Agenda for Action (AAA) in Sudan, it is important to trace the processes of democratization and development.

The process of democratization relates to the development of a democratic political regime that enhances and strengthens the participation of people in decision-making, transparency, and accountability. The second process is development, particularly on the impacts of development projects and programs on people's lives in ways that reduce poverty, increase gender equality and strengthen environmental sustainability. In analyzing these trends, unfortunately, the lack of key references, reports and information for Sudan creates significant limitations.

### Trends towards Democracy

**1) Participation:** Participation within a democracy reflects the degree to which people, political parties, government institutions and civil society organizations (CSOs) engage in decision-making and implementation of development plans and policies<sup>1</sup>. In Sudan CSOs are not engaged actively in development decision-making with the government. There is in fact a tense relationship between government and CSOs based on concerns arising from governmental restrictions on CSO activities. For instance, CSOs, along with Sudanese opposition political parties and academics, have played no role in formulating the government's Quarter Century Strategy (2007 -2031).

There is a government consultative body, but it consists solely of advisors who are loyal to the government and merely endorse its plans, alongside the National Council for Strategic Planning, which is chaired by the President of the Republic.

As regards the outcome of dialogue and consultations among CSOs, Parliament and local government over development aid, the only tangible result is the creation of development and reconstruction funds in war-affected areas in the wake of peace agreements reached for Darfur and the East Sudan. These funds are coordinated with donors, but there is little participation of CSOs.

However, Sudanese CSOs do attempt to influence decision-making on issues affecting the environment, as well as conditions for women and children. They have succeeded in putting pressure on government authorities, resulting in an amendment to the Sudanese Child Act of 2010, which is considered to have made enormous progress in Sudanese child protection. CSOs also monitor the performance of Sudan's Parliament to improve its effectiveness in addressing key Sudanese issues. Over the past three years, many CSOs have been participating in monitoring Sudan's elections and the South Sudan Referenda: participating and observing the full electoral process including voter education, voter registration, electoral campaigning, providing technical assistance for training of domestic observers, etc. The National Civic

Forum is one of the CSOs that has received funds from UNMIS, UNDP and IOM to conduct election and referenda-related activities and has participated in monitoring Sudan's 2010 election and the South Sudan Referendum.

**2) Transparency:** Freedom of information and a general lack of information, already noted, is a very serious constraint for transparency and an important factor for endemic corruption. Consequently, the 2010 report released by Transparency International ranked corruption in Sudan 172 out of 178 of countries. While the 2005 Sudan Interim Constitution provides for freedom of information, no law has been passed to put this into practice.

Sudan's Parliament has the mandate to exercise control over the public budget by tracing and monitoring the budget preparation and its implementation. It is, however, unable to obtain the required information to fulfill this mandate. As for CSOs, there are no specialized institutions to increase the capacities of civil bodies to increase transparency and fight corruption.

Information about the Fifth Development Plan and the National Comprehensive Strategy information is unavailable. The public also has no access to information about ODA and the outcome of expenditure on development projects even though they may be included in the budget passed by Parliament.

More recently, Sudan's Parliament has tended to exert more efforts towards supervising the budget's design and its implementation. Thus, ongoing discussions on government expenditures in Parliament has resulted in the availability of some information about these government expenditures in general, and on some development projects in particular.

**3) Accountability:** Parliamentary accountability mechanisms are rarely used in reviewing the achievements or failures of the Executive power or in the fight against corruption. This weakness is compounded by the lack of information noted above.

Despite reports prepared by Transparency International and the Auditor General, which have demonstrated increasing rates of corruption, there is no national or government body charged with fighting corruption. Government officials have likewise failed in their obligation to provide financial reporting since 1989, as the Auditor-General confirmed in a 2006 interview with the *Al-Sahafa Daily* newspaper. However, the Ministry of Justice called on ministers to disclose their financing in May 2011 at the time of this writing. Some Sudanese state bodies are subject to auditing by the Auditor-General, but government ministries are not subject to audit and accountability. In addition, there is no development aid watchdog.

## ODA Impacts on Sudan Development Issues

The volume of ODA received by Sudan in 2007 was US\$2.0 billion equivalent to about 5% of national income, while in 2009 the volume of ODA increased to US\$2.4 billion or approximately 4.6 % of the national income.

An important indicator for the development priorities for the Sudan government is the balance in government expenditure between development and basic services, compared to military expenditure. In 2004 the total expenditure on defense sector, security and police was 5.8 billion Sudanese Pound (SDG), compared to 900 million SDG on government operations, and total expenditure on health and

education of 450 million SDG, and 50 million SDG respectively. Government expenditures for these latter two sectors which are very important for poverty reduction, made up a mere 8.7% of defense expenditures.

In the 2010 budget only 4.6% of expenditures has been allocated for education, 5.4% for health, as against 60.6% for defense and security, and 10.4% for government operations. The overall total expenditure by government for development is a mere 12% of its 2010 budget, in a country such as Sudan that lacks even basic infrastructure.

## Poverty and Social Indicators

In education, while more than 64% of children are enrolled in primary school, this figure drops to 19% at the secondary school level. Four-fifths (4/5) of Sudanese adolescents are not enrolled in school.

By and large, the phenomenon of poverty is worsening in Sudan. According to IFAD's statistics, the number of people living in poverty in Sudan was more than 20 million citizens in 2002, which meant that more than 50% of Sudanese people are considered poor, with the rate of poverty reaching 85% in rural areas.<sup>2</sup>

Among workers in northern Sudan, the urban sector is about 34.1%, while the rural sector amounts to 55.4% and 11.4% are Bedouin. Like other developing countries, employment in Sudan is characterized by a low minimum wage that only enables people to live at a subsistence level. The minimum wage has increased, but in 2007 (the latest year for available figures), this wage level was equivalent to only 35% of the cost of living. The estimated unemployment rate for the age group between (10-59) years in 17%.<sup>3</sup>

Social indicators of development are very weak. There is a lack of basic services such as accessible clean drinking water and modern sanitation services. Only 56% of the population have access to clean drinking, while 32% have adequate sanitation services. The infant mortality of those under five (5) years is 112 per 1,000 live births. The five (5) main causes of death among children and mothers are the following: malnutrition, maternal illness, conflicts and wars, and infections especially hepatitis. Supervised delivery does not exceed 19.4%, with a resulting maternal mortality rate of 509 per 1,000.<sup>4</sup> The proportion of the population living below the minimum threshold for nutrition is 31.5%.

However, the official reports on realization of the Millennium Development Goals (MDGs) suggest that Sudan will meet the first Goal of reducing extreme poverty and hunger fighting by 2015.

## Gender Equality

There is no specialized government Ministry for issues affecting gender relations and equality between men and women. There are independent research centers and institutions that focus on gender issues as an essential prerequisite for the development of Sudan society. Donors, for their part, give priority to gender equality in their ODA.

On representation and political participation, the Sudan Election Law guarantees 25% of parliamentary seats to women. Despite clear progress for women in political representation, where women now form 28% of the current membership of the national parliament and have the post of Deputy Speaker of Parliament, we cannot say that there are plans and programs to accommodate gender issues in development.

Conditions for women are difficult. A quarter of girls between 15 and 19 years are currently married. About 36% of girls are married before the age of eighteen, and more than 12% before the age of fifteen. The result is a high girl drop-out rate from education and conditions for girls that threaten their health and well-being. As an overall indicator of gender equality in Sudan, Social Watch in 2009 provided three indicators: education (86.9), economic activity (29.1) and women's empowerment (12.4).

In the field of education, the percentage of women's enrolment increased from 48.3% in 2000-2001 to 64.4% in 2006-2007, while the rate of women's enrolment in higher education was 54.1%.

Despite these conditions, government reports suggest that Sudan is progressing steadily towards achieving the MDGs by 2015.

## Environmental Sustainability

Environment issues are governed by the Supreme Council, which brings together the Ministries of the Environment and for Urban Development. Sudan's government created the first law for a sustainable environment in 1992, and in 2001 Parliament approved the current law governing the environment in Sudan.

This Council for the environment has recently adopted many programs or policies such as:

- A National Plan for Adaption to Climate Change: This plans aims to realize adaptation of food production systems and increase food production among communities affected by climate change. The United

Nations Program for Environment provided US\$3.8 million to carry out this project.

- The Regional Environment Program for Nile Basin Countries: This program aims to reduce poverty and enhance social development projects within the Nile Basin. This program has created an environmental database and improved environmental information in school curricula. It is also combating *Prosopis juliflora* (mesquite) and land degradation in Northern State and is contributing to Sudan's oil extraction policies.

Despite efforts by the government to improve environmental protection, vast tracts of forests in Sudan have declined or deteriorated. A study conducted by FAO in 2010 showed that Sudan has lost between 250,000 and 1,000,000 million hectares of its forests during the past five (5) years.

Sudan has received US\$4million from the Global Environment Facility and from UNCP during 1998-2010 to implement projects on climate change and its effects. It has also received US\$940,000 to carry out projects concerning biodiversity conservation and combating desertification. Moreover, the UNEP provides financial assistance for projects such as the Persistent Organic Pollutants Project.

Unfortunately there is no data showing the contribution of ODA to various development sectors. However, a comparison of the the overall volume of assistance (set out at the beginning of this chapter) vis-à-vis the continuing and deep development challenges still facing the country suggests ODA's modest contribution to positive changes in Sudan.

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CSO Aid and Development Effectiveness Platform

### Introduction

Uganda's commitment to aid effectiveness predates the Paris Declaration, as it was one of the first countries to embrace Sector Wide Approaches. In 2001, the Government pioneered the concept of "partnership principles". The aid process and modalities in Uganda were generally considered under the Poverty Eradication Action Plan (PEAP) Partnership Principles. The Principles were agreed upon in 2003 between the government and the donors as the basis for the working relationship between the two parties. Further in 2005, Uganda endorsed the Paris Declaration in a bid to improve the effectiveness of aid in achieving more equitable income growth and poverty reduction in Uganda.

Over the past ten years, total aid disbursements to Uganda amounted to US\$9.6 billion, on average almost US\$1 billion annually, in most years more than 10% of GDP. In addition, the government receives a significant amount of budget support, with 42% of ODA directly injected into the national budget through either general or sector budget support.<sup>1</sup> Uganda has continuously depended on aid to finance its development .

In spite of the increased ODA flows, it is estimated that 24.5% of Ugandans are poor, corresponding to nearly 7.5 million persons in 1.2 million households. The incidence of poverty remains higher in rural areas with 27.2% compared to 9.1% in urban areas. The rural areas with 85% of the population constitute 94.4% of national poverty.

On the other hand, the urban areas represent 15% of the population and constitute 5.6% of national poverty. These results suggest that the majority of the poor are in rural areas, about 7.1 million out of the 7.5 million poor Ugandans.<sup>2</sup>

The irony of the situation is that while the millions of foreign aid are being injected into the economy ostensibly to improve the lives of many citizens better, there is little evidence to suggest that aid money is leading to any transformation. Indeed some analysts suggest that the aid industry manifests collusion against development by aid givers and recipients<sup>3</sup>. It has been noted that while aid is serving the interests of the donor and the political elites well, it is not people centered. For example, it is estimated that less than 10% of aid that flows into a country like Uganda in reality trickles down to the people at the grassroots<sup>4</sup>. The ineffectiveness of aid in Uganda has been attributed to bureaucracy and abuse of the aid system, duplication of donor projects, exclusion of CSOs from the aid discourse and the limited involvement of beneficiaries in the design of projects, among other factors and reasons.

### Democratic Ownership

#### Participation

##### The planning body

The National Planning Authority (NPA) is the multi-stakeholder body established in 2002 by the NPA Act in accordance with the 1995

Constitution of the Republic of Uganda. It is the principal statutory agency responsible for coordination of national and decentralized development planning and management processes and the production of comprehensive integrated National Development Plans (NDP) for Uganda. It has different bodies affiliated to it as ex-officio members of the Authority. For instance the Private Sector Foundation Uganda, the Uganda Manufacturing Association, the Economic Policy Research Centre, the National Agricultural Research Organization and the Uganda National NGO Forum are representatives of CSOs, among others. However, the effectiveness and efficiency of the NPA has been a concern for sometime, especially the ability of the institution to lead development planning and management and coordination. Tensions have been generated by inconsistent and contradictory mandates between the Ministry of Finance, Planning and Economic Development (MoFPED) and the NPA with regard to responsibility for implementation and evaluation of the National Development Plan.

#### Women and other Vulnerable Groups participation in development processes

The constitution of Uganda recognizes the participation of women and other vulnerable groups in Ugandan's development as well as its political processes. Several legal and other policy frameworks exist to address gender imbalances in development processes. For example, the Uganda Gender Policy and strategies and the Equal Opportunities Act of 2007 respectively address gender inequality and women's empowerment issues, inclusiveness and representation. These frameworks also relate to conditions facing other vulnerable groups such as youth.

But even with affirmative action laws and policies in place, the 8th Parliament had only 103 female legislators out of its 326 members or only 31.6%.

Of these, only 15 women (4.6%) had been directly elected to represent mainstream constituencies, while the rest represented special interest groups. The situation in the 9th Parliament is even more distressing, with only seven women (1.9%) of the 378 MPs having been directly elected. With the 112 district woman representatives and special interest group representatives such as the youth, women now make up 30%, down slightly from the 31.6% in the 8<sup>th</sup> Parliament. Minimal interventions have been put in place to address women's economic participation. Women's formal economic participation in Uganda is still limited due to poor access to important productive resources such as credit, training, and information, as well as cultural perceptions that undervalue women's work and maintain strict gender-based divisions of labor.

Youth participation in the NDP process (with support from DFID-funding) focused on issues affecting young people, such as unemployment, education, health and poverty.<sup>5</sup> Meanwhile, the CSO consultations on the NDP also involved the participation of children's and people with disability organizations. These were among the organizations that drafted CSO Issue Papers that were submitted as stand-alone documents to Ministries Departments and Agencies.

#### Multi stakeholder consultations in national development processes

Uganda has had a sustainable structure for continuous government-stakeholder dialogue with the development of the Poverty Eradication Action Plan in 1997 through to the operationalisation of the National Development Plan today. Both development plans were prepared through consultative processes involving central and local government, Parliament, donors and civil society, the private sector, leaders of political parties and

government Ministries and Agencies among others. The consultations are conducted in workshops held at national, regional and local government levels. The CSOs and the private sector are involved at both the national and local government level.

All meetings have been coordinated by the tripartite institutions mandated by the Act to manage the process, i.e. Ministry of Finance Planning and Economic Development (MoFPED), NPA and the Office of the Prime Minister (OPM). More than 1200 CSO personnel participated in the NDP process, while 18 CSOs drafted the CSO Issue Papers that were submitted as inputs to various Government sectors and MDAs, but which also informed the drafting of the summative paper for the process. Though the CSOs were widely consulted during the formulation of the NDP, there is a general feeling among CSOs that much of the NDP did not fully incorporate the submissions of CSOs. In this regard, the Uganda National NGO Forum commissioned a study to examine the incorporation of CSO perspectives in the national development plan.

Participants at the regional level include Local Government officials – the Chief Administrative Officers, the District Planners, Chief Finance Officers, and also the political leaders who include the District Chairpersons and the Resident District Commissioners. Others are local CSOs, community based organizations (CBOs) including vulnerable groups, religious leaders and the private sector. Meanwhile, the meetings are facilitated by technical staff from the tripartite institutions mandated to do so: the NPA, Office of the Prime Minister, and MoFPED. The number of participants in all regional meetings ranges between 120 and 200 depending on the number of districts covered by a particular workshop. Overall, the space for consultations must be widened and CSOs are particularly concerned about the closing space. At the recent National Budget Workshop, while CSOs

had been requested to make an input, their slot was removed at the last minute without prior notice.

## A Partnership Policy with Donors

In 2010, the government of Uganda initiated a process to develop a policy on development partnerships for Uganda. The Partnership Policy sets out the guiding principles and priorities for government management of its relationship with its development partners and the external assistance they provide. The Partnership Policy development process has been largely participatory and covered a critical analysis of the trends and practices within the context of the international aid architecture. It also addresses the approaches the government is adopting for managing its relationships with Development Partners, funding modalities and institutional arrangements for aid management and coordination. Special focus on critical “Beyond Aid” issues have been incorporated in the Partnership Policy with a discussion on how they influence or are influenced by the aid architecture. The partnership policy will work towards increased transparency and accountability between the Government and DPs and between the Government and its citizens in the management of development cooperation. This policy is in its final stages and will be launched in November 2011.

## Transparency and development plans and ODA Policies

Information on government policies is easily available and accessible through different means. All reports arising out of national development processes are written in English and circulated. Electronic copies are posted on the MFPEP website, while print copies are prepared and distributed to all stakeholders to familiarize the public with the budget and other planning process. Budget documents including annual, semi-

annual and quarterly reports on actual revenues and expenditures for the central government as well as background papers and performance reports since 2000 have since been posted on the MFPED website.

### Freedom of information law

Uganda enjoys a significant degree of freedom as far as the flow of information is concerned, which is supported by Ugandan law. The fundamental importance of the right to information is formally recognized under the 1995 Ugandan Constitution. The Constitution provides that every citizen has a right of access to information in the possession of the State, or any other organ or agency of the State, except where the release of this information is likely to prejudice the security or sovereignty of the State or interfere with the right to privacy of any other person.<sup>6</sup> However, these legal provisions have not guaranteed this freedom because of the selected way in which they have been implemented. For instance, since the exploration of oil resources for over three years, the agreements by the various stakeholders have never been made public despite persistent demands from different sections of society.

### Audits and Parliamentary Oversight Systems

The agencies tasked with public financial management, procurement, and audits include the Auditor General's office, the office for Public Procurement and Disposal of Public Assets, and the Inspector General of Government (IGG). All audit reports by the Auditor-General are tabled in the Parliament, which are then reviewed by the relevant Committee.<sup>7</sup> Parliament has the power to check excesses of government under its oversight role in three different parliamentary committees. First, the Public

Accounts Committee is mandated to examine the audited accounts showing the appropriation of funds granted by Parliament to meet the public expenditures of government. The second, the Committee on Local Government Accounts, is provided for under the Local Governments Act. Its mandate is to examine the audited accounts in relation to the report laid before Parliament by the responsible Minister showing the appropriation of the funds granted by Parliament to Local Governments.

Finally, the Committee on Commissions, Statutory Authorities and State Enterprises is mandated to examine the reports and audited accounts of Statutory Authorities, Corporations and Public Enterprises. While autonomous entities, the role of this Committee is to ascertain whether their operations are being managed effectively. It also examines the income and expenditure of any public corporation and state enterprise, or other body or organization established by an Act of Parliament. All three Committees are chaired and deputized by Members designated by the Official Opposition Party or Organization.

However, Parliament faces ongoing challenges in asserting and exercising its autonomy and independence and in playing a strong and effective role in Uganda's political system. According to the PD Evaluation II, Parliament is still not yet fully given its constitutional space to make critical decisions on new and existing aid, including monitoring aid's impact on the population and holding sector ministries and development partners accountable. At times some government expenditures have been made without parliamentary approval and oversight. An example is the March 2011 Ministry of Defense withdrawal from the Central Bank without Parliamentary approval of US\$740 million to purchase military equipment from Russia. Later in an attempt to regularize the deal,

the government sought parliament to rubber stamp the acquisition.

### Information dissemination on the NDP

The National Development Plan 2010/11 – 2014/15 is available in print copy and in electronic form on the NPA website. Plans are underway to translate it into the major local languages. Also available are progress performance reports that are produced by sectors implementing key areas of the NDP. The Government Semi-Annual Performance Report (GSAPR) and the Government Annual Performance Report (GAPR) are produced with sector performance highlighted and discussed in Cabinet retreats for corrective action.<sup>8</sup> Monthly performance reports are produced by BOU and MFPED on macroeconomic and budget performance respectively. This information can be accessed from BOU and OPM websites.

Government ensures that all information that is mandatory for the development planning process is available to all stakeholders, which include the public. The National Budget Framework Paper (BFP), which is produced annually by MoFPED, is therefore critical, and is regularly produced to provide information pertaining to government estimated revenues and expenditures. Its ultimate purpose is to set out how government intends to achieve its policy objectives over the medium term through the budget. In doing so, the macroeconomic framework that is presented in the BFP forms the basis for resource projections and indicative expenditure allocations. The document can be accessed through the Ministry's website. In essence, public expenditure data is, therefore, available to all stakeholders and are easily accessed in time.

The daunting challenges is that even after the enactment of the Access to Information Act, information in the hands of the state sometimes

remains difficult to access, especially for donor-funded but private sector-implemented projects such as Bujagali dam or previously noted concessions for oil explorations in Uganda. In some instances individuals can only access certain information through friendly colleagues in government. The continuous existence of different claw back clauses in laws like the Official Secrecy Act, Oath Act and Anti Terrorism Act poses a serious challenge to access to information. In addition there is no evidence that regulations to operationalise the access to information act have been gazetted. Hence CSOs are unable to fully play their role as government watchdogs and cannot hold public servants and elected officials accountable for their actions.

### Accessibility on ODA data

Currently, there is no structured database in Uganda that provides information on the volume of ODA and its allocation. As a result, stakeholders and other interested parties must rely on statistics accessed on the website of the Development Assistance Committee (DAC) of the OECD.<sup>9</sup> On the part of the government, information on revenues and expenditure, as well as donor funding, for every government ministry, department and agency is accessed from the National Budget Framework Paper produced annually by the MoFPED. In some instances the MOFPED website is not regularly updated to provide the latest reports. Furthermore there are usually shortfalls between the volumes of aid disbursed as shown by the OECD database and the amount received by MOFPED. Thus it renders research on ODA flows complex, especially where comparison between the two sources is needed. Accessibility of ODA data from MOFPED by CSOs is quite a challenge unless there is an established informal working relationship with the officials in charge of compilation of ODA flows at the ministry.

## Public access to tendering information for procurement on donor aid

The 2003 Public Procurement and Disposal of Public Assets (PPDA) Act spells out detailed procedural rules, whose provisions include the advertising and public display of bid opportunities, notices of best-evaluated bidder and contract award. The required procedures are supported by an enforcement system that allows dissatisfied suppliers to seek administrative review and disciplinary measures to be taken against public officers who commit malpractices.<sup>10</sup> In practice, corruption in Uganda has maimed the procurement process; there are organized ways of “frauding procedures” in that terms of reference and tender specifications tend to be manipulated by insiders from the start in order to favour certain companies. At times government departments advertise for projects as a formality when they already know the companies they will award the tender. Furthermore, World Bank and EU funded projects are tendered in large lot sizes thus undermining the chances for local companies winning the biddings for these projects. The Northern Corridor Road reconstruction project illustrates the constraints, intentionally or unintentionally, set by donors’ procurement policies and practices.<sup>11</sup>

## Accountability

### Laws, bodies and mechanisms to address corruption and accountability for use of public funds

These are a number of institutions and policies to curb corruption in Uganda: the National Anticorruption Strategy 2008–2013, the Inspector General of Government, the Anti-corruption Act 2009 that stipulates prosecution for public officials who fail to explain the sources of their wealth, the Whistle Blowers Bill and the Witness Protection

Bill (which are intended to provide measures of safeguard for a person who discloses information against a public official on misconduct, corruption or malpractice in a public office), the Public Finance and Accountability Act of 2003, the Leadership Act 2002; and the Public Prosecution and Disposal of Public Assets Act 2003. Despite these measure corruption has persisted in Uganda. The work of the anti-corruption institutions has been hampered by lack of political will from some government officials to effectively deal with those engaged in corruption. There are also cases when the due process of the law should have taken its full effect through the prosecution of corrupt high profile figures, but precisely because of their profile and closeness to the president, they were never prosecuted.

In 2005, an investigation conducted by the Inspector General of Government reported that over Shs1.5 billion as part of GAVI funds could not be properly accounted. There is no evidence that the donors of the program participated in this investigation.<sup>12</sup> Some of the implicated officials have been tried and imprisoned, and some of the individuals have paid back the money in full, while others have requested rescheduled payments. However, the Ministry of Health had to cut its budget for 2009/10 to refund about shs.2 billion on behalf of the implicated ministry officials to allow for more funding from GAVI.

### Technical Assistance and the NDP

The NDP has not been specific about areas where government would need technical assistance, although it suggested that this would be sought for priority areas. Capacity in terms of training and equipping personnel was identified as a prerequisite for the successful implementation of the NDP. Hence the NDP notes that in the short run, the capacity gaps for emerging or unique skills will be filled through technical assistance (NDP p.48).

## Independent monitoring and assessment of aid

As noted above, the government of Uganda and the donors are preparing a Partnership Policy with a view to strengthening partnerships between government and development partners (DPs). Ideally an aid policy for Uganda should not only improve the effectiveness of aid in the achievements of its objectives, but also strengthening the monitoring of performance. The policy is in its final stages and is being forward to Cabinet for approval, and will have a memorandum of association that will bind all signatories and commitments therein. The MoU will make clear reference to existing agreements between the Government and the DPs, to ensure alignment with government Plans.<sup>13</sup> In addition, the policy will have a performance assessment framework that will form the basis for the annual performance assessment of government and its development partners in implementing undertakings set out in the Partnership Policy and allow government to report to stakeholders on the progress.

Meanwhile, the government makes a self-assessment of its sixteen sectors through the production of semi-annual and annual performance reports coordinated by the Office of the Prime Minister. In addition, some eleven development partners, working together under a Joint Budget Support Framework in collaboration with government, have a Joint Assessment Framework (JAF). The JAF provides indicators and actions on particular sectors against which government performance is assessed on an annual basis, and thereafter lays the basis for donor disbursement decisions. It provides a basis for accountability for the use of resources and the achievement of results, and to guide decisions on resource allocation.

## Recommendations of independent monitoring and assessments

The Phase II Independent Evaluation of the Implementation of the Paris Declaration for Uganda observes that development partners have played a vital role in Uganda's development over the last two decades. The PEAP was invaluable in mobilizing ODA resources and obtaining development partners' cooperation in improving the effectiveness of aid delivery. The PEAP was found important in securing long-term support, and in encouraging donors to reduce project support in favour of budgetary support. While Uganda is now less dependent on outside help, the need for support and cooperation from donors is still very important for the success of the NDP. It was recommended by this PD Evaluation that: 1) Stakeholders design funding instruments that are less politically vulnerable than traditional general budget support, but more effective in securing long-term sector development, so that attention can shift from resource mobilization to the efficient use of predictable resources; and 2) Attention should be given to strengthening development partner engagement with the NDP at the strategic level.

## Development Results

### Poverty Reduction

#### Incidence of poverty highly rural

The most recent national household survey estimates that the population living in poverty in 2010 was 24.5%, with the rural poor at 27.2% and the urban poor at 9.1%. This is down from a total of 31.1% in FY2005/06, which also put rural poverty at 34.2% and urban poverty at 13.7%. Donor allocations of aid have concentrated on sectors like health and education. But government has not

prioritized agriculture, which is the basis for the livelihood of the rural poor, in its public spending to the extent that agriculture receives less than 5% of the national budget.<sup>14</sup> This situation is further aggravated by the apparent misappropriation of funds by the implementers of agricultural programs and projects, hence creating minimal impact for the intended rural beneficiaries.

### Measures/laws on redistribution of social wealth

In 1998, the Uganda government enacted the Land Act of Uganda, an important piece of legislation that launched a land reform project that same year, supported by ODA. The project in question was entitled Securing Sustainable Livelihoods through Land Tenure Reform (generally referred to as the Land Act Implementation Project) and was designed to assist the government to begin the process of implementing its Land Act. As a remedy to the increasing volatile conflicts over land use and ownership, Parliament debated and passed the Land Bill in 2009. Despite the above interventions, land disputes and conflicts are a common occurrence, including boundary disputes or conflicts between districts or ethnic land conflicts. The size of land held by the poor has been diminishing and land is increasingly in the hands of a few. Evictions of occupants on registered land by owners are also on the rise. Efforts by government agencies to conserve vital ecosystems have resulted in violent conflicts that are sometimes fatal, as they fight encroachment in protected areas.

### Aid allocations towards Agriculture and rural development

In FY2009/10 the government received a total of US\$1,786 million in ODA, an increase of \$145 million over 2008/09, making it the 6th biggest recipient of ODA on the continent.

These figures for ODA do not include aid from non-governmental organisations and other private institutions. The donors directed 66.3bn/= (approximately US\$28million) towards agriculture and rural development in the same year.

### School enrolment, cohort-survival and completion rates<sup>15</sup>

Available statistics demonstrate that enrollment rates in both primary and secondary levels continue to increase year over year by very significant margins. Increases have ranged from 7.2 million in 2005 to 8.3 million in 2009 for primary school and 728,000 in 2005 to 1.2 million in 2009 for secondary school. Available statistics demonstrate that enrollment in both primary and secondary levels continue to increase year over year by very significant margins. Increases have ranged from 7.2 million in 2005 to 8.3 million in 2009 for primary school and 728 thousand in 2005 to 1.2 million in 2009 for secondary school.

The school completion rates for primary schools increased by 1% from 51% in 2005 to 52% in 2009. In the same way secondary completion rates also showed an accelerating trend from 30% in 2005 to 37% in 2009. The low completion rates are affected by poor school facilities, poverty forcing children to embark on income generating activities and negative attitudes towards girls' education. Conversely the education sector over the period 1997/98 to 2008/9 received the second largest share of aid disbursement of 9.3%.

### Infant and maternal mortality rates

In 2005, the infant mortality rate was 94/1000 live births in the urban areas as compared to 185/1000 births in rural areas. From 2006, there was an overall improvement in performance in the mortality rate i.e. 143/1000 in 2006 to

135/1000 in 2009. The top three causes of under-five mortality are neonatal causes, malaria and pneumonia (UDHS 2006).

In terms of maternal mortality, recent survey indicated that the average rate in the last five years is 435 deaths per 1000 live births. Meanwhile births attended by skilled health personnel dropped from 42% in 2005 to 29% in 2007 and 2009 (UDHS 2006; UBOS Statistical Abstract 2009)

### Top causes of morbidity and mortality

In the last five years, the following were outlined as the top ten causes of morbidity: malaria, upper respiratory tract infections, intestinal worms, diarrhoeal diseases, skin diseases, sexually transmitted diseases, gastro-intestinal diseases, pneumonia, urinary tract infection and eye conditions.

## Gender Equity

### Gender equality and women's empowerment in the NDP<sup>16</sup>

The PEAP 2004/5-2007/8 recognizes women's empowerment through various social policies and programmes for disadvantaged groups. The political process of democratization in the country has led to a large increase in political participation, with particular attention given to women representatives. Much anecdotal evidence and quantitative evidence demonstrates that women have increasingly entered economic activities. The PEAP also undertook several interventions towards mainstreaming gender and rights of the vulnerable in the national development process. Objective 4 in the Social Development Sector in the new National Development Plan also specifically addresses interventions intended to promote

gender equality and women's empowerment that will ensure equitable access to opportunities and participation in the development process.

Donors such as Irish Aid support gender specific programs, such as Preventing Gender Based Violence, and gender mainstreaming is high on the government's agenda as a commitment to integrate gender issues in development plans and programs. Other instruments that also address the rights of women as well as their access to judicial recourse include Article 33 of the National Constitution, the Land Act that provides for consent of a spouse before any transaction on family land is executed, the Local Government Act where one third of the council is reserved for women, the Domestic Violence Act that punishes perpetrators of domestic violence, and the Female Genital Mutilation Act.

The Ministry of Gender, Labour and Social Development is the central ministry responsible for gender equality and women rights issues. In collaboration with other stakeholders, the Ministry is responsible for community mobilization and empowerment, promotion of rights and social protection.

### Donor's role in assessment process of gender needs

Many broad assessments have been done on the progress made by women as a result of laws and donor priorities. "The Uganda Gender Policy – 2007", for example, discusses a wide range of these developments. Donors have been instrumental in assessing gender needs as evidenced by the many Gender Coordinating Groups. Agencies such as DANIDA, UNDP, and UNICEF have all appointed Gender Focal Persons to ensure

effective coordination of their related programs. Various forms of support have been extended to women's organizations for their participation in government development consultations. Some of the key active CSOs include the Uganda Women's Network (UWONET), the Forum for Women in Democracy (FOWODE), and Action Aid, and these are supported by several gender Working Groups. However, suffice to note that there are two major indicators that measure participation of women in development consultations, and they include representation in high decision-making fora like Parliament and Local Governments, and secondly, the percentage of women in Parliament which has significantly grown lately as well as in Local Governments (over 40%).

#### Availability of gender disaggregated socio-economic data

The government of Uganda has yet to create a database that provides systematic gender disaggregated socio-economic data. What is available is sector-based, and is important for strategic use by the respective sectors, such as education, agriculture, health and water. For example, the United Nations Family Planning Association (UNFPA) is currently supporting the Uganda Bureau of Statistics both financially and technically to disaggregate their data. In terms of development assistance, it emerges that while some donors make use of gender disaggregated data in their respective policy, planning and allocation of funds, others do not do so.<sup>17</sup>

#### Gender and social budgeting supported/implemented

Both the PEAP and the NDP have provided for gender mainstreaming and women's rights

in development plans, programmes and projects under the social development sector. The new NDP also focuses on the reduction of gender-based violence, the promotion of women's rights and the economic empowerment of women, and clearly spells out planned interventions. This prioritization for gender equality and women's rights is further strengthened by the allocation of funds in the national budget. The recent national budget projections indicate that funding for Social Protection for Vulnerable Groups will be steadily increasing in comparison to other budget votes.<sup>18</sup>

### Ecological Sustainability

#### National laws/policies on sustainable utilization of natural resources

Uganda's natural resources have the necessary legal protection as reflected in various provisions guaranteed in the Constitution, the Land Act, the National Land Use Policy, the Local Government Act, the Wildlife Act, the Water Act and the National Environment Act, as well as the relevant regulations. The Constitution mandates Parliament to make laws that authorise the central government or local governments to hold in trust for the people, and protect natural lakes, rivers, wetlands, forest reserves, game reserves, and national parks, and to reserve land for ecological and tourist purposes for the common good of all citizens. Further, the National Environment Management Authority and the National Forest Authority are mandated to ensure sustainability of these resources. Nevertheless, limited assessments of specific agro-ecosystems suggest that biodiversity is being lost at a rate as high as 50% per decade.<sup>19</sup>

## Donor-supported ecological sustainability and climate change projects/programs

Uganda can boast many programs and projects dealing with ecological sustainability and climatic change that have benefitted from donor funding. The government has worked closely with Britain, Norway, Germany, the UNDP, FAO, and the EU to reform the forestry sector, implementing new policies and plans, and building the capacity of government forestry agencies. USAID and the World Bank were instrumental in changing the legal status of several forest reserves into national parks in the mid-1990s. The World Bank currently supports the Uganda Wildlife Authority and other government bodies with forest management roles. USAID has made significant biodiversity conservation investments in western Uganda, and is currently designing a new initiative in this area. (Country Profile: Uganda).

Funds from the Global Environmental Facility helped to establish the Mgahinga and Bwindi Impenetrable Forest Conservation Trust to support two national parks and surrounding areas. The Trust has purchased 326 acres for the Batwa people, an underprivileged minority group that live near the forest area. Several faith-based organizations have purchased land for the Batwa, and the latter are given various forms of support by several NGOs. The Forest Peoples Programme supported the establishment of the United Organization for Batwa Development in Uganda (UOBOU) (Zaninka 2002). UOBOU provides support to the Batwa communities so that they are aware of their rights and able to present their situation to locally elected individuals at the village or parish level.

## Conclusion

The Paris Declaration principles were needed in Uganda to improve the effectiveness of aid in achieving more equitable income growth and poverty reduction. The conditions necessary for the successful implementation of the PD have been largely achieved as reflected in the inclusiveness of the new NDP. A wide range of consultations are conducted at different levels, and are well facilitated. The operational multi-disciplinary partnership of NPA reflects the interests of different groups in development planning and in this the UNNGOF represents civil society. The planning secretariat, consisting of the tripartite institutions – NPA, MoFPED and OPM, manage the exercise.

There is a considerable degree of transparency for development information and government plans. There is a constitutional provision that guarantees freedom of access to information. CSO leadership and other stakeholders access and use information effectively. Meanwhile, Parliament through its three accountability committees, attempts to play its oversight roles on government spending. There are also several legal provisions that are in place to fight corruption.

Overall, donor funding has had an impact on Uganda's efforts to reach some of its Millennium Development Goals. Achievements have been registered in the areas of poverty reduction, primary and secondary school enrolment, gender equality and empowerment of women and environmental sustainability. The health sector is one area that is not experiencing progress, which even according to the independent PEAP evaluation, is unlikely to achieve the MDG by 2015.

## Endnotes

- 1 Uganda National NGO Forum (2010): Official Development Assistance to Uganda: FY 1997/98 to 2008/09. Facts and Figures, Page 11
- 2 Uganda National Household Survey 2009/10
- 3 See Nyamugasira and Larok (2008): 'Is the aid agenda collusion between donors and elite in developing countries?'
- 4 Nyamugasira 2004: Another African reality (Page 31), where basing on the testimony from Norwegian former aid officials, he argues that 30% of aid is spent on overheads and technical assistance; 20% is taken at national level, 20% at project level and a significant part of the remaining 30% goes to community leaders and local politicians, leaving the people with hardly anything.
- 5 At a Crossroad: The Youth, Politics of Interest Groups and Influencing National Policy Processes in Uganda; A Paper prepared for a Youth and Development Symposium; Arusha, Tanzania; November 2010; Arthur Larok, Helena Okiring & Justice Mayambala
- 6 Article 19: Memorandum on the Uganda draft Access to Information Bill, 2004 – Global Campaign for Free Expression, March 2004
- 7 The Parliamentary website provides plenty of information on all the functions of the legislative body. It also has a number of Parliamentary reports and newspaper articles accruing from Parliament.
- 8 GSAPR & GAPRs are produced by OPM, and they summarise the performance of the various sectors as well as assessing their revenues against expenditures. The MoFPED produces the National BFP.
- 9 Development Initiatives Poverty Research: International Aid Transparency Initiative IATI; Scoping Paper for Consultation, 2009. Other useful documents on development aid include Aid to Uganda hits \$ 1.8 trillion in 2010; Trademark SA News Letter, April 2010
- 10 Public Procurement Reform in Developing Countries: The Uganda Experience, Edgar Agaba and Nigel Shipman One of the challenges met during the data collection was the inability to find some of the data. Questions on procurement and some other disciplines were put to the Aid Liaison Office but they did have the information
- 11 Tapping the potential? Procurement, tied aid and use of government systems in Uganda. A case study from European Network on Debt and Development and the Uganda National NGO Forum
- 12 GAVI Alliance and Fund Board Meeting; Uganda: Resumption of Cash Support; June 2008
- 13 Phase II Evaluation of the Implementation of the Paris Declaration in Uganda; Final Report; Office of the Prime Minister, Government of Uganda, Jimat Development Consultants, December 2010
- 14 Agricultural sector ranked 9th (4.3%) of the total national budget allocations according to the approved estimates of revenue and expenditures for FY 2009/10.
- 15 Education and Sports Annual Performance Report FY2009/10: This report have comprehensive statistical data on education, and was the source of all education related information
- 16 Poverty Eradication Action Plan 2004/5-2007/8 Ministry of Finance Planning and Economic Development; December 2004
- 17 Interview with Elizabeth Kyasimire, Assistant Commissioner Gender & Family Affairs & John Okiror Principle Economist, Ministry of Gender, Labour and Social Development
- 18 National Budget Framework Paper FY 2010/11-2014/15
- 19 Fourth National Report to the Convention on Biological Diversity; National Environment Management Authority; Ministry of Water and Environment; 2009

# Asia Pacific

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Bangladesh

Cambodia

China

Indonesia

Kazakhstan

Lebanon

Mongolia

Nepal

Pakistan

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Ahmed Swapan Mahmud & Farjana Akter  
VOICE

### Introduction

The present framework for foreign aid in Bangladesh dates back to the Second World War when different organizations were established to help in post-war reconstruction. Paradoxically, in many places like Bangladesh, such as Haiti, Guatemala, or Kenya, aid has in reality, put an end to the possibility for sustained economic growth by driving local producers, particularly farmers, out of business instead of coming to their aid. This has likewise given rise to unbridled corruption.

Though the amount of foreign aid may be declining, the conditions accompanying aid and concessional loans have increased, causing innumerable problems for debtor countries. These conditions, which often come under the label ‘structural adjustment,’ include devaluation of local currency, trade liberalization, wholesale privatization, short- and long-term removal of subsidies from productive sectors, among others. These conditions have increased more direct interventions by donor countries in different political and administrative matters of the state that are tantamount to undermining the sovereignty of the nation. Foreign aid has scarcely added to national development in ways that most countries were capable of doing on their own. This history of aid is important to understand the implications of recent efforts to reform.

The current elected government of Bangladesh came into power in 2009, and prior to that year the

country was under a military-backed civil caretaker government that took power in 2007, following a period of severe political confrontation and chaos. During the caretaker regime, Bangladesh’s Development Partners (DPs) experienced an improved environment in comparison to the previous democratic government. For example, the Asian Development Bank’s (ADB) portfolio was very strong with disbursements reaching an all-time high of US\$615.6 million during 2008. Overall, ODA also peaked in 2008 at more than US\$2 billion.

The present government is finalizing a country development plan called ‘Vision 21’. Vision 21 intends to reduce poverty to 15% by 2014, and increase per capita income to \$1,100 by 2015 and \$1,800 by 2021 (Perspective Plan, 2010). These goals will be achieved through the overall growth of the economy following the Sixth Five-Year Plan, which is in its final stages of development. One aspect of these plans is the expansion of social safety net programs for poor and vulnerable groups in rural villages. (NSAPR-II, 2008)

The government is very keen to extend support to the agriculture and rural development sector and has been preparing a new Agriculture Policy to this end. This Policy gives priority to land reform and its further development, but also undermines and gives no protection to subsistence farmers’ rights. The Ministry of Agriculture and the Agriculture Extension Department are responsible for developing the policy. However, they have not launched any meaningful public or

civil society organizations' (CSO) participation in its preparation.

For the past few decades, the World Bank (WB), International Monetary Fund (IMF), the ADB and other donor agencies have provided Bangladesh with loans and grants in the name of 'poverty reduction' and 'development'. However, loans inevitably came tied with conditions, which have hindered the country's economic growth and capacities for poverty reduction. The detrimental effects of these conditions on Bangladesh are immeasurable and have placed the country under increasing pressure to conform to donor-imposed prescriptions. Recently, the government had planned to hold multi-stakeholder consultation, while donors, and especially the WB, have pushed the government to heed their advice for the implementation of their plan.

The IMF recently agreed to lend Bangladesh \$1 billion dollars as a conditional loan, which requires reforms in the country's financial sector such as increased public sector investment, strengthened oversight of the central bank and the trimming of energy subsidies and the expansion of the Value-Added Tax. All these conditions are anti-poor and contrary to the interests of the nation, while the IMF insists "Bangladesh is on higher growth trajectory, as necessary to accelerate poverty reduction and achieve middle income status by early next decade." A study by EURODAD demonstrated that every IMF program comes with 11 compulsory conditions, with more than 43% of these conditions related to economic reform.

## Implications of the Paris Declaration

The management and terms for aid to Bangladesh have experienced a number of changes in light of the 2005 Paris Declaration (PD) and Accra Agenda for Action (AAA). The Economic Relation Division (ERD) in the Ministry of Finance has been playing a vital role in creating an effective partnership with Development Partners (DPs). Following the Accra High Level Forum, institutional mechanisms to support aid coordination and management through a more vibrant relationship between the government and the Local Consultative Group (LCG) have been established. This has resulted in the formulation of a Joint Cooperation Strategy in June 2008 and an agreed action plan for its implementation.

Bangladesh is completing the Second Survey to determine progress in meeting the 2010 targets established in the 2005 Paris Declaration, and conducted for the Working Party on Aid Effectiveness. This Survey also takes into account the independent Paris Declaration Evaluation Phases I and II in 2008 and 2010 respectively. The first 2008 Survey "revealed mixed progress in Bangladesh. Although there is commitment on both sides, some of the 2010 targets will be difficult to reach. Country systems need to improve significantly, to allow greater alignment. There has been some progress in improving monitoring and performance assessment, but no mechanism for mutual accountability has yet been established". (Survey on Paris Declaration Implementation 2008)

## Achieving Development Effectiveness for Aid in Bangladesh

In recent years Bangladesh has achieved sustained GDP growth and aid dependence has dropped sharply (Table 1). ODA is now only about 2% of GDP, while in the 1970s and 1980s dependency

**Table 1:** Falling Importance of Aid

ODA INDICATORS	YEARS		
	2000	2005	2009
Disbursement as % of GDP	3.4	2.5	2.1
Disbursement as % of Imports	19.0	11.3	8.2
Disbursement as percentage of Government Revenue	38.0	23.3	18.4
Disbursement as percentage of Investment	14.5	10.2	8.6
Project Aid as percentage of total ADP	37.1	29.9	39.7
Net Transfer as percentage of foreign exchange Reserves	60.5	28.4	13.3

Source: GoB, *Flow of External Resources into Bangladesh, 2010*

was almost 100%. Bangladesh has increased its trade growth and is moving towards trade dependency from aid dependency. Each year high levels of remittances are received, which have made remarkable contributions to boost the economy. In 2006 the highest amount of remittance was earning from Saudi Arabia at around US\$1.7 billion dollars.

The Bangladesh economy is getting stronger, as development experts suggest that with the strong national economy, the country could manage

its affairs without foreign aid. But in this regard Bangladesh requires proper management of its revenue system.

Table 2 sets out ODA flows to Bangladesh from donors comparing the 1992-99 and 2000-07 periods. In both periods, a major share of total disbursements came from Joint Strategic Framework (JSF) Partners, followed by the WB. The share of JSF partners at 56% in the 2000 – 07 has not changed since the 1992 – 99, whereas, the WB's share increased from 20.5% to 26.1%.

**Table 2:** Joint Strategic Framework (JSF) Partners' Total Net Disbursements of Official Development Assistance and Official Aid to Bangladesh, 1992-2007

DONOR	1992-99		2000-07	
	US\$ m	%	US\$ m	%
JSF partners	\$6,297	58.1	\$5,606	56.2
IDA (World Bank)	\$2,224	20.5	\$2,609	26.1
United Kingdom (DFID)	\$671	6.2	\$1,431	14.3
AsDF (ADB)	\$1,954	18.0	\$978	9.8
Govt. of Japan	\$1,448	13.4	\$588	5.9
All donors	\$10,831	100.0	\$9,983	100.0

Source: OECD DAC Online database, table 2a. *Destination of Official Development Assistance and Official Aid – Disbursements, as of 02/19/09.*

Total ODA flows in the 2000-07 period were comparatively lower than in the earlier period. JSF partners cut their allocation from US\$6,297 million in 1992-99 to \$5,607 million in 2000-07. The ADB and Japan also reduced their allocations for Bangladesh. On the other hand, the UK significantly increased the amount of disbursements in Bangladesh from US\$671 million in 1992-99 to US\$1,437 in 2000-07. There has also been a very modest increase in ODA disbursed by the WB.

In the first six months of the current fiscal year (2010-11), foreign aid fell by 45% compared to the same period of the previous fiscal year, apparently due to delays by government agencies in implementing foreign-aided projects and curtailed budget support. The Economic Relations Division (ERD) identified 35 problematic foreign-aided projects

## Development Results

Development outcomes should be assessed by measurable progress in poverty reduction, reducing gender disparities, improvements in education and ecological sustainability, among other indicators for the realization of rights for the Bangladeshi people. Growth in Gross Domestic Product (GDP) in Bangladesh averaged 4.5% during the 1990-2000 period, rising to 5.4% in the period 2000-2005 and further to 6.1% during the 2006-2010 years. Per capita GDP also grew from \$363 in 2000, \$438 in 2005 and \$621 in 2009.

Approximately 21% of GDP comes from agriculture and this sector involves 48% of the labor force (BBS, LFS 2005-06). During the 1980s, agriculture's contribution to GDP was more than 30%, with over 60% of the labor force (MOF, 2007). However, development result should not be measured only through economic growth. It is

necessary to look into the impact of growth on poverty and social indicators.

Bangladesh has made remarkable progress in key social indicators such as fertility, life expectancy, school enrolment for girls, and child immunization. Government has given priority to the health sector, but there are no effective policy measures and budgetary allocations that can provide health facilities for all its citizens. With the existing facilities and resources, the government can only meet only 25-30% of health needs. Overall health expenditures do not exceed 3.5% of GDP, while according to World Health Organization (WHO), 5% of GDP is required to maintain a reasonably moderate level of health services for any country.

## Aid and Poverty Reduction

According to the UNDP's Human Development Report 2009, Bangladesh ranked 112th for human poverty, and addressing poverty remains a great challenge mainly due to resource constraints. The NSAPR II (National Strategy for Accelerated Poverty Reduction) has given priority to poverty reduction and improvement of living standards, improving health, the quality of education and other service delivery, the achievement of gender equality and providing a life-friendly environment and shelter.

These priorities have been set in relation to the Millennium Development Goals. A report on the Needs Assessment and Costing 2009-2015 for the MDGs has assessed that BDT 7,126.76 billion (US\$104.2 billion) would be required to attain all the MDGs in Bangladesh in the period 2009 - 2015. Thus, according to the estimate, annually about BDT 1,018 billion (US\$14.9 billion) would be required to attain all MDGs in Bangladesh by 2015, implying annual per capita cost of about BDT 6,676 (US\$98).

**Table 3:** Head Count Rate (CBN) of Poverty, 1991-1992 to 2005

AREAS	UPPER POVERTY LINE				LOWER POVERTY LINE			
	2005	2000	1995-96	1991-92	2005	2000	1995-96	1991-92
Percentage	2005	2000	1995-96	1991-92	2005	2000	1995-96	1991-92
National	40.0	48.9	50.1	56.6	25.1	34.3	35.1	41.0
Rural	43.8	52.3	54.5	58.7	28.6	37.9	39.4	43.7
Urban	28.4	35.2	27.8	42.7	14.6	20.0	13.7	23.6

Source: BBS, Household Income and Expenditure Survey 2005

The Poverty Monitoring Survey Report 2004 by the Bangladesh Bureau of Statistics (BBS) documented that the disparity in per capita income for the urban poor and rich has deepened at a faster rate than in rural areas. Inequality has also widened between urban and rural people. The latest statistics, for example, reveals that in 1991-1992 the per capita income of the richest 5% of the population was 18 times the per capita income of the poorest 5%, but this gap has risen to an incredible 84 times by 2005 (Ahmed 2006).

However, the national head count rate of poverty has shown improvement in recent years, declining from 56.6% in 1991 to 48.9% in 2000, and further to 40% in 2005. It implies an annual average rate of decline of 1.9% during the 1991 - 2000 period, and 4.6% during the 2000 - 2005 period. During the same period the incidence of rural poverty declined at the rate of 1.6% and 4.3% respectively (NSAPR-II).

The sectoral composition of ODA is changing. The share of public administration in total ODA increased from 2004-2005, while the share of the industry and production sectors fell during these years. But agriculture, one of the most important sectors of Bangladesh has received only minimum share of foreign assistance the following years.

Table 4 highlights the disbursement of foreign assistance in 11 economic sectors across the financial year 2004-05 to 2008-09. Priorities

shifted in these years: in 2004-05, as noted above, the public administration sector got the highest allocation (32.2%) of foreign assistance, followed by the power sector (21.2%) and then by the education & religion sector (13.7%). In the next fiscal year public administration again got the largest allocation (25.5%), but this time the education & religion sector received the second largest (23.5%) disbursement, followed by the power sector (12.0%). However, a sharp increase in disbursements to the public administration sector was observed again in the year 2007-08 (41.2% of the total aid allocations). In the year 2004-05 a mere 0.8% of the total allocated aid was spent on social welfare, women affairs & youth development, a trend which continued in subsequent years. Overall, public administration together with education & religion accounted for almost half of foreign assistance disbursement.

The data suggest that the social sector and economic infrastructure have been the main recipients of ODA to Bangladesh (Table 5). Unfortunately, the high yearly volatility of the sectoral figures does not permit identification of well-defined sub-sectoral patterns over time, although most sectors experienced a rise over the period.

The specialization index presented in Table 6 helps show which sectors are over- and under-funded. Despite being the largest sectoral aid recipient in Bangladesh, the social sector does not appear to be relatively over-funded. In fact,

**Table 4:** Foreign Assistance Disbursement by Economic Sector

SECTOR US\$ MILLION	2004-05		2005-06		2006-07		2007-08		2008-09	
	USD	%								
Agriculture	41.2	3.2%	52.3	3.9%	69.4	4.7%	35.8	1.9%	30.1	1.7%
Rural Development & Institutions	41.2	3.2%	47.1	3.5%	38.4	2.6%	57.4	3.1%	57	3.4%
Water Resources	20.6	1.6%	89.1	6.6%	71.91	4.9%	67.8	3.6%	74.1	4.4%
Power	281.6	22.9%	162.4	12.0%	233.4	15.8%	355.9	19.1%	234.2	13.8%
Oil, Gas & Mineral Resources	35	2.7%	14.5	1.1%	32.9	2.2%	17.5	0.9%	19.1	1.1%
Transport	160.2	12.5%	76	5.6%	83.7	5.7%	119.6	6.4%	150.7	8.9%
Industries	47.5	3.7%	61.6	4.6%	14.8	1.0%	8.2	0.4%	19.1	1.1%
Education & Religion	176.1	13.7%	317.6	23.5%	364.6	24.7%	217	11.6%	220.6	13.0%
Health, Pop. & Family Welfare	56.7	4.4%	173.9	12.9%	249.5	16.9%	193.9	10.4%	172.9	10.2%
Social Welfare, Women Affairs & Youth Dev't.	9.7	0.8%	13.1	1.0%	3.8	0.3%	20.5	1.1%	7.1	0.4%
Public Administration	412.9	32.1%	344.4	25.5%	312.5	21.2%	767.3	41.2%	707.5	41.8%
Total	1282.7	100%	1352	100%	1474.9	100%	1860.9	100%	1692.4	100%

Source: ERD, Ministry of Finance

its specialization index is below 1 in the last two years of data. On the other hand, education, and particularly basic education (important for MDG 2), received relatively more aid than the expected level according to the total aid received. Conversely, commodity aid and the productive sectors have been relatively under-funded (ODI, 2010)

Despite enhanced efforts to mobilize domestic resources, much higher levels of ODA will be needed to achieve the MDGs and other internationally agreed targets in Bangladesh. According to NSAPR-II the total resource requirements in the period FY2009 to FY2011 to achieve the goals and targets recommended in 18

**Table 5** Allocation of commitments across sectors, Bangladesh (constant 2008 US\$ millions)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
All	1,887	1,728	1,753	2,440	3,067	2,356	2,737	2,619	3,411
Social infra & services	595	617	600	764	1,568	1,387	1,455	1,056	1,121
Education	96	179	295	363	945	413	327	177	283
Basic Education	67	153	20	340	712	98	69	73	103
Health	211	57	33	52	49	515	347	66	163
Economic infra and services	572	429	560	1,061	790	488	414	892	846
Production sectors	227	76	41	257	160	80	177	120	39
Multisector / cross-cutting	158	76	165	138	31	189	315	320	473
Commodity aid / general prog. Ass.	164	208	67	98	103	92	90	111	58
General budget support	0	13	0	0	..	..	..	..	..
Action relating to debt	134	201	174	103	282	44	276	12	11

Source: Millennium Project

**Table 6** Allocation of commitments across sectors, Bangladesh (specialization index)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	AVG.
Social infra & services	0.87	1.01	0.99	0.91	1.21	1.69	1.40	0.92	0.83	1.09
Education	0.64	1.29	1.97	1.77	3.20	2.86	1.49	0.77	1.13	1.68
Basic Education	1.41	3.38	0.53	5.39	6.51	2.22	0.96	1.53	1.45	2.60
Health	2.18	0.68	0.36	0.45	0.31	4.13	2.09	0.42	0.91	1.28
Economic infra and services	1.82	1.34	2.07	3.40	1.53	1.65	1.24	2.19	1.33	1.84
Production sectors	1.47	0.47	0.26	1.39	0.67	0.53	0.99	0.62	1.55	0.88
Multisector / cross-cutting	1.00	0.55	1.19	0.75	0.16	1.39	1.83	1.74	1.94	1.17
Commodity aid / general programme assistance	0.89	1.60	0.57	0.60	0.71	0.91	0.75	0.98	0.26	0.81
General budget support	0.00	0.19	0.00	0.00	-	-	-	-	-	0.05
Action relating to debt	1.12	1.58	0.92	0.24	1.12	0.09	0.56	0.06	0.05	0.64

Source: ODI, 2010

Table 7: Summary of projected sources of funding in Bangladesh

	YEAR 2005			YEAR 2010			YEAR 2015			OVER THE FULL PERIOD OF 2005-2015		
	Annual Total (\$m)	Per capita (\$)	Overall total (\$m)	Average per year (\$m)	Average per capita (\$)	Average % GDP						
C. Required Total External Budget Support												
Hunger	228	1.5	554	3.1	783	3.5	5,837	531	3.2	0.6%		
Education	827	5.4	1,084	6.5	1,650	9.1	12,834	1,167	7.0	1.2%		
Gender Equality	179	1.2	225	1.3	214	1.2	2,324	211	1.3	0.2%		
Health	1,252	0.2	2,213	13.2	2,793	15.4	23,706	2,183	12.9	2.3%		
Environment	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd		
Water Supply and Sanitation	219	1.4	235	1.4	200	1.1	2,490	227	1.4	0.2%		
Improving the Lives of Slum Dwellers	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd		
Science and Technology	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd	tbd		
Energy	1,410	9.3	1,227	7.3	944	0.2	13,019	1,184	7.1	1.3%		
Roads	2,092	13.6	2,021	12.1	1,020	10.6	21,004	1,001	11.0	2.1%		
Total	6202	40.6	7,558	45.2	8,467	46.7	82,234	7,476	44.7	8.0%		

Source: Millennium Project

thematic areas is Tk. 2567.99 billion (FY08 prices). Total government expenditures, including non-discretionary expenditures, are estimated to be Tk. 3190.44 billion (FY08 prices). The maximum value of domestic resources that can be mobilized from revenue collection and domestic borrowing (sustainable level of borrowing is considered to be 2% of GDP) during this period is estimated at Tk. 2559.5 billion. There is a resulting financial resource gap of Tk. 630.94 billion or US\$9 billion.

Poverty reduction will be achieved through wide range of growth and actions towards a just development to reduce inequality in the distribution of income and wealth. Employment generation would result from developing micro, small and medium enterprises. Such growth will be a means for income generation and poverty eradication, not just for poor people, but also for all disadvantaged communities, as well as indigenous and migrant people. Safety nets, or social protection programs, including sectoral programs, should also form a part of the government's policy for poverty reduction.

## Gender Equity

There has been noticeable progress in gender equity, but it is still a profound challenge in Bangladesh. Despite making significant efforts in reducing gender disparity and achieving significant reductions in child mortality, many women and children still live in extreme conditions of poverty in Bangladesh. However, Bangladesh has more than 70 programs classified as social safety net programs that are funded with more than 14% of the budget in 2007-08.

A gender budgeting report for FY 2010-11 demonstrated that the allocation for women's development among 10 ministries varied from

19.9% to 77.8%. The report, *Evaluation of the Implementation of the Paris Declaration, Phase – II, Country Evaluation Bangladesh*, stated, "It is not clear if the progress in greater prioritization and enhanced budgetary allocation has been matched by more effective institutional machinery to comprehensively address extreme poverty and gender exclusion issues. The general perception is that there are considerable weaknesses in institutional capacities for designing programmes and projects as well as delivering services to address these issues. The contribution of aid to institutional improvements is perceived to be minimal and the level of technical assistance is generally low".

The 2009 MDG Progress Report for the MDGs, prepared by the Planning Commission, points to a number of challenges in improving maternal health. The challenges mainly include inadequate coordination between family planning and health care services, an inadequate health work force with inappropriate skill sets, improper sector planning, inadequate government funding and underlying socio-cultural constraints. The dropout rate of girls' school enrolment has increased as well.

Wage disparity remains a major challenge to reducing women poverty in Bangladesh. For example, women make up approximately 10% of the active labor force in rural areas, but in the agriculture sector their work is not recognized, and women receive very low wages in this sector compare to men. Women's rights are still not covered under a comprehensive law and their contribution to the agriculture sector in this regard must be duly recognized.

The government has introduced a quota system for women in parliament and in the government services for women. The number of reserved seats for women in parliament has been increased to 45 from 30 (out of a total of 345 parliamentary seats), and will be increased to 100 in the near future.

The WB's MDG Report for 2008 shows that Bangladesh has already achieved gender parity in primary and secondary education at the national level. In 2007, girl's representation was even more than that of the boys (52:48) at the primary level. During the last five years, the allocation for education has been around 14% of the total national budget. In 2007 it was 16.3% of the total public spending compared to 14.9% in the year 2006.

The report on MDG Needs Assessment and Costing for Bangladesh, 2009-2015, demonstrated that there are several areas where women are disadvantaged and gender gaps are noticeable. These gaps are visible in post-primary education for girls, discrimination in workplace and high levels of female youth unemployment and underemployment, while large numbers of women working in garment sectors receive only minimum wages.

Nevertheless, the government has also given a strong priority to gender issues and women's social, political and economic development. It has developed a gender responsive budget, focusing and monitoring issues of gender equality and mainstreaming women in programs for poverty reduction and development. However, the government's Women Development Policy does not adequately address women's empowerment, which requires women's participation and consideration of women's equality issues in every sector of the development plan.

## **Ecological Sustainability**

Ecological sustainability is essential for any development strategy. Bangladesh is becoming vulnerable to ecological challenges due to land and forest degradation, loss of wetland and

degradation of biodiversity, and reduced ground water sustainability. Moreover, climate change has increased this ecological vulnerability and will worsen in the future.

Bangladesh has laws and policies to protect environmental sustainability and conservation of natural resources. But the government has made little progress in implementing these laws and changing actual practices.

The forestry sector contributes about 5% to the total GDP of Bangladesh. While this is an important sector, there is no law to protect indigenous peoples' right over natural resources where most of the forest areas are owned by indigenous communities. The state is reluctant to acknowledge indigenous peoples' traditional customary and occupancy rights over land, forest and forest products.

Natural disasters like flood, cyclone, and droughts are a common phenomenon in Bangladesh. Seasonal flooding is a recurrent threat for its economy. About 22 percent of the land area is flooded in the wet season even in a normal year, and about 60% of the country is considered flood-prone (ADB, 2004). Poor and marginalized people were highly affected, with women and children especially vulnerable during floods.

Large numbers of people in Bangladesh have already become environmental refugees due to river erosion, and scientists warn that this will increase in the future. By 2030 the sea might expand 120 kilometers inside of Bangladesh (Jaijaidin: 30 April & 6 June, Somokal: 5 June 2007). ESCAP reports that Bangladesh uses about 1800 tons of insecticides per year for agriculture cultivation, and as a result sea water is being polluted by chemical fertilizer residue and insecticide.

## Aid and Democratic Ownership

Bangladesh has not formulated an aid policy and has not set any target for its preferred mix of aid modalities. In the absence of any policy, the choice of sectors, programs and modalities of delivery is often determined by the Development Partners (DPs), rather than the government (PDE-II-Final Report, 2010). In the 2010 Working Party Survey on monitoring the commitments to the Paris Declaration, government recognized the challenges relating to country ownership. They pointed to the weak linkages between national plans, strategies and aid management.

The PD acknowledges the importance of “country ownership”. In theory, country ownership implies not only participation, but quality participation, with transparency, accountability, democratic values, and rights at the heart of governance. At the same time, the overall ownership or leadership role over a country’s development policies and strategies should belong to the national government. Government, in practice, should formulate the strategies and policies to which donors respond to achieve effectiveness towards development. Combining these two dimensions, ownership should be democratically practiced through rights-based approaches, giving priority to good governance practices that uphold strong and active broad-based participation of the citizenry, including poor and marginalized

groups. However, the commitments made by donors for country ownership are not matched in reality on the ground where local and democratic ownership is hardly visible.

Moreover, despite the principle of ‘country ownership’, there is a growing concern not only among civil society organizations (CSOs), but also among governments, that conditionalities and tied aid are one of the major threats to development. It has been shown that aid conditionality hampers the development process and infringes on the democracy and sovereignty of the country.

In fiscal year 2005-06 total aid as a percentage of GDP was 2.5%, and this was reduced further (less than 2% of the GDP) in the following year, but still accounted for almost 50% of the Annual Development Plan. The major share of the aid (Table 8) to Bangladesh has come as project aid to finance various development projects under the country’s Annual Development Plan, while the program aid is very minimal. Before the 1990s most of the aid in Bangladesh had come in the form of food aid and commodity aid. However after 1990, the amount of project aid has increased significantly, reaching US\$1,229 million in 2009, up from US\$834 million in 2005. In contrast, program aid decreased from US\$200 to US\$180 million with some fluctuations in the fiscal year 2005-2009. Aid flows as budgetary support also decreased from US\$400 million to US\$385 million in the period of 2005 to 2009.

**Table 8:** Distribution of Aid Components, 2005-2009

YEAR	MILLIONS US\$	PROJECT AID	PROGRAMME AID	BUDGET SUPPORT	TOTAL
2005		\$834	\$200	\$400	\$1,488
2006		\$920	\$250	\$300	\$1,567
2007		\$1,101	\$230	\$240	\$1,631
2008		\$1,031	\$250	\$670	\$2,062
2009		\$1,229	\$180	\$385	\$1,864

Source: GoB, Economic Relations Division

Bangladesh's debt obligations remain a significant obstacle to its development. The country has an outstanding external debt of US\$18.9 billion, making the per capita debt load US\$151. Net ODA, meanwhile, is decreasing. Debt servicing liabilities are distributed 48% to the World Bank, 26% to the ADB, 11 % to IMF, and 13 % to the Japanese Government. The annual net requirement for MDG is US \$7.5 billion, and these obligations in total amount to approximately four (4) times the level of ODA received.

## Participation

Development plans, policies, strategies currently are determined exclusively by bureaucrats or ex-World Bank officials. Despite having an elected government, peoples' representatives in most cases have no participation in the shaping of these national plans and strategies. The WB, IMF and regional development bank, as noted above, attach conditions that direct economic reforms, which they legitimate through a range of policy documents including Poverty Reduction Strategy Papers (PRSPs).

The present government has committed in its election manifesto to achieve the goals of MDGs at least by 2017. To achieve these targets, the Poverty Reduction Strategy Paper (PRSP) titled 'Unlocking the Potential: National Strategy for Accelerated Poverty Reduction' (for the period of FY2004-05 to 2006-07) was adopted and extended up to June 2008. As a sequel of the first PRSP, the second PRSP titled 'Moving Ahead: National Strategy for Accelerated Poverty Reduction' for the period FY2008-09 to 2010-11 (NSAPR-II) was then approved. Preparation of the Sixth Five-Year Plan (SFYP) for 2011-2015 is in progress where poverty is an important issue (poverty alleviation-economic review).

NSAPR-II was determined under an undemocratic and bureaucratic government, even though the plan is said to be a country-driven strategy. However, for the first time, NSAPR-II was placed by the current government before the parliament for discussion and debate, along with the next Sixth Five-Year plan. It is a step forward for ensuring improved democratic participation on the part of present government as an example of broadening participation in public policy, even though real public consultation and participation on these plans have not occurred.

The government insisted that this strategy was prepared by government officials and reflects the country's priorities to address challenges of growth and poverty reduction. However, CSOs say that both PRSPs do not deal with priority sectors, nor do they reflect people's concerns for achieving their fundamental rights to development and a quality life. Both PRSPs were prepared by Bangladeshi consultants and with guidance from the donors.

CSOs seldom have the opportunity for genuine influence on policy development processes. In the name of a multi-stakeholder consultation, the government shared the final version of the NSAPR-II, but CSOs have no scope to put forward their concerns and issues. CSOs have had few opportunities to reflect on important national priority issues for development. This is because CSOs always lag behind the process.

At the same time, the government and the DPs reached a landmark agreement in 2005 whereby the government would prepare a Poverty Reduction Strategy (PRS) with clear priorities. These priorities were to be the basis or the guiding framework for providing ODA to Bangladesh by DPs. This agreement has been influencing the level and nature of ODA allocations in Bangladesh since 2005.

There is no multi-stakeholder body or process to monitor ODA policy and the National Plan. The Implementation Monitoring and Evaluation Division (IMED) of the Planning Ministry monitors ODA policy, while the Local Consultative Group (LCG) works with IMED. To date, the IMED has published no critical analysis or perspective on donor implementation of their ODA policies and priorities for Bangladesh.

## Transparency

Under the Right to Information (RTI) law (passed in 2009), citizens have the right to ask and access information from the government, non-governmental organizations and other institutions, with the exception of a few national security and intelligence agencies. Nevertheless the law provides that organizations related to intelligence and national securities are also obliged to release information regarding corruption and violation of human rights.

An Information Commission has been formed to ensure the right to information at all levels, even though under the Official Secrecy Act, information is not easy to obtain. Moreover, access is affected by misconceptions and lack of awareness among responsible officials who should be providing information.

Under the RTI Act people's right to information has become a legal and obligatory framework for both government and non-governmental institutions. All government departments have developed a Citizen's Charter, which is intended to apprise people about their rights and services from each department. However, access to information depends on the accessibility of mechanisms through which people can obtain this information. In fact the government does not comply with most clauses of RTI, rather it

is blocking information by citing the exceptions clauses. Under these exceptions, for example, there is no access for information on donor negotiations and meeting notes.

The Anti-Corruption Commission has been working to combat corruption and to ensure transparency for public accountability. However, it has been criticized for its bias towards the government and its lack of independence. A Transparency International Bangladesh (TIB) report said Bangladesh loses nearly 3% of annual GDP to corruption. Economist Abul Barakat said: "Corruption has survived in all its known forms, with spreading extortion being in the forefront. Unfortunately, we see no firm commitment or action by the government or law enforcing agencies to combat it."

The Bangladesh government passed a procurement law in 2005. Under this law 'the Central Procurement Technical Unit (CPTU)' has been established to support public procurement and build capacity for procurement staff through training and awareness materials.

Public procurement accounts affects up to 70% of the national budget. In this regard, donors have had serious concerns about the accountability and transparency of the country procurement system. On the other hand, donors are not very obliging to open their own procurement information systems to scrutiny. A EURODAD study on procurement pointed out that if any conflicts arise between donor regulation and Bangladeshi law, donor rules apply.

Corruption remains a big challenge for development in Bangladesh. The present government has given priority to the fight against corruption. Development Partners have also pushed for implementation by government of measures against corruption through procurement risk mitigation plans and

development programs. “Donors were keen to push for procurement reforms in Bangladesh. But they have also not delivered what they committed to do. Strengthen country system were supposed to pave the way for donors ending use of their own procurement systems (Parallel Implementation Unit) for aid” (EURODAD, 2011). For example, the World Bank has funded the Public Procurement Reform Project-II (2007-2013), which aims to build stakeholders’ capacity in the process of public procurement and improve procurement management. But the recently published World Bank Country Assistance Strategy 2011- 2015 indicates that in sectors where government commitment to addressing corruption is deemed insufficient and hence risks are too high, the Bank will reduce engagement. While not yet broadly seen as an issue, one interviewee also pointed out mismanagement and lack of governance in government-funded projects implemented by NGOs.

## Accountability

The Bangladesh government has expanded the Medium-Term Budgetary Framework (MTBF) to cover 32 ministries, and all ministries will eventually be brought under this Framework. Its goal is to establish government accountability in its budgetary activities. The MTBF covers a five-year period consistent with the Five-Year Plan. The government has also publicized a new law titled “Public Money & Budget Management Act-2009” that will ensure accountability of public resources through parliament. Under this law, the Finance Minister is responsible for keeping parliament informed about the utilization of public money on a quarterly basis (OECD DAC Survey, 2008).

Bangladesh has made significant progress in creating conditions for mutual assessment and accountability with its donors. It has built a relationship based on harmony and cooperation.

The OECD Development Assistance Committee (DAC) Directorate has complemented the government for this progress. The DAC conducted Surveys in 2006 and 2008 on trends in aid coordination in Bangladesh and identified that there were no mechanisms for mutual assessments of the aid relationship. Since then Bangladesh formulated a Joint Cooperation Strategy (JCS) with the aim to jointly (government and donors) monitor progress towards greater aid and development effectiveness and to hold each other accountable on the basis of JCS action plan. However, few CSOs were invited to participate in the formulation of this JCS.

The Economic Relations Divisions in the Ministry of Finance stressed the importance of technical assistance for implementing the National Development Plan and associated strategies. Most development partners have extended this assistance within a project framework, targeting country priority areas. Technical cooperation with Bangladesh has increasingly moved towards a country-led model, which will accelerate progress towards meeting the country’s capacity development objectives and strategies. However, in the name of technical assistance, donors still try to impose their own plans and agenda for Bangladesh with the government.

## Conclusion

In the current global conditions, talk of ‘ownership’ is almost solely rhetoric and purely theoretical. In reality, aid is a tool for establishing authority over the policy framework of developing countries. Power imbalance, social hierarchy, and the hegemony of the donors are major obstacles to the appropriate and equal distribution of resources to those who need it most. Only in the context of democratic values can transparency and accountability of the aid system be ensured,

along with the identification and prioritization of needs in a collective manner.

Bangladesh has been doing well in terms of economic growth and macro-economic stability. Over the years, particularly in last two decades,

Bangladesh has done tremendous efforts to come out from the aid dependency syndrome. However, there are major hindrances both from development partners and recipient government. Thus, a strong democratic and institutional framework to achieve real development is still a long way to go.

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### Introduction

Ownership and development results are both critical lenses through which to explore the application of the principles of the Paris Declaration (PD) and the 2008 Accra Agenda for Action (AAA) in Cambodia. Progress in achieving the goal of ownership will be assessed in this chapter by looking more closely at participation, transparency and accountability. The linkage between aid and development results will be examined by analyzing data on indicators for poverty reduction, gender equality and ecological sustainability. The report uses qualitative and quantitative data from multiple perspectives to provide an independent evaluation of the implementation of aid effectiveness commitments.

Two key reports have assessed the overall contribution of the PD principles and AAA to aid effectiveness at the country level: first is the 2010 Cambodia Country Study Report Phase II Joint Evaluation of the Paris Declaration, conducted by a team of international and national evaluators working under the direction of the National Evaluation Coordinator and Secretary General of the Cambodian Rehabilitation and Development Board of the Council for the Development of Cambodia (CRDB/CDC); and the second is the 2010 Aid Effectiveness Report, also by the CDC. These studies, however, are narrowly focused on the improvement of the management and delivery of aid, with the assessment indicators and processes largely determined by donors and government. They are mostly concerned with the efficient delivery of aid rather than its

development impact for poor and marginalized populations, with few references dedicated to these latter topics. While both reports acknowledge CSOs, CSO perspectives are rarely taken into account in the evidence that has been gathered in the drafting of the reports.

This chapter aims to review the implementation of PD and AAA commitments in Cambodia from an independent CSO perspective in terms of development effectiveness that is both democratic and progressive.

### Strengthening Democratic Ownership

#### Participation

Since 2004, the inclusion of peoples' views on the national development process and ODA implementation and monitoring has increased and improved. The Government Development Partner Coordination Committee (GDCC) was established in 2007 and meets two or three times annually for high-level discussions on the National Strategic Development Plan (NSDP). It provides a forum for discussing cross-sector issues and matters that cannot be resolved at the Technical Working Group (TWG) level. Government, donors and civil society representatives attend the Coordination Committee. Nineteen (19) TWGs, organized around 12 sectors and seven (7) cross-cutting themes, are chaired by high-level government officials and facilitate dialogue at a technical level. TWGs also include donors and CSO representatives.

Although most TWGs have CSO representation, CSOs do not yet feel included as full partners in the process. Until 2009, the TWG guidelines established CSO representatives as only observers. Following recommendations by the World Bank, their status has been upgraded to full participants. According to the Cambodia Phase II PD Evaluation Report, donors feel that although a space has been created for civil society engagement in the TWGs and GDCC, overall they are not as fully engaged as they could be. Donors have also not allocated any ODA to build civil society capacity for meaningful participation. The education and health sectors are an exception, where a multi-stakeholder approach has proven to be quite successful.

In practice, the role of civil society in policy formulation, implementation and monitoring is still very constrained at the national level and even more so at the sub-national level where few multi-stakeholder mechanisms exist. The 2010 Cambodia Aid Effectiveness Report prepared by the CDC notes that much more work needs to be done to ensure that all actors in the development process are included. The Phase II Evaluation goes further and states that although room has been created for civil society organizations, they are not always fully engaged in all sectors and TWGs. The level of public awareness and participation in development processes and ODA policies are very limited and it is not known how much ODA is subject to multi-stakeholder consultation or review (Action Aid, 2011).

An emerging concern at this writing is the introduction of the NGO Law which is currently in its second draft. The proposed legislation is perceived by many as an attempt to limit the space for an independent civil society. It is felt that the new requirements for registration and reporting under the law are excessive, prohibitively burdensome and violate freedom

of association. Registration requirements will be especially difficult for smaller organizations and those located in rural areas, which lack the capacity to fill in complicated forms and reach administrative centers to deliver them. There is no clear or transparent process for the evaluation of applications and even a limited appeal process was removed from the first draft. This might make it especially difficult for organizations deemed “critical” of the government to operate freely. Furthermore, the draft NGO Law contains many ambiguous terms and phrases with no coinciding glossary of terms or explanatory notes.

During a brief consultation period at the end of 2010, NGOs met to discuss and make comments on the draft law. These were consolidated and presented to the Ministries overseeing the drafting of the law. NGOs have met with government representatives, from January to March 2011, to discuss points of ambiguity and concern. In an initial meeting, many recommendations were provisionally accepted. However, in follow-up meetings, where representatives from both the Ministry of Interior and Ministry of Foreign Affairs and International Cooperation were present, there was less willingness to discuss and amend articles in any substantive manner. The CSO delegation was asked to provide written concerns within 24 hours, as the draft Law was going to be submitted to the Council of Ministers within days in March.

Concerns remain that the Law will be used to constrain the democratic space for CSOs. The provisions in the final version of the Law remains to be seen and most importantly, its manner of implementation will be crucial for the evolution of civil society. Although the consultations on the Law demonstrate government willingness to hear input from the CSO community, the litmus test will be whether the final legislation will be an enabling or restrictive law.

## Transparency

The Government of Cambodia (RGC) has demonstrated some limited progress towards improving transparency and accountability to parliamentarians and citizens. The national budget has been discussed in parliament and disseminated as a public document. However, input by parliamentarians has been limited. Article 91 of the Constitution gives parliament the power to make amendments to budgets, but in practice, this does not happen (Hudson and Tsekpo, 2009). The Inter-Parliamentary Union (IPU) is working to improve capacities of parliamentarians to fulfill their roles in accountability and provide recommendations on how to strengthen parliamentary input into the budget process and the management of ODA.

In addition, the National Audit Authority (NAA) made its first national audit of government accounts in 2006. This inaugural audit covered the years 2002-2006 but was not released to the public until 2009. No further audits have been released since then and other key budget documents remain confidential and are not available for public access.

Public access to information on ODA and national development policy are available through the government's CDC-Cambodia Rehabilitation and Development Board (CRDB) website. On this site, Aid Effectiveness Reports (which are prepared every 18 months), minutes and presentation notes from the GDCC meetings and other relevant aid effectiveness documents are available for downloading. In 2006, the CDC/CRCD established an on-line ODA Database that provides searchable information on the volume and allocation of ODA. The database is generally considered to be user-friendly and the CDC/CRDC has provided free training on how to use the system. However, there is no information on the linkages between ODA and its relationship

to the national budget or development planning priorities (Action Aid, 2011). Information regarding tendering for government procurement using ODA is also not accessible to the general public. There is limited information about aid and loans from non-traditional donors such as China.

Donors are supportive of greater engagement by civil society and the parliament in aid management. During the 3rd Cambodia Development Cooperation Forum, donors pushed for greater transparency in aid budget plans, audits and monitoring and evaluation, stating that the role of parliamentarians is not yet fully realized. The said forum is organized by the RGC as a consultative forum for government officials, donors and CSOs. Currently, the parliament, which has some input into overall government budgets as noted above, and despite having received multi-year training from the Overseas Development Institute and the Parliamentary Center, remains mainly passive in its engagement with budget processes (Hudson and Tsekpo, 2009).

On the matter of ODA, the RGC seems to have made some progress towards increased transparency. However, this transparency has not carried forward into other critical areas affecting Cambodian development impacts for poor and vulnerable populations. One such area is in the granting of Economic Land Concessions (ELCs) for which very little information is made public. ELCs are large tracts of state land granted to private companies for agro-industrial exploitation. As of writing, ELCs had been granted for a total of 943,000 hectares in 15 provinces, or 5.2% of Cambodia's total land area. ELCs are limited to 10,000 hectares, but this limitation is regularly ignored, sometimes by placing two concessions side by side. All ELC contracts are meant to be recorded in a publicly available logbook, but many are not registered (LICADHO, 2009).

## Accountability

Oversight and monitoring of ODA rests mainly with the government and its CDC/CRDC, which acts as the focal point for national aid coordination. According to the Phase II PD Evaluation, as noted above, the RGC is making serious but slow efforts to improve accountability to parliamentarians and citizens. However, transparency and accountability often take place at the level of financial accounting for inputs into budgets, and parliamentarians receive no information on outcome or results (PD Phase II Evaluation, 2010). There is also a review of the government's National Strategic Development Plan (NSDP) every 18 months, which is led by the CDC/CRDC. CSOs prepare position papers on sector and cross-cutting issues and some of their comments are included in updates. This gives civil society space, albeit limited, to hold donors and government accountable for their commitments.

Mutual accountability remains a weak area in the Cambodian context as the donor-government relations remain unbalanced. Donors seem unwilling to stray too far from their own policies and procedures, including reporting requirements. In some instances, donors have not been forthright about project outcomes and disbursement schedules. There has also been reluctance by most donors to utilize country systems due to slow public sector reforms and lack of trust in the national procurement system (PD Phase II Evaluation, 2010). Currently the World Bank is implementing a project to assist in the formulation of an updated and consolidated Procurement Law.

In 2010, the Anti-Corruption Law was approved which established two government institutions: the Anti-Corruption Unit (ACU) and the National Council Against Corruption which oversees the ACU. The Anti-Corruption Law is considered weak by many commentators and it remains to be

seen how it will be implemented over time. To date, only a select handful of cases have been brought before the ACU, including a handful of high-level offenders. In the past, ODA has not been free of corruption scandals. In 2006, the World Bank temporarily suspended several Bank government projects, worth \$11.9 million, over allegations of corruption in project management (BIC, 2006).

To strengthen accountability to national priorities in the use of technical assistance in ODA, the RGC issued the *Guidelines on the Provision of and Management of Technical Cooperation* in 2008. These *Guidelines* are intended to ensure that technical assistance was targeted for government-identified priorities in public administration and human resource development. Donor funds used for technical cooperation have declined from 47% to 33% of ODA disbursements. However, donor and government representatives disagree whether technical cooperation is being implemented in a more harmonized manner, based on government-identified needs.

## Achieving Development Results

### Poverty Reduction

The poverty rate in Cambodia (measured as the percentage of people earning less than \$0.45/day) has declined from 35% in 2006 to 30% in 2010. Per capita GDP has increased by 55% in this same period from \$514 to \$795. However, in 2008, 68% of the population was counted as living on less than \$2/day. The majority of the poor are located in rural areas, while the poverty headcount for Phnom Penh was less than 1% in 2007 (NSDP, 2009). This illustrates a deep inequality between urban and rural areas.

Land security is tenuous in Cambodia. Nearly 133,000 people in Phnom Penh are believed to have been evicted from their homes since 1990.

According to a 2009 study, 150,000 people were at risk of eviction around the country. As of 2004, it was estimated that between 20% and 30% of landowners held 70% of the nation's land, while only 10% of the land was occupied by the poorest 40%. In the countryside, 45% of families were landless or nearly landless (LICADHO, 2009). Much land is 'grabbed' by wealthy, connected individuals with the support of the government, which states that the main purpose behind allocation of land to large companies is for the purpose of development. However, many large areas that have been cleared through forced evictions in Phnom Penh remain unused years after communities have been relocated, often with military and police intervention. The RGC, however, denies that any forced evictions have taken place in Cambodia (LICADHO, 2009).

The social sectors receive the greatest share of ODA, with health, HIV/AIDS and education projects accounting for more than 30% of total assistance in 2009. The agriculture sector received an increase of 60% of funding in 2008 from previous years (AER, 2010). Many projects show evidence of a pro-poor approach with the inclusion of cross-cutting themes such as gender mainstreaming and poverty reduction. During group discussions of sample projects for the Phase II Evaluation, participants gave many examples of projects that address the needs of the most vulnerable groups. However, this same Evaluation found no evidence that this orientation towards a pro-poor strategy is perceived by policy-makers, project implementers or community representatives to be the result of AAA or PD principles.

The NSDP demonstrates a growing emphasis on rural development projects with resource requirements increasing steadily from US\$350 million in the 2006 NSDP to US\$750 million in the updated 2009 NSDP. This demonstrates

that ODA resources can be aligned with national priorities in rural areas. Sixty percent (60%) of ODA assistance was disbursed at the provincial level in 2009 (AER, 2010). However, the three main urban centers, Phnom Penh (US\$71 million), Siem Reap (US\$56 million) and Battambang (US\$37.5 million) received the highest amount of assistance compared to the provinces. On a per capita basis Phnom Penh received less than the national average of US\$73 per person while nine (9) provinces received above this national average.

## Gender Equality

Although measures of gender equality has improved significantly over the past decade, Cambodia still ranks low on the UNDP's Gender Development Index (GDI) and Gender Empowerment Measure (GEM). There have been improvements in education, health, labor and other indicators, which demonstrate improvements in the situation for women in Cambodia. However, cultural views towards the position of women remain anchored in traditional roles for men and women (Cambodian Gender Assessment, 2008). The NSDP does not prioritize gender issues and social budgeting and places gender equality under the core priority of capacity building and resource development (Action Aid, 2011).

The Ministry of Women's Affairs (MoWA), the non-governmental Cambodia National Council for Women (CNCW), the Gender Mainstreaming Action Groups (GMAGs) and civil CSOs have made progress in placing gender on the development agenda. Gender has been integrated into key policy documents including the Cambodia Millennium Development Goals, the National Strategic Development Plan, and is reflected in the Joint Monitoring Indicators. There has also been progress in strengthening the institutional

mechanisms to support gender mainstreaming, including the establishment of a TWG on Gender (TWG-G). Institutional engagement on gender concerns in program management and operations has increased and all line ministries have or are in the process of preparing a gender mainstreaming action plan. However, according to the 2008 Cambodian Gender Assessment significant challenges remain in harmonizing gender mainstreaming plans with sector strategies and monitoring mechanisms and mobilizing adequate resources for effective implementation.

ODA disbursements to the gender equality sector have increased by 68% in the past five (5) years from \$US2.6 million in 2005 to \$US8.1 million in 2010 (AER, 2010). Approximately US\$7 million is allocated for gender equality and women's empowerment objectives. The "gender" budget is approximately 4.5% of the total budget (Action Aid, 2011). In terms of aligning with Cambodian national priorities as outlined in the NSDP, donors do not have many challenges in terms of gender mainstreaming. Key issues in gender equality receive increasingly adequate funding from donors. ODA supports priorities such as legal protection and women's economic empowerment and more funds are being directed towards women's maternal health projects than in the past (Phase II PD Evaluation, 2010).

In addition, the Law on the Prevention of Domestic Violence and Protection of Victims has been proclaimed, contributed to in part by an increase in the number of donor initiated safety-related community gender initiatives. However, it remains largely ineffective pending the issuance of a Ministry of Interior Sub-Decree, which would enable local authorities to act to protect victims. There is no specific definition on the nature and form of discrimination against women in Cambodian law, which prohibits both direct and indirect discrimination. A weak judicial system

also means that perpetrators of rape and violent crimes against women often go unpunished. The legal framework and policy agenda to support changes in attitude and behavior needs to be strengthened in order to fully meet international and national policy commitments. Both donor and government programs aim to increase awareness about violence against women and a recent survey indicates a decrease in domestic violence (AusAID, 2009). However, newspaper surveys demonstrate an increase in violent sexual assaults on women and children.

## Ecological Sustainability

While Cambodia is rich in natural resources, biodiversity, fisheries and forests are at risk from increasing rates of deforestation. Cambodia has one of the highest rates of deforestation in the world, third only to Nigeria and Vietnam, according to a 2005 report conducted by the FAO. Cambodia's primary rainforest cover fell dramatically from over 70% in 1970 at the end of the Vietnam War to just 3.1% in 2007 (FAO, 2008).

Currently, plans for 11 hydropower dams and projects are being considered for the Lower Mekong region. These dams will have catastrophic effect on the region's ecosystem, while potentially destroying the livelihoods of millions of people dependent on the Mekong and the Tonle Sap (MRC, 2010). The dams will be financed by private companies from Vietnam, China and Thailand. A recent Strategic Environmental Assessment by the Mekong River Commission (MRC), however, calls for a 10-year deferment on decisions on hydropower projects on the lower Mekong so that the impacts can be fully studied (MRC, 2010). Donors to the MRC have reiterated this call and have urged Cambodia and the other Lower Mekong Basin countries to find alternatives. In a joint statement made at the 17<sup>th</sup> MRC Council meeting, donors including the

World Bank, the UN and the Asian Development Bank called for utilization of the SEA in any future decisions.

Land concessions and infrastructure projects in national parks, among other places, are also of great concern for the future ecology of the country. Numerous laws, sub-decrees and prakas (regulations adopted by a Minister) have been passed over the past decade to protect the environment. However, the implementation and enforcement of these laws remains highly problematic. In March 2011, a 9,000- hectare rubber plantation was approved for Virachey National Park despite it being a protected area.

As environmental conditions worsen, ODA for environment and conservation has decreased since 2004. While the sector received \$USD19.6 million in 2004 (12.3% of total ODA) this amount was \$USD11.1 million in 2010 (1% of total ODA). It is possible that the sector will see an increase in ODA disbursements in the future, but the focus will be on adaptation to climate change rather than broader and equally urgent issues of ecological sustainability.

A worrying trend is the granting of Economic Land Concessions (ELCs) to large national and international companies for agro-industrial exploitation. Some ELCs are granted for cultivation of crops such as rice, cassava, rubber, acacia and agro-fuels. Although the legal frameworks governing ELCs require companies to mitigate environmental impacts, this is difficult to monitor as many ELCs are contracted unofficially and off the public record. According to the Forestry Administration in September 2010, out of more than 100 ELCs, only 85 are listed on the Ministry of Fisheries and Forestry website. Furthermore, smaller ELCs which are less than 1,000 hectares can be granted at the provincial level and are also often not on the public record. As many ELCs

are contracted to non-traditional donors such as China, Korea and Qatar, the influence of traditional donors to push for environmentally sustainable land use is greatly diminished.

## Conclusion

While the RGC has taken concrete steps towards the application of the PD principles such as strengthening some elements of democratic ownership, there is still a long way to go. National level mechanisms for multi-stakeholder dialogue on ODA and development exist in the form of the GDCC and the TWGs. These include representation from CSOs. This space, however, is still limited and CSOs need to further develop their capacity to engage at a deeper level. There has been some movement towards making ODA and national development activities more transparent through the establishment of the ODA database and the publication of regular reports and reviews on progress. More needs to be done to ensure that this transparency extends to areas currently closed to public scrutiny such as ELCs. Oversight for monitoring rests centrally with the CDCF/CDC and mutual accountability for results remains unbalanced. Donors continue to rely on large amount of donor-directed technical assistance, which is not always in line with government needs.

While overall poverty has seen a decline from 35% to 30%, there remain numerous inequalities in Cambodian society. Much of the progress for many development indicators are limited to Phnom Penh and other urban areas, while rural areas continue to struggle with poverty, underemployment, weak infrastructure in health and education. There is also a large and growing gap between the rich and poor, with land security for the poor being tenuous at best. Gender equality has improved in some respects

and there is evidence of actions at all levels of society to promote gender equality. Traditional gender roles, however, continue to limit women's roles in domestic, political and economic affairs. Cambodia's environment is threatened on many fronts from potential dam developments to illegal logging, which continues despite attempts, and laws, to limit it. While in the past some donors put conditions on aid that require policy changes in these areas, aid commitments have

been renewed and have increased year- after-year whether conditions were met or not.

While PD implementation has had some positive effects on the management of Cambodia's development, democratic ownership is a very long way off as the government takes ownership to mean government-led ownership of the development process with marginal and controlled access for civil society.

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# China

## Independent Ownership and Inclusive Parliament Lead to Development Success

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China Association for NGOs Cooperation

### Introduction

The People's Republic of China is a country with a population of approximately 1.3 billion, and with over 250 million people living on less than US\$1.25 per day according to the World Bank (2009). Since the Chinese government signed the Paris Declaration in 2005 and committed to take joint efforts with the international community to enhance aid effectiveness, democratic ownership in China has continued to advance and has been followed by remarkable development results.

China's institutional mechanisms and policy framework have met most of the requirements for facilitating ownership and development results. Although there is still a long way to go vis-a-vis with other countries, the existing policy framework, measures and intervention have helped China achieve progress to shape a better society for people's development. This chapter aims at reviewing the implementation of the Paris Declaration (PD) and Accra Action Agenda (AAA) in China in terms of democratic ownership and development results.

### Democratic Ownership

#### Participation

In China, the National People's Congress (NPC) -- the parliament -- and the National Committee of Chinese People's Political Consultative Conference (NPPCC) function as multi-

stakeholder bodies that prepare and monitor national development policy. Similar agencies and mechanism such as local people's congresses and local committees of the Chinese people's Political Consultative Conference are established at all administrative levels in China to create participation and inclusiveness in the process of making national development policy.<sup>1</sup>

Meetings are held every five (5) years with the participation of parliamentarians, local governments, and civil society to formulate a Five-Year National Development Plan (NDP). During the four-year interval, meetings are held annually to discuss the implementation of the NDP. Official reports and feedback on the multi-stakeholders' consultations are issued after each conference. Representatives in this consultation process are not only limited to representatives from all local authorities, but also includes all industries and line ministries. Meanwhile, news agencies ranging from broadcast, print, and internet media are widely invited to report. The most recent published document on this is the Twelfth National Five-year Plan (2011~2015) for National Economic and Social Development (promulgated in October 2010).

To ensure women and other vulnerable groups' participation in the process of making national development plans, laws have been in place such as the Law on the Protection of Rights and Interests of Women which was formulated in 1992 and revised in 2005; and the Law on the Protection of Disabled Persons which was revised

in 2008. Both laws clarify the rights of target groups to participate in policy-making. The All-China Women's Federation and China Disabled Person's Federation are the bodies established to put the said laws into practice.

On the basis of every five-year national development plan, ODA policies are likewise determined on the basis of the Five Year NDP following consultations with local government, civil society organizations (CSOs) and specialists in relevant areas.<sup>1</sup>

## Transparency

In China, the National Audit Office is monitored by parliament, which exercises an oversight function on government agencies. The Audit Office is tasked with public financial management, procurement, and auditing. It submits an annual report to the parliament. Public expenditure data is available on the website of the Ministry of Finance and this database is updated every year.

Most governments' websites also publicize tendering information for government procurement using ODA. The website of the China International Center for Economic and Technical Exchange (CICETE)<sup>2</sup> is a good example. Information on ODA volume, allocation and results of development expenditure can also be found from relevant governmental agencies and NGOs. But centralized database for such information has yet to be established. The current NDP is widely available both in printed and electronic versions.

## Accountability

In China, most forms of corruption are classified as serious crimes in the Chinese Substantive Criminal Law. (Yunhai Wang, Corruption and

Anti-Corruption Policy in Today's China, 2005) Every year there are offenders condemned for corruption, some even to death. Political punishment and administrative punishment are carried out by the Central Commission for Discipline Inspection; People's Procuratorate at all levels (central/provincial/municipal); the Ministry of Supervision; the National Audit Office; State Bureau for Letters and Calls; and the National Bureau of Corruption Prevention of China. To improve anti-corruption investigation and legal redress, new measures have been established and promulgated by many local authorities. The Guangzhou Municipal Government, for instance, issued the 10-year Timetable for Anti Corruption in 2005.<sup>3</sup>

Independent external assessment is required in many cases for ODA-funded projects and their recommendations are often officially adopted. Although graft and corruption cases have not been reported for ODA projects, there have been some cases reported for violating financial rules. Most of them are the result of misunderstanding on relevant regulations. Along with the tighter monitoring from central government, the occurrence of similar cases is decreasing in recent years.

## Development Results

### Poverty Reduction

In China, poverty reduction especially in rural areas is always highly prioritized. The NDP updates and clarifies policy towards poverty reduction every 10 years<sup>4</sup> so that it can adapt to the situation in different periods. In line with this, the Social Insurance Law (formulated in October 2010) and the Law of Land Administration of the People's Republic of China (2004 revision) determine

the rules and principles for social wealth redistribution. ODA-funded projects are also prioritized to address poverty-related issues such as income generation, nutrition, sanitation system, health care, basic education, etc.

In the past years, the incidence of poverty has decreased from 4.6% (2007) to 3.6% (2009). Unemployment rate has increased from 4.0% to 4.3% since 2007. Average wage rates in urban area were RMB 18,200(US\$2,800), RMB 24,721(US\$3,803) and RMB 32,736 (US\$5,036) in 2005, 2007 and 2009 respectively. Annual cost of living in urban area has increased from RMB 7,182.1 (2004) to RMB 11,242.85 (2008). Annual cost of living in rural areas has increased from RMB 2,184 (2004) to RMB 2,144 (2008).

In terms of nutrition and health status, the Chinese government conducts surveys every 10 years. The latest report published in 2004 points out that nutrition for the Chinese people has significantly improved, and the incidence of disease caused by malnutrition has been remarkably decreasing. Compared to 1992, for instance, the incidence of anemia has decreased by 2.8% and 6.3% among males and females respectively in urban areas; and 2.5% and 2.0 % among males and females respectively in rural areas.

The proportion of the population with sustainable access to safe drinking water has increased from 92.4% in 2000 to 94.3% in 2009. The proportion of the population with sustainable access to sanitation has increased from 54.9% in 2006 to 63.2% in 2009.

Meanwhile, elementary school enrollment rate of boys and girls has increased to 99.3% and 99.4% respectively in 2009. Completion rate of elementary school is 99%.

## Gender Equity

To promote gender equity, the Law on the Protection of Rights and Interests of Women was promulgated in 1992. The law likewise aims to protect women's rights and improve their access to judicial recourse. This was followed by the first National Program of Action for the Development of Chinese Women (1995-2001) in 1995. Earlier, the National Working Committee on Children and Women under State Council established in 1990 as the foremost office in the central government to implement the basic state policy of equality between men and women.

With laws, development plan and policy enforcement agencies, gender disaggregated socio-economic data is available in many official statistics. Those statistics not only provide government with reference for policy planning, but also give information to aid agencies.

To give priority to gender equality, nearly all ODA-funded projects are asked to integrate gender development initiatives. Gender issues are required to be included in project designs and evaluations. Meanwhile, many donors also provide support for government's capacity building in collecting, analyzing and disseminating gender-disaggregated data.

After several years' efforts, people have witnessed significant achievement for women's development in China. For instance, the labor participation rate of women in secondary industry and tertiary industry has increased from 36.9% to 45.8% in the past six (6) years; the proportion of girl-child school participation and completion rate has remained above 99% for several years; and the inclusion of women's organizations in development consultations

conducted by the government and civil society is also much improved compared to previous decades.

However, there is still long way to go to achieve success in women's rights. The latest official estimate of the proportion of women living in poverty is about 60%. Although the poverty incidence and population living under the poverty line has been continuously decreasing, women still make up the major part of the population living in poverty. In terms of political participation, the report submitted by National People's Congress Committee indicates that the actual ratio of women's participation in the National People's Congress was only 21.3% in 2009.

## Ecological Sustainability

In terms of ecological sustainability, China identified a Sustainable Development Strategy in the early 1990s. The Ministry of Land and Resources, the Ministry of Agriculture, the Ministry of Water Resources and the National Energy Administration are the major government bodies in charge of sustainable utilization of natural resources. The National Environmental

Protection Administration was enhanced as the Ministry of Environmental Protection in 1998. Local people's congresses allow indigenous people to be involved in consultative process, respecting their rights over natural resources. This right is protected by the Constitution.

Meanwhile, the amount of aid and technical cooperation grants provided for ecological sustainability programs is not clear. But it can be confirmed that many donor countries are increasing the proportion of their ODA budget for ecological and sustainability issues in China in recent years. Ecological sustainability and climate change projects can be categorized as research, advocacy, capacity building, network/alliance and technical assistance. Their impact can be understood in terms of approach, knowledge, technology and management.

Since 2003, forest coverage in China has been increasing continuously. In 2003, the rate was 18.2% and towards the end of the decade, the rate increased to 20.4%. The proportion of renewable energy use is also continuously increasing. The same holds true, however, for the rate of biodiversity loss.

## Endnotes

- 1 Refer to Hong Zhou, *Donors in China*, Social Sciences academic Press, 2007
- 2 Refer to Hong Zhou, *Donors in China*, Social Sciences academic Press, 2007 is an administratively autonomous agency, which was founded on March 12, 1983 with the approval of the State Council. Its main function is to coordinate the cooperation between China and UNDP, UNIDO and UNV including executing
- 3 [http://news.xinhuanet.com/zhengfu/2005-09/13/content\\_3481751.htm](http://news.xinhuanet.com/zhengfu/2005-09/13/content_3481751.htm)
- 4 The most recent document is *China Poverty Reduction Compendium, 2011-2020*.

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### Introduction

In the period of 1998 – 2007, Indonesia was under the close supervision of the International Monetary Fund (IMF). Policies were made based on the Letters of Intent (LoIs) and Memoranda of Understanding (MoUs) between IMF and the government of Indonesia. At the same time, the government and donors' forum called the Consultative Group on Indonesia (CGI), was still active in providing guidance and coordination among donors and with the government of Indonesia. Development policies for Indonesia were very much influenced by the IMF and the CGI (co-chaired by the World Bank or WB), through various working groups and ministerial coordination meetings to ensure that the demands and IMF-stipulated policy requirements in LoIs and MoUs were implemented.

It was in this political and policy atmosphere that Indonesia participated in the aid effectiveness High Level Forum process. The discussions about aid effectiveness were mainly focused on who took responsibility for coordination. The statement by the then Indonesia country director of the WB was interesting: "... the problem is who is the conductor of this (aid) orchestra". In January 2007 the President, Susilo Bambang Yudoyono, announced the repayment of the stand-by loans from IMF and the dissolution of CGI. It was the end of the supervisory power of IMF and the aid orchestra conducting power of the WB in Indonesia. Finance Minister Sri Mulyani said that

Jakarta would prefer to operate through bilateral mechanisms rather than "having to go through a long, meaningless ceremony".<sup>1</sup>

The decision by the President to disband the CGI was perceived as a response to the demands of the public, particularly civil society, since CGI was seen as a forum where donors reviewed and judged the performance of the government or where the WB authoritatively dictated its own agenda. It was also the case that the smaller donors used the CGI as a forum to raise issues with the government of Indonesia. The dissolution of the CGI did not mean an end to aid to Indonesia. Although it was intended to eliminate "the long and meaningless ceremony", the absence of a donor coordination mechanism made aid coordination more difficult.

In January 2009 the government of Indonesia and 22 bilateral and multilateral donors signed the Jakarta Commitment, a declaration both by the development partners and the government of Indonesia to implement the principles of the Paris Declaration (PD, 2005), the Accra Agenda for Action (AAA, 2008) and the Doha Declaration on Financing for Development (2008). The Jakarta Commitment emphasized three (3) significant development challenges ahead: poverty reduction, service delivery and decentralization. The Commitment was, however, seen by civil society organizations (CSOs) as a new CGI, but in turn the government responded that the Commitment was an effort to improve

their independence in utilizing aid and not as a replacement of a donor forum such as CGI or the Inter-Governmental Group on Indonesia (1967 – 1991).

To facilitate the implementation of the Jakarta Commitment, the government and donors established the Aid for Development Effectiveness Secretariat (A4DES), under the control of the National Development Planning Agency (BAPPENAS). It has been three (3) years since the establishment of A4DES. The Secretariat has been acting more as a mechanism among the senior officials of the ministries than as a forum for donor harmonization and policy dialogue among development actors (government, donors, business sectors and CSOs).

The Steering Committee members are drawn from senior officials of the government ministries, the Management Committee members are from BAPPENAS and the Ministry of Finance, while donors and other development actors (including CSOs) are invited to take part in a forum called the “Plenary Forum”. There are working groups, but the members of these groups are dominated by government officials and so far there is no official mechanism for accommodating the participation of other development actors.

The A4DES has failed to facilitate harmonization of donors, even as it has mainly become a meeting place for government officials. Some CSO practitioners suggested that the government established A4DES to attract funds from donors, which would be independently utilized by the government agencies, but in fact donors seem to be less interested in supporting A4DES in this way. In the April 2011 Steering Committee Meeting, the government presented a plan to transform A4DES into a Trust Fund Body. But this proposal was resisted by donors which prefer the A4DES as a forum for policy dialogue as well

as the sharing of findings and best practices of development programs.

The Jakarta Commitment and A4DES, however, can become a cornerstone for donors, the government and other development actors to move forward with better engagement and productive cooperation for development effectiveness.

## **Democratic Ownership**

### **Participation**

Development planning in Indonesia since 2005 can be understood in three (3) dimensions: a participatory process, a technocratic process and a political process. These processes in fact undermine or conflict with each other. The Ministry of National Development Planning is mandated to facilitate and conduct the participatory process; the Ministry of Finance has the authority in the technocratic process; and the political process is conducted in the National Parliament.

One year before the 2005 Paris Declaration, the government of Indonesia issued a law on development planning. The implementation of this law is guided by government regulations for its Annual Development Plan and by the Procedures of Foreign Loans and Grants governing foreign financing of the Plan. The law and regulations accommodate a democratic and bottom up processes of national development planning.

However, since the policy and political environment was still at that time under the supervision of IMF with its neoliberal agenda, the law reduced the role of the National Development Planning Ministry into planning and monitoring functions. BAPPENAS was once a powerful Agency directing development

in Indonesia. But government planning was seen as “too socialistic” and as such contravened the spirit of development principles guided by IMF and CGI.

In 2003-2004 the government issued a packet of regulations called Government Finance Regulation Package consisting of three (3) laws on government finance; the government Treasury; and the management and report of the audit on government finance. These laws give dominant power to the Ministry of Finance and this power was reinforced with the interference of the WB. But in 2006, at the WB meeting in Singapore, the Finance Minister, Sri Mulyani Indarwati, in her speech strongly stated that the WB should become a partner, not a preacher. This speech was seen as the watershed, setting out strong resistance to the interference of the Bank and IMF in preaching policies to the government of Indonesia.

Though the development planning processes have been designed and mandated by the law to be bottom up, the final decision still depend on three (3) arenas of political and business interests: (1) the Finance Ministry, which has the highest authority to decide; (2) the business interests, which support the political campaigns of the leaders at district, provincial and national levels; and (3) the parliament, whose members have their own finance needs both for their own individual interests and for their political parties. Hence, in reality, the ownership of development policies (as mandated in the law of national development planning) has been diverted to the interests of the actors in the said arenas.

The Finance Ministry continues its predominantly neoliberal orientation and supports the global agenda of the neoliberal powers; while the politicians and business supporters use the development policies for their own interests. Within these configurations of power, the

bureaucracy retains the advantage. Despite attacks on corruption in the bureaucracy, the allocation of the development budget (about 60% of the overall budget) is established mostly by officials in the bureaucracy, with little influence by the majority of the people.

There have been critiques and critical assessments by CSOs and media about the discrepancy between the “bottom-up” proposals and the decisions on the technocratic and political phases of development planning. CSOs monitoring corruption (Indonesian Corruption Watch – ICW) and budgeting process (FITRA) exposed these discrepancies in media. The participation of CSOs in the three (3) phases of development planning process was initially ignored. In 2010 however, BAPPENAS began discussing with CSOs possible mechanisms for the latter’s participation in development planning processes.

Beginning 2011, the government has initiated a new strategy on development planning processes to ensure increased participation of affected populations and other development actors. At the national level, BAPPENAS has been holding consultations with CSOs and now provides opportunities and spaces for them to engage directly with BAPPENAS and the technical ministries in the National Development Planning processes. BAPPENAS held a series of consultations with CSOs to develop tools for effective participation of stakeholders in development planning.

With this participation of CSOs there has also been some opening of political processes in the Parliament, but difficulties remain for CSOs in accessing the technocratic processes in the Finance Ministry. These technocratic processes which relate to the accounting and budgeting mechanisms in the Ministry, in fact should be opened up to allow for adjustment based

on the results of the participatory processes in BAPPENAS. The most difficult phase for development planning is the political processes in the Parliament, where all the participatory and technocratic processes can be undermined. Although the parliamentary discussions on budgets are open to the public, there are still many opportunities for parliamentarians to arrange “backdoor deals” with technical ministries and with provincial and district governments.

Parliament approves the legal framework for the Long-Term Development Plan, the Medium-Term Development Plan and the Annual Development Plan, based on the planning and budgeting processes in the Ministry of National Planning and the Ministry of Finance, as submitted by the President. A Long-Term National Development Plan (2005 – 2025) has been enacted by the Parliament. A new Medium-Term National Development Plan (2009 – 2014) is detailed from the Long-Term Development Plan and was enacted as a Presidential Decree.

Based on the Medium-Term Development Plan document, BAPPENAS published a Foreign Borrowing Plan called RKPLN (*Rencana Kebutuhan Pinjaman Luar Negeri*), which currently exists for the period 2009 - 2014. Indonesia’s development partners are intended to develop their country strategy paper for Indonesia based on the RKPLN. The details of the borrowing plans are then published in a book called *Bluebook*.

The annual development planning process is aimed at aligning the Long-Term and Medium-Term development plans with the real needs of the people through a participatory process. This participatory process is called MUSRENBANG (Musyawarah Perencanaan Pembangunan – the Colloquy of the National Development Plan), which starts at the village, sub-district, district, and provincial up to the national level.

On many occasions the current Vice Minister of National Development Planning has emphasized that the participation of CSOs at the national level will be replicated at sub-national levels. The goal is to have development plan that is controlled by the people. This meant that the planning processes and development programs are based on the real needs of people and on their own vision of their future at local levels. These policies, if effectively implemented, would strengthen processes towards democratic ownership of development and establish the foundation for better and stronger ownership in the future.

In the last five (5) years before being opened up to CSO participation, the participatory processes have been more ceremonial than substantive. Rent-seeking behavior of business interests often captures the process when it comes to priorities and budgeting at district, provincial and national levels. In the parliamentary processes at district, provincial and national levels, the contents of the plans formulated by the people at the community level can be diverted.

Nevertheless, by involving multi-stakeholders processes in development planning and budgeting, the political processes in the parliament can be pushed to be more open and transparent. All decisions regarding the allocation of budgets are revealed and accounted to the public, including a public rationale for any changes to the budgets from those proposed in the participatory and technocratic planning processes.

Some donors suggest that the national government of Indonesia already has strong ownership in the process of making national development policy/plan/strategy. While Indonesian national development policy is not influenced by donors, the relationship between donor and government is a challenge in itself. There are informal sectoral

meetings between donors and government, but donors currently do not interfere with national development process in Indonesia. The government presents donors with the *Bluebook*, a shopping list based on its borrowing strategy. After the donors make a choice from the *Bluebook*, each donor enters discussions with the relevant ministry. Donors discuss these plans with the government on an annual basis.

## Transparency

Transparency is closely related with ownership. When ownership has been tightly controlled by the bureaucracy -- which has long been nurtured in a culture of corruption -- it is unlikely that transparency would be established.

Indonesia enacted a law for free access to public information in 2007 which provides that all policies and programs are open and transparent to the public. The public can access information from public offices. Should public offices refuse to release the information to the public, the offices can be subjected to administrative court process.

Checks and balances between the Parliament and government are improving, and most of the meetings are broadcast live to the public or by parliament television. Meetings between the Parliament and the technical ministries are based on a request by parliamentarians, usually to discuss progress in project implementation. The results of the meetings are recorded and can be accessed by the public on request.

While Indonesia has its own procurement system, donors also have their own procurement system based on international standards. The differences in procurement systems often create conflicts between the government and its

development partners. Based on the Presidential Decree on Procurement, a compromise should be reached between the government and the specific donor in cases of conflict. Donors mainly prefer e-procurement because they do not trust the transparency system in Indonesia. The government assumes that if there is no political agenda behind this particular aid package, a change or adjustment in the procurement system is acceptable.

Policy conditionality has been eliminated, but terms still exist as part of loan agreements which are subject to discussions between government and the donors. These terms or conditions are always negotiable. For example, in a scholarship assistance program, the donor might say that the scholarship is for study in Japan, and this is negotiable depending on the government's interest in the scholarship.

Technical assistance received by the government of Indonesia is mainly in the form of the supply of expertise (such as in the construction of infrastructure, dams, etc.). Proposals for technical assistance are initiated based on what has been stipulated in the Medium-Term Development Plan and set out in the *Bluebook*.

According to CSOs which are active in monitoring the government's procurement system, donors are reluctant to use Indonesia's country systems because it is too complicated and rigid. The donors prefer to use their own systems. The law on procurement stipulates that the bidding process has to be certified by the LKPP (National Procurement Agency) and announced in public media for certain period of time, and the decisions are announced after one (1) or two (2) months. Donors argue that country has a problem of transparency in procurement, but in truth they are reluctant to use Indonesia's country system. Indonesia's country system was actually set up by

USAID and the WB, and consultants from the latter drafted its regulations. LKPP is still under the supervision of the WB consultants. So there is actually no reason that the donors should doubt Indonesia's country system. On the other hand, donors seem to have their own preferences for the use of their aid, some preferring multilateral agencies or their own Project Implementing Unit (PIUs).

## Accountability

Almost all technical ministries have accountability mechanisms. The regulation governing the Ministry of Transport, for example, specifically stipulates the guidelines for the Report on Performance Accountability for the said Ministry.

All implementation of ODA is reported to BAPPENAS, and the donor and implementing agency will be invited to discuss the monitoring and evaluation mechanisms.

There has been improvement in accountability following the 2005 PD. The first Monitoring Survey in 2007 and the Second Monitoring survey in 2010, conducted by the OECD DAC, have indicated improvements. Indonesia is on track and even for some indicators are beyond the targets of the PD and AAA.

According to CSOs which are active in corruption monitoring, there have been opportunities for corruption in ODA projects, particularly in their implementation. There is a need for close monitoring by independent agencies, including CSOs, in the implementation of these projects. In some respects, corruption is initiated in the planning and budgeting process with Parliament and the technical ministries. To ensure that

a project is included in the national or local development plan, and included in the annual budget plan, the government agencies mobilize support from business partners, and sometimes pay members of parliament for the concurrence. These will include ODA-funded projects.

Corruption is the main obstacle for the implementation of good quality projects. To prevent corruption in ODA-supported projects, there should be systematic efforts such as:

1. Promoting transparency for all processes and phases, starting from planning to the implementing processes. The donors should also provide information which are transparent as possible to the Indonesian public.
2. Establishment of a complaint center and legal protection for "whistleblowers". So far the WB has a mechanism, but this is limited to issues that have been exposed in international media.
3. Setting-up of regulations that ensure follow-up for violations in projects. There should be clear sanctions and a mandate to those responsible for its enforcement.

Since 2005, a substantial decrease in funding for CSOs in Indonesia has been an increasing trend. Donors are channeling more funds through government and the multilateral agencies. CSOs are expected to become contractors for these projects. But in a corrupt government atmosphere, it is implausible for CSOs to become contractors of projects channeled through the government without themselves becoming partners in corruption. At the same time, the establishment of so many agencies by multilateral donors, particularly the UN and the WB, makes

it less possible for Indonesian CSOs to take part in ODA projects, since it is these agencies which implement the projects directly, independently or with local governments.

## Development Results

### Poverty Reduction

The total population living in poverty in Indonesia is 31 million (or 13.3% of the total population as of March 2010). Compared to a year earlier, the number of people living in poverty declined from 32.5 million (14.2%). During this year poverty in urban areas declined more rapidly than in rural areas.

The government of Indonesia produced in 2004 a detailed National Strategy for Poverty Alleviation (SNPK – *Strategi Nasional Penanggulangan Kemiskinan*). But the question has always been raised whether this SNPK is taken into account by the technical ministries which are directly responsible for developing and implementing projects. Are the SNPK targets taken up by the ministries and the sub-national governments in their development programs every year?

Major donors were involved in the formulation of the SNPK. The latter was initiated and facilitated by a working group on poverty alleviation under the CGI. The WB, the Asian Development Bank (ADB), JICA, UNDP, and USAID played very significant roles in promoting the strategy. A team called the National Team for Poverty Alleviation, with structures at both the national and district levels, implements the SNPK. At the sub-district level there are also technical teams to ensure the program's implementation and the achievement of desired results. Since 2007, this poverty alleviation program has been more focused.

In implementing the National Strategy for Poverty Alleviation, the government determined the target populations and specific programs to meet their needs. There are three (3) clusters of program activities based on short-term actions, on medium-term empowerment and on long-term investment at the community level. The first cluster focuses on support and social protection implemented through programs such as the Program of the Family of Hope, Special Rice for the Poor, the People's Health Insurance and the School Operational Support.

The second cluster is called the National Program for Community Empowerment (PNPM – *Program Nasional Pemberdayaan Masyarakat Mandiri*) which is geared at poverty reduction by empowering communities. In 2010 the PNPM covered 6,400 sub-districts with an allocated budget of IDR 3 billion (US\$350,000) per sub-district. These community level programs are modeled after previous ones, which all had a significant weakness for failing to take into account the weak capacity of local communities to resist external shocks. Incomes would increase, but when the prices of consumer goods increased, the value of the cash income is easily affected. PNPM seems to have learned lessons from these earlier programs by including an empowerment component in the program.

The third cluster focuses on longer term investment in communities by strengthening micro and small enterprises.

The big donors are mostly involved in supporting the funding of these programs. The WB provided US\$1 billion in loans; followed by AUSAID, USAID, JICA, the Netherlands government and ADB in both loans and grants; and UNDP in grants. Aid is still playing an important role in poverty alleviation programs in Indonesia.

The government aims to reduce poverty to 5% by 2013. If the development plan is consistent with this goal for poverty reduction, and accommodates broader participation of more development actors, the target of 5% in 2013 might be achieved. But if the plan continues to be implemented under the tight control of officials in the bureaucracy and rent-seeking private actors, the target will not be achieved and poverty might fall below current levels.

## Gender Equality

The government of Indonesia has no specific focus on gender equality or on other vulnerable groups. Attention to these issues depends on the degree to which relevant stakeholders are involved in the planning process (technical ministries, NGOs and academes). Concerned stakeholders often raise these issues, but it is not specifically designed into consultation agenda.

The large bilateral donors have gender equality as one of the indicators in the implementation and evaluation of their projects. This is creating promising prospects for strengthening gender perspectives and mainstreaming gender in all phases of projects.

Some donors have a gender mainstreaming strategy paper, but it is unclear how effective this approach has been for improving this aspect in project implementation. The ADB supports *madrasah* (Islamic) schools in South Sulawesi, for example, but the curriculum and materials reflect gender discrimination. There have also been initiatives of the government to mainstream gender in development planning, implementation and evaluation.

## Ecological Disaster

The government has passed a law for Strategic Environmental Study (KLHS), which is intended to ensure that a sustainability paradigm is included in development plans and programs. This law stipulates the fundamental principles guiding Indonesia's development, namely economic growth, prosperity and environmental sustainability.

Deforestation in Indonesia has become critical. The loss of forest areas between 2003 -2005 reached about 3.2 million hectares per year. Since 2008, deforestation in the seven (7) largest islands in Indonesia has reached up to 1.1 million hectares per year. Australia has provided loans for forestry development, but at the same has also supported infrastructure to enable open access to mining in forest areas in several places in Indonesia.

Indonesia has adopted REDD+ as a strategy to mitigate climate change. Norway is committed to provide one (1) billion US dollars to Indonesia for REDD+ projects. Australia, the United States and other donor countries are also interested to join in REDD+ projects. The government has established a trust fund institution called the Climate Change Trust Fund, but the donors prefer the WB to manage their funds for climate change.

Indonesia has established a special agency to develop strategies, implement programs and coordinate policies and programs related to climate change issues, namely the National Council for Climate Change (DNPI) (*Dewan Nasional Perubahan Iklim*), which is directly chaired by the President. DNPI has slowly integrated climate change programs with the government's own aid effectiveness framework.

## Conclusion

The two (2) key issues in aid for development effectiveness are coherence and leadership. The central government works in a polycentric manner, rather than as a coordination body for the governance of development. Each government ministry and agency looks at itself as a center of power on its own. Coordination among ministries and agencies is rare. While the President has established periodic task forces to break through these bottlenecks in the government, new ones are instead created.

The Jakarta Commitment and A4DES are still expected to coordinate donors, government agencies both at the national and local levels, along with other development actors (including CSOs and business sectors) to promote development effectiveness. It is expected that this will help coordinate development actors; solve policy incoherence; develop field-based indicators for development effectiveness; and provide capacity-building for these actors. A4DES is expected to become a forum for multistakeholders' dialogue on development policies, and come out with detailed guidelines for policy and program recommendations. This will require strong and inclusive leadership on the part of the government of Indonesia.

## Endnote

- 1 Antara News, 25 January 2007

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### Introduction

Since its independence from the Soviet Republic in 1991, Kazakhstan has pursued a balanced foreign policy and worked to develop its economy, particularly its hydrocarbon industry. The country chaired the Organization for Security and Cooperation in Europe in 2010 and is currently a member of many international organizations including the United Nations, the Euro-Atlantic Partnership Council, the Commonwealth of Independent States, and the Shanghai Cooperation Organization. Kazakhstan has also implemented an Individual Partnership Action Plan with NATO.

In 1994, Kazakhstan joined the Asian Development Bank (ADB). Currently, it has already received \$2.14 billion for a public sector loan, which focuses on agriculture and natural resources, education, finance, transport and communications, water supply, sanitation, and irrigation. The ADB has had a representative in the Kazakhstan Foreign Investors Council since 2006. The Council primarily promotes private sector growth in the country. Improvement in the lives of its 16 million population has yet to be seen though as a result of partnership between Kazakhstan and its donors.

### Democratic Ownership

#### Participation

The National Development Strategy was initiated by the President of the Republic of Kazakhstan along with its administration. The details of the said Strategy have been entrusted to the appointed ministries, institutes and agencies. The monitoring

of progress in implementing this policy was assigned to the Ministry of Economics of the government.

Termed “Kazakhstan Strategy 2020”, the strategy was approved in February 2010. The main task of “Strategy 2020” is to achieve steady economic growth by implementing forced industrialization and increasing the competitiveness of human capital. To ensure this, a Business Map 2020 Program for employment has been approved in March 2011 by the government. The Strategy for Gender Equality for the period 2006- 2016 was actively discussed by government and some feminist non-government organizations. Laws on gender equality and domestic violence were also discussed at different levels, including parliamentary groups.

The National Agency for Development of the Local Content (NADLOC) was established for the purpose of preparing financial and annual reports of projects. While State statistics for various official development assistance (ODA) programs is available on the official website of the Agency of Statistics, detailed financial reports of completed projects are still only accessible to some state experts.

### Transparency

There have been some improvements in government laws pertaining to the mass media, mainly in response to a survey done by a freedom-of-the-press organization, “Reporters without Borders”, which ranked the country to 142<sup>nd</sup> place in 2009 for press freedom. However, no significant changes occurred especially since in 2010 the situation for press freedom has become worse and experts are largely pessimistic of actual improvements.

The parliament approves the state budget, the government's report and its accounting committee. The parliament has the power to approve or reject government programs, and to make changes or additions to these. To increase the mandate of parliament, it would be necessary to make amendments to the Constitution.

An agency on regulation and supervision of financial market and financial organizations carries out monitoring of budget allocated from the National Fund and publishes the information on a site. As a rule, development programs are accepted for some years and are published by media and posted on various government websites. The public is generally informed about some successes of government programs in some areas through these channels. However, full access to such information is not available to the public. Thus, while each government agency tenders their projects to the public regularly, the amount or share of official aid for their implementation is often not disclosed.

Independent monitoring is also an exhaustive and futile exercise since the parliament and local government units, while open to dialogue, are generally unwilling to present substantial information. In fact, the full amount of ODA flows to the country is not readily accessible to the average person, except when they carry out extensive research on the subject which does not depend on government data alone. But the public is fully informed that the volume of external debt rose to about 103.6 billion US dollars.

## Accountability

Several laws are already in place to combat corruption in Kazakhstan at all levels. In April 2008, Kazakhstan passed a law that ratified the "UN Convention on Corruption." This law detailed appropriate management actions against corruption with the aim of eradicating corruption at all levels

by imposing sanctions in various degrees. This covers international cooperation through criminal prosecution of payoffs to foreign officials. To combat corruption among state officials, "NUR OTAN" suggests the use of a polygraph test.

Results of investigation efforts of all forms of corruption in state structures, political parties and enterprises are commonly subjected to public scrutiny through various conferences and roundtable discussions. A Perception of Corruption index, published annually, is a cause of interest among the general public and the press. To improve transparency, plans to monitor big government contracts have been proposed, but implementation is still unclear. The parliament can implement mechanisms to improve accountability for the use of public funds, but is not obliged to carry out its monitoring functions.

Priorities in implementing state programs and investments are still decided by the government without input from other stakeholders. As a result, institutional development projects are largely ignored. For instance, accessible state programs have no allocation for technical help or capacity development of various sectors. On the other hand, donors usually work with their own programs and priorities. Sometimes, though, these priorities coincide with government programs.

Though partnership between state and civil society is of great value, the process of democratic ownership of aid is not necessarily inclusive of the latter. As a result, corruption cases in ODA-funded projects are not reduced as civil society is not generally involved in these projects.

## Development Results

### Poverty reduction

Following its independence from the Soviet Union in 1991, the transition period in Kazakhstan was

one of unprecedented, rapid economic and social change which led to substantial increased poverty rates in the country. Income gap between poorest and richest was significant. According to a 2009 ADB report, from the late 1990s until 2007, Kazakhstan experienced a period of sustained economic growth which averaged at 9% per year with the influx of aid flows. But while poverty was said to have decreased substantially, the GINI coefficient within this period ranged between 0.3 and 0.4, indicating a high degree of inequality.

It is important to point out that among NIS countries, Kazakhstan is among the highest recipient of ODA, with the biggest aid flows coming from Japan, the USA, and Germany. In fact, in the period 1992-2003, the total ODA received by the country amounted to US \$1.8 billion. This was mainly allotted to two sectors: 1) Social infrastructure and services (35.8% of total); and, 2) Economic infrastructure and services” (49.9% of total). The obvious reason for this was mainly to alleviate poor living conditions after independence, but the underlying reason was to facilitate donor interest in the country’s largely undeveloped oil industry. On a more positive note, investment in this infrastructure facilitated an increase of literacy levels, which in 2010 reached about 99.5%.

In an effort to cushion the effects of the global economic crisis in Kazakhstan, the ADB disbursed about US \$500 million in 2009, claiming that these funds reduced fiscal deficits and protected the labor force from massive layoffs. The global economic crisis has caused sharp decrease in the price of oil, the country’s largest industry and has resulted into a domino effect in the still vulnerable economy. Women were at greater risk of unemployment than men, although this perhaps reflects more on the structural gender inequalities in the economy rather than specific risks brought by the crisis.

Moreover, according to the Ministry of Labor and Social Protection, the number of those

self-employed reached 2.7 million by the end of 2009, but the government does not count them as unemployed. In 2010, government statistics show only 6.6% of the population with income below minimum wage, a vast improvement from statistical data in 2005 which showed 20.4%. Civil society organizations which work with the grassroots, however, would say that at least 15% of those who live in rural areas are still malnourished. In fact, Asel Beisekeeva, head of the Association of Builders in Kazakhstan said that ‘90% of housing still dates back to the Soviet period’, and that according to interviews, more than 70% of the population wish for an improvement in their living conditions.

## Gender Equality

In 1998, Kazakhstan joined the UN Convention for the Elimination of All Forms of Discrimination Against Women. Shortly thereafter in 1999, the National Commission on Family Affairs was established, and a demographic policy was also formulated. In 2006, following a consultation with government-selected feminist organizations, a 10-year strategy on gender equality was incorporated in the “Kazakhstan 2020”. Through these efforts, the ratio of girls to boys in primary and secondary education has increased from 98.7% in 2006 to 99.15% in 2007. In 2008, adult literacy rate between male and female aged 15 years and older is at 99.8% and 99.5%, respectively. Women who held positions in parliament have also increased from 10.4% in 2006 to 15.9% in 2007 and 2008, with the goal of reaching 30% by 2016.

Nevertheless, the proportion of women living in poverty is not taken into account by statistics. Government statistics usually will not reveal the higher number of self-employed women than men, especially in the rural areas. This is a result of women’s limited access to financial resources necessary for business that often confines them to small businesses, mostly in the informal sector, and

which yield relatively lower incomes. There is also a considerable gender inequality in pay between sexes. In 2006, the average salary for men was KZT 49,737, compared with KZT 30,984 for women.

## Ecological Sustainability

Kazakhstan has a very rich supply of accessible mineral and fossil fuel resources. In fact, development of petroleum, natural gas, and mineral extraction has attracted most of the over \$40 billion in foreign investments in the country since 1993 and accounts for 57% of the country's industrial output. This multi-billion dollar industry, however, is not without high environmental costs.

Aware of the alarming adverse effects of climate change due to environmental degradation, Kazakhstan has ratified 24 conventions on conservation through the Global Environment Fund, the UNDP, ADB, and World Bank among others. In recent years the country has played an active role in the UN Commission on Sustainable Development and regional networks on sustainable development in Asia and Europe with the aim of a gradual transition for Kazakhstan to sustainable natural resource use. In particular, Kazakhstan has launched the "Green Bridge" initiative which provides for the establishment of a broad platform for cooperation for the protection of ecosystems and adaptation to climate change.

However at present, over 60% of the ecosystem is still in the process of desertification and about 75%

of country territory is at a high risk of ecological destabilization. Coastal areas are still occasionally contaminated with oil from wells and polluted due to accidents in oil extraction sites, etc.

## Conclusion

The government of Kazakhstan has recently boasted that results achieved through sound economic policies and reforms prove that the MDG objectives are achievable provided leaders exercise strong political will and close international cooperation. But achieving these objectives does not necessarily only depend on the quality or quantity of official development assistance, but also on how these resources are utilized to address development needs, and how citizens are empowered in terms of inclusive participation to meet such.

Democratic ownership in Kazakhstan still needs to be improved in terms of realizing the role of civil society organizations. Though there are several policies that reflect the importance and great value of state and civil society partnership, there is still no established mechanism to involve multi-stakeholders in aid projects formulation and information.

While Kazakhstan has had significant improvements in recent years, it remains underdeveloped in terms of a systematic mechanism to monitor development results especially in gender and ecological aspects. The country lacks inclusive participation among civil society organizations in the process of development and implementation of aid projects.

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# Kyrgyzstan

## Country Monitoring Report on Aid Effectiveness

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### Introduction

The implementation of the Paris Declaration (PD) and the Accra Agenda for Action (AAA) commitments with respect to Official Development Assistance (ODA) in Kyrgyzstan has had limited impact on the priorities and practices of aid in this country. Ownership of the country development strategy is limited to the government executive and ODA to donors' own priorities. Commitments in the AAA to more inclusive ownership, with increased roles for parliament, local government and civil society organizations (CSOs), are not being implemented in major areas of the country development. ODA's contribution to development results for the people are not visible and lack not only proper measurement and monitoring, but substantial content as well. These are critical concerns since real inclusive and democratic ownership and people's empowerment for development are not in the reform agenda. Political commitments for the effective use of financial and other resources for development remain merely as commitments in paper.

### Democratic Ownership

#### Participation

In Kyrgyzstan there is no multi-stakeholder body for development and monitoring of the country development strategy (CDS). CSOs, coalition for development effectiveness and the Forum of Women's NGOs of Kyrgyzstan are not invited to participate in decision-making or consultations on

the CDS or ODA priorities. The most recent CDS covering the period 2009-2011 was developed in 2008 and reviewed in 2009. Members of Parliament did not hold any parliamentary consultations on CDS prior to approval nor on the use of ODA towards its goals. They were given only the final version of the CDS for approval.

The government body responsible for ODA coordination has constantly changed during this period of the CDS. Similarly, there has been no system for multi-stakeholder dialogue for the drafting, implementation, and monitoring of ODA to increase country ownership. For example, a donors' forum in July 2010 to review about US\$1.1 billion in aid to South Kyrgyzstan over the next 30 months was closed to CSOs.

In 2011 the process to prepare a new CDS is closed to CSOs, in part because of the continued absence of multi-stakeholder consultations on ODA processes. It was the initiative of CSOs to hold such consultations. Despite existing legislation and government policies to improve the participation of women's and other vulnerable groups in the development of the country strategy, there is no mechanism to make this a reality. A coalition of CSOs on development effectiveness held a series of events on aid effectiveness in 2008-2010, including multistakeholders' consultations.

#### Transparency

There is legislation on freedom of information but its implementation is weak. There is no

Parliamentary oversight for this law and the result is poor transparency. The CDS was published in 2009, and an electronic copy is posted on the government's website. However, both local governments and CSOs do not access it and are often unaware of the document. Many people have no access to the internet in the first place.

Information on public expenditures is accessible only through an annual state report on budget implementation posted on government website. There is no framework for information to allow for gender and social budgeting in the presentation of the state budget.

Public access to procurement tendering information for donor aid is available on the websites of state ministries and donors as well as through the mass media.

Donors and government have created a consolidated database for ODA projects. But unfortunately government ministries, parliamentarians, local authorities, business and CSOs do not have access to this consolidated information on ODA and its results. The public generally learns about ODA projects only when they are initiated, and often reacts negatively because the projects are usually not based on any real needs' assessment. This happens because local government, elected bodies, and CSOs are not informed nor have any roles at the planning and development stages for ODA projects. The government's data system does not cover all aid and lacks consolidated data on development results. In the information it does provide, the state mainly prioritizes financial and technical aspects of ODA, with little attention paid to their impact on people's lives. No public reports were available on the results of government expenditures for development in 2009 and 2010.

There is no system for public information dissemination. Progress in access to information

is not positive: the database has not been extended for public use and the quality of information has not improved. Interested stakeholders were only able to access some information on ODA from donors and government during recent CSO events on aid effectiveness.

Overall, the government and donors were not open to providing timely assistance in information gathering for this report. Consequently, there was insufficient information to prepare this country report. There are many reasons for low accessibility and weak quality of information on ODA: information not provided or poor administration of the law; reluctance of state officials and some donor organizations to spend time preparing answers for information requests; lack of information available to the state officials responsible for the area; overall lack of transparency and regular reporting on development results; weak institutional memory in state and donor organizations; and poor coordination among government, donors and CSOs to disseminate information. CSOs in Kyrgyzstan need to come together for joint advocacy to push for greater transparency and for the creation of relevant reports on development priorities and results, with full and timely access to such information and data.

## Accountability

Accountability in Kyrgyzstan remains very low. Laws, government bodies, mechanisms and regulations designed to address corruption, and improve systems of investigation, legal redress, and accountability in the use of public funds have not significantly improved. There are no judicial investigations of violations in the use of ODA. There are also no parliamentary oversight mechanisms on the use of ODA and implementation of the CDS.

ODA technical assistance for the CDS are not fully based on an assessment of actual technical assistance needs for each area specifically identified as a priority in the CDS. This happens despite accessible plans in the CDS and various National Development Plans (NDPs) for donors. For example, the NDP on gender equality has been ignored. In areas where donors have responded to government capacity needs in the national development plan with appropriate technical assistance, this capacity has grown.

Certainly during recent years, aid coordination has improved, in part because the government has formulated the main priorities and goals for the country's development. But there is still a need for systematic mutual accountability between the country and donors for the results of ODA. Such accountability should be accompanied by the capacity for alternative and independent monitoring and reporting on the implementation of ODA towards the country's development strategy. Independent monitoring and evaluation do not exist. But it would have improved and enriched current and often fragmented processes of accountability and raised public awareness. CSOs in general do not have access to the existing official and independent report on the impact of the ODA, but they report anecdotal information on inappropriate priorities and wastage.

Lack of information has concealed graft and corruption in cases of ODA-funded projects. In cases wherein CSOs have identified such information and submitted its recommendations for criminal investigation, there has been no further communication between the stakeholders.

## Development Results

ODA-supported reforms have produced laws for the redistribution or privatization of social wealth. However, there has been no legal framework

for procedures affecting denationalization, with the exception of overarching regulations in the Civil Code. Measures in support of land reform programs have also been supported by various ODA resources. But information is not available on the amount and priorities of ODA allocated for the rural poor, agriculture and rural development.

While some information is available, official and independent assessments of the results from social redistributive or privatization have not been made. Neither the government nor donors have produced a public assessment of ODA programs and projects in relation to poverty reduction. Poverty levels in 2009 were 31.7% of the population.<sup>1</sup> Poverty incidence decreased between 2007 and 2009 by 3.3%, while the rate of poverty in urban areas is lower than in rural areas.<sup>2</sup> The government's measure of poverty in Kyrgyzstan is 2,750 som, a little more than one (1) US dollar per day.<sup>3</sup> The proportion of undernourished people has decreased between 2005 and 2008 by 4.3%.<sup>4</sup>

Some indicators of economic and social well-being are improving. The latest official data point to a reduction in the unemployment rate between 2007 and 2010. Rural unemployment, however, is 1.5 times higher than in urban areas.<sup>5</sup> The average wage rate has grown between 2005 and 2009 by 3,548 Kyrgyzstani soms per day.<sup>6</sup> Currently, the legal minimum wage in 2010 is approximately 340 Kyrgyzstani soms (\$7 US) per month.<sup>7</sup> Official statistics demonstrate a growth in the proportion of the population with sustainable access to improved drinking water and sanitation since 2005.

On the other hand, this official data on improved access cannot be verified and CSOs have serious doubts about its accuracy, particularly on the impact of large amounts of ODA spent for this purpose. School enrollment, cohort-survival and completion rates are also major concerns, with

even limited official data showing a significant deterioration between 2005 and 2009. The child mortality rate was also decreasing during the last five (5) years, according to the official data.<sup>8</sup> But CSOs have expressed equal concern about the lack of verifiable independent data. The main causes of child mortality include parasitic diseases, various diseases of the nervous system, respiratory organs, digestive organs, as well as congenital anomalies and conditions emerging during the prenatal period, among others.<sup>9</sup>

## Gender equality

Strategies and plans to achieve gender equality and ensure women's rights in the development process, either by the government or donors through ODA, have been weak. National gender development plans and programs where they exist, including the legal protection of women's rights and women's access to judicial recourse, are not significantly funded and are not effectively promoted to protect women's rights and ensure equal access to justice. There has been no process to develop a gender needs assessment. Gender needs are consequently not identified and are not mainstreamed in state or donors' programs and actions, as well as in the country development strategy and ODA.

Access to justice for women in Kyrgyzstan is very limited. In the country's current development strategy (2009-2011) there is a section on "policy to achieve gender equality". But a planned review of the National Plan of Action to achieve the goals for gender equality and strengthening the capacity of a national institutional mechanism to promote gender equality were not implemented. In fact, during the past few years, the country's institutional mechanism for promoting gender equality has been weakened. In 2010, gender equality and women's rights issues were put under the mandate of the Ministry of Labor,

Employment and Migration. But in the case of the present department responsible for gender equality, there is no staff with expertise in gender equality and women's human rights.

The lack of significant participation of CSOs, including women's NGOs, in the process related to gender equality issues remains a major concern. There is no institutional space for CSOs, particularly women's groups and poor and vulnerable groups, in government and aid processes. These gaps in participation ensure that no measurable indicators of human rights and gender equality appear in either the country's development strategies or in donor ODA plans and commitments. Only some isolated projects and actions have been supported.

While a National Statistical Committee publishes high quality gender disaggregated data for men and women, there remains a need for more detailed disaggregation of data. The UNFPA has supported the work of the National Statistical Committee to collect, analyze and publish gender disaggregated data in their annual data report. But this information is not used by the government or donors in their policy, planning and allocation of development resources.

Women in Kyrgyzstan generally earn less because they are concentrated in the low-earning sectors of the economy, such as education or health care. The impact of the recent global and national economic and financial crisis has negatively impacted on many women, particularly rural women and women working in garment industry. This has seemingly resulted in an increase in the proportion of women living in poverty, although there are no reliable statistics. The conditions and needs of non-registered women migrants, including their participation in the labor force, are not included in official data.

Maternal mortality rate is high despite implementation of a donor Sector Wide Program (SWAP) in this area as shown in the chart below:

Maternal mortality rate has not changed much from 2000-2009 in Kyrgyzstan. This may be attributed to the lack of qualified medical specialists and medical equipments. According to the Ministry of Health Care data in 2009, the cause of death of pregnant women aged 29-36 is “severe organizational mistakes in observation of pregnant women with severe pathologies.” This led to two (2) separate investigations in 2009 by the Ministry of Health Care and the other by a public commission with specialists of the ministry of health care, the Ombudsmen and the parliament. Results show lack of medical facilities and decreasing number of medical professionals due to migration to other countries in search of greener pastures.

## Ecological sustainability

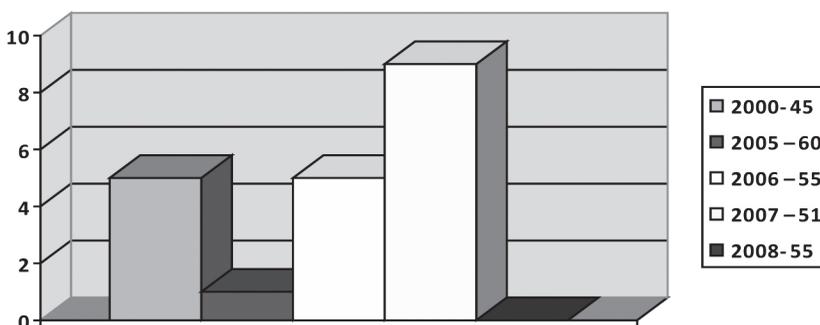
Kyrgyzstan is developing laws, policies, government bodies and mechanisms that focus on the sustainable utilization of natural resources. The Ministry of Natural Resources is responsible

for managing the country’s natural resources. Specialists suggest that there is need for a law on the protection of the subsoil. Existing laws on ecological sustainability, which are focused on punishing offenders but not on preventive measures, are not effective.<sup>10</sup> Unfortunately there is no comprehensive data on the amount and use of aid and technical cooperation grants for ecological sustainability. It is known that various donors support and implement ecological, climate change, deforestation and biodiversity projects. But there is no information on their impact. Official data on ecology and biodiversity likewise do not exist. There are no consultative processes to ensure respect for the rights of peoples living in areas affected by foreign mining.

## Conclusion

Much needs to be done to strengthen country ownership, beyond limited ownership by the government of the country development strategy. ODA is failing to support opportunities for prosperous development for the benefit of all people. Parliament, local authorities, CSOs and business need to take an active part in all phases of consideration and implementation of ODA-

### Maternal Mortality (per 100, 000 live births)



Reference: National statistical committee of the Kyrgyz Republic. Bishkek, 2009, P. 53.

supported activities directed towards the country development strategy. Participation of CSOs and elected bodies is crucial to improve effective development and effective use of the aid for this purpose. A large problem for understanding the

impact of ODA on development for poor and marginalized populations in Kyrgyzstan is basic transparency and access to information, along with a failure to measure development results in relation to the needs of this population.<sup>1</sup>

## Endnotes

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### Introduction

Since 2005 and the announcement of the Paris Declaration, Lebanon has undergone significant and sometimes devastating events. Starting with the assassination of ex-prime minister Rafik Hariri in February 2005, the Israeli invasion of Lebanon in July 2006, and internal tensions that on certain occasions escalated into violent conflict, there has not been a successful transition for Lebanon into a state of sustainable stability.

Nevertheless, civil society continues to grow in strength and resourcefulness. In the absence of a national comprehensive development plan, several organizations have assumed responsibility and put forward concrete suggestions, that, when combined, can be viewed as a gateway to boost the national development planning process. Needless to say, the commitments of the Paris Declaration (PD) and the 2008 Accra Agenda for Action (AAA) have contributed to the strengthening of civil society organizations (CSOs), in that it brought them steps closer to being actual partners in the national and regional process of global development and policy making.

The Lebanese parliament and government, when active, have indeed accommodated the efforts of national organizations and the international community to establish a platform that facilitates reform and enhances communication between

the administration and the community. But transforming this spirit of acceptance and partnership into concrete reform inspired by national development planning has yet to be seen.

An independent and multi-stakeholder committee to study the impact of the PD and the AAA on aid effectiveness in Lebanon has not been established to this date. Nevertheless, taking advantage of reports and feedback from relevant stakeholders and organizations, specific data can be identified that describe to a reasonable level of accuracy the progress and shortcomings of development assistance and the most pressing development issues for Lebanon.

### Poverty Reduction

Poverty in Lebanon continues to be a serious challenge despite the government's efforts in the post-war years. The United Nations Development Program (UNDP) estimated the extreme poverty rate to be 8% in 2005. The ministry of social affairs noted that overall poverty in Lebanon affects 30% of the population. Poverty is concentrated in certain regions in Lebanon, mainly in Baalback in the Bekaa Valley and in Akkar in the North, while urban poverty concentrated in the main cities including Beirut is on the rise. This can be traced to the lack of national development strategies and political obstacles.

*\*A Lebanese civil society organization founded by young professionals and social activists from diverse socio-political backgrounds, and dedicated to the advancement of citizens' participation in policy making and the empowerment and engagement of youth in public affairs. The organization works through four strategic platforms: Research, Education & Awareness, Advocacy & Lobbying,*

Statistics on malnourishment in the Lebanese population do not exist. However the Palestinian refugees, who constitute 10% of the total population of Lebanon, are the poorest community in the country. According to the United Nations Relief and Works Agency (UNRWA), one (1) out of ten refugees does not meet his or her essential daily food requirements and 66.4% of Palestine refugees in Lebanon are poor and cannot meet their minimal food and non-food livelihood requirements. Poverty, including the extremely poor, was higher for refugees living inside the camps compared to those in gatherings, which are smaller neighborhoods of Palestinian refugees not officially recognized as camps.

### **Unemployment, underemployment and labor migration rates**

The unemployment rate in Lebanon was measured in 2004 at eight percent (8 %). Among the youth between the ages of 15 and 24, the rate 21%. Unemployment is also higher among poor unskilled workers, women, and extremely poor youth holding a secondary school degree. However, these numbers do not include migrant Lebanese workers since there no data on these workers. According to the UNRWA, 56% of Palestinian refugees are jobless. With the current turbulences in the region and in Africa, the numbers are expected to rise. To this date, there is no concrete government initiative to address these levels of unemployment. The National Employment Agency that was established to provide job placement services is ineffective and practically non-functional.

### **Sustainable access to improved drinking water and sanitation**

The latest official estimate of the proportion of the population with sustainable access to improved drinking water is 98% in 2005. A similar

proportion has sustainable access to improved sanitation based on World Bank statistics.

### **School enrollment, cohort-survival and completion rates**

The school enrollment rate (elementary and high School) for Lebanon has declined since from 98% in 2000 to 93.1% in 2007. The latest official statistics on school completion rate (elementary and high School) is 95.3% (2000).

### **Child mortality rate**

According to UNICEF, "Lebanon has achieved most of the goals of the 1990 World Summit for Children. The infant mortality rate (IMR) and under-five mortality rate (U5MR) have steadily declined with no significant gender disparity. National immunization coverage is 96%, and no cases of polio have been recorded since 1994. Traffic accidents are the top cause behind infant mortality (WHO), estimated to be 27 per 1000 live births in 2000. The situation, however, has improved over the past 10 years where the death rate has gone down to 5.4 per 1000.

### **Gender Equity**

#### **The process for gender needs assessment and mechanisms to ensure the integration of identified gender needs into the national development plan and programs**

Several national governmental and non-governmental organizations have been actively monitoring and reporting on gender discrimination in Lebanon, raising national awareness and lobbying politicians for the elimination of reservations to the Committee on the Elimination of Discrimination against

Women CEDAW. Lebanon's reporting record and cooperation with the CEDAW has been positive in comparison with other treaty bodies due to the work of the National Commission for Lebanese Women (NCLW). The NCLW has been active in preparing reports for the CEDAW and in disseminating and following-up on the implementation of the recommendations of the Committee. Furthermore, in the NGO sector, several organizations focusing on women's rights issues have incorporated child rights into their programming. For example, KAFA (Enough) is an NGO that has been working against gender-based violence and exploitation of women. In recent years it has become more active in the field of child sexual abuse, taking on a child-rights approach to their work on gender issues.

In 2006 a national campaign was launched by a coalition of CSOs, mostly women rights organizations, to advocate for the right of the Lebanese woman to pass on her nationality to her children. These efforts are gaining momentum, and politicians are beginning to respond. But the political barriers --which include concerns about the demographic distribution of the population and the naturalization of the Palestinian refugees in Lebanon -- remain stronger than the political capacity for change.

Other stakeholders that have been active in eliminating gender-based discrimination have included the United Nations Population Fund (UNFPA), working in partnership with the Ministry of Public Health, Social Affairs and the Ministry of Education and Higher Education on gender issues. The UNFPA's program in Lebanon also extends its partnership to NGOs, other UN agencies, municipalities and other governmental agencies with the aim of integrating gender questions, especially the mainstreaming and institutionalization of Gender-Based Violence (GBV) programs in national planning and

development. Since 2005, the UNFPA has been working in partnership with the NCLW on the elaboration of a national action plan on gender-based violence.

### **Girl-child school participation and completion rates**

In terms of education, females represent more than 70% of the total educational body. Female children do not face actual obstacles, but enrollment levels vary by region. The poorest and most marginal regions experience a relative deficit in the enrollment of girls both in public and private schools. Nonetheless, high enrollment rates of females in schools are positive in Lebanon and reports have shown that illiteracy rates among women have dropped in the past decade.

The latest official statistics on girl-child school participation rate (elementary and high school) is 95% in 2008. The girl-child school completion rate (elementary and high school) was 97% in 2000.

### **Maternal mortality rate**

Maternal mortality has decreased significantly since 2001, which witnessed a high rate of maternal mortality rate in comparison to developed countries. The official statistics on the maternal mortality ratio reportedly declined from 104 per 100,000 (World Health Organization) in 2001 to 24 per 100,000 (Institute for Health Metrics and Evaluation) in 2008.

### **Participation**

While a ministerial declaration mentions development policy more than once, a national development plan and strategy, however, does

not exist. In June 2007 the government of Lebanon presented a social development plan at the Paris III conference. This plan remains without legislative support and the mechanisms for implementation do not exist.

In short, the closest approximation to a national development policy/plan/strategy in Lebanon is seen in ministerial declarations, the government's Budget Report and its Progress Report. However, the three of them do not contain sufficient detail to be useful for assessing development plans and accomplishments.

The Economic and Social Council, established after the end of the civil war in 1990 as one of the reforms that were noted in the Taif Agreement, is a multi-stakeholder body composed of delegates from unions, trade, farmer and manufacturers associations, educational institutions, national NGOs including women's rights organizations and networks, among others. This Council, though, remains inactive to date. A functioning multi-stakeholder body that prepares and monitors national development plans does not exist. Although several government committees and institutions have been established to address development, reconstruction, and crisis management, these are non-participatory. Questions about their neutrality, efficiency, and transparency have also been on the rise.

The most recent national development policy recommendation is inspired by the recommendations set forth in the International Conference for Support to Lebanon in 2006, also known as the Paris III conference. This conference was organized after the 2006 war with Israel, and comes as the third (and last) in a series of conferences that followed the end of the civil war and the Israeli attacks in the 1990s. The conference aims to organize support for Lebanon through donor grants and soft loans. The Paris

conference outcome documents includes an annex on a national development strategy. But this strategy is very limited, its articles mainly relate to government finances with a brief note on administrative reform, and none on economic development strategy.

The participation of women and other vulnerable groups in developing and implementing national development strategies is not specifically noted by law. While a law addressing the inclusion of people with disabilities exists, it is not enforced. Several programs, supported by the UNDP, the ILO, the Ministry of Social Affairs and the Ministry of Labor, have been developed to support women's inclusion. Nevertheless these programs have not yet resulted in laws that guarantee women's participation.

### **Multi-stakeholder consultations on all stages of national development process and ODA policies**

Lebanon receives a sizeable amount of development finance primarily from the European Union and the United States. From 2005 to 2009, over US\$2.3 billion were contributed by countries of the OECD Development Assistance Committee (DAC). The European Union institutions alone contributed over US\$450 million. The United States Agency for International Development (USAID) focused on administrative and political reforms, economic growth, infrastructure and capacity building. A greater focus was placed on education during 2009 to 2010 for both USAID and the EU.

The government has not initiated consultations on donor development strategies in Lebanon, but certain public institutions and ministries have participated in or facilitated such consultations

oftentimes initiated by CSOs. There have been no multi-stakeholder consultations with parliamentarians, local governments, and civil society to discuss the formulation, implementation and monitoring of ODA policies.

The public's level of awareness and participation in the national development process and on ODA policies is almost non-existent. One example is the Paris III conference in 2007, which comes up frequently amidst the ongoing political debates, but no attempts have been made to familiarize the public with the outcomes of this conference.

On the other hand, CSOs have called for multi-stakeholder platforms -- specifically the revival of the Economic and Social Council -- and have organized multi-stakeholder discussions. These have been conducted occasionally, such as the preparation of the shadow report for the Universal Periodic Review of Lebanon by the United Nations Human Rights Council, and the national consultation leading up to the CSO Open Forum for CSO development effectiveness. These consultations, however, lack the effective participation of government officials, and their sustainability relies on the capacity of CSOs and in most cases on foreign funding.

## Transparency

### Access to Information

Information held by the government administration is mainly not available to the general public. But Lebanese law and administrative practice are not absolutely hostile to the exercise of the right to access information. There are provisions that undeniably and explicitly protect Freedom of Information. However, true access to information remains largely an exception to

the rule. The fact that the administration does not - as a rule - provide access to its records and withholds information constitutes a violation of the right to access information enshrined both in the Constitution and in international treaties to which Lebanon is a party.

Public Expenditure Data, though not comprehensive, are published by the Ministry of Finance monthly, quarterly and annually and are posted on the ministry's website ([www.finance.gov.lb](http://www.finance.gov.lb)). The budget is divided in terms of ministries but the description under each ministry is general and brief. Transparency International describes the Lebanese budget as only 38% transparent. In addition to these limitations, the budget has not been published for the past five (5) years.

The ministries do publish progress reports and budgets, and the latter are available electronically on the website of the Ministry of Finance. As for the progress reports, they used to be published but became irregular with the caretaker governments and the political disturbances in recent years.

### Parliamentary Oversight

The Parliamentary Finance and Budget Committee is the parliamentary body responsible for exercising oversight on budget and public expenditure. A national budget cannot be approved before this Committee approves it. For the first time in five (5) years, this Committee examined and blocked the passing of the budget for 2010, and sent questions to the Council of Ministers and the Minister of Finance. The Parliament has the power to oversee the agencies tasked with public financial management, procurement and audits. Other independent public institutions have oversight and accountability authorities. But these institutions submit their reports to the head of the executive branch, the Prime Minister and not to Parliament.

### **Publicly accessible database on ODA volume, allocation, and results of development expenditure**

A database on ODA does not exist in Lebanon. The Ministry of Finance has developed an Aid Management and Reporting System, which has yet to be activated. It is not known whether the reports generated from this system will be made accessible to the public.

### **Public access to tendering information for procurement on donor aid**

The government does not have a database on tendering information for government procurement using ODA, nor do other agencies (donors or independent public administrations). The World Bank has such information, but is not always up to date. Procurement and contracting follow tender requests. No evident corruption has been reported in the recent years. Nevertheless there has been talk about misuse of relief funds and other funding but have not been proven.

### **Changes in access of stakeholders to information from donors and government on aid and development**

The evolution of stakeholders' access to information from donors and governments on aid and development has seen very little change, despite some ministries recently presenting certain information on-line. Such information, however, is often not consistent nor quantifiable.

Much of the information needed to truly assess ODA, national ownership and development strategies for poverty reduction in Lebanon is not accessible to the public or to researchers. This dearth is not exclusive on development plans, but applies more broadly to basic data and information for public policy formulation. As for the information that is available, the various

institutions entrusted with the publication of national statistics and data do not coordinate with each other, and therefore often produce different data that are inconsistent and unreliable. For example, what the Ministry of Finance publishes is not consistent with that of the Central Bank, the Ministry of Social Affairs, or the Ministry of the Economy and Trade.

### **Accountability**

Lebanon has some laws that address the issue of corruption, such as the Illicit Wealth Law and the Ombudsmen Law. But loopholes and delayed implementation continue to pose a serious challenge for fighting corruption both in the public and private sector. Parliament has the power to exercise oversight and to establish committees that can initiate corruption investigations and legal redress. However, Parliament does not efficiently exercise this capacity. In 2009 a national network was established, which included members of Parliament, civil society organizations, the Ministry of Finance and the Ministry of Economy, to draft and advocate for an Access to Information law. A subsequent Whistle-blower Protection law was also drafted. Both laws have yet to be ratified.

### **Technical assistance needs specifically identified in national development plan**

The priority areas for technical assistance to facilitate the production of a comprehensive national development plan are the official statistics system, the pension system and poverty targeting. These needs have not been elaborated in any detail by the government.

Donor technical assistance, which is usually directed towards the ministries, does not respond to locally identified needs, but rather promotes standard best practices. This is of course important, but such assistance does not address

the roots of the technical gap and is often confronted with cultural-based resistance and implementation failures.

### **Independent monitoring and assessment**

To strengthen accountability, both the government and donors have conducted mutual assessments of aid policies and its impacts, such as the progress report of Paris III conference. Reports related to the accountability of the government and the donors are produced as a result of these assessments. However, there has not been any credible independent monitoring or assessments to complement the official processes. Existing data and assessment analysis have also not been made public.

### **Graft and corruption cases in ODA projects**

There have not been any graft or corruption cases identified or investigated in ODA-funded projects in Lebanon.

## **Conclusion**

The PD and the AAA have contributed to the advancement of the rhythm of development in Lebanon, as they successfully reset the trend for international support. Democratic ownership and consultation are increasingly becoming the cornerstones for program development phases in international cooperation. Incorporation of crosscutting themes is also becoming more a part of the selection criteria. In the years following the announcement of the AAA, the international community sent envoys to confer with CSOs and key actors in the development arena about the priorities to be addressed and the obstacles that face progress of development efforts. The commitment that was expressed and followed through by the international donor community, including governments, has contributed to the

multiplication of efforts taken up by old and new CSOs. It has likewise contributed to an increased efficiency in the relevant ministries, which unofficially adopted a more flexible policy in support of civil society efforts. This does not mean that the principles of transparency and access to information have become the norm, but that a certain sense of openness is surfacing, and an acknowledgement by the government of the role of the civil society can be noted.

Serious challenges remain. At the time of writing this, Lebanon continues to be governed by a caretaker government since mid-January 2011. The political conflict continues to disrupt and threaten the progress of development initiatives. Decentralization is one important step that is yet to be achieved, as empowering the municipal authorities will eventually contribute to the advancement of development goals. Implementing the national educational strategy, reforming and empowering the national independent oversight and accountability committees, forming public sector operations, and open access to information, all require serious attention, without which the internationally funded development initiatives remain incomplete.

The programs that are supported by the EU, USAID, the UN, and other countries and donor institutions in partnership with the relevant Lebanese authorities, which aim to support the national government driven efforts to improve public administration, should be reflected in the improved quality of public service and an extension of its outreach.

There are numerous challenges that stand in the way of advancing the sense of local democratic ownership of the processes and the impact of foreign aid and assistance --- challenges that can be overcome with the support of multi-stakeholder fora.

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### Introduction

Mongolian CSOs started active engagement with government and development partners on aid and development issues in 2008 through various trainings and consultations with support from International Non-Government Organizations (INGOs) such as APRN, IBON, NGO Forum on ADB and the Reality of Aid (ROA) through its Country Outreach Program. Through these efforts Mongolian NGOs have actively participated in the Global Open Forum for CSO Development Effectiveness through defining their role and principles. They made concrete recommendations to the government and development partners on building an enabling environment for CSOs.

Building their capacity through these activities, Mongolian CSOs continue their active engagement with the government and development partners. This time, they undertook a unique attempt to monitor the implementation of the Paris Declaration (PD) and Accra Agenda for Action (AAA) from the perspective of the principle of democratic ownership and the achievement of development results.<sup>1</sup>

Several findings emerged from this monitoring process. First, aid information is not readily accessible to the people as both government and donor agencies do not make efforts to disseminate such information. Second, no formal mechanism for multi-stakeholder participation

in the formation of development strategies and allocation of national budget and aid is in place. Although foreign aid is used mainly for infrastructure projects, impacts of these projects on social development issues such as poverty, gender equity, ecological sustainability are not regularly assessed, if at all.

The whole process has been very significant in building CSOs' capacity and empowerment as they engaged in critical but constructive dialogue with government and donor representatives. During the validation meetings, these two (2) parties were further informed on PD and AAA commitments, the build-up activities to the upcoming Busan HLF4, as well as the intention of Mongolian CSOs to take part in the global processes for aid and development effectiveness leading to and beyond Busan. Discussions during the final multi-stakeholder meetings resulted in establishing regular annual multi-stakeholder consultations on development strategies and in government resolutions to make information on aid publicly accessible.

### Democratic Ownership

#### Participation

Mongolia has two (2) policy documents on national development: the Millennium Development Goals (MDGs) and the Comprehensive National Development Strategy<sup>2</sup>, which should have had its first step in monitoring and evaluation results

for its Policy Goals by June 30, 2010.<sup>3</sup> The last mid-term evaluation and monitoring of the MDGs took place last year.

Interview responses confirmed that there is no multi-stakeholder organization or formal mechanisms for the development, implementation and monitoring of the National Development Strategy (NDS) at the national level, or even at the sector or ministerial levels. A National Development and Innovation Committee was established in 2009 to define development strategies, while the Ministry of Finance coordinates aid projects. However, with the absence of formal multi-stakeholder mechanisms, only some informal, case-to-case multi-stakeholder processes on sector development issues took place, usually due to donor requirements.

Furthermore, Ministry Representatives (MRs) and Donor Representatives (DRs) did not give satisfactory answers on how issues affecting women's rights and vulnerable groups are reflected in the NDS. Special laws and policies pertaining to these groups did not necessarily ensure their participation in the formation and validation of national development strategies.

Donor representatives from four (4) different agencies mentioned multi-stakeholder development processes for some programs such as the 2011-2016 national food security program, as well as some projects involving the Ministry of Finance, relevant parliament standing committees, CSOs and citizens. These instances, however, are few and hardly constitute inclusive participation of all stakeholders.

The questions on the levels of public knowledge and participation in NDS and ODA policy and regional and local level multi-stakeholder consultation, and participation of local

administration were difficult to answer because no national or regional multi-stakeholder consultation process is in place.

## Transparency

The right to information is a constitutional right for Mongolian citizens but this right is not enforceable because they are not entitled to claim such or seek redress from the constitutional court. In June 2011, the draft law for access to information has finally been approved after pending for a decade in Parliament. The government law for promotion of transparency is supportive of people's access to information. However, information is not processed or prepared for dissemination, thus requiring much time and patience from both information seekers and information providers. There are rules governing foreign aid registration and an information database, the public use of which was approved in December 2006 by the Finance Minister.<sup>4</sup>

The Parliament monitors government finance and management of procurement of goods and services, but it is weak in holding the government accountable. Every project is audited at the end of the year and a national audit is conducted annually for every loan project. Quarterly monitoring of every project by an evaluation and monitoring department is done by each Ministry, although MRs would admit that there is no initiative to involve the public and CSOs in this monitoring.

The process of getting information on national and sector development strategies and plans by the public is through websites, newspaper articles or some printed publications. However, there is uncertainty on whether progress in implementation of these strategies is reported to the public and how regularly it is done so.

Public and budget expenditures by each sector is open and accessible on the website of the Ministry of Finance. Information on ODA-funded projects, upon approval, is also located on websites of various ministries. However, DRS themselves would point out that the information on ODA on these ministry websites is incomplete and its update quite slow.

Official reports on ODA expenditures for development objectives produced and released on these websites are updated depending on the project implementation. But it is still unclear whether or not any particular report is open to public, its frequency, and through what channels it is made available.

Thus, in general, the whole process for ODA decision-making is not open to the public, naturally resulting in the latter's inability to monitor ODA priorities and its implementation.

## Accountability

Mongolia has passed several anti-corruption laws and set up an anti-corruption agency. State funds are monitored by virtue of a 2010 Order from the Finance Minister. The Parliament issued a resolution on regulation of contracts involving loans. However, implementation is weak because implementation mechanisms are not clear. Nonetheless, there has been no known graft or corruption cases identified with ODA-funded projects.

The requirements for technical assistance are defined in the national development plan. Donors' cooperation with the government is largely based on needs stated in these plans and respond to government capacity needs through technical cooperation. However, capacity from technical cooperation is often lost because related state activities are not sustained and capacity building is required to be repeated.

Except for World Bank and IMF assessments, it would appear that no other independent, external evaluation of the aid policy is done in the country.

## Development Results

### Poverty reduction

In 2003, the government drafted its Poverty Reduction Strategy Paper, specifically called the Economic Growth Support and Poverty Reduction Strategy (EGSPRS). Under this strategy, the government sought to reduce poverty by ensuring higher economic growth and by focusing on education, health and social welfare sectors. This was in response to the Living Standards Measurement Survey (LSMS) in 1995, which concluded that 36% of the total population of Mongolia was living in poverty. The 1998 LSMS showed no significant improvement, with 39.4% of the urban population and 32.6% of the rural population living in poverty. Ten years later, National Statistics Committee data showed no improvement: in 2009, the level of poverty was 36% in urban areas and 40% in rural areas.

The government, through its Human Development Fund, has implemented different programs of cash transfers for children, newly registered married couples, and other monetary benefits to citizens. In 2000, for instance, almost 230,000 people benefited from 11.6 billion MNT in welfare. This Fund increased 18 times in 2008 reaching 2.5 million people with 208.6 billion MNT. However, an impact assessment of these efforts has yet to be done. More importantly, a comprehensive impact evaluation of the country's poverty reduction strategy needs to be done. An important assessment criterion could be the degree to which there was an inclusive development process ensuring participation of

all actors in the formulation of these strategies.

Projects to advance agriculture and rural development exist but information on fund allocations to these projects is not readily available. Fourteen donor agencies and INGOs such as World Vision, the Canada Foundation and Mercy Corps among others, have indicated support for agriculture and rural development. Ministry of Food, Agriculture and Light Industry (MFALI) also facilitates a project on rural poverty reduction. Similarly, a comprehensive evaluation of these donor efforts should be done since no significant improvements in poverty levels have been seen based on statistics.

## Gender equity

The National Committee on Gender Equality has adopted a new law for the promotion of gender equality. Despite these efforts, gender disparities have worsened in terms of political participation, employment, and wages. This may be attributed in part to a weak and unclear program for gender equality and women's rights in the comprehensive National Development Strategy.

Donor organizations provided support through projects and by supporting the drafting and lobbying for new laws against domestic violence and on gender equality. They also introduced legal provisions on sexual harassment and worked on putting human trafficking into the criminal code. In addition, they are providing trainings on gender sensitive planning and budgeting, and developing gender action plans, etc.

However, it is unclear whether there have been any gender needs assessment undertaken. If so, to what degree have they been participatory processes? Are donors and governments aware of these assessments? Based on interviews, it seems only two (2) donor organizations appear to have knowledge of and participated in such processes, with outcome documents not widely circulated.<sup>5</sup>

Data from the National Statistics Office show that in 2005, 2007 and 2009, women's employment rate and average wage is lower than men. The increase in women's employment is less than the increase in men's employment and the gender gap in average salary is increasing.

**Table 1** Employment /thousand persons/

YEAR	WOMEN			MEN		
	TOTAL	URBAN	RURAL	TOTAL	URBAN	RURAL
2005	435	218	217	464	225	239
2007	434	208	226	466	215	251
2009	480	253	227	526	278	248

Source: National Statistics Committee

**Table 2** Average Wage /Thousand MNT/

YEAR	AVERAGE SALARY	GENDER DIFFERENCE
2005	101,2	17,7
2006	127,7	14,5
2007	173,0	27,7
2008	274,7	33,2
2009	300,5	42,7

Source: National Statistics Committee

## Ecological sustainability

Mongolia has more than 30 laws on environmental protection. The government requires each mining project to undertake an environmental impact assessment, which includes consultations with local herder communities (indigenous people). Unfortunately, such assessments make not one mention of conflicts between local communities and mining corporations due to the fact that the rights of the former are often not respected.

While there are no official data available on cancelled projects due to negative environment impact, some donors have a policy that requires environment impact assessments prior to any project implementation.

Grassland coverage was reduced by 0.7 million hectares between 2005 and 2009, yet crop field increased by 213,000 hectares. Desertification is a serious issue in Mongolia. However, areas undergoing desertification and the rate of desertification have not been identified. According to the findings of the UN Anti-Desertification Team assessment, 90% of territory is under risk of desertification, with 5% of the country considered to have undergone deep desertification damage, 18% strong, 26% middle, and 23% moderate.

## Conclusion

Mongolian CSOs have, for the first time, attempted to assess the implementation of PD and AAA in order to improve aid effectiveness in the country. Based on the observations and analysis made during this assessment, and considering the urgent need to create a means for

people's participation on aid issues, the following few conclusions and recommendations are made:

1. Information on aid is not open and accessible to the people. Ministries and officers working in the ministries are not prepared to release information and have little capacity to do so. Donor organizations' information on their websites are mostly in English, which most Mongolians do not understand or have great difficulty understanding. Therefore, people's right to information and participation is not protected. The government and donor agencies need to work together to make information on aid projects, programs, implementation and assessment reports open and accessible to the people.
2. A multi-stakeholder mechanism for consultation on aid and development issues has yet to be established in the country. The government, the Ministry of Finance, the Committee on National Development and Innovation, local governors and citizens' assemblies all need to make urgent efforts to set up such a mechanism and donor organizations should support this effort.
3. The promises of the government and donor agencies to build enabling environment for CSO development effectiveness made in the AAA are not implemented in Mongolia. However, there is hope for some progress. Recently, a joint working group with NGOs was set up by the Prime Minister to develop a state policy on sustainable development of CSOs. We encourage this effort and recommend implementing such a policy in relevant laws and regulations without delay. Donor agencies should support this joint effort by government and CSOs.

## Endnotes

- 1 The monitoring process consisted of several steps: preparatory work; interview of ministries and funding agencies; two (2) separate validation meetings with ministries and donor agencies on interview results; and finally, multi-stakeholders' consultative meeting held on June 7, 2011. Representatives of donor agencies were less receptive to interviews than government representatives. Instead of consenting to interviews or answering questionnaires, they simply provided materials published in English, which was difficult for the interview team to understand. On the other hand, government representatives were also not able to answer the questionnaire fully. With these conditions, the interview data were not as complete and of expected quality.
- 2 <http://cabinet.gov.mn/files/govactivityprogram/08110001.pdf>.
- 3 Comprehensive National Development Strategy of Mongolia. P. 34.
- 4 None of the information on legal basis to access to information was provided by MRs or DRs.
- 5 UNFPA: Medical counseling unit was set up in Sukhbaatar district Medical center as result of needs assessment request to the Asia Pacific regional representative office.

# Nepal

## Civil Society Perspective on Aid Effectiveness Reform

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### Introduction

The Paris Declaration (PD) and the 2008 Accra Agenda for Action (AAA) are clearly evident in development partnerships in Nepal and there has been moderate progress towards improved aid effectiveness over the last decade despite various constraints. The work of the Nepal Portfolio Performance Review, sector-wide programming in education and health, and emerging program-based approaches in other areas, are all examples of good practice. Nepal did not participate in the independent Paris Declaration Evaluation (PDE I), but it has undertaken PDE II and the DAC Monitoring Survey.

Despite the good practice cited above, the PDE II report finds that specific implementation of the PD principles has been weak. Overall the leadership of the Ministry of Finance (MoF) is strengthening as the coordination center for support of development partners (DPs). However, the evaluation confirms the findings of the 2008 Monitoring Survey which identified the following: weakness in the coordination of technical assistance, low levels of aid through government for a significant group of DPs, and slow progress towards greater predictability. The evaluation also found continued aid fragmentation with many stand-alone projects, vertical funding, and direct implementation, together with moves away from country procurement systems due to the country's political stalemate and perceived increases in corruption (MoF, 2010).

Development partners have made suggestions to government to make proper utilization of different tools expressed in international declarations such as the PD and the AAA. Several DPs, such as USAID, DFID, UNDP, the World Bank (WB), and the Asian Development Bank (ADB) are strongly promoting harmonization and alignment and are channeling most of their funding through the Government of Nepal (GoN). Other bilateral DPs are adopting both GoN and direct implementation modalities and some remain reluctant to adopt government systems at all. The need to demonstrate attribution, a reluctance to align internal donor bureaucratic processes with those of GoN, and inadequate ownership and interests in the development process from Nepal are the main reasons given for avoiding government systems. Aid effectiveness is high on the agenda in Nepal and the PDE II report identifies areas for further consolidation and improvement based on the evident foundation of partnerships that currently exists.

### ODA Trends

Nepal relies heavily on official development assistance (ODA) to implement its development programs and to reach the Millennium Development Goals (MDGs). In the past years, the government and the donor community have engaged in a regular dialogue through the Nepal Development Forum mechanism, and ODA to Nepal has steadily increased from about US\$430 million in 2004 to US\$578 million in 2007, and

US\$640 million in 2008. The government is estimating US\$650 million for the fiscal year 2008-2009 (Ministry of Finance report, 2010).

Although existing foreign policy has identified priority sectors for foreign aid, it is silent on the volume of aid and technical assistance required. The flow of foreign assistance to Nepal, inclusive of all bilateral and multilateral loans, grants and technical assistance, more than doubled between 2001-2002 and 2008-2009. Its share of annual GDP ranged between 3% and 4%, gradually increasing each year except for 2005-2006. Per capita foreign aid flows increased from NRs 621 in 2001-2002 to NRs 1,317 in 2008-2009 (MOF 2010). The share of foreign assistance in total government expenditure and total development expenditure peaked in 2004-2005, and since then has been declining.

About 59% of Nepal's ODA was disbursed through the government sector using the government's procurement system in 2006-2007 (MOF 2008). The in-year predictability of aid, measured as a ratio of aid scheduled by donors for disbursement to money actually recorded by the government, was estimated at 47% for Nepal in 2006-2007, implying a substantial gap. The budgetary support provided (except for food aid) by bilateral and multilateral donors is untied. Multilateral aid is also untied. However, much of bilateral aid is tied to procuring donor country goods and services (MOF 2008b). Program-based support (both budgetary support and other program-based support) made up 32% of total ODA in 2007, while only 20% of ODA was disbursed to program-based (subsector) approaches, implying that about one-third (1/3) of program-based support is non-budgetary.

### Democratic Ownership

The National Planning Commission (NPC) is an advisory government body responsible for

preparing and developing national development plans and policies under the directives of the National Development Council (NDC). It explores and allocates resources for economic development and works as a central agency for monitoring and evaluating development plans, policies and programs. The Ministry of Local Development is the ministry that supervises, monitors and evaluates all social and economic activities performed by non-state actors. However, the practice is not as effective as expected since other ministries do not coordinate with the Ministry of Local Development.

Ownership is more strongly observed and implemented within the two (2) sectors that were the focus of the PDE II report. In education, in particular, ownership has developed over many years and was acknowledged by DPs, civil society and other informants. The appreciation of ownership in the health sector is almost as strong, although the extent of perceived implementation is less. After the Local Self Governance Act (LSGA) was formulated and implemented in 2000, and the PRSP was developed within the 10<sup>th</sup> Plan, this Act played a significant role to ensure the participation of people and vulnerable groups in the development plans and priorities.

### Participation

Since the success of the Peoples' Movement, expectations of people have grown. Their hopes and aspirations have taken on a new dimension. The risk of disappointment and consequent disenchantment with the perception of democracy is a challenge, but the relevance of the PD in this context is significant. Country ownership and the alignment of external support behind national strategies are essential to the delivery of the promised transformation. There is much within the 'new' Nepal that resonates with the PD and can contribute to its realization.

The Three Year Plan (TYP) for the period (2010-2013) is the most recent country plan of Nepal. The objective of the plan is “to enable people to feel change in livelihood and quality of life through employment centric inclusive and equitable growth, poverty alleviation and sustained peace”. There are different laws and policies existing in Nepal to ensure that women’s and other vulnerable groups participate in National Development strategies. Nepal has a significant number of women representatives (33%) in the Constituent Assembly of 2008. Moreover the Ministry of Women, Children and Social Welfare is dealing with various issues related to the vulnerable in society.

Inclusive ownership is also seen to be improving in Nepal. There have been various multi-stakeholder meetings and consultations organized by the NPC and other concerned ministries to ensure the participation and meaningful representation of all sections of societies in the development plans/policies/strategies. These consultation meetings are being organized semi-annually, annually and before implementing aspects of the country plan. Sectoral and issue-based consultations did exist in the past with a multi-stakeholder dimension in different regions of the country. The NPC, WB, ADB and other concerned stakeholders often participate in ODA seminars and meetings.

Moreover, the NPC and other ministries consult District Development Committees (DDCs), the Chief District Officer (CDOs) and local representatives in order to ensure greater participation in the development planning at the grassroots level. Interviewees confirmed that political party leaders, civil society members, intellectual circles, representatives from different non-government organizations (NGOs)/civil society organizations (CSOs) participated in consultation meetings.

## Transparency

The level of corruption is perceived to be increasing in Nepal. This has led to reduced cost effectiveness and efficiency of development resources, which has impacted on development results. Systems for control, such as Commission for Investigation of Abuse of Authority (CIAA), appear to be less than effective. However, with respect to transparency the GoN has endeavored to establish some mechanisms such as the enactment of the Right to Information Act of 2007, and creation of different committees to monitor and evaluate the transparency of government agencies, DPs’ projects and CSOs.

Nepal’s DPs should appreciate the adverse effects of the political transition on financial management and procurement systems and strengthen GoN systems wherever possible. DPs should support the strengthening of the GoN procurement mechanisms, taking account the Procurement Guidelines, with appropriate monitoring to track improvements in operation. DPs and the GoN should develop a joint approach to transparency with respect to corruption, with the GoN enforcing existing laws. DPs should continue to raise their voice in response to specific malpractices within the spirit of mutual accountability.

CSOs report that they have access to information about recent development policies, plans and strategies for the country, both in print and electronic copy. But very few of these policies are translated in local languages since Nepali is the official language. Only a few CSOs operating in remote areas were not sure about the availability of information. The Government of Nepal has updated its ministerial websites and has posted most of their official documents.

Progress reports and expenditure data are made publicly available on an annual basis. However, Central Bureau of Statistics (CBS) and different ministries prepare their reports quarterly. While CSOs confirmed that information made available is adequate, many CSOs do not agree with the data presented, stating that its presentation was “donor friendly”. Most CSOs provide updates on their progress through quarterly reports to the DDC and an annual progress report to Social Welfare Council of Nepal. However, the GoN complains that donors provide the government few details about their aid to Nepal, and are particularly concerned about large amounts of technical aid returning to donor countries through consultancies.

## Accountability

Mutual accountability is the weakest of the five (5) Paris principles for Nepal. As reported by different stakeholders including CSOs, this principle is poorly observed and implemented at the macro and sector level. For some DPs, accountability implies a return to conditionality, while for some Nepalese it conflicts with a sense of ownership, which they understand as translating into a degree of independence, rather than mutual engagement. The PD focus on the leadership of country decision-makers has been particularly relevant to Nepal in light of its development trajectory and political transformation.

Nepal’s politicians need to take stronger ownership than in the past, and thus lead the development process. Political leadership is now on the political agenda, but raising its profile within the PD has been sending a strong message for change to the politicians. Despite Nepal’s bureaucratic and technocratic leadership within the civil service, civil society has strengthened over time, and DPs became accustomed to working without effective country political leadership.

The Commission for the Investigation of Abuse of Authority (CIAA) is an apex constitutional body to curb corruption and its tentacles in the country. The Interim 2007 Constitution of Nepal has empowered CIAA to investigate and probe cases against persons holding any public office and their associates who have abused their authority by way of corruption and/or improper conduct. The 2002 Prevention of Corruption Act is the official anti-corruption Act in Nepal. In addition, there have been different declarations made on a regional basis in the fight against corruption. Though there are many informal rumors on ODA-funded projects in Nepal, there is little documentation to prove corruption charges. Donors like the ADB and WB have warned the government many times that they might reduce their assistance if corruption in development projects continues to exist. Sometimes there are popular strikes and agitation against the government on corruption charges.

The GoN has not specified exact areas in its Development Plan for needed technical assistance. Nevertheless, based on the requirements of specific sectors such as education, health, environment, social sector and the development sectors, donors have agreed with the implementing partner to provide technical assistance. Similarly, a High Level Steering Committee has been created for the optimal utilization of national and international resources and enhancing effectiveness of available technical assistance through a better coordination mechanism.

In order to complement official processes in development cooperation, credible and independent monitoring and assessments are conducted. Independent consultants provide feedback to the government as well as donors on various policy issues and recommend areas for improved performance. Some CSOs working in advocacy are aware of these independent reports,

but most CSOs/NGOs were not informed or consulted for the preparation of independent monitoring reports.

There is an evaluation unit for all national programs implemented through external support within the NPC. But it is always doubtful whether the NPC really looks at donor performance. Results-oriented performance review should be a priority of the government (Simone Galimberti, 2011).

The Social Welfare Council (SWC) does not have sufficient capacity to monitor and evaluate the performance of non-state actors. Moreover, the SWC does not have links with district-level authorities. A tremendous gap exists between what has been approved at the central level and what actually happens in districts. The concerned ministries are involved in the approval and evaluation of projects, but that is not enough. (Simone Galimberti, article “Rethinking aid” published in national daily). Civil society and think tanks can play an important role. The NGO Federation of Nepal, Rural Construction Nepal, the Campaigning for Human Rights and Social Transformation, the Nepal Policy Institute, to name few, have been working on development effectiveness processes, including national consultancies, before and after the 2008 Accra process. The leading NGO think-tanks have presented a platform to engage and support the government and like-minded DPs ready to work for a new, transparent framework for development aid.

## Development Indicators

### Overview

The PD has reinforced the increasing focus on results. While this was emerging prior to 2005 and has been influenced by other factors (e.g. MDGs, DP domestic policy), the PD articulated

its Managing for Development Results (MfDR) in a clear and concise way. The emphasis in the National Strategy have also been adopted by most DPs and have been reflected in their country level strategies. Programs may not always deliver this commitment, but it has set a trend and is particularly evident in the policy congruence achieved in the two (2) SWAs.

DP and GoN interviewees commented on the increased policy congruence and on the results focus. The net effect has been to enhance GoN programs (again the SWAs are the best examples) and drive them towards a stronger results focus. This has been reinforced by the impetus given to results-based targets by the MDGs.

Overall the PD has made a clear contribution to the impact that ODA has had on achieving national development goals. It has brought a greater coherence to DP efforts and driven greater alignment, while also pushing the national development goals towards more of a results orientation. However, the reactions of DPs to the current instability due to the political transformation in Nepal, has reduced openness towards more aid effective modalities and has increased concerns. This study discerns little recent progress in the effect of the PD on the aid relationship. DPs assessment of the political situation is found to be far more critical. Furthermore, the evaluation found some plausible contributions of the Declaration in improving the results on non-economic aspects of poverty reduction, most notably in the health and education sectors (MoF, 2010).

### Poverty Reduction

Nepal is a least developed country (LDC) with per capita Gross Domestic Product (GDP) of US\$467 in 2008-2009 (MoF 2010), facing

tremendous economic, social and political challenges. It has the lowest per capita GDP in the South Asia Region. Although Nepal has been able to improve its social development indicators, they are still also among the lowest in South Asia.

A major challenge for human development in Nepal is social exclusion. Many groups (e.g. indigenous ethnic groups, minority religious groups, women, and Dalits) were found to be discriminated and Nepal is now trying to rectify these injustices.

Overall there has been substantial improvement in the prioritization of the needs of the poorest by GoN since 2005, compared to the previous years. There has been some progress in aid's contribution through DP policy emphasis and financial support and this, together with action from GoN, has resulted in some progress in interim development results.

However, due to the disruption in service delivery, it is difficult to make an assessment of the extent of progress for the intended development results that were meant to flow from this prioritization. Further, it is too early for the consequent policy changes to impact on the lives of the poorest. In this analysis, to date, there has been only a modest contribution from the implementation of the PD to these improvements, other than through the contribution at the sectoral level.

Prioritization of the poorest people, including women and girls, has substantially progressed in Nepal and this progress can be attributed to the political changes that have been taking place over the last decade. But there has been little evidence of the contribution of the PD in this area, in part due to the late entry of inclusion and cross-cutting issues in the purview of the Declaration.

Commitment by GoN has been catalyzed by DP interest and encouragement, including funding support, but again this seems to be due to long standing DPs commitment to poverty reduction, rather than to any Paris Declaration related factors (MoF, 2010). Though there is significant improvement in the data on poverty, the gains for the most excluded groups have been modest and inequality has grown. In the past 10 years the Gini-coefficient increased from 0.34 to 0.47, indicating that the gap between the rich and the poor grew further. Nepal has the highest Gini-coefficient in Asia. Currently 3.9 million people (WFP, 2010) are food insecure; 49% of Nepalese children under five (5) are chronically malnourished. This last figure is within the top five (5) in the world (MDG Progress Report, 2010). The 2006 data show that the maternal mortality ratio (MMR) is 281 per 100,000 live births. This represented a decrease of 32% over the 2000 figure that stood at 415.

## Gender equality

Gender equality and social budgeting have been given priority in national development plans and strategies only after the 9th Five Year plan. The absence of an institutionalization of gender responsibilities and activities in these new policies, programs and legal provisions has created a challenge for sustainability. Furthermore, limited evaluations leave the effectiveness of implementation and the outcomes in doubt. Donors feature slightly better than the GRD in addressing gender specific needs.

Overall use of gender disaggregated data is low stemming from a general lack of the participation of women's organizations in consultative process. Poverty for women is more pervasive. Women in Nepal work 15-18 hours and it has only been a few years since their contribution is even counted

in the GDP of the country. Overall, 78.5% of women 15 years and above are employed. The gender gap in labor force participation is 7.4 percentage points between males and females aged 15 years and above. Women often work for no monetary compensation: 74.8% of the unpaid family labor force is female (CBS 2009).

Net enrolment (NER) of the boys in primary school is 94.7%, whereas for girls the rate is at 92.6%. Large gender gaps also persist in the literacy status of 15–24 year olds. For example, in 2006, 21.3% of females aged 15–19 years and 11.3% of females aged 10 to 14 years were illiterate compared to 4.5% and 4.0% for males, respectively (MOHP et al. 2007). Literacy data for various social groups also reveal substantial disparities among Dalits, Brahmin, and marginalized Janajati groups (UNDP, 2009). There are significant gender inequalities within all social groups, particularly among Tarai Dalits and Muslim communities.

The contribution of aid to the sector has played a catalytic role in reinforcing the improvements. While almost 80% of the sector budget is financed from government revenues, the fact that the remainder comes from DPs has had both a leveraging impact and has provided the basis for sustained and productive policy dialogue. The first sector program (BPEPII) was widely supported and when the first formal SWAP (EFA) began in 2004, all the major DPs supported the sector except Japan (JICA). Since 2005, additional DPs have joined the SWAP and there are now nine (9) pooling partners. The five (5) non-pooling partners participate in a fully coordinated manner with their combined contributions comprising less than 10% of total DP support to the sector (MOF, 2010).

In 2006, a landmark report on Gender and Social Inclusion (GESI) supported by DFID

and the WB was published. The well-researched findings of the report, along with the epochal political change in the country, led to increased focus on prioritizing the needs of the poorest, marginalized and socially excluded groups. At the same time, there are some initiatives that are making substantial efforts to link aid effectiveness with the gender issues. For example, UNIFEM has conducted some interactions and awareness programs on ‘gender and aid effectiveness’.

## Ecological Sustainability

Laws for the sustainable utilization of natural resources exist in Nepal. However, these laws are more a paper tiger since the implementation of policies is very poor. More than 20 international agreements and obligations have been signed and translated into national policies and laws. In addition, several important environmental indicators go against their proper implementation and effectiveness. The National Planning Commission is holding back an assessment of the Millennium Development Goals on the state of environmental sustainability in Nepal. Environmental sustainability has been more prominent and is gaining more attention with the focus on climate change, but here again DPs’ interest is a key driver in the context of Nepal. Many donors like UN organizations, the World Bank and many others have vigorously urged the government to implement strong rules and regulations on ecological sustainability.

One key indicator of the environmental health of a country is the proportion of the forest cover. Data indicate that forest covered 39.6% of Nepal’s land area when last surveyed in 1994 (DFRS 1999a). This estimation is based on forest area (29%) and shrub land (10.6%) (NPC/ UNCT 2005). However, the 1999 survey noted that forest area had declined at an annual rate

of 1.7% between 1978-1979 and 1994 (DFRS 1999a; 1999b), with an annual rate of 1.3% in the Tarai and 2.3% in the Hills. A more recent estimate suggests that deforestation increased at an annual rate of 1.4% between 2000 and 2005 (Baral et al. 2008)

Habitat destruction has been widely recognized as the most serious current threat to biodiversity

and primary cause of recent extinctions in Nepal. Global loss of closed forest species for Asia is estimated to be in the order of 1-5% per decade or 2-8% in total between 1990 and 2015. It is estimated that at least 77 species, including mammals (29 species) and birds (31 species) are threatened in Nepal (CBS 2008), possibly owing to hunting and deliberate extermination, and one species of bird has become extinct.

# Pakistan

## Backtracking from Development Agenda

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### Introduction

Pakistan's economy is heavily dependent on bilateral and multilateral aid since its inception in 1947, which has substantially influenced its economic growth and poverty alleviation efforts. The main bilateral donors in terms of economic aid are the United States, Britain and Japan. The multilateral donors included the International Monetary Fund (IMF), the World Bank (WB) and the Asian Development Bank (ADB). Pakistan has also been seeking financial assistance from the Islamic Development Bank. This financial and economic assistance has also included aid for military purposes.

The Pakistan government has negotiated and received both bilateral and multilateral aid from donors and institutions without any public consultation. Government has done so without informing the stakeholders or seeking any advice from civil society. However, on some occasions, the multilateral donors themselves organize public consultations before finalizing their aid program with Pakistan. For example, the WB and ADB usually hold consultations with stakeholders before finalizing any loan or program to Pakistan. The National Assembly of Pakistan is a forum where members can ask questions and on many occasions during "Question Hour", the government shares the details of foreign assistances.<sup>1</sup>

Among the bilateral donors, the United States has been the most important donor of both economic and military aid to Pakistan. Under

the 1954 Mutual Defense Assistance Agreement, the United States provided about US\$2.5 billion in economic aid, mainly through its aid agency USAID, along with US\$700 million in military aid to Pakistan between 1954 and 1964. USAID is currently providing over US\$5.1 billion in support for education, health, energy, economic growth, good governance, earthquake reconstruction, and flood relief and recovery.

Of the more than US\$11 billion dollars given to Pakistan since 2002, about 72% — or US\$8.1 billion — was provided for security-related aid. This included Coalition Support Funds (or CSF, funds to reimburse Pakistan for its counterterrorism activities), Foreign Military Financing, and other military assistance. Meanwhile, only 23% — or US\$3.1 billion — has been given as economic-related aid.<sup>2</sup>

In 2009 the US Senate passed the Kerry-Lugar Bill to authorize US\$1.5 billion in economic assistance annually for Pakistan over five (5) years as a demonstration of America's broad-based commitment to the Pakistani people and stability of the country.<sup>3</sup> Although the conditions attached to this economic assistance bill annoyed Pakistan's military establishment, the Pakistan government accepted the aid, making provisions for it in the annual budget. So far Pakistan has received US\$200 million in the current fiscal year because of strained military relations with the US.<sup>4</sup>

Japan is another major donor to Pakistan. Pakistan started receiving aid from Japan as technical

assistance soon after its independence (since the mid-1950s). Japan ceased its aid to Pakistan after nuclear tests in 1998. However, the aid was resumed in October 2001 as Pakistan assumed a front-line role in the ‘War on Terror’ launched by US-led allied forces after the 9/11 terrorist attacks in the United States.<sup>5</sup> The total accumulated amount of yen loans to Pakistan from 1961-2005 has been about 856.9 billion yen.<sup>6</sup>

Pakistan’s donor’s list is quite extensive, which also included European countries such as the United Kingdom, France, Germany and Netherlands. In 1960, the WB organized the Aid-to-Pakistan Consortium, which was later known as Pakistan Development Forum (PDF), to facilitate coordination among the major providers of international assistance. Its members included the United States, Canada, Japan, Britain, Germany, France, and international organizations such as the WB and ADB. Saudi Arabia and other oil-producing Middle Eastern countries as well as China are non-consortium donors of Pakistan. The PDF meets frequently to provide policy guidelines and recommendations. In 2010, for example, it met in Islamabad to discuss the floods and the consequential economic fallout in Pakistan.<sup>7</sup>

After the 2008 general elections, a democratic government came into power. The countries that were providing aid to Pakistan formed the ‘Friends of Democratic Pakistan (FoDP)’, a group aimed to extend support to the government in its efforts to consolidate democracy and support social and economic development in the country. Launched in New York in September 2008 on the sidelines of the United Nations General Assembly session, the group’s initial meeting was co-chaired by the United States, the United Kingdom, the United Arab Emirates and Pakistan.<sup>8</sup>

The founding member states of the Friends of Democratic Pakistan included Britain, France,

Germany, the United States, China, the United Arab Emirates, Canada, Turkey, Australia and Italy plus the United Nations and the European Union. During its succeeding meeting in Abu Dhabi in April 2009, a total of 24 member states and international organizations attended. So far Pakistan has been able to get moral support from this forum in the form of a resolution after each FoDP meeting, but no concrete commitment of any financial support has materialized.

The WB and the ADB are the major lenders to Pakistan for development. The IMF approved a 34-month US\$11.3 billion Stand-By Arrangement (SBA) in 2008 when the democratic government took over after general elections. In addition, in September 2010, the IMF Board approved a further US\$451 million disbursement under the Emergency Natural Disaster Assistance framework to help Pakistan manage the immediate effects of the floods.<sup>9</sup>

Similarly, the WB has been providing loans for various development projects to Pakistan. During the last five (5) years, from fiscal year 2007 to March 2011 the WB has approved 35 projects totaling around US\$5.0 billion.<sup>10</sup>

The ADB has provided more than US\$20.9 billion in loans since Pakistan joined the ADB in 1966, with more than US\$15.7 billion disbursed. A total of 293 loans have been provided from the concessional ADB window and from ordinary capital resources, with US\$192 million provided in grants for more than 300 technical assistance (TA) projects.<sup>11</sup>

## **Pakistan and Paris Declaration**

As a signatory of the Paris Declaration (PD) the Government of Pakistan is committed to the transparent, accountable and efficient use of external development assistance provided to

the country. Although Pakistan has been slow in making changes in its policies, there has been some progress in formulating a draft Foreign Assistance Policy Framework (FAPF).

Presented on the occasion of the PDF held in November 2010 in Islamabad, Pakistan's Minister of State for Finance and Economic Affairs, Ms. Hina Rabbani Khar, spelled-out the outlines of the Framework. The FAPF is a government-led policy response to the core challenges of improving the effectiveness of aid. The FAPF is said to be aligned with the PD and the Accra Agenda for Action (AAA). Minister Khar said the Annual Action Plans would be used to manage implementation with individual commitments coming from government and development partners. The minister said Pakistan's government is preparing the first progress report, which will be presented at the Fourth High Level Forum on Aid Effectiveness in Korea, November 2011.<sup>12</sup>

The FAPF is based on two (2) key policy goals:

- To demonstrate Pakistan's abiding commitment to the PD; and
- To ensure success through mutually reinforcing commitment to the policy.

According to the FAPF draft, the government plans to strengthen civil society in Pakistan.

But this must occur through agreements with government of Pakistan and in sectors approved by Pakistani parliament. In this regard, the government is working on a plan that would require approval of parliament before allowing Non-Governmental Organizations (NGOs) to invest in different sectors under the new FAPF. The government has been skeptical about NGOs receiving funding directly from foreign donors and it has been criticizing this practice. During floods in 2010, the Prime Minister Yousaf Raza Gillani was on record blaming the NGOs for their alleged corruption in the flood relief work.<sup>13</sup> On the other hand, NGOs blame the government and administration for its own corruption. Donors were also reluctant to extend their support directly to the government because of bad governance and a lack of accountability and transparency.<sup>14</sup>

## Pakistan and MDGs

Pakistan has made a slow progress towards achieving the United Nation's Millennium Development Goals (MDGs) and according to the 'Pakistan MDG Report 2010', the country is lagging behind most of the MDGs due to slow economic growth, a worsening situation for law and order and a growing budget deficit. The following is a brief review of the progress in each MDG.<sup>15</sup>

GOAL	PROGRESS
Eradicate extreme poverty and hunger	Lag behind (worsened since 2006)
Achieve universal primary education	Lag behind
Promote gender equality and empower women	Slow
Reduce child mortality	Lag behind/off track
Improve maternal health	Lag behind
Combat HIV/AIDS, malaria and other diseases	Likely to be achieved/on track
Ensure environmental sustainability	Lag behind/off track
Develop a global partnership for development	Insufficient information

Some indicators suggest very modest degrees of progress. The proportion of people living in poverty in 1990-1991 was 26.1%, which has declined slightly to 21% in 2010. The MDG target for 2015 is 13%, which will be difficult to achieve. Progress on the primary school enrolment target has been sluggish, increasing from 46% in 1990-1991 to 52% in 2004-2005. The literacy rate since 2004-2005 has been 53% against a target of 88% by 2015, which also looks unachievable.

The Gender Parity Index (GPI) for primary education was 0.73 in 1990-1991, which increased to 0.85 by 2004-2005 and the government claims good progress in 2010 at 0.94, but it seems less likely to achieve the target of 1 by 2015. A key achievement has been the increase in the number of women in parliament, with 21% in the National Assembly and 17% in the Senate.

The situation relating to child poverty is very critical. While the under-five mortality rate was reduced to 100 in 2004-2005, the target of 52 is quite unachievable by 2015, as it was 77 in 2010. The number of deaths of children under one (1) year of age per 1,000 live births was 65 in 2010 against the target of 40.

## **Democratic Ownership**

### **Participation**

In Pakistan public participation in the designing, implementation, monitoring and reporting of development projects is almost negligible, with all major economic decisions taken by the government officials by themselves. Even the elected members of parliament are not consulted when the government makes major decisions with significant implications on the lives and welfare of citizens. Important economic decisions such as negotiating loans from IMF or accepting US aid

under the Kerry-Lugar Bill were just announced without taking parliamentarians into confidence.

For most laws or policies, no stakeholder dialogues or consultations are held. Civil society organizations (CSOs) have complained of being sidelined, particularly when the initiation of major development projects is involved. Channels for effective public participation either do not exist or are very ineffective. The result is excessive bureaucratic controls and non-functioning democratic institutions. Over the years, this exclusionist system of governance has become ridden with corruption and almost completely incapable of responding to the needs and aspirations of citizens. It lacks transparency and offers little room for public scrutiny and accountability. Citizens, therefore, have lost confidence in the system and have developed an attitude of apathy towards issues of larger public concern.

### **Transparency**

There is little transparency in public procurement and spending of donor's money in Pakistan, although it is often a condition for donor funding. The government has established a Development Assistance Database (DAD) that can track project-level information on commitments, disbursements, and expenditures by donor, implementer, sector, and geographic location. At the same time, the government also complains that donors do not contribute to the DAD regularly.<sup>16</sup>

Transparency is a major issue that is seriously hampering the development of Pakistan. The Constitution of Pakistan guarantees freedom of speech and expression. After the insertion of the clause respecting 'The Right to Information' in the Constitution in 2010, every citizen now has

a fundamental right to access information on all matters of public importance.<sup>17</sup>

Earlier, a Freedom of Information Ordinance was enacted in 2002. Exercising its power under the 2002 law, the government also formulated the 'Freedom of Information Rules 2004', which applies to all public bodies and lays out the procedure for filing requests for information or records on payment of a fee, where applicable, as well as for filing complaints under the 2002 law.

Yet despite this Constitutional and legal coverage, the degree of transparency in Pakistan is quite dismal. The secretive culture of government machinery, arising in the period of the prolonged military rule, keeps the public away from information needed to assess important decisions. Regardless of the written rules, it is still very difficult to seek any information from any government department.

Non-governmental organizations and INGOs have been raising an alarm over absence of transparency in spending of donor's funds, particularly during the recent calamities in Pakistan. As a result of the October 2005 earthquake and 2010 super floods, developed countries and international donors poured funds in relief, rescue and rehabilitation, but the lack of public participation, transparency and accountability remained the main complaint of the CSOs. But these committed amounts were often not provided due to a fear of corruption and a lack of transparency on the part of the government.<sup>18</sup> The major lenders to Pakistan like the IMF, WB and ADB were even sometimes reluctant to extend loans to the Pakistan government due to its lack of transparency.

Although every donor has a mechanism for transparency of their aid, poor governance and rampant inefficiency in the bureaucracy means

that these measures are simply not followed, which resulted in halting or suspensions of the funds during the project period.<sup>19</sup> Pakistan entered into nine (9) different agreements with the IMF during the period 1988-2000. Except for the one Stand-by Arrangement (SBA), most other arrangements were not fully implemented and consequently almost half of the agreed amount remained undrawn.<sup>20</sup>

### Accountability

A Public Accounts Committee of the National Assembly exists in Pakistan which looks into the reports prepared by the Auditor General of Pakistan. The reports shed light on whether the funds are spent for the purpose as approved by the legislatures. But despite the presence of such a high level body and mechanisms of audit, there is still little public accountability. The culture of secrecy noted above has kept many disasters and debacles hidden from the public. In the past, the government created commissions or committees to look into many incidents such as the fall of Dacca in 1971, the Ojri Camp blast in 1988, the cooperative societies scam, massive secretive borrowings from public sector banks, agreements with Independent Power Producers (IPPs), the Kargil debacle, the Karachi Stock Exchange scams in 2005 and 2008. But invariably reports of these commissions and committees have not been made public.

Although Pakistan's Constitution allows parliament to discuss and debate defense spending, this did not take place until 2008 when the current government came into power. This government presents the defense budget on a limited scale and also allows for some debate. However, the parliamentarians have no role in the allocations due to the influence of the security agencies. Even the parliamentary Standing Committee on Defence has not examined the defence budget in the past three

(3) years.<sup>21</sup> The overall budget process in Pakistan is quite defective, where little time is allowed for debate on various aspects of the budget.<sup>22</sup>

Corruption is rampant in Pakistan's public sector. Transparency International's report, "The National Corruption Perception Survey 2010", demonstrates an enormous rise in corruption from PKR 196 billion in 2009 to PKR 223 billion in 2010, i.e. an increase of 11.4 % in one year. Police and the bureaucracy maintained their ranking as the two (2) most corrupt public sector institutions in 2010.<sup>23</sup>

The most important cause of corruption in Pakistan is the lack of transparency and accountability. The lack of promotion based on merit and low salaries are also strong causes. The government has made a number of reforms in Public Finance Management, such as the Project to Improve Financial Reporting and Auditing (PIFRA) and the introduction of reforms in the office of the Auditor General of Pakistan (AGP).<sup>24</sup> The World Bank has recently granted a loan of US\$24.5 million to the Pakistan government, through the Auditor General of Pakistan in support of the country's Second Improvement to Financial and Auditing Project (PIFRA II).<sup>25</sup> The extension of the project is aimed at boosting the accuracy and reliability of financial reporting, public financial management and oversight at all levels of government.

## Development Results

### Poverty reduction

Despite various efforts to reduce poverty, the incidence of poverty is increasing in Pakistan. Sluggish economic growth, mounting inflation after increases in food and oil prices and growing unemployment are the main factors that contribute towards increasing poverty in Pakistan.

Compared to other South Asian countries, economic growth in Pakistan has declined over the recent years, contributing to larger numbers of people living below the poverty line. A recent report of a Panel of Economists for the government indicated that the poverty head count has increased from 33.8% of the population in 2007-2008 to 36.1% in 2008-2009, or about 62 million people in 2008-2009 were living below the poverty line.<sup>26</sup> The Human Development Index 2010 put Pakistan at 125th position in its global ranking out of 169 countries as against 119th position of India and 91st by Sri Lanka.

It then seems that massive investments of ODA have not played a significant role in catalyzing poverty decline in Pakistan. The government's priorities and ODA support for the sectors important for poverty reduction often have not matched. The donors mainly focus on emergency-related sectors. For example, in 2010 most ODA was poured in Pakistan for relief and rehabilitation of the flood-affected people and reconstruction in the affected areas. The main sectors receiving ODA has been social infrastructure and humanitarian aid. In 2009, Pakistan received US\$1.2 billion in ODA mainly for social infrastructure and US\$572.1 million under the humanitarian sector.<sup>27</sup>

Corruption, mismanagement and lack of governance are some of the main causes of ineffective spending of aid funds provided for poverty reduction.

Pakistan experienced a high GDP growth rate of 6.8% in 2006-2007 due to large amounts of financial aid from the United States because of Pakistan's role as a frontline state in the "War on Terror". But since then GDP growth has been declining in 2007-2008 and 2008-2009 (3.7% and 1.2% respectively). The heavy floods in 2010 across the country caused a huge population displacement

and destruction of public infrastructure. It seriously affected economic growth, which is expected to remain below 3% for fiscal year 2010-2011. The energy crisis, a worsening situation for law and order due to terrorist incidents, and a growing budget deficit due to a decline in tax recovery, and soaring inflation, have all contributed to the sluggish economic growth and the consequent increase in poverty.

The rise in food prices has hit hard those living in poverty, when even the official minimum wage is only PKR 7,000 (US\$83) per month. The inflation rate in Pakistan is increasing with the hike in food prices locally and internationally. In April 2011 the Consumer Price Index (CPI) rose to 13% as compared to the same period last year. The agriculture sector, the largest source of employment (45.1%), has had a lower growth rate in 2009-2010 i.e. 2.0 percent.

Most government measures to contain poverty are inadequate and ineffective. For example, the government has launched the Benazir Income Support Programme to provide a monthly stipend of PKR 1000 to the poorest of poor families for their survival. The amount is quite insufficient even for the survival of a poor family, particularly when the inflation and food prices are rising. Moreover, the amount is often paid on an irregular basis, sometimes after two (2) or three (3) months. The Pakistan Post has been assigned to disburse the payment to families, but due to corruption and inefficiency, beneficiaries will receive a lesser amount or the postman will demand some commission on delivery of government money.<sup>28</sup>

In 2008-2009 the government allocated PKR 34 billion for this fund, which was increased to PKR 70 billion in the fiscal year 2009-2010. For the current fiscal year (2010-2011), the government

has earmarked PKR 50 billion to provide benefits to four (4) million poor families. When the government admits that over 62 million people in 2008-2009 were living below poverty line (and increasing since that year), the said allocation is extremely inadequate considering that it supports only four (4) million people.

Government spending in public sector development has been slashed almost every year in order to make funds available for other immediate requirements such as expenditures on security. For the current fiscal year the government had allocated PKR 663 billion under Public Sector Development Programme, which was cut to almost half to meet the budget deficit.<sup>29</sup>

## Gender Equality

Pakistan is a signatory to all the major international commitments on gender equality, including the Beijing Platform for Action (BPfA), the Convention on the Elimination of All Forms of Discrimination against Women (CEDAW) and the MDGs. But the country has made slow progress in implementing these international commitments. For example, for MDG Goal No. 3 - Promote Equality and Women Empowerment – there has been very slow progress as noted above in the Gender Parity Index (GPI) for primary and secondary education. Pakistan had actually missed the target of gender parity in 2005 and the government did not expect to achieve the gender parity target by 2015. Similarly, Pakistan has also made very slow progress in achieving the 14% target under the MDGs in women's share in the wage employment in the non-agriculture sector. However, with regard to the number of women's seats in the national parliament, it has already been noted that Pakistan has shown substantial improvement over previous years.

## Ecological Sustainability

Pakistan is facing many ecological challenges due to climate change, degradation of forests and a decline of fresh water in the rivers. The government had targeted an increase in the forest cover from 4.8% in 1990-1991 to 6.0% by 2015 as part of its commitment to the MDGs. But the *MDG Report 2010* indicated that it would be very difficult to achieve this target. The areas protected as percentage of total land area was targeted to rise from 9.1% to 12.0% between 1990-1991 and 2004-2005, a target which is expected to be met.

The proportion of people with access to safe water has been targeted to rise from 53% to 93%. However, “safe water” has not been well defined and most of the drinking water in Pakistan cannot be classified as safe. The government is committed to provide access to safe drinking water to everyone in the next three (3) years. The proportion of people with access to modern sanitation has been targeted to rise from 30% in 1990-1991 to 90% by 2015. At present the ratio is 54% and MTDF’s target of 70% seems to be too ambitious.<sup>30</sup>

The World Bank estimates that environmental degradation costs Pakistan at least 6% of its

GDP – PKR 365 billion -- per year. Meanwhile, illness and premature mortality by air pollution costs 50% of this PKR 365 billion, diarrheal diseases and typhoid due to inadequate safe water supply/sanitation by 30%, reduced agricultural productivity due to land degradation by 20% which are all conservative estimates that do not include degradation of coastal and marine environment.<sup>31</sup>

Under Pakistan’s Medium Term Development Framework (MTDF) 2005–2010 the government allocated PKR28.3 billion for the environment during the period 2005–2010. This amounts to only 1.4% of the total outlay under the MTDF 2005–2010 plan, but is five (5) times greater than the corresponding allocation for 2000–2005 (Rs5.5 billion).<sup>32</sup> The donors have been providing assistance to Pakistan in various environmental projects with mixed results. For example, the WB provided support to natural resources management, irrigation and drainage, and biodiversity conservation projects in Pakistan. The Natural Resources Management Project in Azad Jamu and Kashmir areas is generally assessed as having been successful, while drainage projects in Sindh have proved controversial.<sup>33</sup>

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## Introduction

The struggle for independence for the Palestinian people now in its sixth decade has created many special circumstances in all the facets that constitute a modern society. As expected, these challenges have also created unique circumstances in the realm of foreign aid and assistance. The motives, objectives, and forms of foreign aid differ from one country to another depending on the context in which it is situated. It can be economic, military, humanitarian, political, or even religious depending on the relationship and what is agreed upon between the donor and the recipient.<sup>1</sup>

To date, approximately \$7 billion of foreign aid has been disbursed in Palestine since 1993 where donor states have doubled their aid funding to more than \$1 billion annually following the second Intifada. This equates to approximately US\$310 per capita; a level unprecedented in any other conflict since the Second World War.<sup>2</sup>

Despite this tremendous amount of foreign assistance, Palestine still suffers from under-development and the effects of a brutal occupation. The institution building that has occurred in Palestine during its recent history has failed to create a state of self-sustainability. In addition to failing governmental institutions, there seems to be a serious deficit in human development. The lack of donor agencies' action in vigorously opposing the Israeli occupation

and taking more initiatives to advocate and lobby the international community towards holding Israel accountable for its crimes, has thus created a relationship in which Palestinians are unequivocally dependent on foreign aid in order to fulfill everyday tasks.

The goal of foreign aid and partner donor agencies should be to create an environment in which programs that promote self-sustainability and prosperity can be implemented.

## Democratic Ownership

### Participation

Stakeholders' participation in policy-making and strategic planning is limited to technical aspects and formalities and does not provide input into setting social and economic priorities and allocating development resources. To date, no multi-stakeholder body of civil society organizations (CSOs), parliamentarians, and private sector representatives exists in the occupied Palestinian territories (oPt) to prepare and monitor development planning and policy-making processes.

The development planning process in the oPt is regulated by Article 59 of the Palestinian Basic Law that mandates the Palestinian Legislative Council (PLC) for the formulation and adoption of the national development plan. On the ground, however, the Palestinian government takes

charge of development policy-making and plan-formulation in consultation with CSOs through specialized meetings with stakeholders. Due to internal political divisions and the subsequent absence and ineffectiveness of the PLC, only CSOs participated in the formulation of the National Development Plan (NDP). However, in spite of the fact that CSOs were invited to participate in the development of the plan, there were ineffective feedback loops. CSOs were never given the opportunity to debate the main priorities and drafts of the NDP, and in the end the process represented little participation and a lack of ownership for the plan.

In principle, the Palestinian Basic Law guarantees the basic rights of marginalized groups, including women, people living in poverty, and workers. However, this legislative protection was not translated into significant participation in the policy-making and development planning process. This fact is evident in the current mechanisms and approach to Palestinian development planning, and in the allocation of general budget resources. The Palestinian government still focuses on quantitative and macro socio-economic indicators, while development planning must include qualitative indicators such as sustainable development, social equity, social protection policies, promotion of entrepreneurship and empowerment of marginalized groups such as women, the poor, and special needs people.

Stakeholder participation varies across different stages of policy-making -- preparation, approval and implementation. The PLC plays a significant role in policy-making in all three stages. Local governments' participation, on the other hand, is limited to the implementation stage as regulated by the law governing Palestinian Local Corporations. Meanwhile, CSO participation is often governed by particular circumstances and issues in question, rather than being mandated by

law. This is in spite of the fact that approximately 10% of international aid is being implemented through CSOs.<sup>3</sup>

The international aid process has been through two phases. During the first phase (1994-2003), reception and distribution of aid was chaotic. Dispersion of efforts, lack of adequate supervision, absence of coordination among recipients, and the high influence of donors' agenda were the main characteristics of this period. During the second phase in the years following 2004 onwards which marked a period of reform and development, indicators suggest improved coordination as aid now passes through more accountable and monitored channels.<sup>4</sup>

The reality imposed by the Israeli occupation on the oPt creates additional challenges to policymakers. The adverse effects of Israeli policies in certain geographic areas (such as Area 'C',<sup>5</sup> areas affected by Israeli settlements, the separation wall, the Gaza Strip) require some preferential treatment on the part of policymakers in support of populations in these areas. The failures of government public policy and development efforts are only exacerbated by the Israeli occupation.

Access to information on donor funding is essential to ensure adequate and successful planning at the national level to enable the Palestinian National Authority (PNA) and the Palestinian NGOs to better coordinate interventions and plan service delivery. But in this regard, there are very significant and extensive gaps in information on the amounts of assistance from different donors, funding mechanisms, types and sources of funds. There is also a lack of information on the distribution of funds by sector and locale. These gaps affect the ability of Palestinian NGOs to not only benefit from funding opportunities for their development activities, it also adversely

affects the effectiveness of donor funding. It reduces capacities for policy dialogue to improve complementarity of effort between the PNA and Palestinian NGOs and for the creation of accountability mechanisms and controls.

## Transparency

Free access to information is considered a key prerequisite for the realization of democracy, transparency, and accountability. In Palestine, Articles 19 and 27 of the Palestinian Basic Law guarantees freedom of speech and expression, and media freedom. It does not, however, directly address free access to information. Despite numerous different legislative measures discussing free access to information, restrictive measures are still the practice in government. Public transparency can be seen in two aspects:

1) Internal oversight: Oversight of government expenditures is regulated by the 1998 Law Regulating General Budget and Financial Affairs; by the 1999 Law Relating to Tenders for Public Works; and by the 1998 Law Concerning Public Requisites. There are two (2) different levels of oversight with regard to government financial performance. The first arises from internal auditing units in all Palestinian ministries, and the second is pursued by the Palestinian Public Monitoring and Audit Department.

2) External oversight: The Palestinian Legislative Council, through its legislative and supervisory powers, provides legislative oversight based on reports from the State Audit and the Administrative Control Bureau (SAACB), the Anti-Graft Commission, and the Independent Commission for Human Rights (ICHR).

The Palestinian Reform and Development Plan is the most crucial instrument for policy-makers in formulating economic and social policies in

the oPt. This instrument is vital in ensuring that development goals are effectively reflected in the general budget allocations. As noted above, the Palestinian Government failed to include various stakeholders in the implementation, monitoring and evaluation of this Plan and in the preparation of the general budget. In reality, civil society—one of the major players in development—has not been adequately involved in this process nor has there been proper consultations. The very essence of democracy building and democratic institutions calls for open public debate which was severely lacking in this process.

The Palestinian Aid Monitoring System (PAMS) was introduced by the Palestinian Ministry of Planning and Administrative Development to monitor and document the amounts and sources of international aid, as well as the allocation of these funds to various sectors and regions. Unfortunately, this system is no longer functioning and the Ministry of Finance therefore provides the only data on “international aid” in the general budget on its website. The latter, however, only identifies assistance to the general budget, and does not include development projects.

The 1999 Law Relating to Tenders for Public Works regulates the implementation of government development projects, which are usually funded by international donors. For tenders for goods and services, government bodies abide by transparency, disclosure, equality and competition standards by advertising these tenders in local newspapers. The 1998 Law Concerning Public Requisites regulates all procurement arrangements. A tendering committee meets to discuss tenders over US\$15,000. Yet, there is some evidence that integrity and transparency in the process of tendering has not been fully realized.<sup>6</sup>

As noted earlier, the process of public finance and international assistance management has

been reformed after 2004 in the context of broader reforms undertaken by the PNA at the time. One of the objectives of these reforms was to increase the public availability of more accurate information concerning public finance. However, the failure of this objective has resulted in continued difficulty to access to information, especially in the absence of a regulatory framework and inconsistencies in the information provided.

## Accountability

The Palestinian National Authority has signed the United Nations Convention against Corruption (UNCAC) through a letter from the Palestinian Prime Minister to the Secretary-General of the United Nations in 2004. To meet the terms of this Convention, PNA institutions, including the Palestinian Monetary Authority (PMA), issued a group of directives against money laundering. The Palestinian Capital Market Authority (PCMA) also monitors financial institutions to guarantee their conformity to regulations concerning money laundering in the Palestinian financial market, even though no official documents for such regulations have been issued by the PCMA to date. In 2007, the Anti-Money Laundering Decree Law was issued as a presidential decree which created the National Anti-Money Laundering Committee.

Several anti-corruption bodies operate in the oPt: the Anti-Graft Commission formed under the 2005 Anti-Graft Law, the State Audit and Administrative Control Bureau (SAACB), and the Coalition for Accountability and Integrity – AMAN. As for government expenditures, the Law regulating General Budget and Financial Affairs sets the framework for monitoring public finance.

In general, the success and effectiveness of this legal and institutional framework is hindered by several factors. These include the currently weak political will to combat corruption and enforce

the principles of transparency and accountability; the Israeli occupation; the delay of parliamentary and local elections; the absence of the PLC; and the persistence of internal political divisions.

Meanwhile, the role of CSOs is insignificant in supervising and evaluating the government accountability process, as oversight remains an exclusive prerogative of public institutions, namely: the SAACB, the Anti-Graft Commission, the PLC and the judiciary. Attention must be paid, however, to the essential role played by CSOs such as the Palestinian NGO Network and AMAN, among others, in monitoring government performance, ensuring integrity, increasing transparency and accountability regardless of the source of funding. Although many institutions may not have the capacity to hold the PNA accountable, Palestinian civil society has the power to advocate, lobby and mobilize efforts to hold them accountable to the claims they make.

However, as of late, there has been small progress in the fight against corruption and this is evident in the adoption of recommendations that were suggested by civil society. An example is the Palestinian government's decision to restrict the use of government vehicles as a step towards rationalizing the use of public funds. Another important example is the government's reform regarding the misuse of state lands based on reports and recommendations presented by CSOs aimed at holding the PNA accountable for their practices.

## Development Results

### Poverty Reduction

The Palestinian Reform and National Plan 2008-2010 established the government's program for increasing national prosperity in these

years.<sup>7</sup> Many programs set out in this plan were aimed at rural areas and the poorest in these areas. However, there are no available statistics regarding per capita aid for agriculture and rural development targeting the rural poor. The OECD Development Assistance Committee (DAC) statistics do show that donor aid for the agricultural sector has consistently improved. In 2006 about 3.7% of the total aid went to the agricultural sector. This percentage allocation rose to 5.3%, 5.1%, and 6% in the years 2007, 2008, and 2009 respectively.

Some studies have pointed out that aid programs use incomplete statistics to design programs, resulting in unfair allocations in some cases. Several programs also require that CSOs provide a counterpart contribution of about 10% of the total project cost. These requirements affect the possibility of benefits for the poorest rural areas, as organizations in these areas do not have sufficient resources to meet this matching requirement. Few international aid programs adopt indicators for results affecting the poorest people in their planning and implementation.<sup>8</sup>

The Plan does very little in describing the role of civil society and the complementary roles between the government and NGOs in the oPt, bearing in mind the very rich experience of Palestinian NGOs in development. Coupled with the competence of NGOs in delivering vital services to poor and marginalized groups within society, the partnerships could have resulted in productive outcomes. Palestinian NGOs are keen to cooperate with government structures to achieve desired goals that can bring about better living conditions for Palestinian citizens.

Available data on the poverty rate in Palestine indicate a decline from 34.5% in 2007 to 25.7% in 2010 in the oPt, which might be taken as a positive indicator of the effectiveness of the aid

system and the performance of the CSOs. This data illustrate significant differences in poverty rates between the Gaza Strip and the West Bank, with rates of 38% and 18.3% respectively<sup>9</sup>. The World Bank reported that a high percentage of the population in the oPt receive food or cash payments from aid. If this income through aid were deducted, poverty rates would climb to 79.4% for the Gaza Strip and 45.7% for the West Bank respectively.<sup>10</sup> This high level of dependence indicates that development projects that are implemented in Palestine are unsustainable. This indication is a result of poor program design as well as the pressures and constraints of the illegal Israeli occupation.

The people in the oPt suffer from a moderate level of malnourishment. The latest figures available from FAO statistics demonstrate that 15% of the total population is currently undernourished, compared with 18% in the 2005-2007 period. Despite this slight improvement, the prevalence of malnourishment is still well above rates in the Near East and North African regions.<sup>11</sup>

According to the Palestinian Central Bureau of Statistics, the unemployment rate hit 23.7% in oPt in 2010. Unemployment has not changed significantly since 2007. Several points stand out in reviewing the unemployment statistics: first, the unemployment rate in the Gaza Strip is much higher than in the West Bank at 37.8% and 17.2% respectively in 2010; and second, a review of the gender breakdown reveals that the unemployment rate among females is higher than among males.<sup>12</sup> The rate of underemployment was 5.7% in 2010, compared with 4.7% and 6.4% in 2007 and 2008 respectively.<sup>13</sup>

The number of wage employees in the oPt in 2010 was 502,000, of whom 275,000 work in the West Bank and 153,000 in the Gaza Strip, while 65,000 work in Israel and 9,000 in the Israeli settlements.

In 2010, the average daily Palestinian wage was 71 NIS (US\$20.8), while it was 73 NIS (US\$21.47) for males compared to 60 NIS (US\$16.6) for females.<sup>14</sup> The average daily wage has not change significantly since 2007.<sup>15</sup>

According to the World Health Organization (WHO), the United Nations Children's Fund (UNICEF), and PCBS, 92% of Palestinians had access to improved water sources in 2004, while 73% had access to improved sanitation. In 2008, the number of households connected to water networks increased to 88%.<sup>16</sup> The main issue with these projects is that they are unsustainable and depend completely on foreign aid. The main reasons that make these projects unsustainable are due to a lack of the fundamental institutions that are required to sustain infrastructure projects. This fact, coupled with zero cost recovery and lack of revenues, makes these projects completely dependent on foreign aid. Available statistics illustrate that 4.9% of total aid went to the water and sanitation improvement. These proportions changed among the years 2007, 2008, and 2009 to be 5.1%, 5.0%, and 5.6% respectively (OECD DAC).

In 2007 and 2008, the rate of mortality for children under five (5) years was 27 deaths per 1,000 live births. This rate has not changed since 1990. Statistics demonstrate that the main causes of mortality and morbidity in oPt are non-communicable diseases, including heart diseases (21.1%), cerebro-vascular conditions (11.1%), cancer (9%), and accidents (8.9%).<sup>17</sup>

The Palestinian education system has consistently improved since 1994. Available statistics indicate that oPt has a high percentage, in terms of enrolment in basic, secondary, and tertiary education institutions, compared with enrolment in other areas in the region. The enrolment levels in basic education are roughly equal to rates in developed countries, and are approaching the 90% average of the developed

world in the case of secondary education.<sup>18</sup> Gender differences in enrolment are close to parity for males and females. The effectiveness of the education system (school completion rate, for example) in oPt is high by regional standards.<sup>19</sup> Donor aid to the education sector has been generous. The question that remains again is one of sustainability. Because the proper institutions are not in place, there is no system available that can sustain education on its own, independent of foreign aid. The proportion of the total aid devoted to the education sector were 7.8%, 8.7%, 7.6%, and 8.3% over the years 2006, 2007, 2008, and 2009 respectively (OECD DAC).

## Gender Equity

In line with the Palestinian Reform and Development Plans, the PNA has had a program, since 2008, to empower women in society by increasing their participation in economic activities and to remove gender discrimination from PNA policies and laws.<sup>20</sup> In March 2009, President Abbas signed the UN Convention on the Elimination of all forms of Discrimination against Women. In the same vein, donors recently gave high priority for gender issues. This should be very clear when we look at the proportion of aid donors devoted to gender equity programs. In fact, the proportion of aid that went to the equity programs tripled during 2006 – 2009. Only 2.9% of the total grants were devoted to gender issues in 2006, while 7.9% were devoted in 2009 (OECD DAC).

The Ministry of Women's Affairs was established in 2003 in order to empower and involve Palestinian women in decision-making. This Ministry is the highest governmental body responsible for the advancement of women at all levels. In the current cabinet, five (5) out of 21 ministers are women, and all main political parties have quotas for women in their governing bodies. Moreover, women hold 10% of total official positions in government.<sup>21</sup>

There is no available information to assess the degree of women's organizations inclusion in development consultations conducted by government. However, women's affairs organizations play significant roles within the society by participating in preparing, implementing, and monitoring civil society developmental plans.

In 2010, PCBS statistics show that 25.7% of Palestinian women are living under the poverty line. The available data indicate a low participation in the labor force and a particularly weak female participation when compared with the region (World Bank, 2010). The labor participation rate for women as a percentage of the female population age 15+ was 16.1% in 2008 compared with 15.1% and 14.4% in 2007 and 2006 respectively.

Although significant steps have been made socially and legally to continue the struggle for the empowerment and equality of women in Palestine, such as the formation of women's advocacy groups (e.g. The Women's Studies Center (WSC) and The Women's Center for Legal Aid and Counseling), there still remains a significant gap between concept and implementation. Although there is legislation to protect women, justice is oftentimes not served accordingly when violations occur. This is a sign that further aid and development need to be strategically allocated to continue improving the status of Palestinian women.

### **Ecological sustainability**

The PNA has established a Ministry of Environmental Affairs to safeguard and protect the environment, control and limit the degradation

of natural resources, combat desertification, prevent further pollution, enhance environmental awareness and ensure environmentally sustainable development. However, the jurisdiction of the ministry is completely contingent upon the Israeli occupation. The occupation's tight grasp on the extraction and utilization of Palestine's natural resources leaves little room for the ministry to function. The implementation of laws therefore, is in most cases, irrelevant.

Still, protection of the environment has been one of the donors' priorities, although the proportion of aid that went to environmental programs was modest. Indeed, these proportions varied from 1.8% in 2006 to 3.1% in 2009 (OECD DAC).

Based on the figures available regarding renewable energy use, PCBS figures show that 61.6% of Palestinian households use solar energy in water heating, an increase from 59.6% in 2009,<sup>22</sup> showing a desire to maintain sustainable and environment-friendly consumption of resources.

## **Conclusion**

The word democracy comes from two Greek words: *demos* which means "people" and *kratos* which means "power." In other words, at its roots, democracy is about people's power. During the struggle against apartheid, "Amandla Awethu" (power to the people) was the rallying cry that resounded at meetings and marches. In essence, this was a call for democracy, for the people to govern.

If development planning is about improving human and social development compatible with a population's real needs, only then can a development plan hope to produce positive results.

In light of the very high amounts of foreign aid provided to Palestine, it is imperative to identify a set of priorities and operational ethics in order to create results that will eventually lead to a sustainable and prosperous Palestine. To ensure that this goal will become a reality, there is a set of fundamental principles that Palestine, as a society, must adhere to:

- **Participation:** The planning, publishing and implementation of development programs makes it imperative that there be active civil society involvement. This must be a part of reform and improved governance through new accountability mechanisms at the societal level. The results will produce wider public participation and involvement, creating a vital system of checks and balances that is fundamental in any modern democracy. Development planning processes must encourage open debate about proposed plans whereby notes and ideas can be exchanged, proposing amendments that represent the whole of society. This process will create a sense of ownership on behalf of all the stakeholders, making the proposed plan stronger and more equitable.
- **Transparency and Accountability:** As a part of a modern system of governance, and in conjunction with the large amounts of funding being processed, it is essential that the authorities continue to develop a system by which their practices are unconditionally accessible to the public. This will create a

system in which corruption can be confronted directly and with positive consequences; it will instill confidence and support in the hearts and minds of the people for their government.

- **A system of sustainability:** International aid should be directed towards development projects that create and enable sustainable growth. Additionally, international aid agencies should take on the role of advocates in holding Israel accountable for the violations that it commits against the Palestinian people. In light of the Israeli occupation of Palestine, even the most well-intentioned development projects can be stifled by the many obstacles caused by the occupation. Unless international aid agencies take a position against the occupation, sustainable growth becomes unfeasible. Until this happens, regardless of the amount of aid that enters Palestine, a free and independent Palestine can never happen, and the result will be increased dependency on foreign aid.

With these fundamental principles in place, we can expect to see a prosperous Palestine as a place where successful programs are developed for reducing poverty, promoting gender equity and encouraging ecological sustainability. The planning of effective programs with sustainable frameworks can eventually free Palestine from the grasp of foreign assistance.

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### Introduction

The Government of the Republic of the Philippines (GPH) has openly declared its accomplishments on matters of ownership of its development agenda and the general implementation of Paris Declaration (PD) principles on aid effectiveness (Africa 2009: 136). This view is supported by the findings of the recently conducted Second Phase of the Country Level Evaluation (CLE 2) report on the implementation of the PD in the Philippines. As a supposedly independent evaluation, it claims that ownership of development projects is “high”, simply due to the mere existence of a Medium-Term Philippine Development Plan (MTPDP) and related documents. Unfortunately, the GPH’s reports and those of the CLE 2 are based on a shallow interpretation of the principle of ownership, resulting in skewed analyses and conclusions that do not hold up to more critical scrutiny.

Little attention has been paid to the indicators for the principle of ‘managing for development results’, an issue that is hardly ever mentioned by the government. Still, the CLE2 report assures that progress in implementing this principle has been ‘good’, as the government employs a results-based management system linking aid to a GPH results framework. This static representation, however, falls short of assessing more fundamental indicators for ‘results in development’.

Addressing the shortcomings of the PD in the Philippine context, this chapter contests the official account of ‘good progress’ towards PD implementation in the country. The first part provides an overview of the role of aid in the country. The second part takes a closer look at participation, transparency and accountability to evaluate the actual state of aid ownership in the country. Finally, the third section reviews macro development indicators, drawing attention to the lack of ownership of local development projects in the country.

### The Role of Aid: ODA in the Philippines

Official Development Assistance (ODA) to the Philippines (measured in current prices) peaked in 1992, during the term of former President Fidel Ramos. Conveniently, the ‘legacy’ of Ramos’ term was a drive towards privatization of public assets and a general strive towards liberalization of the economy under the guidance of the International Monetary Fund (IMF) and the World Bank (WB). However, since the mid 1990’s, ODA flows have decreased significantly (WB 2010).

While ODA is often perceived as a beneficial financial flow, ODA in the Philippines in reality is foreign debt rather than aid, as the majority of ODA comes in the form of loans rather than grants. In 2009, donors committed a total

cumulative US\$9.6 billion in ODA loans, while providing only US\$1 billion in grants.

According to the 18<sup>th</sup> ODA Portfolio Review (NEDA 2009), some 60% or US\$5.7 billion in ODA loans went to infrastructure projects, with agriculture a far second with just 18% of total loan commitments. Continuing its traditional role as largest source of ODA loans (averaging 53% of total ODA loans over the past 10 years), the Government of Japan remains the largest provider of ODA to the country accounting for US\$3.5 billion in loans in 2009. In second place is the Asian Development Bank (ADB) which provided 18% of net loan commitments. Non-traditional lenders, however, are increasing and becoming more dynamic. China, in particular, has emerged over the last years as a new source of ODA already accounting for 11% of total loan commitments (NEDA 2009).

Total commitments of ODA loans seem impressive on a nominal basis. However, aggregate ODA flows to the Philippines constitute only a relative small share of total capital inflows. Strikingly, while ODA as a percentage of Gross National Income

(GNI) was roughly 0.7% in 2000, it decreased rapidly to only 0.03% in 2008 (WB 2010). In contrast, remittances accounted for nearly 12% of GNI in 2007. As a percentage of total government spending, ODA also decreased dramatically from 17.1% in 1990 to just 0.2% by 2008 (WB 2010). This significant reduction in the levels of ODA in government spending, its small proportion within total capital flows, and consequently ODA's rather minimal influence on the Filipino economy as a whole, are easily overlooked.

Nonetheless, ODA continues to provide a substantial amount of finance for development projects and programs in the country. In the form of loans and grants, ODA-assisted programs and projects amounted to PhP 35 billion or nearly 24% of the government's total capital expenditure (Canlas et. al. 2011; NEDA 2009). As a consequence, the majority of all major development projects in the country are foreign-assisted. The agency breakdown in Table 1 demonstrates the importance of ODA in specific areas. Particularly, infrastructure, transportation, and agriculture enjoy large proportions of ODA funding and support.

**Table 1** Foreign-Assisted Projects in Agency Budget

Largest Recipient NGAs of ODA Loans	Total Infrastructure Outlay (PhP M)	Foreign-Assisted		Locally-Funded	
		(PhP M)	Percent to Total	(PhP M)	Percent to Total
DPWH	99,723	25,099	25.17	74,624	74.63
DA/NIA	17,315	2,901	16.75	14,414	83.25
DAR	3,366	2,382	70.77	984	29.23
DOTC	14,853	3,557	23.95	11,296	76.05
DepEd	8,520	70	0.01	8,450	99.99
<b>All NGAs/LGUs</b>	<b>147,471</b>	<b>34,960</b>	<b>23.71</b>	<b>112,511</b>	<b>76.29</b>

Source: Budget of Expenditure and Sources of Financing (DBM, 2009)

DPWH (Department of Public Works and Highways); DA (Department of Agriculture); NIA (National Irrigation Administration); DAR (Department of Agrarian Reform); DOTC (Department of Transportation and Communications); DepEd (Department of Education); NGA/LGU (National Government Agency-Local Government Unit) – Table from NEDA 2009

## Alignment

According to the government, ODA allocation to programs and projects is principally undertaken by the National Economic Development Authority (NEDA), Department of Finance (DOF) and Department of Budget and Management (DBM). Government and donors claim that ODA programming is a joint activity between government agencies and relevant donors within an assistance framework consistent with the goals established in the Medium-Term Philippine Development Plan (MTPDP). All project proposals are submitted and reviewed by NEDA and then presented to the government's Investment Coordination Committee (ICC) for approval. Furthermore, the government asserts that aid coordination is an inclusive dialogue with development stakeholders facilitated through the Philippines Development Forum (PDF).

Based on these formal processes, the CLE 2 report rates alignment of donor strategies with the national strategy as 'good to high' (Canlas et. al. 2011). This is questionable. Designed as an oversight tool, the ICC has been weakened in 2007 and foreign-assisted infrastructure projects can now pass without its screening and consent to allow for faster processing of ODA loans (Africa 2009). In addition, the PDF as an instrument to safeguard and set the agenda towards aligning aid strategies has failed to convene for nearly the past three years. While there are official commitments by most donors towards alignment with the MTPDP, the fading of oversight and stage setting processes suggests that donor alignment of development strategies is at least questionable.

## Development indicators

First and foremost, development results from ODA and the MTPDP need to be assessed by

achievements in poverty reduction, improvements in gender disparities and results for ecological sustainability.

## The Macro Story: Poverty, Gender and the Environment

Despite rising Gross Domestic Product (GDP) rates of roughly 3% during 1990-2000, 5.5% during 2004 – 2008, and 6.1% between 2008-2010 (ADB 2009), development results for the poor and vulnerable in the Philippines have grossly underperformed. Latest poverty incidence figures have shown a marginal decrease from 33% in 2000 to 32.9% in 2006. However, even this marginal reduction in poverty is misleading as it is based on a very low national poverty threshold of only Php 15,057 of annual income per head and masks gross regional disparities. If measured as Filipinos living on Php 86 or US\$1.95 or less a day (a more accurate poverty threshold than Php 41 used by the government), 70% or some 66 million Filipinos are entrenched in poverty (IBON 2010a).

According to the preliminary results of the 2009 Family Income and Expenditure Survey (FIES), real average personal income (inflation adjusted), has been virtually unchanged since 2003 despite six (6) years of positive GDP growth (IBON 2010c). Life prospects for the majority of the population in the Philippines are manifested in flattening real wages and rising poverty. Meanwhile, inequality has returned to conditions of the mid-1980s. In 2009, the richest 20% of the population earned over half (51.9%) of total family income, leaving 80% of Filipinos to divide the remaining 48.1%.

## Gender Equity

Poverty incidence for women has declined slightly from 32.5% in 2000 to 30.1% in 2006, a curious

fact as labor force participation is averaging only 49% for women over the last decade compared to over 80% for men (FIES, 2009). Female primary and secondary school enrolment rates are above those of males in the Philippines with a primary enrolment rate of 92.7% for girls and 90.7% for boys. Secondary enrolment rates are 66.2% and 55.5% for girls and boys, respectively. This is particularly interesting when analyzed together with women's low labor force participation rate.

### Ecological Sustainability

Laws for sustainable utilization of national resources exist in the Philippines; however, general environmental indicators speak against their proper implementation and effectiveness. One fundamental indicator of the environmental health of a country is trends in the proportion of forest cover. World Bank data (2010) indicate a steady decline of forests in the country, in one year alone from 25.1% in 2003 to 24.5% in 2004. Biodiversity loss, another important indicator, is simply not taken into account, even though several conventions on biodiversity in the Philippines have been convened (PCHMB 2010).

### Ownership

The Paris declaration defines ownership as present where countries “exercise leadership in developing and implementing their national development strategies through broad consultative processes” (OECD 2005/2008: 3). Real ownership of development, however, needs to penetrate deeper into the grassroots. In other words, democratic ownership needs to include those affected by development projects through the provision of space to voice their concerns in a participatory, accountable and transparent process. Here, the Accra Agenda

for Action (AAA) has resulted in a meaningful contribution in its commitments to broad and inclusive ownership. Only through these means is it possible to harness real ownership and thrive towards genuine development effectiveness. In the Philippines today, ‘real ownership’ by the people is still distant.

### Participation

The government of the Philippines claims ‘strong’ ownership of its development agenda as evidenced by the existence of a national development strategy, the MTPDP. But a closer look into the formulation processes of the MTPDP reveals a picture of exclusiveness. Composing and writing the MTPDP itself is done entirely by NEDA in a non-participatory way. NEDA, however, stresses the consultative character of the ‘Regional Development Plans’ (RDPs), which inform and build the basis for the formulation of the MTPDP. These plans are drawn up by the Regional Development Councils (RDC), located in each of the 17 administrative regions in the Philippines, and they constitute the claim of regional representation and ownership. On paper, the structure of the RDCs too seems to confirm an institutionalization of a participatory approach to policy formulation. No less than one-fourth of the RDCs members need to come from so-called private sector representatives (PSR) that comprise both the private sector and NGOs based in the region (NEDA 2010).

PSRs are selected on an individual basis and need to be an accredited person with a “proven track record in socioeconomic development” (NEDA-Bicol 2010). However, the regional NEDA office exercises tremendous power through their process of drawing up the list of credible individuals, pre-selecting and picking those that have friendly relations with the organization. Those that take

an openly critical stance in relation to NEDA's policies are rather unlikely to be selected to participate. This pre-selection process by NEDA officials stands in open opposition to democratic ownership that would ensure the participation of a broad and diverse range of CSOs with greater representation from the grassroots.<sup>1</sup>

While the above has identified major participatory problems in the planning stage of the MTPDP, an even stronger lack of participation is likely to exist in the MTPDP's implementation and monitoring phase. As CSOs and people's organizations are excluded from these vital phases, access and constructive contributions to any new MTPDP are doubtful (Africa 2010).

Another flagship approach of the government and donors for participation and ownership is the Philippine Development Forum (PDF). Designed as the government's primary mechanism to support policy dialogue, the PDF claims to bring together different stakeholders in building consensus on the government's reform agenda (PDF 2010). The PDF selection process follows closely the lines of the RDCs; however, unlike the RDC process, there is no law that ensures participation of CSOs and the private sector in the PDF. Spearheaded by the World Bank (WB) and the DoF, selection criteria and processes are at least questionable, while the result is that donor and government voices remain dominant (Lumang 2010; Africa 2009). As noted earlier, the last meeting of the PDF dates over two and a half years back to March 2008. While working groups still meet, reports of those meetings are not publicly available. Large CSO networks in the country are therefore doubtful about the effectiveness in providing ownership through the PDF (Lumang 2010; Tablang 2010).

While some donors such as the Asian Development Bank (ADB) have begun to

facilitate workshops for participation and consultation with the civil society sector (Beutjen 2010), other donor organizations such as the Japan International Cooperation Agency (JICA) have failed to engage with more participatory approach to ODA altogether (Lumang, 2010). Broadly speaking, donor consultations are irregular and inconsistent, rather than an institutional mechanism that ensures grassroots participation and hence enables real ownership by those affected through ODA.

## Transparency

Oversight functions of Congress are guaranteed for all ODA, facilitated through the Congressional Oversight Committee on ODA (COCODA), which was founded in 1996 as an official parliamentary mechanism to engage on ODA issues. However, it took until 2005 for the Committee to be convened for the first time; a decade after the signing of the ODA law. Since then it only meets about once a year (Africa 2009; Casiño 2008; 2010). The sporadic meetings so far have been characterized by incomplete NEDA briefings and short and superficial discussions on already existing projects, thus lacking serious engagement and publicly available reports. Missing, for example, is an analysis of the impacts of projects on communities. This default stems from a severe lack of interest on the part of parliamentarians that generally focus on law-making to facilitate ODA projects (Casiño, 2010). Congressman Teddy Casiño makes this point clearly: "during budget deliberations, hardly anyone in Congress bothers to look at the ODA portfolio, mainly because it falls under automatic appropriations and so traditionally is never tinkered with by Congress" (Casiño, 2008: 2).

In general, information on ODA is available to the public and civil society, with donors and

government agencies being accommodating in the research phase of this report. However, without knowledge of contacts, access is often difficult and time-consuming (Buena 2010). Transparency is further from reach, as the Right to Information Law was never passed in the Philippines. Information that is difficult to obtain constitutes one fundamental problem. The situation is further tainted through a lack of CSO infrastructure with capacities to overcome information barriers and utilize available channels for engagement with the government and donors (Lopez 2010a). Real democratic ownership of development programs and projects will only be a reality when CSOs have the capacity to truly participate and demand transparency and accountability effectively.

Also questionable are the results available from public data and reports. For example, NEDA's yearly ODA Portfolio Review analyzes ODA on a quantitative basis only, paying little attention to individual projects or their impacts on communities. Implementation issues cited by NEDA range from start-up delays to low utilization of ODA credit facilities, but fall short of recognizing the concerns and problems of those affected by ODA projects or picture the success of positive change. According to CSOs and networks, access to information has not improved notably since the signing of the PD (Lumang 2010; Tablang 2010 and Libang 2010).

## Accountability

The existence of the Anti-Graft and Corruption Practices Act since the 1960 has done little to curb corruption. Today, the Philippines ranks 134<sup>th</sup> out of 178 of the most corrupt countries in the world, at par with Nigeria, Sierra Leone and Bangladesh (Transparency International 2010).

Corruption does not stop short of ODA projects. In 2008, the World Bank investigated collusion among several construction firms and stopped the bidding for part of its US\$150 million road construction project (WB 2009). While an inquiry to investigate was formally filed with the Office of the Ombudsman, a formal investigation never took place, leading to speculation and allegations of involvement by high-ranking officials including the husband of then-President Gloria Macapagal-Arroyo.

As mentioned earlier, in order to speed up project processing the government's Investment Coordinating Committee (ICC) – responsible for the approval of ODA loan projects – was weakened in the beginning of 2007. ODA infrastructure projects can now proceed without formal screening of the ICC (Africa 2009). This weakening of oversight increases the risk of irregularities as well as low socioeconomic outcome of projects, with a possibility of an unnecessary increase in the already high debt burden of the Philippines. Un-investigated corruption incidences and the weakening of formal structures for accountability are real matters of concern, hampering true accountability and therefore real ownership within the country.

## Development Results

With ODA constituting only a small amount of total financial flows to the Philippines, a direct impact of ODA on macro indicators for development seems rather unlikely. However, ODA's influence on projects and programs makes aid and development effectiveness issues important on a project-by-project and program-by-program basis. In particular, a lack of 'real ownership' of projects and programs constitutes a true barrier to aid effectiveness at the local level.

## Infrastructure Projects

ODA is highly concentrated and has significant impacts on infrastructure projects, accounting for some 60% of total ODA that provides finance to about one quarter of all infrastructure projects and the majority of all large-scale development projects in the Philippines (NEDA 2009). A closer look into the performance of these projects, however, reveals large negative impacts on local communities through displacement and loss of livelihoods of the most vulnerable sectors in society -- the urban poor, peasants and members of indigenous communities.

The Center of Housing Rights and Evictions (CHORE) estimates that infrastructure projects have displaced over 1.2 million people between 1995 and 2008, making way for large-scale development projects such as the Pasig River Rehabilitation Project, North- and Southrail projects, Flood Control Projects, and the San Roque dam. For example, the C-5 North Extension Project (C5NE), a 34.9 -kilometer highway with six (6) to eight (8) lanes is estimated to evict some 40,000 families.

Such projects are widespread, impacting largely on local populations through forced evictions and a loss of livelihood that comes often without or with dismal resettlement efforts. The government and financing donor agencies fail in providing clear and comprehensive resettlement plans. As a consequence, for example, only 71 percent of all families affected by the Northrail and Northrail-Southern Linkage Projects have been relocated. To make matters worse, while resettled families should have received Php 162,620 in compensation, they were instead burdened with having to pay back loans for their new homes (IBON 2009).

## The Importance of Local Ownership

Development projects usually lack consultative processes, and while designed to better the situation of local communities, they paradoxically often cause hardship to those most vulnerable. AidWatch Philippines notes that the most common problem in implementing projects is related to a failure to dynamize local ownership. Project implementors provide little information to affected communities and local CSOs. They fail to broadly communicate or consult with local people. Once projects are implemented affected populations struggle to find the right channels to voice and address their problems or for that matter share the successes of projects (IBON 2011).

Recent Visayas- and Mindanao-wide CSO–NEDA workshops revealed the gap between donors and local communities as it drew attention to a general victimization of communities through ODA projects. Participants noted that under the Bohol Irrigation Projects I, II and III, the built mega-dams do not carry enough water to irrigate their service areas, while farmers continue to pay fees without reaping benefits. All irrigation projects funded by JICA face the same problem -- no proper community and CSO consultations have taken place. Paradoxically, despite the failures of these projects, funding from the Korean government is now replacing Japanese ODA, thus continuing to extend the projects while contributing indirectly to environmental degradation and a worsening economic situation for farmers in the region (Lopez 2010a).

In Mindanao, participants highlighted the massive destruction of ancestral land under large-scale mining, power generation projects or other large development projects. Particularly for indigenous communities, these projects cause

displacement, loss of livelihoods and divisions within communities. Jomorito Goaynon from KALUMBAY (an indigenous peoples' group in Bukidnon) pointed to the neglect of government and donor organizations in consulting affected communities (Lopez 2010b).

## Conclusion

The implementation of the PD with respect to the principle of ownership has failed in the Philippines. A narrow interpretation of the indicator and a lack of commitment to inclusive participatory processes have undermined aid and development effectiveness in the country. Ownership - the cornerstone of the PD – is far from being realized. Reality shows that the processes, which the government calls participatory, are still reserved for an exclusive club

with little to no focus on poverty or sustainable human development. In addition, most aspects of the process also lack transparency and can hardly be seen as accountable.

Particular attention needs to be paid to infrastructure projects where participation through consultations that combine effective resettlement and compensation plans of affected communities are essential in providing solutions. All development projects, however, can benefit from applying the principle of democratic ownership. Giving people a voice will not only enable them to share their concerns, but also to highlight success. Consequently, aid needs to be addressed in the Philippines through an inclusive process of all stakeholders as only the engagement of those affected by ODA can guarantee true aid and development effectiveness.

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#### Endnotes

- 1 In the RDC of Eastern Visayas, for example, the 25% private sector representation translates to a minority of 14 individuals alongside 42 government representatives. Of this minority, only two (2) members represent the poor sector of the population through the themes of labor and the rural workers. In other words, the majority of the people in the region, the poor, are grossly underrepresented. To make matters worse in the region, the vast majority of the selected PSRs represent large businesses ranging from banana plantations to food processing facilities. Consequently, the heart of RDC meetings and discussions is a one-sided affair focusing on local business instead of the needs of impoverished communities and sectors. This fact is reflected in the central themes for the Regional Development Plan that focus on agri-businesses and eco-tourism (Jerusalem 2010).

### Introduction

The government of Sri Lanka has had a significant commitment to improving the effectiveness of aid not only in 2005 at the Paris Second High Level Forum, but also with donors following this Forum. Sri Lanka chaired sessions at the Paris Forum where agreement was reached on the Paris Declaration (PD) and worked actively as a key South Asian country to ensure that aid was, in fact, an effective instrument for reducing poverty and ensuring social equity.

Since mid-2009, despite submitting an Action Plan for their implementation to the Working Party on Aid Effectiveness, the PD and the Accra Agenda for Action (AAA), for all intents and purposes, have become irrelevant to development strategies and plans for the current government of Sri Lanka. This shift in government policy was part of a set of sweeping changes that occurred with the ending of three decades of conflict as the government enjoyed a period of unprecedented public support and approval immediately after “winning the war”. These shifts included changes to key government ministries and posts as well as seeking a larger proportion of aid from emerging donors and Export Credit Agencies.

Aid has become less transparent and initiatives to improve aid effectiveness are no longer a government priority. Excellent monitoring systems, set up during 2005-2009, have been removed. Similarly, the Ministry of Plan

Implementation, the key ministry involved in strategizing development, has been dissolved. Key officials who were working to ensure that aid translates into development have been re-assigned and initiatives to increase the effectiveness of aid for development have ground to a halt. The government was conspicuously absent from multi-stakeholder meetings on aid and development effectiveness held in September 2010 as well as the Working Party deliberations in Paris a few months later.

Total assistance to Sri Lanka in 2009 was USD 1.6 billion which accounted for over 80% of government development program in that year. Of this amount, only about 23% came from traditional donors and the IFIs as Official Development Assistance (ODA). The remaining international finance was obtained by Sri Lanka from so-called “emerging donors” and Export Credit Agencies (ECAs), which for the most part are not covered by the commitments of the PD and the AAA.

Despite recently being recognized as a middle-income country, poverty persists throughout Sri Lanka’s 19 million people. Sri Lanka’s official Head Count Index (HCI) indicates that those living below the poverty line in urban areas had dropped marginally from 6.7 to 6.5. The HCI indicates more progress in rural areas where poverty dropped from 15.7 to 7.7 and in estates from 32.0 to 9.2. Such progress may be short-lived and mask significant vulnerability.

It should be noted that the latest data available on poverty is from 2001 according to the Census and Statistics Department of Sri Lanka and using this data is fraught with danger for obvious reasons.<sup>1</sup> Ensuring current, comprehensive and relevant poverty statistics in Sri Lanka is not a national priority.

In the face of multiple crises in food, energy and climate, there has been an erosion of economic stability for a far larger population than the official figures indicate. With over 25% of the paddy lands wiped out in the recent large scale flooding, the rural poverty figures are going to rise steeply in 2011. The country's middle-income and emerging market status has not only shaped the way in which it mobilizes aid, but also on the determination of Sri Lanka's priority development partners. South-South cooperation has brought in new partners who have provided generous funding on concessionary terms, which include 40-year repayment periods, low 2% interest, and a 15-year grace period. The funds obtained from China, for example, fall into this category.

On the other hand, the influence of these new forms of international assistance, along with the decline of more traditional ODA which aid as a government resource for political leverage, has also eroded. There has been a rapid growth in infrastructure mega projects financed by export credit, which bypasses the national procurement system. Sri Lanka has a very credible national procurement system which is harmonized and used by multilateral organizations, such as the World Bank and the Asian Development Bank (ADB). However, export credit financing does not go through the national procurement process, compounding the ambiguity of how large portions of aid is obtained and disbursed.

Aid to Sri Lanka is also characterized by a proliferation of projects, with 687 development

projects each valued over Rs. 50 million (USD 450,000) in 2009. Previously, the disbanded Ministry of Plan Implementation monitored projects over Rs. 50 million. It is not clear whether the current Department of Foreign Aid and Budget Monitoring will continue to do so, increasing the possibility of ineffective or damaging development projects. With such large numbers of projects, there is evidence of significant duplication due to lack of monitoring and coordination. Overall, effectiveness is further severely compromised as a result of weak project design, planning failures and poor management for mega-projects that face little official scrutiny.

The government has a project-by-project, donor-by-donor approach, rather than a coordinated policy-driven engagement with donors and other development partners, as suggested by the Paris principles. There is no definite policy directive favoring this piecemeal approach. But this practice has permeated various Sri Lankan institutions in their engagement with donors and influenced the manner in which development interventions are designed and donors approached for resources. The project has again become the primary modality for ODA and other forms of international assistance. Transaction costs are significant for both parties. Additionally, poor management results in significant cost overruns.

There has also been almost no participatory planning conducted over the last year by the government. As a result, pressure from people affected by projects, compounded by a failure to nurture positive engagements with local leaders, have created significant issues in effectiveness and sustainability. The potential for development disaster is accentuated by the fact that the newly cleared areas in the North are being developed against a "wish list" of projects, with no comprehensive plan available either to the general public or to donors.

The 12 effectiveness indicators of the Paris Declaration capture none of the above issues. The Paris indicators are relatively easy to measure, but they are not what matters to current strategies for development in Sri Lanka. They fail to address the challenges in the changing dynamics for aid and international cooperation in Sri Lanka that are seriously undermining development results that lift people out of poverty and create social equity.

## Democratic Ownership

### Participation

There is currently no multi-stakeholder body that prepares development policy or strategies since the dissolution of the Ministry of Plan Implementation. Since then, there has been very little effort to encourage various stakeholders to engage in multi-stakeholder policy dialogue or policy monitoring. Civil society organizations (CSOs) are currently under close scrutiny by the Ministry of Defense and are consequently severely curbed from engaging in such activities.

In 2010, the only significant effort to consult multiple stakeholders with a negotiated outcome document was an ADB-funded project for climate change adaptation. Even with this project, no specific efforts to actively engage women's organizations or other vulnerable groups were made in these consultations. This one ADB attempt at inclusion is insignificant given the total amount of ODA and international assistance that passed into the country in the same period.

In the formulation of Sri Lanka's national development plan "the Mahinda Chinthana", ad-hoc consultations were held with individuals from many sectors, including the civil society sector. However, there was no formal mechanism for this purpose and engagement of

"old-boy" networks was the closest the process came to "formality" in policy planning. But in specific areas of development, particularly in the sectors of climate change responses and disaster management there have been some efforts to ensure multi-stakeholder participation and, in a few cases, multi-stakeholder consensus. In the area of climate adaptation in the ADB project noted above, the effort is laudable.<sup>2</sup>

### Transparency

Although a freedom of information bill is currently in parliament, it has been languishing for months. There is no indication that it will be ratified and become a law anytime soon. With respect to aid, the Ministry of Finance has primary responsibility and Finance officials, have not been forthcoming in discussing plans despite repeated requests from CSOs to engage in dialogue on aid effectiveness. The most substantial reports available on the use of aid are from the Central Bank. However, these are published in a comprehensive form only once a year, with brief bulletins over each year. The *Mahinda Chinthana*, which is the development plan, is available freely in all three languages and in various formats. There is a fledgling database created by the government for informing the public on aid disbursements, but it is still a "work in progress". Despite some efforts to provide more transparency on the part of some government agencies and traditional donors for a substantial percentage of ODA and other forms of international assistance, as noted earlier, it can be said that the government is shifting towards opacity.

### Accountability

While there are many anti-corruption instruments in the country<sup>3</sup> and government agencies that address corruption, such as the Public Accounts Committee (PAC), the Commission to Investigate Allegations of Bribery or Corruption (CIABOC),

and the Committee on Public Enterprises (COPE), the results have been mixed. Some government officials have been prosecuted from time to time and punished, most notably in the case of corruption in the Protected Areas Management Project. But rampant graft on the part of politicians is completely ignored. In 2001, the 17th Amendment to the Constitution was passed with the purpose of de-politicizing the public sector and creating truly independent commissions. Under the 17th Amendment, a Constitutional Council was to be appointed. The Council would be responsible for appointments to key posts and to the independent commissions. However, such a system has not been applied effectively.

As noted earlier, procurement practices follow international standards. The procurement guidelines of 2006 stipulate that government procurements are to be advertised publicly, stating the specifications and timeframes of the tender. Unsuccessful bidders can make a complaint to the Procurement Appeal Board, which will then launch an investigation. The National Procurement Agency (NPA) was tasked with overseeing all aspects of national procurement. In March 2008, the NPA merged with the Treasury as a result of a presidential directive. This brought the plans of the previous government to establish the NPA as an independent body with powers to supervise all tender processes to the end. As the Treasury is under the Ministry of Finance, there is no independent control of national procurement. While Global Integrity's 2007 Report rated procurement in Sri Lanka as "weak", the situation has worsened with the abolition of processes that had been in place in 2007.

## Development Results

### Poverty reduction

Some ODA and international assistance are distributed specifically for poverty reduction and

social equity through various large-scale projects, but the processes and the plans for such activities are unavailable to the general public. Unequal wealth distribution is becoming more acute. Poverty and inequality are currently affected by almost epidemic land grabbing by the government in the North and through multi-national corporations' purchases of thousands of hectares of land in other areas of the country. With lax laws governing the distribution of government-owned land and some collaboration between land grabbers and public officials, the system is oriented towards further disenfranchisement of rural populations.

Despite official poverty statistics in the Head Count Index noted earlier showing progress, there are serious concerns that these statistics do not show the true picture. Rural communities have been affected by multiple natural disasters as well as the impacts of large-scale projects. These projects, such as the Moragahakanda dam, the Hambatota Port project and the proposed coal power plant in Sampoor, are funded by Export Credit Agencies (ECAs) and emerging donors such as China, India and Iran. Their scale, lack of transparency and consultation, significantly curb the ability of rural communities to overcome these multiple threats and vulnerabilities. Overall, it can be said that poverty will worsen in 2011 and beyond as a result of these factors.

### Gender Equity

Currently, there are no legislative instruments or practical systems for ensuring gender equity in Sri Lanka. Gender-based inclusion is non-existent in multi-stakeholder dialogue. In large-scale projects, resettlement and other forms of compensation are provided to an entity known as the "chief householder". In a majority of cases, this is designated to be a male, regardless of his worthiness to receive and utilize assistance for the good of the family.

## Ecological Sustainability

Sri Lankan laws on managing natural resources are some of the best in the region. However, the enforcing agencies for ensuring these laws are respected and implemented are relatively weak. The Environmental Impact Assessment (EIA) processes that exist for large-scale projects are routinely abused and/or ignored. CSOs have attempted to challenge the processes and ensure a better quality impact assessment. The World Bank has set up guidelines for Strategic Environment Assessment processes (SEA). However, these initiatives have yet to yield results in ensuring that short and long-term ecological damage is minimized.

The current opacity and top-down government development strategies have only compounded the problem. CSOs, other community groups and victims of development aggression have

had their space for dialogue and protest severely reduced. The Ministry of Defense has invoked draconian “emergency” and “prevention of terrorism” legislature to silence the voices of civilians. The rights of indigenous peoples have been routinely violated over the last three decades. The *adivasi* communities of hunter/gatherers, for example, have been the primary victims of laws that prevent them from living in their traditional homelands in the eastern parts of the country, resulting in coerced ethnic dilution and dilution of cultural and traditional heritage.

On a more positive note, the World Bank is attempting to implement a bio-diversity management project with strong consultative processes and inclusiveness. There is some hope that the project will have lasting benefit to the country, but such instances are rare in the current aid architecture of Sri Lanka.

## Endnotes

- 1 The most recent report on poverty may be obtained from [www.statistics.gov.lk/poverty/PovertyStatistics.pdf](http://www.statistics.gov.lk/poverty/PovertyStatistics.pdf).
- 2 Further information on this process can be found at [http://www.climatechange.lk/adaptation/index\\_adaptation.html](http://www.climatechange.lk/adaptation/index_adaptation.html).
- 3 These include the Declaration of Assets and Liabilities Law, No. 1 1975, Prevention of Money Laundering Act No. 5 of 2006, and the xPrevention of Money Laundering Act No. 5 of 2004

### Introduction

The Republic of Tajikistan (RT) became an independent state in 1991 following the collapse of the Soviet Union. Since that time the country has overcome a long period of civil war and internal disorders. Political stability was only achieved in 1997 after signing the agreement for peaceful relations between the government of Tajikistan and the Joint Tajik opposition.

The RT is a sovereign, democratic, unitary and multi-national state, which acknowledges generally accepted norms of international law, and has a presidential form of governance. The Constitution establishes a Republic with a division of authority between the legislature, the executive and the courts, each acting independently within its constitutional mandate.

Following independence, the level of RT's economic development decreased considerably as a result of a long civil war, natural calamities and a breakdown of communications inherited from the Soviet period. From 1991 to 1997 Tajikistan's GDP dropped by over 60% and there was a corresponding decline in living standards for the vast majority of people in the country. In 1991-97 the average salary was less than US\$10 per month. Many essential social servicing had ceased and there was a drop in available employment.

After independence, the structure of economy scarcely changed. The most important sector is

agriculture which involves more than half of the rural inhabitants.

Cotton is the main agricultural crop. Its cultivation is one of the most important segments of the national economy from the point of view of employment and export earnings. Industrial production is mainly focused on electric power generation, metallurgy (aluminum production in particular), textile and food industry.

The government's program of market reform for Tajikistan's economy is comprehensive, including the formulation of new economic and social policy; legal support for economic reforms and economic development; the promotion of more efficient production; the transformation property rights based on private ownership; and the encouragement of diverse entrepreneurship in a highly competitive environment.

Economic reforms have included the reorganization of the management of public enterprises; the de-nationalization and privatization of public property and state enterprises; the creation of common and equal legal conditions for enterprises and organizations with different forms of ownership; legal protection for private entrepreneurship; and the creation of favorable and internationally accepted conditions for attracting foreign investments.

Tajikistan's principal development challenges – in addition to its remote location, small size,

limited resource endowment, and Soviet legacy – include reducing wide-spread poverty, restoring and maintaining macroeconomic stability, managing a large external debt, strengthening the country’s physical infrastructure, improving the capacities of human capital, accelerating political, economic and structural reforms and improving regional cooperation for development.

In response to these challenges, in November 2009 the government of Tajikistan and its Development Partners (DPs) signed a Joint Country Partnership Strategy for 2010 – 2012 (JCPS). The signing of this agreement established the partners’ commitment to assist in the implementation of priority goals set out in the National Development Strategy for 2006 - 2015 and in the country’s Poverty Reduction Strategy Paper (PRSP).

In receiving loans and grants from different International Financial Institutions (IFIs) the government has created specific bodies -- Project Management Units (PMU), Project Implementation Units (PIU) or Project Coordination Units (PCU) – in order to identify executing agencies to successfully manage investment projects. In some cases the implementing agencies are government ministries or agencies, with currently 34 government agencies implementing 59 investment projects.

Aid effectiveness should therefore be an important consideration for the government. While there are planning documents noted above, it has become clear that these are inadequate. The government requires a comprehensive planning framework for development based on national development priorities which are closely linked to various aid coordination instruments. Accordingly, the government is supporting the ongoing JCPS process with strong linkages to the development of PRSP-3.

At the same time, it is equally clear that the DPs for the JCPS need: (a) to align their projects and programs directly with the country’s national development priorities, based on clear, medium-term (three to five year) partnership strategies; (b) to arrange, wherever possible, joint (JCPS) missions – whether for program formulation or for project preparation, appraisal or implementation; (c) to coordinate their policies and procedures for aid provision and project implementation; and (d) to strengthen the government’s capacity to manage its dialogue and interactions with the development community. These requirements are fully consistent with commitments under the Paris Declaration (PD) and the Accra Agenda for Action (AAA).

## **Democratic Ownership**

### **Participation**

In the RT, the State Committee on Investments and State Property Management (SCISPM) is the central authorized government agency for the coordination and monitoring of external support. This Committee works in close partnership with the Ministry of Foreign Affairs, Ministry of Finance, Ministry of Economic Development and Trade, Ministry of Justice, line ministries and agencies of the Republic and also the local Khukumats.

In particular, SCISPM collaborates with the Ministry of Economic Development and Trade in developing and implementing the Program of Public Investments, Grants and Technical Assistance (PIP). SCISPM is expected to advocate for the interests of the line ministries and agencies in dealing with DPs on matters of foreign aid allocations, the promotion of their project proposals, identification of funding opportunities and the conduct of joint monitoring of project implementation.

The focus for SCISPM is on sectoral coordination that will promote higher volumes of aid and improve effectiveness and coverage of external assistance in support of strategic sector development programs of ministries and agencies. At the regional level, Investment and State Property Management departments have been created to facilitate implementation of SCISPM functions at this level.

Since 1996 the Consultative Group of Donors for Tajikistan have been meeting with governmental authorities and major international organizations. For example, a recent meeting of the Donor Coordination Council for Tajikistan - Development Forum was organized by the government with the support of the Consultative Group of Donors in December 2010. This Forum involved the President of Tajikistan, government representatives, about 200 ministerial officials, representatives from over 20 donors and 19 international and regional organizations. The Forum discussed the main strategic policies of the government, in particular the National Development Strategy, including a poverty reduction strategy, and strategic donor partnerships.

Overall, local civil society organizations (CSOs) are seldom included or consulted in the government's processes to implement the Paris Declaration principles, in the discussion of long-term development strategies and in the identification of priorities in these strategies.

However, some recent positive processes more inclusive of CSO actors can be identified:

- Since 2007 CSOs have seen an improving trend in their relations with the World Bank. There is a change from a Bank principle of CSO participation towards one promoting actual

inclusion on concrete issues and solutions in Bank operations. In this regard, the Bank has moved from an approach of 'do no harm' to one of 'create a benefit'. Cooperation with trade unions, parliamentarians, disabled people and youth is improving for both the Bank and the Asian Development Bank.

- A number of UN agencies have established informal fora to meet with CSO representatives as a mechanism of strengthening dialogue and linkages with civil society. These UN agencies believe that CSOs are not just important cooperation partners, but are also important promoters and advocates for policy. CSOs are consequently able to make strong inputs in the development phases for strategies such as Standard Strategic Agreement (SSA) and the United Nations Development Assistance Framework (UNDAF), UN reform and the MDGs – National Development Strategy (NDS), and the Poverty Reduction Strategy (PRS).
- For the development of national strategies plans and programs, the SCISPM has organized public hearings in the capital city and has established short-term advisory councils with partners on development for important issues. These actions are on-off ad hoc processes, but there is still no systematic regular engagement with CSOs. In particular there is no social council within the SCISPM.

## Transparency

Article 25 of the Constitution of Tajikistan states: "government authorities, public associations and clerks must provide an opportunity for everybody in getting and examining the documents related to his/her rights and interests except for the cases stipulated by law". Tajikistan also has a Law on

## Access to Information.

Information on external aid and other investments is publicly accessible on the website of SCISPM.

Tajikistan has a law governing state procurement of goods, works and services, and presently SCISPM is working within the government to develop a national procurement system, where external partners of development will have to identify their procedures.

Information on state procurements is published regularly in the national newspapers. Large development partners and other state organizations have their own tendering procedures including announcements and documents on public websites. However, information on the selection process and the successful bidder for these contracts is often not available as it relates to official information.

With technical assistance from the Asian Development Bank for the SCISPM, the Database of Aid Coordination and Project Monitoring System (ACPMS Database) was created to improve coordination and analysis of aid data. It contains up-to-date information on aid provided by international organizations including their commitments and disbursements, the status of project implementation, the amount of assistance allocated by sectors and regions, and related information. The Database is used by government ministries, executing bodies, donor agencies, and civil society organizations.

Tajikistan was the first Central Asian country to endorse the Istanbul Plan of Action to Fight Corruption in countries with transition economies (in September 2003) and to join the Anti-Corruption Network. Parliament subsequently adopted a number of anti-corruption laws to

implement this Action Plan. These included a range of measures to detect, prevent, suppress and to disclose these types of crimes, including the eradication of the causes and conditions leading to them. In 2008, the Agency on State Financial Control and Fight Corruption was established. Transparency in regional public policy management is guaranteed by the Constitution and important measures have been implemented to combat corruption, including transparency of decisions and training of public servants in ethical professional conduct.

In practice however, a significant number of potential corruption “bottlenecks” related to concentrations of power exist. Against the backdrop of the experience of many developing countries, the privatization process and redistribution of state property require a strong transparency mechanism covering property redistribution, which moves these processes from the shadows of power relations at the highest levels. It is equally important to implement transparent pricing policy, regulation and access to price information and improved law enforcement as means to overcome the corruption, particularly in relation to nepotism in business.

Transparency for assistance flows will be particularly important for the implementation of the Joint Country Partnership Strategy (JCPS) endorsed by the government of Tajikistan and its development partners in the end of 2009. The JCPS goal to “outline a shared vision and operational framework for more effective coordination and management of JCPS partners’ resource flows to the country” requires evidence-based approach based on data analysis.

According to SCISPM, about 60 million Tajik Somoni (the national currency) are returned annually to the budget after auditing procedures (mainly from construction activities), although

there is no information on specific projects.

## Development Results

The global financial and economic crisis negatively affected the economy of all countries, including Tajikistan. As signs of economic recovery emerge in Tajikistan's outlook and its growth rate gradually increases, it is important to acknowledge the crucial role played by the relationship between the RT over time with international partners in the country's development. Support provided by development partners has been important to counter the challenges that rocked the country's economy as a result of the global financial crisis, enabling an effective fiscal response by the government. Over the coming years, this enduring partnership will play an important role in sustaining reform, supporting high-priority projects, addressing the needs of the most vulnerable and linking Tajikistan to global knowledge and best practices.

The recently launched Poverty Reduction Strategy (PRS) for the period 2010-2012 highlights the importance of development cooperation in implementation of national strategic priorities. Attainment of its goals will depend on joint actions by all national and international stakeholders focused on achieving development results.

The practical application of the PRS also consists of enhancing transparency, identifying possible overlaps, evaluating potential synergies and assessing the way in which foreign assistance covers the needs of poverty reduction and development of the country.

### Poverty reduction

Analyses demonstrate that the implementation of strategies and socioeconomic development programs adopted by the government have

reduced levels of poverty. Poverty reduction is considered an important priority for the government, its international donor partners and Tajik society as a whole. Nevertheless, despite progress achieved in recent years, the poverty rate is still very high. In 2007, 53.5% of the population was considered poor, of which 17.1% lived in absolute poverty (below \$1.25 per day); and one-third of the poor were food insecure and hungry.

The Tajikistan Living Standard Survey is one source of poverty statistics, conducted in 2007 by the State Statistics Committee, together with the World Bank, UNICEF, FAO and the UK DFID. It demonstrated that from 2003 to 2007, the poverty rate declined from 72.4% to 53.5%: from 68.8% to 49.4% in the urban areas, and from 73.8% to 55.0% in the rural areas. There is only a marginal difference in the numbers of poor in urban and rural areas, as rural poverty declined sharply after 2003. It should be noted that the absolute poverty rate in urban areas (18.9%) is higher compared to rural areas (16.4%). While there is no difference in urban and rural poverty rates, significant differences remain between provinces and regions.

Reduction in poverty, including absolute poverty, during this period was mainly the consequence of economic growth and the promotion of macro-economic, social and political development in the country.

In the post-independence economic environment, the healthcare system required significant reforms. Total government expenditure on the healthcare fell from 4.5% of the GDP in 1991 to only 1.9% in 2009, indicating that healthcare is increasingly dependent on unofficial private payments for medical services and on foreign aid. This lack of investment is also reflected in important health indicators such as maternal and infant mortality.

In 2008, the mortality rate of children under five (5) was 53 per 1,000 children and infant mortality was 46 per 1,000. Meanwhile, maternal mortality was 120 per 100,000 babies in 2008.

## Gender equity

The Republic of Tajikistan has a number of laws, policies, programs and regulations to ensure that it carries out legal obligations guaranteeing equal rights for men and women set out in the Constitution.<sup>1</sup> There are a number of institutional mechanisms that facilitate the implementation of these laws: a Commission under the government for the implementation of international human rights obligations; the appointment of a Deputy Prime Minister to oversee matters relating to the status of women; the creation of the Committee on Women and Family Affairs; the establishment of offices in all local authorities to support and implement policies aimed at improving the situation of women; the creation of the Parliament Committee on Social Affairs, Family, Health and the Economy; the creation of the Coordinating Council on Gender Issues in the Ministry of Labour and Social Welfare; and the State Labour Inspectorate to monitor discrimination against women in the labour market and in the Stock Exchange of Labour.

The laws and constitutional arrangements do not fully solve existing issues in gender equality. For example, the Law “On State Guarantees” says nothing about how, in practice, guarantees of equality are to be provided and how to respond to cases of discrimination against women; it provides for no reparation or other actions for the violations of its provisions. It is necessary to adopt amendments to this Law in order to clarify the mechanisms for its implementation.

While the legislation framework generally meets

international standards on human rights, the actual situation for gender equality is more complex. Some factors include:

- The dominance of men in the political structures and hidden discrimination in female roles in decision-making and implementing decisions;
- Low public awareness of gender issues;
- Lack of support and political will on the part of political parties, government officials and the media in relation to quotas for women in the legislature and other legal remedies such as the use of special interim measures to increase the number of women in electoral and other authorities;
- Gender inequality in employment and low levels of women’s participation in the labor market (19% of the economically active population);
- Lack of appropriate linkages between the various public organizations dealing with women’s issues;
- Weak or lack of training opportunities for women; and
- Self-discrimination by women.

Weak labor market participation means that income, which forms the basis for improving household well-being, is mainly provided by men. The reasons behind the low participation rate for women in the labor force could be two-fold: involvement in housework and/or employment in the informal economy sector. Women who lose their connection with the formal labor market usually have no hope to go back to such jobs.

Women are mostly employed in the sphere of

productive unpaid household labor. Work by women on household plots, in the production of goods and the provision of services within officially unregistered family businesses may be left out of records of the economically-active population. However, this labor is actually full employment of women at the household level.

Experts also point to the substantial role of informal employment in the lives of Tajik women. This activity includes work connected with their livelihood, as well as small business and hired labor at officially unregistered enterprises. Women's participation in the informal sector results in dramatic negative effects, including a lack of secure employment and poor social protection; the prevalence of hard forms of labor; low salary levels; the absence of pensions; and the lack of opportunities for development and investment in human capital.

The national economy in Tajikistan has always been based on agriculture. At present, it involves 64% of the working population. Seventy-five percent (75%) of working women are employed in agriculture. Agriculture also involves the majority of men. Men, however, are more represented in other economic sectors than women.

Clearly, these issues of poverty and gender equality should be reflected in the priorities and processes of development of donor country programs and strategies for Tajikistan. However, there is no information and research on how and in what ways ODA relates to these conditions for women in the country.

### **Ecological sustainability**

State environmental programs for Tajikistan are determined and implemented at the national level.

In the period 2005-2009, the Ministry of Land Reclamation and Water implemented activities for the reclamation of irrigated lands involving an area of more than 60,000 hectares. Investment has also been made for improving land cultivation, soil quality, decreasing wind erosion and desertification. A number of donors are providing financing for short- and mid-term projects (the ADB, the World Bank, IDB, Kuwait Foundation, international governmental and non-governmental organizations), also with inputs from the government for the rehabilitation and development of irrigation and drainage systems, management of land resources, and land reclamation in the country.

Access to pure water in the country from the centralized sources is available to 58.1% of the population, with 95.3% in cities and towns and 32.1% in rural areas.

In Tajikistan there is a high potential to use rivers for the construction of low-cost small power stations. Currently, the Ministry of Energy has developed a feasibility study for the construction of 50 small power stations, which require little significant investments. About 219 small power stations are already operating, with overall power over 14,000 KW, through the support of external investment.

Technologies of non-traditional renewable energy sources (RES) in the country – including solar, wind, geothermal, processing of some types of biomass – have not yet achieved the proper level of technical and economical understanding to make them more widely used, particularly in rural areas. Practical use of these technologies cannot yet compete with traditional energy sources.

## Recommendations

1. Development of procedures for parliaments, local authorities and CSOs to participate in preparing, implementing and monitoring national development policies and plans.
2. Revised mandates for government institutions to include clear areas of responsibility and training for staff to improve understanding, implementation and assessment of the Paris Declaration indicators and targets.
3. The State Committee on Investment (SCISPM) should monitor the alignment of each donor contribution with Tajik priorities (including procedures for the collection of relevant information from donors, data processing and generation of reports).
4. The government should review the hidden parallel structures (sometimes called PIUs) but also secretariats, to rationalize them;
5. The SCISPM and the preparation of the national budget should take account of donors' expenditures, and monitor aid disbursements released according to agreed schedules in annual or multi-year frameworks;
6. The government should have the capacity to assess the cost of tied aid outside its control and negotiate with donors to untie this aid and promote local procurement; and
7. Improve access to information on external aid in the various sectors (for Parliament, the Government, the Ministries, and CSOs).

## Endnotes

- 1 The following legislation exists: (1) the Law of RT "On State Guarantees of Equal Rights for Men and Women and Equal Opportunities", (2) the State program, "The main directions of

state policy to ensure equal rights and opportunities between men and women in RT for 2001-2010", (3) Family Code (1998), (4) the Law of RT "On the fight against trafficking in persons" (2004), (5) the Law of RT "On Microfinance Organizations" (2004), (6) the December 1999 Decree of the President of RT "On strengthening the role of women in society", and (7) The "State system of education in the field of human rights in RT" (2001).

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### Introduction

The government of Vanuatu is challenged by limited capacity and constant political turmoil in its efforts to facilitate the effectiveness of aid. The 2011 DAC Survey Country report on monitoring the implementation of Paris Declaration (PD) states that “...there is a limited number of experienced and skilled public staff in all sectors.”<sup>1</sup> Limited human resource capacity is not made any easier by the constant and continuing change in government which leads to difficulty in maintaining policy stability or focus. Frequent changes in government is borne out by the fact that in the past 19 years, there have been 14 Prime Ministers. In effect, Vanuatu’s political context coupled with limited capacity negatively impact on effectiveness of aid to deliver development results.

Achieving more effective impacts for aid is further hampered by lack of awareness. The Vanuatu government readily admits that line ministries are not “...fully aware of the process of the implementation of the Paris Declaration despite attempts to provide an explanation<sup>2</sup>.” In effect the Vanuatu government machinery itself is not working in any systematic way to ensure aid effectiveness.

Further to this lack of awareness of line Ministries is the lack of agreement between the Vanuatu government and its development partners. The government reports that “...an important challenge in developing an action plan on aid effectiveness that can be agreed on and signed off by the

government and its development partners” exists.<sup>3</sup> This illuminating statement can be interpreted to mean that the Paris Declaration is not seen by the Vanuatu government to be actionable. The consequence is “unpredictable aid levels and low level of aid through budgets<sup>4</sup>” resulting in limited service delivery to the people of Vanuatu.

Compounding the lack of capacity, political turmoil, and lack of awareness is the lack of data. The Vanuatu government admits that there is no consistent data to enable monitoring of aid effectiveness. The government report states that “...availability of data and statistics is considered a major constraint in economic planning, resources’ budgeting and management, and progress monitoring in Vanuatu”.<sup>5</sup> Inherent in the above statement is the admission that neither aid nor development policy is managed effectively in Vanuatu in the absence of aid and statistical data.

Finally, the Vanuatu government states the obvious that “mutual accountability is very limited”.<sup>6</sup> In effect the PD is not contributing to aid effectiveness in Vanuatu.

### Democratic Ownership

#### Participation

Vanuatu government departments have consulted with civil society organizations (CSOs) on some development policy-related matters. No multi-stakeholder body exists to monitor and review aid

effectiveness in the country. A country monitoring report on the PD with a stakeholder consultation organized by the Aid Coordination unit earlier in 2011, where VANGO was invited to participate, was only the result of external pressure.

The Aid Coordination Unit itself is in disarray. While the two (2) staff sits within the Prime Minister's Office, the database used to track aid flows has been abandoned in the Department of Foreign Affairs and has not been updated since the database administrator's death in 2006. The Vanuatu government through the Department of Economic and Sector Planning (DESP) has a database on Government Investment Programs (GIP) that does track around 80% of Official Development Assistance (ODA) to Vanuatu. OECD<sup>7</sup> data shows that Vanuatu's Aid for Trade share of ODA is 53.3% as contrasted to 21.9% average in Oceania and 29.4% for Least Developed Countries. Further, Aid for Trade Disbursements declined from 45 million, 43 million and 34 million USD respectively in 2005, 2006 and 2007<sup>8</sup>. The same OECD data demonstrates that 99.6% of the Aid for Trade dispersed originated from the top donors meaning that Donors are coordinating their efforts.

However, government's claim that this 80% of Vanuatu's ODA has gone through some stakeholder consultation cannot be verified. ODA from Taiwan and China are neither accountable nor demand-driven by stakeholder consultations. Examples include the Tuna Processing Plant, two (2) inter-island shipping vessels that were intended to service Vanuatu, and the e-government project that has delivered hardware but no software to ensure effective networking of government departments in Vanuatu. The United States Millennium Challenge Account (MCA)-funded infrastructure development did not include wide stakeholder consultation. There were likewise no

consultations for projects being funded through the Governance for Growth instrument set up by AusAID as parallel channel to direct Australian and New Zealand Aid in Vanuatu. Only in certain sectors such as education have wide consultations been held. Consequently, a school fees subsidy funded by AusAID and NZAID has been put in place. Similarly, the Land Sector Framework was a result of consultations through the National Lands Summit. In sum, the claim by the Vanuatu government that 80% of ODA is a result of stakeholder consultation is difficult to believe.

The depth of consultation on matters of policy and ODA is limited by geographical dispersion, cultural diversity and the language of discourse. More often than not, consultations are not given sufficient time or budgets to include people in geographically-isolated locations. Furthermore, the languages of consultants and report writers are often foreign to the speakers of 110 languages used in Vanuatu. Outcome documents are often incoherent with stakeholder inputs. These issues are further compounded by the low level of literacy in Vanuatu, where not everyone has the capacity to review documents. A classical case is the fact that the Land Summit in 2006 and the resulting 2011 "Mama Graon" Program, funded by AusAID and NZAID, have limited, if any resemblance to each other.

In sum, participation in national development policy and determination of ODA priorities in Vanuatu is far from being democratic.

## Transparency and access to information

Vanuatu does not have any Freedom of Information legislation. But on the positive side, the press is largely free despite regular attempts by political leaders to intimidate publishers.

The Ombudsman's Office served at one time as a useful conduit for airing of corrupt acts by leaders. But this Office was effectively muffled in 1998 with the amendment of the Ombudsman's legislation taking the powers of prosecution from the Ombudsman. Transparency Vanuatu is active and allows for greater public participation through access to information. In effect, the freedom of the press and the active involvement of citizen's organizations allow some monitoring and access to information on government programs and ODA for people of Vanuatu.

With regards to development strategy documents, the Vanuatu government often reverts to the Comprehensive Reform Program (CRP) of 1998, driven by the Asian Development Bank (ADB) as the basis for its policies and plans. The Prioritized Action Agenda (PAA) was developed by one consultant contracted by ADB. The same consultant returned as part of a UN team to review the PAA in 2011. The Vanuatu authorities do not attempt to justify the PAA as having been the result of any stakeholder consultative process, but point to the PAA as the document that attempts "to link policy and planning with limited resources that government controls".<sup>9</sup>

In addition to the fact that the PAA was not developed from any stakeholder consultation process, there is no publicly accessible database on ODA volume, allocation or even the results of development expenditure. Moreover, there are no publicly accessible avenues of disseminating information on government procurement using ODA. Despite the Paris Declaration, Vanuatu's ODA processes are neither transparent nor accountable. The Vanuatu government effectively attests to the lack of accountability by writing "... procurement oversight is in its infancy, the Tender Board is understaffed and currently only a minimal share of public procurement goes through the Tender Board..."<sup>10</sup>

## Development Results

### Poverty Reduction:

Vanuatu leaders claim that no extreme poverty exists in Vanuatu. Public officials prefer the word "hardship" wherein those affected do not have access to education, water supply, health or other basic services, nor job opportunities. Despite these claims, the government's own data analyzed as part of the UNICEF Global Study on Child Poverty and Disparity show that "in 2006, 17% of all children lived below the national basic needs poverty line."<sup>11</sup> The same study illuminates that in the most Northern Province of Vanuatu, 40% of children live in poverty. In the two (2) Southern Provinces, 25% of children are living under the national basic needs poverty line.

The UNICEF Study is an illustration that the Vanuatu government has limited capacity to interpret data in its possession to inform better policies and priorities for aid and its effective deployment.

The 33% child poverty rate in the capital city of Port Vila is a testament to the failure of aid in Vanuatu. This is because Port Vila is supposed to have the best access to services. Yet the UNICEF report states "...when non-food items are adjusted to take account of regional costs, ... the child poverty rate in Port Vila is about 33 per cent rather than 6 per cent using the national standard."<sup>12</sup>

Overall while outlying areas are disadvantaged by poverty of opportunity through lack of basic services, the urban areas are disadvantaged by high prices. In effect ODA for Vanuatu thus far has not offered social protection for the children but has been directed at Trade Policy, Economic Infrastructure and Productive Capacity. Vanuatu ranks 123<sup>rd</sup> out of 179 countries in terms of

Human Development Index. This means that only 56 countries in the world have worse human conditions than that of Vanuatu.

## Gender Equity

Vanuatu does not have any legislative instruments or practical systems to ensure gender equity. In terms of decision-making, there is only one female in the 52-member Parliament. Gender-based inclusion is non-existent in multi-stakeholder dialogue. In all the Provincial governments and the institutions of the Chiefs, it is rare to find women represented in formal decision-making. Donors have been investing in mainstreaming the CEDAW commitments. Consequently, the OECD data shows that 37.8% of ni-Vanuatu women are employed in the non-agriculture sector.

## Ecological Sustainability

Vanuatu has good legislation for managing its natural resources. There is, however, a significant implementation gap. On the flip side, areas

still under traditional tenure are generally well managed for purposes of sustainability. Due to urban migration and population growth, the areas in the vicinity of urban centers are under the most pressure from over-exploitation, pollution and mismanagement.

In relation to large-scale projects, corruption often leads to the Environmental Impact Assessment legislation being disregarded. But CSOs have proven that the government can be held accountable through court decisions, despite the fact that no legal firms in Vanuatu do *pro bono* work. The Community Legal Center at the University of the South Pacific can provide legal advice, but is largely inaccessible to those most in need. In sum, the forest sector and the fisheries sector have room for improved sustainability in Vanuatu if ODA were to be effectively managed. In 2007, according to ODA data, agriculture, forestry and fisheries only contributed 14% of GDP as compared to 78% from services and 8% from industry. In terms of size of the sector, agriculture, forestry and fisheries, in 2007, constituted only 23.8% of the economy.

## Endnotes

- 1 2011 Survey on monitoring the Paris Declaration Country report, page 8 paragraph 8.
- 2 2011 Survey on monitoring the Paris Declaration Country report, page 2 paragraph 2.
- 3 2011 Survey on monitoring the Paris Declaration Country report, page 2 paragraph 7.
- 4 2011 Survey on monitoring the Paris Declaration Country report, page 2, paragraph 8, line 2.
- 5 2011 Survey on monitoring the Paris Declaration Country report, page 3, paragraph 2.
- 6 2011 Survey on monitoring the Paris Declaration Country report, page 3, paragraph 4.
- 7 FOR TRADE AT A GLANCE 2009: MAINTAINING MOMENTUM © OECD/WTO 2009
- 8 Source: OECD, Creditor Reporting System
- 9 2011 Survey on monitoring the Paris Declaration Country report, page 4, paragraph 1.
- 10 2011 Survey on monitoring the Paris Declaration Country report, page 6, paragraph 4.
- 11 Child Poverty and Disparities in Vanuatu, SPRC Newsletter, Page 11, paragraph 4, downloaded via Firefox from <http://www.sprc.unsw.edu.au/media/File/Child-poverty-in-vanuatu.pdf> on 2<sup>nd</sup> May 2011.
- 12 Child Poverty and Disparities in Vanuatu, SPRC Newsletter, Page 11, paragraph 5, downloaded from <http://www.sprc.unsw.edu.au/media/File/Child-poverty-in-vanuatu.pdf> on 2<sup>nd</sup> May 2011.

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### Introduction

Yemen has a land area of 524 thousand square kilometers, a varied terrain, a coastal strip of more than 2000 km, and 122 islands scattered in both Red and Arab Seas. Its population is estimated at 24 million with a growth rate of 3.5%, 76% of which dwell in the countryside. It is among the poorest of countries worldwide, and when it adopted the eight Millennium Development Goals (MDGs) in September 2000, it was among the eight countries considered most in need of support to achieve these goals. Though Yemen developed strategies and plans up to 2015, ten years later, it is still classified among countries without the necessary conditions to implement them.

Yemen is beset with increasing poverty rates, high rates of unemployment, high illiteracy rates, a considerable disparity in enrollment ratios between sexes, poor health services, poor infrastructure and poor basic services, especially in rural areas where majority of its citizens reside. Added to that is the increasing number of refugees from Somalia and some neighboring African countries, which have now reached to almost a million. Yemen's five-year plan identified the following challenges and difficulties hindering development in the country: inability of economic resources to match increasing population, lack of human resources development as a direct result of high illiteracy and low level educational outcomes, depleting water resources, lack of political will to combat corruption and reform the judiciary, limited

financing capabilities, low volume of investments due to security risks, and influx of international competition in trade.

Government plans and strategies fail to address each, and often fall short at the implementation level. The government acknowledges that given apparent weaknesses, it will not be able to fulfill MDG objectives, and in 2005, declared they need up to US\$48.5 billion to be able to make significant improvements by 2015. In 2010, resources were at US\$6.5 billion, including a pledge of US\$5.8 billion at a donors' conference in London in October 2006. Of this pledge, only US \$3.4 billion was signed in 2009, that according to a special report commissioned by the Prime Minister, only 17% has been disbursed, while approved loans in 2007-2009 did not exceed 5%, demonstrating weakness in the planning and operational capacities of the government.

### Democratic Ownership

#### Participation

Since no independent body of multi-stakeholders exists in Yemen, monitoring of development plans and strategies are left to local government units themselves with guidance from the central government.

Preparations, discussions and study of these plans, policies and strategies, are exclusive to parliament, completely disregarding the point of view of civil

society and other sectors. For instance, Yemen's employment policy granting a 5% allotment for disabled and special needs individuals, although positive at some level, was wholly the product of government processes without input from other stakeholders. This neglect leads to poor public awareness and community participation in development issues. This exclusion from democratic processes is worsened by lack of access to public information. Due to lack of available information, the mass media on the other hand, is only able to touch on development issues superficially using the simplest statistics available to them.

## Transparency

Civil society and the media are frontrunners in clamoring for a law that will open government information to the general public, and only recently has this been given some attention by parliament. In spite of specialized committees in parliament, their supervisory role is weak and limited such that auditing is delegated to various government agencies such as: the Ministry of Finance with respect to management of public funds, the Supreme Commission for Tenders for state projects and purchases, and the Central Organization for Accounting and Control for general audits. These committees study and discuss these reports in detail, and then a final report is submitted to the parliament for deliberation and approval.

Under the direction of the Ministry for Planning and International Cooperation, the Ministry of Finance, and the Ministry of Local Administration, development plans and strategies are published in bulletins, websites and different publications, containing national budgets and expenditures for public perusal. Published information, however, is largely insufficient, usually containing general

outlines with details never made available to the public. Worse, even these same agencies release conflicting figures in the same year. Check and balance is also very difficult due to lack of a database to show data on development aid, for instance. Anyone seeking such information will have to resort to interviews with people in the academe who has done extensive research, as many donors themselves do not have official headquarters in the country and hardly publish information online.

## Accountability

The biggest obstacle to development is massive corruption, such that according to the Transparency International Report in 2010, Yemen ranked number 146 out of 178 countries, and only scored 2.2 out of 10 in the Corruption Perception Index. Weak structure of governance, non-transparent structure of public institutions, and a long tradition of breaking the law by high ranking officials perpetuate the current state of affairs.

Calls for effective mechanisms to fight corruption from Yemeni people and civil society organizations have intensified in recent years. However, anti-corruption efforts and initiatives by government are considered more as a result of pressure from international donors particularly the World Bank and IMF rather than demands from its citizens. Nonetheless, Yemen has ratified international conventions such as the UN Convention on Corruption in 2003 and the UN Convention on Transnational Organized Crime in 2004. Efforts have also been initiated by government such as engaging in public reform, judicial reforms and strengthening of institutions in the fight against corruption.

One such institution is the Central Organization for Control and Auditing (COCA), which

functions mainly as an anti-corruption watchdog. It has been monitoring government revenues, spending, procurement and performance. The COCA is, however, not an independent body as it answers to the president and presents its reports to the parliament. Nevertheless, its reports are either not taken into account or are used only to blackmail certain government officials. Despite its comprehensive mandate and wide-ranging powers, in practice, however, COCA's mandate is too broad for its resources to give it full effect and the real impact of its efforts on government transparency or accountability has not been measured.

## Development Results

### Poverty Reduction

The 1998 House Budget Survey (HBS) showed that 17.6%, or about 2.9 million of the then 16.39 million Yemeni population lived under the food poverty line, while the percentage of the population who are incapable of obtaining all their food and non-food requirements (food, clothing, shelter, health, education and transport) was 41.8%. These reflected the gravity of the situation and living situation of about 6.9 million people suffering from different levels of poverty, as well as the large numbers close to the poverty line. These as well as the high poverty gap estimated at about 13.2% pushed forward in 2000 the development of a Poverty Reduction Strategy Paper (PRSP) by the government with assistance from international donors.

Yemen has always relied on bilateral donors and regional and international multilateral donor agencies on the basic human services that should have direct impact on the daily life and activity of the people. Due to insufficient domestic resources Yemen will remain incapable of financing strategic projects related to basic infrastructure

and social services let alone the implementation of the PRSP.

With the primary aim of creating mechanisms to significantly reduce poverty by 2015, the PRSP was consistent with the objectives and policies contained in the government's Strategy Vision for Yemen 2025, the MDGs as well as other domestic and international commitments. Ten years later, the facts speak for itself – 42.8%, or 9.5 million of the 22.2 million population, was classified as poor. (Table1)

**Table 1**

YEAR	1998	2005	2009
Poverty Rate in Urban Areas (in %)	32.3	20.7	29.9
Poverty Rate in Rural Areas	42.5	40.1	47.6
Total Poverty Rate in Yemen	40.1	34.8	42.8

Besides massive corruption and misallocation of public funds, many factors could be attributed to this. In summary these are: (i) decline in income and its association with the nature and extent of economic growth; (ii) high population growth and the poor development of human resources and infrastructure; and (iii) weak levels of social protection.

At 3.5%, Yemen's population growth is absolutely incompatible with available economic resources therefore limiting the potentials for economic growth and social development, not to mention the pressures which this creates on education, health, food and the environment. Population growth is accompanied by a multi-faceted water crisis. Yemen is situated within a dry and semi-arid area where the average rainfall annually ranges from 500-800 mm in the highlands, 50-100 mm in the coastal strip, and below 50mm in the Eastern regions. The per capita share in Yemen is less than 11% compared to the Middle East and

North African region and less than 2% of the world average. These figures easily place Yemen on the bottom of the ladder of the nations that are under the international poverty line.

Unemployment has barely improved since 2005, with only a 1.5% registered increase in 2009. At 40.2%, the unemployment situation is three times worse for women than men. (Table 2)

Universities saw an increase of enrollments in liberal arts and theoretical studies, which also led to a rise in the number of unemployed graduates, due to limited available opportunities for them in the government administrative apparatus and their degrees and specialized fields being unsuitable for the needs of the private sector. Unemployment was not just confined to new entrants to the labor market, but included also those who were laid off their jobs for various reasons.

On the other hand, deprivation from education and the low income pushes poor families to direct their children to the labor market, which gives rise to child labor, or to engage in begging. In 2005 alone, child labor was estimated to have reached 158,834 males and 167,774 females, or a percentage of 5.1% and 17.2% respectively. This has undoubtedly risen today but due to absence of current data, no figures could be given.

Despite the existence of a strategy for poverty reduction, additional work is needed in several key areas, such as monitoring of programs;

improving transparency and accountability in public administration that efficiently delivers public services and security issues; addressing environmental sustainability issues, especially water; and integrating more effectively gender issues, among others.

Civil society organizations (CSOs) have through the years increased in number and with it their economic and social activities increased, in addition to the increase of the number of beneficiaries. Majority operate in local community development, elimination of illiteracy, maternal and infant care, and cooperatives. Recently, CSOs have also developed efforts towards alleviation of poverty and combating unemployment and providing job opportunities, besides providing educational and health services and working in environmental protection. Nonetheless, the impact of their activities in reducing poverty is still limited due to several factors, mainly the general threat of existing in a politically tense environment, with very little laws that offer them protection.

## Gender Equality

The World Economic Forum Report in 2009 confirmed the current status of women in Yemen today. Not only does Yemen remain at the bottom in the region but in the overall rankings of 134 countries for gender equality. It in fact remains the only country in the world to have closed less than 50% of its gender gap since 2006.

**Table 2**

	UNEMPLOYMENT RATE				
	2005	2006	2007	2008	2009
Men	11.9	12.1	11.8	11.5	11.3
Women	46.4	42.2	41.5	40.9	40.2
Total	16.1	15.7	15.4	15.0	14.6

The estimated annual earned income for a female is US\$1,038 while a male earns US\$3,454, giving a female-to-male ratio of 0.30. Out of 100 legislators, senior officials, or managers, there are only 4 females holding these positions.

This gap is reflected in education where women suffer from illiteracy in the highest percentages recorded in developing countries and estimated rates of illiteracy for women in over 10 years, with 78% in rural areas and 40% in urban areas with an average of 65% women that are illiterate. The table below shows the differences in the enrollment rates between sexes in 2009. (Table 3)

**Table 3**

	<b>MALE</b>	<b>FEMALE</b>
Basic Education	61.3%	38.7%
Secondary Education	69.7%	30.3%
University Education	73.4%	26.6%

There are several factors that limit the participation of women, such as the prevalence of traditional misconceptions with respect to the role of women and the existence of flawed laws and legislation that are biased against them.

Traditional laws contain a large number of discriminatory provisions against women, and while several efforts have been made to amend these discriminatory provisions, there are still 57 discriminatory texts against women in criminal laws, civil service, and the Personal Status Law that covers matters of marriage, divorce, child custody and inheritance that gives women fewer rights than men.

Widespread illiteracy, deprivation from education, the poor quality of educational attainment

of women, discriminatory laws and tradition, are major constraints against broadening the participation of women in the economy, and in society in general, and stands in the way of the equitable benefit from the fruits of development.

## Environmental Sustainability

Yemen is facing enormous environmental problems that require interventions in the short and medium term. Most crucial of these is a severe water crisis which if not efficiently addressed will make it very difficult for Yemen to achieve other development goals.

Agriculture is especially threatened since the demand for water for agricultural use is bound to gradually come down forcefully, with the growth of the population and the expansion of urbanization, in favor of demand for water for domestic and service uses and for industrial purposes. The water crisis also leads to the gradual loss of agricultural land and the extinction of livestock when severe droughts occur.

Similarly, scarcity of water adversely affects the poor as they are compelled in rural areas to use water sparingly, especially the elderly, women and children. Since women are the gatherers of water for domestic use, they are compelled to cross long distances on foot for this purpose. Women are also responsible for grazing livestock, thus compelling women to go to distant areas during droughts.

More than environmental factors, these issues reflect the poor level of the institutional and legal systems of water sector, as well as poor professional performance, inadequate controls and application of regulations, neglect of popular participation in the financing, management and

maintenance of water projects, besides the lack of essential studies and information and the shortage of financing sources.

## Recommendations

1. Amendment of the law for the purpose of declared and effective transfer to the system of Local Rule in full accordance with a system of Parliamentary Rule which (i) realizes social justice and popular participation; (ii) embodies democracy and equality between sexes; (iii) works in combating corruption and promotes transparency and management; and (iv) develops decrees for information release in accordance to the international standards.
2. The Government should prepare an integrated strategy with full transparency in implementing the development goals, and should present the Public Balance Sheet to combat corruption.
3. Effective participation of Civil Society and its development role with the Government in planning, implementation, supervision and evaluation.
4. Preparation and implementation of effective strategy that addresses issues of illiteracy, and school drop-outs by making education free and mandatory for all, respecting and realizing the equality of sexes, and raising standards.
5. Find the appropriate guarantees in the use of aid, loans and local sources that realizes the goals and principles of the Paris Declaration.
6. The Government should provide political security and a democratic climate that allows partnership with all political and social parties, as well as promote real social justice.
7. Work hard for the purpose of providing labor opportunities to address unemployment through programs and government institutions, and support small projects.
8. Support the Medical Cadre and provide Medical Centers with required equipments, secure better health services for all, and apply a National Health Insurance System.
9. Work for the completion of infrastructures, delivery of basic services and development of planning, auditing and assessing.
10. Enactment of laws and regulations related to equal access to water; effectively end exploitation of water resources; strategically develop water resources and protect them from pollution.

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# Latin America

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Bolivia

Ecuador

Guatemala

Honduras

Mexico

Peru



# Development effectiveness in Bolivia:

## A process in gestation

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### Introduction

According to official 2008 figures on poverty as measured by household per capita income from work, 60% of the population in the country's urban areas lives in poverty. Thirty-two (32%) are exposed to extreme poverty or destitution, with an income that cannot even cover the cost of food. The income situation is even more critical in rural areas, where 74% suffer the privations of poverty and 53% are destitute. Overall and based on current population projections, these figures indicate that six (6) million Bolivian people are facing the problems of poverty with 3.5 million in the cities and 2.5 million in rural areas.

In contrast to this, reports by international organizations and assessments by the executive branch of government are highlighting the extraordinary state of the Bolivian economy: the notable increase in international reserves,<sup>1</sup> the rise in exports<sup>2</sup> and, for the fifth year running, the recording of a fiscal surplus.<sup>3</sup> This situation might seem to suggest that development cooperation funds are no longer essential to cover the fiscal deficit and support public investment programs. Although there has been a reduction in disbursements of Official Development Assistance (ODA),<sup>4</sup> these funds have not ceased to be necessary and important for government activities.

Between 2005 and 2009, for example, Bolivia received a total of US\$1.9 billion in ODA funds

destined to strengthen the country's development in the framework of the Paris Declaration (PD). Social indicators, however, do not reflect substantial improvements, as nearly two-thirds of the population live in poverty, the unemployment rate is close to 10%<sup>5</sup> and the GINI index is 0.57.<sup>6</sup> Although this indicator of inequality in income distribution has improved somewhat, it remains high, considering that in 2001 the figure stood at 0.59.<sup>7</sup> Another indication of economic inequality in the country – and its persistence – is the high level of income concentration. The estimates for 2007<sup>8</sup> show that this is similar to what it was in 1970, with 60% of income being concentrated in the hands of the richest 20% of the population.

When the indicators are compared with Latin American averages, Bolivia is among the countries with the most unfavorable conditions in terms of both poverty and inequality. The rich in Bolivia earn 12 times more than the poor, but inequality is still higher among salaried workers, as the poorest earn 17 times less than the richest workers. In the country's largest cities such as La Paz, El Alto, Cochabamba and Santa Cruz, the poorest 20 % of workers received just four (4) % of total income from employment in 2010. The richest 20% on the other hand received 48% or 12 times more than the poorest.

Polarization in incomes between salaried workers and poverty originating in the labor market continue to be ignored by public policy making in general, and wage policy in particular.

Social change obviously takes longer than one government term, and we will have to wait several years until the impact of government policies shows up in the statistics. Nevertheless, the figures mentioned above reflect a historical trend of public policies failing to tackle structural problems in Bolivian society. Poverty affects six (6) out of 10 Bolivians and this situation has demanded a greater commitment from the international community to support governments in combatting it. If aid flows are to have the desired impact, however, the quest for aid effectiveness should aim to meet that challenge, as part of the progress already made in terms of donor alignment with the current government's policies.

The key question is whether aid funds are directed at tackling the structural causes of poverty and inequality or whether they are still only supporting palliative poverty alleviation measures. To answer this question requires monitoring and evaluation of the effects and impacts of donor funds on the country's development. This in turn necessitates consideration of the relationship between different actors -- between government and donors, between donors and civil society, and between civil society and government -- as well as clear strategic priorities and a results framework for evaluation that links short-, medium- and long-term goals.

The recent Independent Evaluation Report on the Implementation of the Paris Declaration in Bolivia states that "the governing bodies responsible for the Budget, Planning and Public Investment, which should be carrying out quantitative, qualitative and financial monitoring and evaluation of the budget of public institutions, have neither the tools nor the methodology required to do so. These should be introduced gradually at the national level."<sup>9</sup>

The Report also highlights that a key element in analysing ownership is the government's

capacity to exercise effective authority over its development policies, based on its leadership in coordinating aid. There is no doubt, according to the Report, that the current government is better able to exercise leadership than its predecessors due to its greater fiscal strength and high level of popular support. This in turn demonstrates the need to involve civil society organizations because the process of coordinating and allocating ODA has so far been a task essentially carried out by the government and donors. In fact, one of the most important measures in achieving greater ODA effectiveness is considered to be the establishment of more effective partnerships between donors and aid beneficiaries -- read governments -- to enable interventions to be more harmonized, transparent and collectively effective.

But beyond the legitimacy conferred by the support the government obtained in the presidential election, encouraging civil society participation will make it possible to determine whether public policies -- financed by ODA resources -- are dealing with structural issues in Bolivian development. Likewise, if civil society has more knowledge of the issues, it will be able to exercise greater oversight of government policy on development cooperation.

One of the main aspects highlighted by this chapter is therefore civil society participation in defining ODA policy. This implies, firstly, improving the availability of information about the actions of government and donors in the country and strengthening policies on donor and government transparency towards citizens. Secondly, it requires promotion of spaces for information and discussion with civil society on the scope, prospects and effectiveness of development in Bolivia, making access to information on external financing policy and public policies in general more dynamic.

## Democratic Ownership<sup>10</sup>

### Civil society participation

One of the aims of the Paris Declaration (PD) is to strengthen the relationship between governments and donors in order to ensure ODA effectiveness. Thus, it was determined that the development policies defined by the state should respond to and arise from society's demands.

The formulation of the strategic guidelines of the 2006 - 2011 National Development Plan (NDP), "Dignified, Sovereign, Productive and Democratic Bolivia, for Living Well," encouraged only a limited degree of participation by regional and sectoral stakeholders. This can be attributed to the fact that the proposed "Country Vision and alternative development model," which guided the philosophical and operational structure of the National Development Plan, was formulated on the basis of what was outlined in the Government Manifesto 2006-2010, which did take up society's demands and obtained the support of 54% of the vote in the presidential election.

Political action by the social movements has focused for many years on the recovery of ownership of natural resources, the sovereignty of the national state and the defence of workers' rights. They expressed their criticism of the neoliberal model and demanded the current process of change that began on 22 January 2006, when Evo Morales Ayma took office as President of the Republic. This milestone marked the start of a "democratic and cultural revolution in the country, the aim of which is to dismantle colonialism and neoliberalism, in order to establish a pluri-cultural and community-based state that will enable inequality and social exclusion to be overcome."<sup>11</sup> Therefore, based on this legitimacy, between July and August 2006 the Ministry of Development Planning held regional information-sharing workshops<sup>12</sup>

on the National Development Plan. Their aim was to link the guidelines in the government manifesto with regional and sectoral demands. In operational terms, this meant including programs and projects in the National Development Plan and Departmental Development Plans.<sup>13</sup>

It is worth recalling that in the first Evaluation Report on the Implementation of the Paris Declaration in Bolivia (2007), donors noted that the principle of ownership needed to be unpacked to make it easier to measure and understand.<sup>14</sup> They pointed out that assessing an administrative action taken by a government (on a strategic plan that exists, which is the PD indicator for ownership), does not really measure the impact and continuity of state policies.

Likewise, it was again acknowledged in the most recent Evaluation Report (Phase II) that the NDP "should intensify the inclusion of sub-national bodies and be open to new and ongoing demands from sectors, without neglecting its priorities".<sup>15</sup>

"The vision of autonomy, this reconstitution of different powers and levels of government in the decentralisation process Bolivia is experiencing, will also influence the donors and we can learn a lot from NGOs that are already working autonomously, who have more of a grassroots, local-level approach to achieving stronger development."<sup>16</sup>

Some conclusions about the results achieved in terms of this vision of democratic ownership:

- Despite the robustness of civil society in Bolivia and the active role played by the leadership of indigenous and rural organizations, there is no evidence of any change in the level of civil society participation in Official Development Assistance (ODA) or of its impact on decision-making by the government and donors.

- Implementation of development strategies through broad-based consultation processes has not taken place. Although information-sharing workshops were held, no discussion forums were promoted for a wide variety of civil society stakeholders to participate in the formulation and implementation of the NDP 2006-2011. There is a striking contrast between this and the activities to formulate the Bolivian Poverty Reduction Strategy (Estrategia Boliviana de Reducción de la Pobreza - EBRP) as a result of the 2000 National Dialogue, when there was very active and fluid cooperation between civil society organizations and government.
- One aspect that is evident in the current situation is that as a result of the limited degree of civil society participation, sub-national governments still project a low level of ownership of the development strategy. The first PD evaluation report stated that the Federation of Municipal Associations (FMA) felt that there was a low level of ownership of the NDP in the municipalities, because national policies were seen as not necessarily responding to the different realities in local governments (VIPFE 2008). The Phase II Country Evaluation Report concludes that while “moderate progress has been made with regard to the principle of ownership in the last five years (...). Sub-national levels perceive little progress in the ownership of central government development processes”.
- Annual planning fora usually take the form of feedback report on what has been done over the year, but they are not spaces in which strategies are assessed or adjusted with civil society participation. Furthermore, they do not provide for a comprehensive evaluation of the results achieved. The Phase

II Evaluation Report on the Implementation of the Paris Declaration concludes that there is no culture of managing for results in the state. If we look at the perceptions of different stakeholders, we can note that in the view of donors, civil society and specialists, no progress has been made in managing for results. In fact, about a third of the specialists interviewed state that the country has gone backwards in this area. Particular emphasis should be placed on this issue. It is essential to evaluate results in order to guide or adjust the development policies prioritized by the government, on the understanding that this will ensure an efficient and effective use of public funds, including ODA funds.

## Transparency

Over the last few years, the Bolivian government has approved laws and regulations aimed at safeguarding the citizens’ right to access public sector information. The current government enacted a Supreme Decree, which names February 8 as national transparency and anti-corruption day. Nevertheless, it is still difficult to access certain information, mainly with regard to strategic sectors such as hydrocarbons. Efforts to provide information to the public, especially in rural areas, are still limited.

In specific terms, the Vice-Ministry of Public Investment and External Financing (VIPFE) is the institution responsible for providing statistical and qualitative information about ODA. Although the VIPFE has a policy of making all information available to citizens, in practice this only seems to happen when the public requests information rather than on the Vice-Ministry’s own initiative. For example, it does not use its own website (<http://www.vipfe.gob.bo/dgfe/index.html>) efficiently to disseminate information,

resulting in a low level of dissemination of public information.

The VIFPE report on the PD Evaluation (Phase II) points out that 37.5% of civil society is unaware of the PD, while 25% have only partial knowledge of it. This suggests the need to expand the debate on aid effectiveness with civil society, especially in a context in which Bolivia's access to concessional finance has been scaled back since it is now classified as a middle-income country, and also because in the last few years the government has contracted large amounts of new debt.

The absence of government or donor mechanisms to enable the public and CSOs to access information and processes related to ODA is compounded by the fact that decisions on financing the NDP with ODA funds are mainly taken by the executive branch of government. No provision is made for ways in which civil society can be consulted about how ODA should be used and how much should be requested or allocated as part of development strategies. Decisions about this are taken by the executive and subsequently approved by parliament.

Likewise, civil society participation is absent in the arena of development cooperation. In line with the principle of harmonisation in the PD and the Accra Agenda for Action, the donor community set up the Bolivia Development Partners Group (Grupo de Socios para el Desarrollo de Bolivia - GruS) in December 2006, with the aim of "supporting the leadership of the Government of Bolivia in the coordination and harmonisation of development cooperation to improve its effectiveness and alignment, with a view to fulfilling the objectives of the National Development Plan (NDP) and the Millennium Development Goals (MDGs)."<sup>17</sup>

Although the GruS reports to the executive in terms of its activities – a fact that may have

prevented the possibility of making its work transparent to civil society – it is a mechanism that could strengthen the transparency of development cooperation in Bolivia. This would require it to increase the information it provides about ODA procedures and practices, the allocation to priority areas according to comparative advantage, the use of tied aid, technical assistance and other matters. Thus, the GruS ([www.grus.org.bo](http://www.grus.org.bo)) might be expected to provide detailed information about its relations with the government (statistical data, agreements, documents on loans to the Bolivian state, etc.) and on certain issues particular to development cooperation that are the subject of analysis and reflection. "Aid effectiveness should not be designed by bureaucrats but by society, in order to empower it."<sup>18</sup>

## Accountability

Government accountability and reporting on development results – which implies making timely and transparent information available to the public about aid flows, social oversight, and institutional mechanisms to prevent corruption and ensure accountability to citizens – is still weak even though the government has adopted a strong discourse on improving transparency of public administration and the fight against corruption. This has led to the creation of a Ministry for Transparency and the Fight against Corruption and a legal framework that guarantees access to information and seeks to combat corruption (the Marcelo Quiroga Santa Cruz Law, the National Policy on Transparency and the Fight against Corruption) alongside the Constitution. These see citizen participation as important and provides for citizens to propose legislation and participate individually and collectively in the formulation of laws.

According to the Phase II Evaluation Report on the PD, having a wide variety of laws and regulations

about transparency, anti-corruption mechanisms and accountability on the statute book is not on its own sufficient to achieve effectiveness in these objectives. Exercising ownership in practice by different stakeholders does not only depend on having a profuse quantity of legislation. Effective actions and political will to set up an efficient integrated system is also required.

A formal and/or integrated system for government accountability to citizens does not currently exist in Bolivia. Instead, there are a series of disconnected efforts by different actors and institutions that could in time constitute a structured and effective system.<sup>19</sup> The PD Evaluation Report also points out that the anti-corruption policies focus on sanctions for acts of corruption rather than on the development of mechanisms and instruments to substantially reduce its possibility in public administration.<sup>20</sup>

Despite the importance of transparency, the National General Budget (Presupuesto General de la Nación - PGN) is made available to the public only after it has been approved by Congress and public sector spending reports are only for internal use and are not divulged.<sup>21</sup> On the other hand, other information about the income and expenditure of approximately 90% of the projects funded by donors is made public.

In 2010, the 20 ministries that comprise the executive branch of government held public events to present a report on their work, in compliance with a current Supreme Decree that promotes accountability. However, these reports are merely descriptive. Complete evaluation reports are not widely circulated, for instance, by posting them on the ministries' websites.

The reports do not clearly differentiate or emphasize any accountability with respect to the use or results achieved with ODA.

As regards mutual evaluation between the government and donors on aid policies and their impacts, we can mention, for example, the dialogue between Bolivia and Spain, which takes place through the Mixed Commissions,<sup>22</sup> an international agreement that enables the governments of the two countries to agree on lines of action for a certain period of time. The 9<sup>th</sup> Mixed Commission, which covered the 2006-2010 period, took as the basis for its agreements the current NDP, the 2<sup>nd</sup> Master Plan for Spanish Cooperation 2005-2008 and the Paris Declaration principles on aid effectiveness. The agreement sets out the guidelines on cooperation issues through the Country Strategy Paper.

In 2009, the Government of Spain approved its 3<sup>rd</sup> Master Plan for 2009-2012, which contained guidelines strongly linked to aid effectiveness and quality issues. These guidelines were endorsed by the mid-term review of the 9<sup>th</sup> Mixed Commission, especially those referring to the development of a new strategy with widespread participation by key stakeholders (Government, CE, Donors and Civil Society).

## **Development Results**

### **Poverty Reduction**

Why is a country like Bolivia – which implemented a Poverty Reduction Strategy, received international financial support and has recently been experiencing a fiscal bonanza – not achieving a substantial breakthrough in poverty reduction and the improvement of living conditions? The reasons lie in a key aspect that this chapter is constantly underlining: the weakness or absence of processes to evaluate the results and impacts achieved by public administration.

In 2006, the National General Budget (PGN) introduced a programmatic classification to link the budget to specific poverty reduction programmes. In 2007 the “National Development Plan 2007-2010 matrix” was developed to set out a programmatic classification of expenditure. However, there is no multi-year planning process that would enable public bodies to allocate and distribute funds to fulfil medium-term and long-term objectives. Very few institutions make an effort to set indicators for activities, outputs and objectives that would make it possible to monitor and evaluate effects and impacts. There should be mechanisms in public administration as a whole to link planning, investment and budgeting processes and to include avenues for civil society participation in the implementation, monitoring and evaluation of institutional policies.<sup>27</sup>

On the part of the donors, some differ on the idea of shared responsibility for results. Donor budgets are often spent through contractors and other executing agencies and they therefore do not consider themselves directly responsible for these results and impacts, especially when it is difficult to measure impact.

According to information on ODA expenditure per sector, one of the sectors that has benefited the most from development cooperation funds is agriculture – including investment, credit lines, technical assistance, institutional strengthening, etc. However, it is impossible to make a specific, concrete assessment of the difficulties or constraints that have hampered the achievement of the results proposed in projects and programs because there is not known to be any available documentation that would help to make such an assessment.

Furthermore, ODA is notoriously scattered among various arenas or sectors without overall

coordination or targeting. For example, the sector that receives the second largest amount of aid money is tourism — a sector not necessarily directly linked to the social production activities of the poorest groups.

In order to combat structural poverty, it is essential to bring about a change in the country's productive base. To achieve that, ODA represents only one of the mechanisms to lay the foundations for such change. This process undoubtedly has to be accompanied not only by institutional strengthening, but also by development and governance processes that safeguard society's interests.

It is true that, in the last few years, the percentage of the population living in extreme poverty in Bolivia has been reduced significantly from 41.2% in 1996 to 32.7% in 2008, representing the equivalent of about 3,280,000 people. But the figures also reveal that in 2008 there were still huge differences between rural and urban areas. While the percentage of the population in rural areas living in extreme poverty was 53.3%, it was only 22% in urban areas.

In 2009, workers in all the main cities were earning an average monthly income of Bs. 1,427 (US\$203); however, the income of nearly seven (7) out of ten workers is lower than the average. Among men, the average is Bs. 1,709 (US\$245) per month, but six (6) out of ten earn less than this amount; likewise, women earn an average monthly income of Bs. 1,062 (US\$151) but eight (8) out of ten women workers are paid less than this amount.<sup>28</sup>

Some indicators show an increase in the number of workers in the informal sector, a weakening of employment with low levels of social protection and an increase in the length of the working day.

In addition, employment that is insufficient to satisfy basic needs is closely correlated with the level of schooling obtained by the workforce.

In 2008, some 263,000 children under the age of three (3) in Bolivia were suffering from chronic malnutrition.<sup>29</sup> Infant mortality (mortality during the first year of life) in the 2003-2008 period was estimated to be 50 deaths per thousand live births, while the mortality rate among the under-fives is 63 deaths per thousand live births: 43 per thousand live births in urban areas and 87 in rural areas.<sup>30</sup> About 14,000 babies are still dying before they reach the age of one (1), mostly from preventable causes (2008 figure).

### Development strategies taken forward to combat poverty and inequality

During the second half of this decade, the Bolivian economy has experienced a veritable bonanza. Total fiscal revenue increased by 28% in comparison to 2005. This revenue enabled social policies to redistribute wealth by means of conditional transfers such as the Juancito Pinto Bonus (a subsidy to encourage children to remain in school, which gives 200 bolivianos (US\$25) once a year to children in primary school) and the Juana Azurduy Bonus (financial assistance amounting to US\$260 given to pregnant women and children under two, in an attempt to reduce the high rates of malnutrition and infant and maternal mortality). According to the Ministry of Planning, 63% of Bolivian families receive at least one of these bonuses. The state has used revenue from the nationalization of hydrocarbons as well as ODA funds to pay the Juana Azurduy Bonus.<sup>31</sup>

Nevertheless, these policies – which were suggested by international organizations – are

palliative measures that help to improve people's current living conditions rather than tackling the structural causes of poverty. Unless the lack of decent employment for vulnerable groups is addressed, measures of these sort will have to exist permanently.

### Inclusive Growth

According to an analysis by the Economic Commission for Latin America and the Caribbean (ECLAC), inclusive development refers to four aspects: productive convergence (which suggests diversity with sector linkages in production); institutional change; guaranteed social protection; and economic growth with equity.

In order to locate the role of ODA in these areas, more information is undoubtedly required, including more exhaustive analysis of the projects and programs promoted or supported by ODA. However, the allocation of ODA by sector indicates that it has been involved in all four of these areas, albeit in different ways and with differing degrees of emphasis.

Data from 2009 reveal that a total of US\$70 million in ODA (concessional funds and grants) was disbursed for agriculture and rural development (34% ODA). The figure was determined on the basis of the amount of ODA allocated to the farming, transport, land and alternative development sectors. Taking into account the number of poor people in rural areas and total ODA related to productive development, ODA in per capita terms for this productive sector would amount to US\$23.

Operational evaluations (on disbursements and beneficiaries) have been produced as part of

more general annual reports on social policy, such as the report by the Ministry of the Economy and Finance, which includes a chapter on Social Policy or, in the case of the multilaterals, the 2010 Report “Social Policy in Bolivia: an analysis of social programs (2006-2008)” published by the Inter-American Development Bank (IDB). However, there are no systematic evaluations of each component.

To measure the real impact of ODA for inclusive development, it is necessary to consolidate a results evaluation system that would enable to obtain the results that ODA has produced in the last few years.

The Phase II Paris Declaration Evaluation Report sets out an assessment of progress in the area of managing for results in the table below:

DIMENSION	ASSESSMENT OF PROGRESS SINCE 2005	JUSTIFICATION
Managing for Results – Enhanced country capacity to develop and apply national results-oriented strategies	Little Progress	Institutional weaknesses, management shortcomings, high staff turnover, complex rules and procedures, and incomplete systems for planning, reporting, implementation and financial and budget control limit progress towards managing for results.
Results-oriented reporting and evaluation frameworks	Little Progress	Few institutions make an effort to establish indicators for the monitoring and evaluation of the effects and impacts of their activities, outputs and objectives.
Donor and financial planning linked to development results (links between expenditure and results)	Little Progress	Monitoring and evaluation by most programs and projects focus on physical implementation and budget spending rather than results.
Joint support for the development of results-oriented capacities	Little Progress	Donors are supporting the strengthening of managing-for-results capacities in some public institutions. However, there is no evidence of a systematic effort to train human resources to meet this objective.

## Gender Equality

Since 1993, changes have been taking place in institutional structures in Bolivia to guarantee the exercise of women's rights in all areas of inequality and discrimination, based on laws and public policies that have been translated into plans and programmes. These actions have usually been taken in a piecemeal approach and always with the use of insufficient development cooperation funds. In 2009, the budget allocation of ODA funds for gender equality reached its peak, amounting to US\$350,000. In previous years, scarce ODA funds were allocated for this category.

The Phase II Evaluation Report on the Paris Declaration concluded that the country has made progress, both in terms of reporting and in generating information and strengthening institutional capacities. This in turn enabled clearer identification of gender-related problems. Among the problems analyzed by ECLAC (2005), the most outstanding are gender violence; the exercise of sexual and reproductive rights; domestic labor; access to productive resources; and inequality and differences in access to education. In addition, it should be mentioned that indigenous, rural and low-income women are still in a worse situation of inequality and subordination to men, and that this is a structural and fundamental cause of the widespread discrimination that still exists in Bolivia.

The National Plan for Equal Opportunities, "Women building the new Bolivia, for Living Well," approved in 2008, states that the gender policies implemented during previous governments understood women as a homogeneous group and failed to recognize the differences and cultural particularities in each region. Little acknowledgement is made on the power relations and exploitation that also exist between women.

These relations are established due to class and ethnic identity and are marked by hierarchical differences that are socially constructed.

The Plan also recognizes that there should be equal opportunities in access to services, full participation in decision-making spaces and a fair distribution of economic, technological and hereditary resources. The Plan takes as its framework the recognition of women's rights in the different spheres of public and private life that is established in the Bolivian Constitution. However, the legal, institutional and even cultural causes that prevent progress in achieving equality between men and women in all areas of life still persist.

A comparative study of gender and poverty in 17 countries, published by ECLAC in 2003 ([www.cepal.org/mujer/](http://www.cepal.org/mujer/)), found that in 2002 in Bolivia, 44% of women and 24% of men did not have an income of their own, with a negative difference of 20 percentage points for women. This ratio is much more unequal in rural areas, where 71.5% of women and 24.8% of men were in this situation and the disadvantage gap for women was 47 percentage points. In both urban and rural areas, the gaps open up during the years of highest productivity for both sexes (between the ages of 25 and 44).

Taking all this into account, although there is a legal and policy framework that supposedly guarantees women's rights, the actions being taken are still isolated and fragmented. They tend to respond to the effects of inequality rather than its causes, delegate responsibility for women's rights to just one institution, and have failed to adopt a holistic and strategic approach to change the patterns that have given rise to and maintained unequal relations between men and women.

To date, no impact evaluation of development cooperation funds has been carried out,

and therefore it is not possible to express a judgement on progress in the exercise of women's rights. However, there is no doubt that the support provided by donors contributed to the recognition of women's rights in the current Constitution which have facilitated processes of empowerment. Donor-supported programs contributed to trends in public opinion that question the situation and status of women, thus making it possible for people to realize that responsibility does not lie with women alone but also with men, the state, and society as a whole.

### Environmental Sustainability

The new Constitution recognizes the rights of indigenous and rural nations and peoples. Law No. 3897 in June 2008 enacted into law the 46 articles of the United Nations Declaration on the Rights of Indigenous Peoples, adopted by the UN General Assembly in September 2007.

In this framework, indigenous peoples enjoy the right "to be consulted by means of appropriate procedures, in particular through their own institutions, every time legislative or administrative measures that may affect them are envisaged. According to the Law, their right to obligatory prior consultation with regard to the exploitation of non-renewable natural resources in the territory where they live will be respected and guaranteed, and such consultation will be undertaken by the state in good faith and by consensus".

The Law goes on to state, "Exploitation of natural resources in a given territory shall be subject to a process of free, prior and informed consultation of the population affected, convened by the state. Citizen participation in the process of environmental management is guaranteed, and the conservation of ecosystems will be promoted in keeping with the Constitution and the Law.

Consultation with indigenous and rural nations and peoples shall take place in a way that respects their own norms and procedures".

In the case of hydrocarbons exploitation, for example, this means that consultations must take place at two moments in time: 1) Prior to the bidding round (when the contracting and tender is authorized and works or projects are approved); and 2) Prior to the approval of the Environmental Impact Assessment Studies. The principles of prior and timely information, veracity, respect and guarantees, coherence, timeliness, participation and transparency must also be respected.

Nevertheless, the actions of the state and national and transnational private companies in the extractive industries show that between 2007 and 2010 only 15 consultation processes have taken place. In many other cases the procedures provided for by law have not been followed. Aside from the legislative framework, therefore, environmental sustainability is at serious risk due to the increase in activities to exploit natural resources, principally mining and the hydrocarbons industry. Also at risk is the situation of indigenous peoples who are neither consulted nor receive reparations or compensation for the damage they suffer, with a view to the sustainability of their development as an indigenous people or nation.

There are several laws on the statute book to safeguard the efficient and correct use of natural resources: the Environment Law (1992), the Forestry Law (1996), the INRA Law (1996) and the Law on the Rights of Mother Earth (2010). At the international level, Bolivia has stated its position on climate change, creating a current of civil society opinion that is critical of the capitalist development model and proposing alternative forms of production in harmony with nature and respectful of mother earth.

But despite all these, official figures show that there are serious weaknesses in this area. According to the The National Forests and Climate Change Strategy which was drawn up by the Ministry of the Environment and Water: “the average rate of deforestation in Bolivia is between 300,000 and 350,000 hectares per year. When cumulative historic deforestation in Bolivia is calculated, approximately 6 million hectares have been deforested, 3 million of these in the last decade, and it is noteworthy that 80% of these forests have been cut down illegally. If deforestation continues at such a pace, by 2100 there will be no forests left in Bolivia.”

Likewise, the report on “The State of the Environment in Bolivia 2007-2008,” produced by the Environmental Defence League (Liga de Defensa de Medio Ambiente – LIDEMA), estimates that small-scale farmers and rural settlers are responsible for about a third of all the deforestation that has taken place in the country, medium and large enterprises are responsible for about half, and the rest was carried out by other rural groups.

Furthermore, the country has not been able to make progress with monitoring issues affecting biodiversity, mainly because issues of biodiversity and environmental protection have been viewed as unimportant in the recent past. Before 1997, the state of conservation in protected areas was being monitored and systematically documented, but this process came to a halt following the change of government in that year.

Another issue that has repercussions on environmental sustainability in Bolivia is land distribution. In November 2006, less than a year after taking office, President Morales enacted a Law on “Bringing the National Agrarian Reform Institute (INRA) back to the Community.” Amongst other things, this Law defines the concept of the Economic and Social Function

of land more precisely, penalizing unsustainable activities as grounds for land to be reverted to the state. It also consolidates property rights for those landowners who truly comply with the proper social and economic function. But contradictions arise. Enforcement of the INRA Law may be to the detriment of environmental sustainability by giving priority to private property rights in some parts of the country and leading to extensive and intensive use of the land without respecting the principles of environmental protection and conservation. This is compounded by the effects of climate change, which should be addressed by governments and donors not just as an environmental issue but rather, and principally, a political matter, making it clear that its causes lie in the development model currently in force.

## Conclusions

The fundamental principles of the Paris Declaration – ownership, harmonization, alignment, managing for results and mutual accountability – should transcend dialogue between and within governments and lead to genuine processes of participation by citizens and their organizations.

More than five (5) years have gone by since the Paris Declaration was adopted, and during that time various evaluations have been carried out and new agreements reached between the government and donors to make development aid more effective. Also, since 2006 a new National Development Plan has been implemented in Bolivia, with a different orientation from those of previous governments. Nevertheless, the combination of these factors has not led to major changes in people’s material living conditions, leaving it open to debate whether public policies – which have certainly been supported by the international development community in the PD framework –

are actually changing the economic structure and the distribution of wealth in the country.

In social terms, the results are still a long way from achieving the major challenge of improving the living conditions of the Bolivian people. This is why it is important to assess and direct ODA appropriately, and to demonstrate that ODA is reversing the long-standing tendency for poverty to reproduce itself. Citizens need to know about and take ownership of the content of national strategies so that they can play an active role in their implementation and in the monitoring and evaluation of their impacts, in order to overcome existing weaknesses and ensure development effectiveness.

In the context of the PD, this requires giving greater weight to three dimensions: democratic ownership; domestic and mutual accountability; monitoring and evaluation and managing for results. By emphasizing and prioritizing this latter dimension, it will be possible to identify the public policy constraints, needs and adjustments required to ensure aid effectiveness. The absence of managing for results casts doubt on

the effectiveness of aid funds for the country's development.

At the same time, CSOs should be properly informed and included in this analysis process so that they can take ownership of development strategies and be able to mitigate any external costs that may arise from participating in this new paradigm for international cooperation. The goal is to achieve development effectiveness based on the construction of agents of citizenship and agents of development who can participate in decision-making to eliminate the conditions of poverty and encourage equitable economic growth for the integrated development of the country. Participation must not be manipulated and should include a plurality of stakeholders with their own voice in public life.

Finally, in the framework of shared responsibility, it is essential to place on the global agenda the issue of the role still played by developed countries in the North through their growth-oriented trade, investment and climate policies and their impacts on inequality, poverty and environmental damage.

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## Endnotes

- 1 In 2005 international reserves amounted to US\$1.7 billion, while in 2010 they had risen to US\$ 9.7 billion.
- 2 In 2005 the value of the country's exports was US\$2.9 billion. In 2010 the export value reached US\$8.9 billion.
- 3 A surplus of 2% is envisaged for 2010.
- 4 ODA=concessional loans plus official donations.
- 5 Figures from the Centro de Estudios para el Desarrollo Laboral y Agrario (CEDLA).
- 6 ECLAC estimate for 2007.
- 7 Evaluation Report on the Implementation of the Paris Declaration in Bolivia (Phase II), pp. 23-24, Current human and social development situation.
- 8 UNDP, National Human Development Report - Bolivia (2010): "The changes behind the change: Inequality and social mobility in Bolivia".
- 9 Evaluation Report on the Implementation of the Paris Declaration in Bolivia (Phase II). 2010. Partnerships to improve ODA effectiveness.
- 10 The principle of ownership defined by the Paris Declaration states that partner countries commit to "exercise leadership in developing and implementing their national development strategies through broad consultative processes"; they should also "take the lead in co-ordinating aid at all levels (...) in dialogue with donors and encouraging the participation of civil society and the private sector." Paris Declaration. Chapter II. Partnership Commitments, clause 14.
- 11 MAS government manifesto
- 12 15 workshops, in which representatives of sub-national governments (Prefectures and Municipal Governments), civil society, rural, indigenous and producer organizations, donors, the private sector and other stakeholders were invited to participate. Each workshop had an average of 15 participants, according to the letter "Nota MPD/VPEE/DGDCEP 005/2011 Information on the National Development Plan" sent to UNITAS by the Ministry of Development Planning.
- 13 "Fases de construcción del PND," Vice-Ministry of Strategic State Planning, Ministry of Development Planning.
- 14 Country Evaluation Report on the Implementation of the Paris Declaration in Bolivia. Phase I. Page 29.
- 15 Country Evaluation Report on the Implementation of the Paris Declaration in Bolivia. Phase II. Results and conclusions. Page 4.
- 16 To Tjoelker, Head of Development Cooperation at the Netherlands Embassy and Member of the Steering Group for the PD Bolivia Country Evaluation Phase II, presentation given at the National Consultation on CSO Effectiveness, La Paz, 2010.
- 17 [http://www.grus.org.bo/index.php?option=com\\_content&view=article&id=81&Itemid=181](http://www.grus.org.bo/index.php?option=com_content&view=article&id=81&Itemid=181)
- 18 To Tjoelker, Head of Development Cooperation at the Netherlands Embassy and Member of the Steering Group for the PD Bolivia Country Evaluation Phase II, presentation given at the National Consultation on CSO Effectiveness, La Paz, 2010.
- 19 PD Country Evaluation Report Phase II, page 64.
- 20 PD Country Evaluation Report Phase II, page 75.
- 21 PEFA assessment carried out by the World Bank in 2009, the results of which were endorsed by the government in the PD Evaluation Report Phase II.
- 22 A dialogue mechanism provided for in the 1971 Basic Agreement on Technical Cooperation. To date there have been nine Bolivia-Spain Mixed Commissions.
- 27 Evaluation Report on the Implementation of the Paris Declaration in Bolivia (Phase II), page 61.
- 28 United Nations Development Programme (UNDP) National Human Development Report, "The changes behind the change: *Inequality and social mobility in Bolivia*"
- 29 UDAPE bulletin on the state of Human Development in Bolivia, April 2010.
- 30 National Population and Health Survey (ENDSA) 2008.
- 31 The IDB representative in Bolivia, Baudouin Duquesne, told the media that a "small portion" of a US\$20 million loan approved in 2009 will be used to finance the bonus, while 80% will be spent on strengthening health services in poor areas of the country.
- 23 Figures arrived at using information from VIPFE (sector classification database).
- 24 The Millennium Goals and Gender Equality: Bolivia case study. Women and Development Series N° 71. Chile: Economic Commission for Latin America and the Caribbean.
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- 26 UDAPE report on the forestry sector

### Prolegomena: The New International Cooperation Framework and Situation for Ecuador

This chapter analyzes key issues related to *democratic ownership and development results* arising from Official Development Assistance (ODA) in Ecuador.

Ecuador has experienced deep political and administrative transformations in the last decade with the fall of three (3) previous administrations; the financial crisis; corruption; power struggles; clamor from civil society groups, particularly indigenous movements; and the spontaneous uprising of citizens that forced the exit of Ex-President Gutiérrez (2005).

This context has undermined the goal of social change and has resulted in a massive exodus of migrants (about 5% of the population left the country in the last decade), increased poverty and democratic instability. This was the situation facing the new government of President Rafael Correa Delgado (2007), with its proposal of a *Citizen's Revolution*. A public referendum and the formation of a Constituent Assembly resulted in the 2008 Political Constitution of Ecuador that included people's proposals.<sup>3</sup> The approval of the new Constitution has allowed the government to maintain its high popularity and overcome the attempted coup d'état in September 2010.

This government is inspired by *socialism of the 21st century* and its return to the vision of equality and re-commitment to the ideals of a just, multi-cultural, and sovereign society. Simultaneously, it aims to overcome the neo-liberal economic model with a solid economy that values and guarantees a person's fundamental rights and dignity. In addition, government emphasizes the resurgence of the planning role of the state, with the implementation of the *National Development Plan 2007 - 2010: Planning for the Citizen Revolution* and its update in the 2009 *National Plan for Good Living (Sumak kawsay) 2009 - 2013* (NPGL), which represents a remarkable improvement over previous administrations.

Within this new policy framework the *New Policies of International Cooperation* was adopted in 2008 and implemented. This policy statement defines approaches and priority sectors for International Cooperation (IC),<sup>4</sup> incorporating the agenda and principles of the Paris Declaration (PD), although Ecuador only endorsed the PD in 2009. The government considers IC to be a complement to national efforts embodied in the NPGL on social, productive, environmental and cultural investments. At the same time, the policy seeks to strengthen new forms of South-South Cooperation (SSC), Decentralized Cooperation (DC) or Triangular Cooperation, especially focusing on modalities that favor dignity, sovereignty and Latin American integration. The policy also supports initiatives of social partners

and non-governmental organizations (NGOs), “to obtain technical or financial cooperation aimed at promoting fairness and social cohesion, as well as the strengthening of capacities of civil society” (AGECI, 2008).

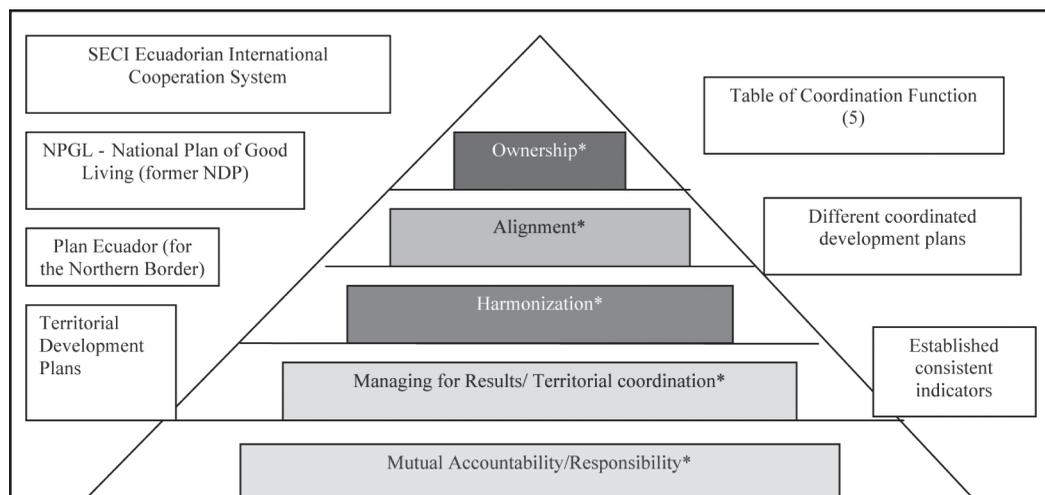
The Committee of International Cooperation (COCI) provides overall coordination, working closely with the National Secretariat of Planning for Development (SENPLADES) and the Chancellery and Technical Secretariat of International Cooperation (SETECI). SETECI work focuses on grant assistance or “Non Reimbursable Grants” (NRG), and on a dynamic agenda that adheres to the PD (see Figure 1). It has developed an IC baseline for monitoring and evaluation, a set of predictability indicators, and a catalogue of IC activities. Analysis and classification efforts have also been strengthened with an Information System (still being developed) to generate knowledge and provide relevant data to interested parties.<sup>5</sup> SETECI has issued two

reports, one on international NGOs and a second on the state of NRC in the period, 2007 - 2009.

SETECI has also implemented five (5) “Tables of Coordination”, with the first round on issues in education, state reforms and emergencies, cultural and natural heritage. Although this process has somehow slowed down, SETECI has also opened a Roundtable about the northern border region in December 2010. It is expected to open three (3) more on rural development; health; and science and technology related to high education. It should be noted that these efforts for the most part lack broader participation and sustainability, since they do not include local civil society organizations’ (CSOs) participation.

SETECI has announced the decentralization of its activities and, in cooperation with SENPLADES, will open regional offices to work with local governments. However, there is still no management mechanism and guidelines for work with Decentralized

**Figure 1** The principles of the Paris Declaration (PD) in Ecuador



Sources: Paris Declaration, 2005; Políticas de CI para el Desarrollo en el Ecuador, 2008; Prepared by Gabriela Weber, in Molina and Weber G, 2010

Autonomous Governments (DAG), which the Constitution empowers to assume a dominant role in the development of their regions.

Despite these advances in PD/Accra implementation, it must be noted that Ecuador is far from realizing this agenda. The country had not participated in the international processes for PD/Accra. But more recently there has been some progress in bringing to Ecuador workshops on “South-South Cooperation: towards a regional agenda as an area of opportunity for integration” (Quito, November 2010) and the “Sub-regional Workshop of Effectiveness of Cooperation” (Quito, February 2011). Although the outcome of these processes “recognize that NGOs are important actors in the field of cooperation; and in terms of ownership, the territories are relevant to its management” (SETECI, 2011:9), participation has remained exclusive with government.

## Democratic Ownership

### Participation

On the basis of these substantial political changes in the country, there is an assumed emphasis on mainstream citizen participation and the institutionalization of mechanisms for citizens to exercise this right. Thus, the new Constitution ensures citizen engagement in the design of state policies, with guarantees of equal participation of men and women in public service, as well as the formation of Councils for Equality to allow access for citizens’ groups. This framework is taken up in the NPGL, which also includes participation as a goal.<sup>6</sup>

There are two (2) main bodies dealing with the formulation and implementation of policies for citizen participation (see Country Report, 2011) as key rights (See CEDA, 2009). First is the Council

of Citizen Participation and Social Control (CCPSC) which is part of the new strategies for Transparency and Social Empowerment. Its role is the promotion of participatory rights and social empowerment mechanisms in public affairs. Among these mechanisms is the creation of a citizens’ network (with citizen movements), as an open space for interaction by people, groups or collectives, promoting participatory and social values and joint actions, and creating a culture of honesty and transparency.<sup>7</sup> The Council is also responsible for the appointment of some government officials in accordance with the Constitution and the law.<sup>8</sup>

Second, the National Secretariat of Peoples, Social Movements and Citizen Participation is a “lead agency and coordinator of public policy which guarantees the right to intercultural citizen participation from the Executive, through actions aimed at stimulating and consolidating villages, social movements and citizens in the key decisions in the new development model” (Country Report, 2011).

The 2010 Organic Law for Citizen Participation (OLCP) is also a key piece of legislation. It allows citizens and organizations to propose reforms or amendments before the Legislative or at any other level of government. It includes several principles: encouraging participation, facilitating direct democracy, empowering citizens, openness to civil society, promoting volunteerism and civic training, protecting rights to judicial review of citizen participation in state functions, and creating participatory budgets.

In this context, creative mechanisms such as public hearings, popular councils, advisory boards, etc. have been included in the law (see Country Report, 2011). But the case of the Sectoral Citizens Council, intended to be a dialogue between the Ministries and Secretaries of State with Civil Society (which should be held

at least twice a year), demonstrates that the law has not been strictly implemented.

However, the entry into force of the Law has been complemented by the CCPSC. These institutional mechanisms highlight the development of a model for accountability and citizen participation which involve various institutional actors, are adaptable to all levels of government, and give meaning to the mandates set out in the new Constitution, objectives of the PNBV and related laws. The latter include the Code for Territorial Organization, Autonomy and Decentralization (COOTAD), the Code for Planning and Public Finance and the OLCP. The proposed Accountability Model includes an evaluation of the mechanisms for participation, and there is work on identifying and building appropriate indicators (cf. Optional Module: Evaluating Inclusive Ownership, 2011).

Another relevant aspect is the regularization of CSO activities with a new legal framework that aims to correct gaps and ambiguities. There are unofficial estimates of more than 30,000 CSOs in Ecuador, of which only 10,000 are registered with the Internal Revenue Service. A 2008 Executive Decree sets out parameters for the adoption of laws, reforms, registration, liquidation and dissolution, which are exercised through the Civil Code and special laws (See CEDA, 2009). State regulation is particularly important to improve transparency for public resources granted to CSOs. There is also a need for harmonization due to a lack of data and coordinating bodies.

However, the implementation of the Decree has been challenged. Foremost of the reasons for this is that some of the requirements may place restrictions on civil society which are already experienced in certain cases. The Decree may likewise provoke government response to the actions of certain CSOs.<sup>9</sup> CSOs' political

positioning, representation and financing are also questioned by government, as in some cases they appear to depend on foreign sources of support (for example, the case of the US-based National Endowment for Democracy, Cf. Machado, 2010).

In addition, there was a noticeable lack of debate on the implications of the Decree for social movements, perhaps due to the fact that only a few CSOs were invited to government consultations and in the promotion of the Decree. This fragmentation of CSOs in the face of the Decree has created tensions and the emergence of "CSO platforms" that identify as a CSO structure, but in practice do not yet have major CSO representation in their composition, in their consolidation as a space for debate, or in the implementation of common agenda.<sup>10</sup>

On the other hand, planning agencies have difficulties complying with provisions civil society participation, such as the inclusion of four (4) CSO representatives in the National Planning Council and in the development and approval requirements for local development plans.

The overall CSO consensus on the development of the national strategy points out that: "the exercise of formulating the development plan was intended at the outset to collect views of all stakeholders, which is why it is considered a dynamic, perfectible and constantly evolving process. This is to ensure broad social consensus on the National Development Goals" (Country Report, 2011). But some sectors of civil society would beg to differ.

Although the preparation of development plans and policies has generated interest and participation through various events, a great part of policy making at local and national levels has relegated this participation to the final stages of

the process. As a result, some CSOs consider that their inclusion through social validation, the signing of manifestos, and discussions have not had a strong impact in terms of citizens' voice and vote. In addition, there are important issues that require more dialogue, such as the interpretation, meaning, and use of the concept of *Sumak Kawsay* (good life, or highest ideal of life) to replace "development."

In this sense, an effort is also required on the part of Development Partners, or "donors", to support the inclusion and participation of CSOs in different spaces. It is important to mention donor initiatives such as those by the European Union and support for the establishment of oversight committees for budget support in the Ten-Year Education Plan and Goal 11 of NPGL. But it is also apparent that there has been little effort to facilitate meetings between local actors and donors, as well as state actors in processes of decentralization and the designation of responsibilities for development.

### Transparency and Accountability

Ecuador has made significant progress in transparency for public governance. The 2004 Law of Transparency and Access to Public Information was passed in order to comply with Constitutional provisions on publicity, transparency and accountability to which all State institutions are subject.<sup>11</sup> Since 2008, an Executive Decree established the National Secretariat for Transparency Management (NSTM), which also took on the role of the National Anti-corruption Secretariat (NAS). The goal of NSTM is to ensure free access to public information through mechanisms that will allow any citizen to monitor the management of all public institutions.<sup>12</sup>

Article 204 of the Constitution established Transparency and Social Empowerment as a fifth

branch of government, which is implemented through the CCPSC, the Ombudsman, the Comptroller General and superintendents. This branch formulates public policy on transparency, oversight, and accountability; as well as promotes citizen participation and the fight against corruption. The work of the CCPSC, however, has not been strong and has been fraught with some pending complaints on irregularities.

A 2005 Executive Decree provides that "any request or appeal for access to public information will be free of charge and shall be exempt from payment of fees, under terms established by law. Furthermore, "the Ombudsman would have jurisdiction in the case of claims for cost overruns and procedures that hinder the effective exercise of the public's right to free access to information."<sup>13</sup>

The implementation of mechanisms for accountability and transparency also applies to local authorities. The NPGL provides for: a) conditions for improving local governance (see Sanahuja, 2008: 33, IAD, 2004: 10), with adequate funding for DAG; b) a sufficient degree of autonomy in the exercise of policy, and c) the implementation of accountability and transparency mechanisms to hold local authorities accountable to citizens. Critics of the 2005 Decree are apprehensive that it could affect fundamental liberties of the people by not specifying provisions that include accountability of private organizations, such as foundations and corporations, trade unions, public officials and mass media.<sup>14</sup> Nevertheless it is an important step forward since it requires annual accountability reports for all government authorities, both central and DAG.

Public procurement has changed since July 2008 with the establishment of the National Institute of Public Procurement (NIPP) to manage procurement through an online auction system.

This new framework for managing IC, along with the joint work of the SETECI and the decentralized systems of cooperation, will ensure greater fiscal autonomy for the regions. The hope is that it will overcome the “poor coordination and often existing rivalry between the different cooperation organizations (that) could even aggravate the effectiveness of the process in Ecuador” (IAD, 2004: 3). On the other hand, the increased number of donors is still a challenge, since the new framework for NPGL planning supposes coordination and harmonization of aid in the country.

However, coordination may also be increasingly complex due to the multiplicity of agenda, and in some cases, a “distrust [on the part of some donors] of institutions and management systems of recipient country” (Sanahuja, 2008:3). Additionally, current regulations allow various accountability mechanisms, and the use of government systems is still a challenge for donors. Only 31% of ODA goes through the government’s accounting systems (SETECI Country Report 2011, PPT).

There have also been schemes proposed for CSO accountability, such as one suggested by CIVICUS, but reception has been mixed. These initiatives have yet to be harmonized in order to be effective.

## Development Results

### Poverty Reduction

Poverty levels in Ecuador have fallen by 31.8% over the past 10 years. According to 2001 and 2010 data from the Integrated System of Social Indicators (ISSI) and the National Institute of Statistics and Census (NISC), the poverty index

based on unmet basic needs dropped from 61.3% to 41.8% by 2010. Moreover, income poverty also declined significantly from 55.1% in 2001 to 33% in 2010.<sup>15</sup>

As an important factor in this success, the Ministry of Social Development Coordination emphasizes that social investment in 2009 reached 7.6% of GDP, while in 2000 it barely touched 2.8%, demonstrating the importance of a sustainable policy for reducing poverty in the country during this period.<sup>16</sup> Under the current regime, social expenditures have increased considerably, from an average of 4.8% of GDP between 2000-2006 (Weisbrot and Sandoval, 2009) to 8.3% in 2008, with significant advances in health and education.

However, high degrees of inequality and social exclusion remain a serious concern. Ecuador’s Gini coefficient has not fallen below 0.5. Chronic malnutrition persists in rural areas at 26%, and among its indigenous population, 40%. The majority of farmers lack sufficient land, surviving on an average of 1.5 hectare (See Acosta, 2009:90). Indigenous groups and “Afro-Ecuadorian” populations are highly vulnerable (SIPA, 2008 a. and b.), and next to women, these groups have less access to basic services and the labor market (IADB, 2009).

During the 2008 global economic and financial crisis which resulted in a fall in oil prices, there was a significant reduction in demand for agricultural exports and a shrinking of remittances (5.4% of GDP) that affected fiscal capacities to tackle poverty. As a result of a fiscal deficit of US\$130 million (Acosta, 2009:37), it has been necessary to resort to external financial sources. Much recent funding are in the form of multilateral loans,<sup>17</sup> making up more than 50%<sup>18</sup> of all loans made from various lending agencies.

Financing for 2009 was notable for its increase to US\$3,239 million, a 240% increase over 2008. This financing included US\$751 million from international financial organizations such as the Latin American Reserve Fund (US\$480 million), and the IDB (US\$271 million) (Acosta, 2009:73)<sup>19</sup>.

Another concern is that the Ecuadorian government continues to follow an economic accumulation model based on the extractive sector, with some innovations for state involvement in mining and oil, revenue distribution from primary exports, and the use of this income to expand social policies.

## Gender Equality

The National Council of Women (CONAMU) within the Office of the President was created in 1997 as the governing body for the formulation and promotion of public policies on issues affecting gender equality. It was replaced by the National Council for Gender Equality (NCGE) in 2009.

Article 70 of the 2008 Constitution mandates the formulation of policies for gender equality in the public sector. In November 2010, a transition council in the NCGE had the mandate to develop a draft bill on equality between all sexes.<sup>20</sup> This bill specifies that gender policies are not only applicable to state institutions, but also emphasizes inclusion of organizations such as the National Council of Children and Adolescents, as well as handicap, women and indigenous groups, “Afro - Ecuadorians”, among others, in national conventions for equality. Among its objectives is the promotion and protection of social and political participation, the exercise of women’s citizenship and democratic governance, access to health, and a life free of violence.<sup>21</sup>

Despite these measures, the political participation of women is limited to the implementation, rather than direct involvement planning and developing of policies. This can be attributed to multiple factors including the continued existence of a patriarchal order; resistance of the political parties’ to admission of women, harassment and forms of violence, among others (Ranaboldo, 2008:2).

Similarly, social indicators still show a significant difference between men and women. For example, the 2011 Census<sup>22</sup> indicates that in urban areas the percentage of illiterate women is at 6%, 1.5% higher than men. This is worse in rural areas where illiteracy among women is at 18.1%, 5.3% higher than men. Also in rural areas, only 23% of women receive some income, the lowest of which is equivalent to US\$88.5 a month. Majority or 81.7% of women in rural areas are even underemployed. Of this figure, 80% perform domestic work.

Moreover, despite the Ministry of Health’s launch of the Accelerated Reduction of Maternal and Neonatal Mortality Plan in 2008, the maternal mortality rate rose from 56.69 deaths per 100,000 live births in 2008 to 96.34 in 2009. There have been some advances on access to health services by women. For instance, prenatal care has increased from 7% in 1994 to 84.2% in 2004. Similarly, child delivery in health institutions increased from 63.5% in 1994 to 74.2% in 2004.

## Environmental Sustainability

Ecuador has 10% of the world’s biodiversity, along with 14 different nationalities and 16 ethnic groups (Cfr. Aguirre and Sangüeza, 2010). However, there is a growing problem of environmental deterioration in the country, and

together with Brazil and Peru, Ecuador ranks among the highest in South America. This deterioration can be seen in the reduction of its glaciers by 35%, and 80% of the country's carbon emissions come from deforestation (CLAES, 2010:13).

On the other hand, deforestation as a result of mining operations steadily reduces the resilience of ecosystems, making them more vulnerable to climate change impacts (CLAES, 2010:16). This exploitation of the environment has led to conflicts, "including protests in Ecuador, first against mining laws, then on future regulation of water resources" (CLAES, 2010:25).

A project that stands out in importance is the signing of the agreement for the non-exploitation of the ITT block in Yasuni National Park (3-VIII-2010). This agreement is the result of protests in 2007 against a proposal to keep 846 million barrels of oil in the ground in exchange for 50% of profits, i.e. US\$3.6 billion over 13 years. Protests had international recognition and support of several donors.<sup>23</sup> Also worth mentioning are debt swaps for environment refinancing<sup>24</sup> which has generated US\$17 million for 44 protected areas.

### Allocation of Development Assistance

Ecuador is experiencing a situation similar to most Latin American and Caribbean (LAC) countries classified as medium income countries.<sup>25</sup> These countries have experienced an overall decline and lack of predictability of IC, pitting them against ODA priorities for low income countries (ECLAC-UN, 2010:3). The debate on aid allocations must certainly include the question of inequality, which for Latin America is among the highest at the global level.<sup>26</sup> In this debate on inequality it should be noted that Ecuador – along

with Bolivia, Guatemala, Honduras, Nicaragua, Paraguay, Peru and the Dominican Republic – form part of the group of countries with severe inequality,<sup>27</sup> ranking among the 15 most unequal countries in the world.

Furthermore, compared with 22 other Latin American countries, Ecuador has received an average of 3.4% of total grant funding up to 2009. From 1999 to 2009 the Non-Reimbursable Grants (NRGs) represented on average 0.78% of GDP and 2.8% of the National Budget.

As can be seen from Chart 1, there has been a tendency towards increased funding for the country, from US\$120 million in 2000 to US\$323 million in 2010. Also, there has been a decline in bilateral grants in recent years, although this is the main source of grants up to 2009 (US\$1,251 million). For their part, multilateral grants and NGOs have had a progressive presence and have averaged up to 2009 US\$96.5 million and US\$97.5 million respectively.

These contributions are funded by 48 donors, with US\$568.7 million in bilateral grants by 30 countries (41.7% of contributions), US\$526.3 million (38.6%) in multilateral grants, and finally US\$262.6 million (19.3%) from 129 international NGOs. Among the donors for multilateral grants is the European Community, with 90 projects amounting to US\$291.2 million, and for bilateral grants the United States, with 482 projects amounting to US\$201.3 million.

The modalities for ODA are financial grants (US\$745.3 million, or 61%); financial/technical assistance (US\$328.6 million, 24%); technical assistance (US\$86.1 million, 6%); budget support (US\$86 million, 6%); and debt swaps (US\$69.5 million, 5%). These have been distributed

**Chart 1** Non-Reimbursable Grants in Ecuador (Millions US \$)

<b>Grants</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>TOTAL</b>
<b>Total</b>	<b>120.43</b>	<b>226.8</b>	<b>235.6</b>	<b>165.7</b>	<b>188.5</b>	<b>259.2</b>	<b>289.74</b>	<b>251.62</b>	<b>303.02</b>	<b>289.22</b>	<b>323.48</b>	<b>2653.31</b>
Bilateral	87.5	174.6	159.52	103.04	101.08	141.22	166.5	119.76	92.25	105.53		*1,251
NGO's	15.28	32.15	42.72	38.08	49.66	57.09	58.94	77.21	93.47	72.06		*536.66
Multilateral	17.65	16.27	25.6	26.08	39.3	60.89	64.3	54.13	116.86	109.77		*530.85
Multi-donor								0.53	0.44	1.12		*2.1
Coop Descent										0.74		*0.74

Sources: \* AGECI (2010: 46.49); INECI (2007) until 2006; AGECI, 2008, 28; SETECI (2011, Country Report)

primarily to the public sector (59%), the private sector (32%), and to a lesser extent, international organizations (9%).

The sector allocation for ODA has been the following: social development at 20% (US\$159.7 million), health at 16% (US\$129.3 million), environment at 14% (US\$113.2 million), and education at 13% (US\$102.4 million).

Finally, it is important to mention that 73% of ODA disbursed in the country goes to government sectors, but only 53% is actually spent in the budget. In addition, only 60% of technical grants are directed to capacity development.

The importance of international NGOs,<sup>29</sup> national and local CSOs in implementing programs and projects should be noted. It can be seen that international NGOs have implemented 20% of the total amount<sup>30</sup> and 31% of the total 2,027 projects. Meanwhile, local NGOs and CSOs implemented 5%, carrying out 12% and 9% of the projects, respectively.<sup>31</sup> Added to this picture of CSO financing for development in Ecuador is that ODA channeled through foreign NGOs “represents about 29% of the total amount for the implementation of projects for the period 2007-2009, amounting to US\$238 million” (AGECI, 2010 b:13).

## Conclusions

Ecuador is presently experiencing significant democratic changes, especially after 2007 with the formation of a new government and its progressive proposals. This progressive environment has enabled remarkable advances in planning, poverty reduction, and in the case of ODA, improved management under the principles of PD. However, this process has generated

tensions with some sectors, such as indigenous groups and increased conflicts related to sensitive issues such as multiculturalism, mining (oil), new debt (China), and difficulties in establishing constitutional mechanisms of participation.

Despite openings in public policy making, it is still necessary to build on and take advantage of the expertise of CSOs to improve transparency and effectiveness. This expertise should not only be directed to the central government, but should also form the basis for dialogues between autonomous government units, donor agencies, and CSOs. To date, there has been an absence of local CSOs in such dialogues. In this way, development actors in Ecuador could go beyond the tendency to reduce the PD to a mere technocratic exercise divorced from multi-stakeholder participation.

It is important to emphasize the crucial role of international NGOs, national and local CSOs, as implementors of projects and programs on a large scale, given that they provide one-third (1/3) of the funding and run more than half of the projects in sum.

In this context there is a crucial role for Ecuadorian CSOs: developing the political and technical capacities to formulate a new aid architecture which genuinely recognizes the right to development. This will mean greater impact, informed measures to create an enabling environment, as well as wider spaces that promote common agenda.

In relation to transparency and accountability, it should be noted that while legislation exists, the latter has not yet been effectively implemented. For example, the commission in charge of electing Ombudsmen is still under question. Accountability, particularly for local government,

remains low at 18%. Thus, donors usually do not rely on national systems for accountability, but instead use their own. In addition, only half of ODA is recorded in the central systems which underscores the great need for ownership and coordination.

However, considerations should go beyond the quantitative aspect, since this might render invisible other important aspects for IC. One such issue is the necessity to support CSO initiatives, and the nature of their alignment and harmonization to the aid framework. In this sense, it is crucially important that initiatives for CSO accountability should keep in mind a more balanced relationship with people at the local level.

Returning to CSO criticisms made at the Accra High Level Forum in 2008, four (4) national problems are seen whose solution is vital for development effectiveness: inequality (Gini close to 0.5); gender and ethnic inequalities (with the highest rates of poverty among indigenous groups and the reduction of income of women); environmental degradation and climate change (emphasis on primary extraction, economic dependence on oil and mining); and development financing (which despite debt swaps and negotiations, debt is increasing as in the case with China).

In this context, and beyond difficulties due to classification as a middle-income country, ODA for Ecuador, averaging US\$240 million, has a relatively low impact at the macro level (only 0.7% of GDP). However its qualitative impact is essential, because ODA considers the environment as the most important sector, followed by the rural sector (although in lesser magnitude). Furthermore, several studies show the importance of international cooperation in the consolidation of social movements and their agenda (but also their decline) as in the case of indigenous movements (with greater force in the 1980s and 1990s).

Finally, based on the results of the National Consultation of the Open Forum on CSO Development Effectiveness, recommendations for CSOs should also be considered, regarding: a) moving from an asymmetric non-reciprocal relationship to a relationship of dialogue and reciprocity; b) the capacities of CSOs and international cooperation to introduce new instruments and facilitate processes of integration and coordination of different actors according to the context; c) the timely creation of institutions among multi-stakeholders (State, IC, CSO) with a clearly defined discourse; and d) the development and dissemination of a code of ethics for CSO networks and platforms.

## Endnotes

- 1 Part of this chapter has been adapted from the article "Tendencies of the Cooperation to the Development in Ecuador, 2010", produced by the Network, "Realidad de la Ayuda" (*Reality of Aid*), Molina/Weber, new edition, for which we thank Rubén Fernández ALOP-ROA.
- 2 We thank Mario Vásconez, Director of the Research center CIUDAD, for his support, as well as Daniel Enríquez for the information shared on "participation."
- 3 As is the nature of rights, its position as guarantor of rights, including rights to freedom of human mobility, free speech against ideology and neoliberal policies, critique of the Sumay Kawsay (or good living) to paradigm of development, among others.
- 4 Priorities are: a) *Northern Border*, considered as the zone with major regional inequities; b) *Migration*: with efforts directed towards Ecuadorian migrants overseas with the creation of the National Secretariat of Migrants (SENAMI); and refugees in Ecuador, with the Policy of Refuge (2008) 5. c. *Ambient*: the environmental strategy stands out due to the unsuccessful Yasuní project ITT; d) *Emergencies*.
- 5 So far SETECI only manages to collect updated information, and the latest public report is only until 2009.
- 6 Especially these objectives: to ensure access for public and political participation, having as goals by 2013: increase by 50% CSO participation, reach 30% women's participation in elected office; reach 15% youth participation in elective offices and increase access to electoral participation of Ecuadorians abroad to 0.7, reach the average for Latin America in support of democracy.
- 7 The networks have the legitimate power to coordinate actions, civic action, social empowerment and the enforcement of accountability measures. Its scope can be local, provincial, regional and national, and can be composed of CSO representatives.
- 8 This point has been critical and controversial, for example, in the election of the Attorney General where rating of points has been questioned.
- 9 One of the most significant cases was the temporary closure of Acción Ecológica, an NGO environmental advocate opposed to mining, and the convener of the ITT project. This situation was reversed legally and with social pressure. This caused unrest among environmental NGOs, which expressed outrage and said they felt manipulated by the government as expressed by these organizations in the National Consultation on the Open Forum.
- 10 An example of this is the effort to create a common platform for CSOs, related to Decree 982, which only involved some NGOs, whose agenda has not been accepted by various other CSO groups. There are also discussions about the creation of spaces that are not linked to trade unions and political parties themselves. The elective and constituent processes have thus been questioned by sectors due to close relations of some members of the CCPSC to the government.
- 11 It ruled since 1985.
- 12 According to the LOTAIP, Article 5: "Public information includes any document in any format, which is held by public institutions and legal persons referred to in this Act contained, created or obtained by them, under their responsibility, or produced with state resources."
- 13 Navas, Frame, Judicial Magazine. Taken from the Web site: [http://www.derechoecuador.com/index.php?option=com\\_content&task=view&id=2664&Itemid=426](http://www.derechoecuador.com/index.php?option=com_content&task=view&id=2664&Itemid=426) Acces the 27 of March of 2011
- 14 Cfr. Navas, Frame.
- 15 INEC: Poverty per Income ENEMDU; RESULTS OF JUNE 2010
- 16 <http://confirmado.net/economia/51546-politicas-estructurales-permiten-reduccion-de-la-pobreza-en-ecuador.html>
- 17 El Comercio newspaper 10-XII-2008; El Universo newspaper 2-IV-2009; Hoy newspaper 2-IV-2009; www.meg.gov.ec up to 31 of August 2009. Ecuador received about US\$400 million from the IMF, which is freely available. This allocation is based on the April 2009 G-20 proposals to revive the economy.
- 18 For many years, Ecuadorian Governments have privileged debt with credits delivered through ODA. However, the new Government of Ecuador rejected the prescriptions of the international financial institutions (IFIs), and an example of this is the cancellation of contracts with the IMF and World Bank in 2007 / 2008, in which the respective debt was cancelled and their country representatives were expelled.
- 19 Debt management plays a predominant role in the framework for the construction of a new regional financial architecture, and financing for development. A report by the Commission for the Comprehensive Audit of Public Credit (CAIC 2009) deepened the discussion of illegitimacy and illegality of external debt, including commercial debt. As a first step, Ecuador opted for a pragmatic solution with the repurchase of 91% of its 2012 and 2030 global bonds at a price of 35 cents for every dollar. With this renegotiation, which cost US\$900 million, almost one-third of the external debt has been removed, with a saving

- of US\$7,505 million in the period 2008-2030 (MEF, 2009). Nevertheless, effective and sustainable development requires accelerated efforts to create a mechanism for the International Court of Arbitration of the Sovereign Debt, and to set out a strategy for responsible negotiations for new credits, with unquestionable criteria over what is illegal and illegitimate, and permanent auditing under parliamentary and control.
- 20 Firstdraftisonthissite:<http://documentacion.asambleanacional.gov.ec/alfresco/d/d/workspace/SpacesStore/8954a944-d69f-4457-81963feab7c56b1/Ley%20de%20Igualdad%20entre%20las%20Mujeres%20y%20Hombres%20y%20Personas%20de%20Diversa%20Condicic%C3%B3n%20Sexo%20Gen%C3%A9rica>
- 21 The NDP in relation to addressing sexual and reproductive rights, establishes several goals: reduce maternal mortality by 30%, infant death by 25%, early neonatal death by 35% and teen pregnancy by 25%. It also supports an increase of health services to women in postpartum care coverage, access to Essential Obstetric Neonatal Network (CONE), diagnosis of cervical cancer (DOC), improving the quality of health services and reducing violence against women, children and adolescents, among others.
- 22 Year 2010 was census year, and preliminary results are expected during the first semester of 2011.
- 23 It highlights: Germany makes a unique annual contribution of €50 million, more than Belgium and Spain. A trust (initial XII - 2009 and VII-10) and includes the UNDP as international guarantor that external inputs are dedicated to the purposes stipulated by the State, and a guarantee that the ITT oil will remain underground. Five (5) areas of investments were agreed: renewable energy; management of the national system of 44 protected areas, corresponding to 20% of the national territory; restoration and reforestation of the ecosystem at the national level; social development, with high priority for the Amazon region; and, finally, investment in science and technology.
- 24 Bilateral refinancing with the Club of Paris, with the following countries: Switzerland, Belgium, Canada, Spain, Italy and Germany. Some examples of trusts formed on this base are: Swiss Ecuadorian Counter Value Fund (FOES), Ecuadorian Populorum Progressive Fund (FEPP), Ecuadorian Trust of Cooperation for Development (FECD), Ecuador:Spain Fund (FEE), Italian-Ecuadorian Fund (IT TRUSTS), and Protected areas Fund (FAP), among others.
- 25 According to this classification lower-middle income countries (such as Ecuador, El Salvador, Bolivia, Guatemala, Honduras, Nicaragua, Paraguay, Peru and the Dominican Republic) have hidden needs in important sectors, from education and health to the environmental preservation. Also, upper-middle income countries (Costa Rica, Panama and Uruguay) have a profile of needs linked to the application of scientific-technologic advances to the economy and the strengthening of institutions (Cepal-a, 2010:7).
- 26 Of LAC countries considered upper-middle income, 35% of the population is poor and 14.7% indigent; while in lower-middle income countries, 52.1% are poor and 26.8% indigent. (See, The hour of Equality, 2010:203; UNDP report, 2010:6).
- 27 Countries with young populations, insecurity in the labor market, a high contingent of informal workers, low-income and without social protection associated with employment: 75% of the dependents of the formal workers are either young or informal workers. The remaining percentage consists of the inactive, the unemployed and the elderly. Their level of development, measured by GDP per capita reached, on average, a little less than \$2,000. The low tax income for the state prevents allocation of significant resources to priority needs. These countries have more than 45% poor (See, The hour of equality, 2010: 204), with forces in Haiti, Ecuador, Brazil and Colombia (UNDP report, 2010).
- 28 The data of years 2000-2004 have been put in cursive since there are small differences between the numbers in the official report of AGECI (2010) and other sources. Cfr. Molina and Weber, 2010.
- 29 The 10 main international NGOs in the country in 2007-2009 are: World Vision International (United States) with 95 projects and US\$27.71 million in disbursements (10.82%); Care International (United States) with 30 projects and US\$24.96 million (9.75%); Plan International (United States), 16 projects and US\$124.4 million (9.52%); Foundation Aid In Action Spain, with 27 projects and US\$17.62 million (6.88%); Children International (United States), with 15 projects and US\$ 4.35 million (5.60%); Sos Kinderdorf International (Austria), with 20 projects and US\$10.13 million (3.96%); Child fund International - CCF (United States), with 46 projects and US\$8.55 million (3.34%); Switzerland organization for Development and the Cooperation Inter-cooperation Switzerland, with four (4) projects and US\$7.6 million (2.97%); Internón Oxfam - IO Spain, with 31 projects and US\$7.05 million (2.75%); and Catholic Relief Services - CRS United States, with 33 projects and US\$6.18 million (2.42%). It is important to mention that these 10 NGOs executed the 58% of the total of funds and 29% of the total of projects available, and that almost 30% come from the United States (To see. AGECI, 2010 b: 14-19)
- 30 According to International NGO reports, international ODA in Ecuador channeled by means of foreign NGOs "represents around 29% of the total amount destined to the execution of projects at the period 2007-2009; rising to near US\$238" (AGECI, 2010 b: 13).
- 31 It is interesting that SETECI distinguishes between international and local NGOs, and civil society, considering the former as basic organizations, for example: producers associations, workers, unions or basic organizations of social type (groups, partnerships, federations, etc.).

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### Introduction

What have been the dynamics and main trends for international cooperation towards Guatemala over the last five (5) years? This period exhibits major paradoxes. First, Guatemala demonstrates an upward trend in terms of international cooperation, with US\$536 million in 2008 and an average of US\$350 million per year between 1995 and 2008.<sup>1</sup> Some reasons are linked to several internal processes: the transition from a war to a peaceful situation and, on the other hand, the advent of international trade agreements that activate cooperation areas related to increased competitiveness and international trade compliance.

However, in the 2008 - 2010 period, poverty indicators also grew as a result of the increase in the prices of both grains and agricultural inputs, by up to 30% and 60% respectively. The impact is clearly deeper among the grassroots population: the United Nations Development Program (UNDP) in Guatemala registers the existence of 700,000 newly poor individuals in the country.

With this context, the achievement of the Millennium Development Goals (MDGs) is an increasingly remote possibility, considering that, to this date, half of the Guatemalan population – seven (7) million – survive at poverty levels, and that nearly 60% of the economically active population (EAP) are among the so-called informal sector who have no social security coverage.

Thus, International Cooperation for Development (ICD) is conditioned by and operates in a context of high inequality and poverty. It is therefore not surprising that the country has demonstrated little progress in implementing the commitments of Paris Declaration (PD) and Accra Agenda for Action (AAA): substantive social and economic priorities are so many, and institutions linked to cooperation are only able to address parts of the process.

Given the extreme conditions of poverty, two (2) key meetings held between donors and government, known as Antigua I and II (named after the city where they were held), are of importance. Donors were represented through the G-13, which is composed of the European Union, the Inter-American Development Bank, World Bank (WB), USAID, Germany, Sweden, Norway and Spain. Unfortunately, social organizations were not invited to any of the said meetings.

The government was represented at the Presidential level, and announced the creation of the International Cooperation Council, consisting of the Planning Secretariat of the Presidency of the Republic (SEGEPLAN), and the Ministries of Finance and Foreign Affairs. This Council seeks to reinforce “ownership, alignment, and shared responsibility with the international community”. It will be accompanied by a consultative mechanism that includes civil society.

Both meetings, Antigua I and II, are of particular significance since the government identified its thematic priorities in these meetings: social

cohesion; education; health; rural development and infrastructure; security and justice; energy; environment; natural resources; economic reform; demographic development; transparency; and gender. Activities following the meeting were organized by four (4) thematic groups composed in a multi-stakeholder manner on issues like education, health, justice and security, and coordination of international cooperation.

Again, civil society organizations (CSOs) have not been called upon to play their “advisory” roles in the process. It is too early to assess results for the work of these groups, and it is unknown whether indicators of progress were even formulated. What does seem to be clear is that some groups, such as the group on rural development, are simply not working.

As outlined above, there have been some advancement in terms of institutional architecture, but substantive issues have not been addressed or overcome. In this regard, issues such as participation, transparency, poverty reduction, gender equality, and ecological sustainability are still emerging aspirations.

## **Ownership, Transparency, Accountability**

Guatemala’s legal structure for development planning has been functioning since 1985. The National System of Urban and Rural Development Councils (*Sistema Nacional de Consejos de Desarrollo Urbano y Rural*) — where participation of people at the local, departmental, regional and national levels is formally guaranteed – gave birth to the National Development Plan (NDP). Strictly speaking, however, what is being negotiated with Development Partners (DPs), i.e., grants and loans, and what guides the budget in real terms, is not the National Development Plan

but the government’s annual plans. Government officials elaborate on these documents regularly, leaving decisions related to public works to the Development Council System.

In other words, processes for popular participation in defining the development agenda are very poor. People have little impact as development strategies, plans, programs and projects are localized. The NDP is not the result of a national consensus. Consultations with International Development Partners on the effectiveness of development interventions have been driven by the CSOs, mainly the organized and representative sectors of social movements.

With respect to transparency in governance and in international cooperation for development, Guatemala has a formal system of auditing agencies, whose Director is appointed by Parliament. There are also parliamentary committees and commissions that have a mandate on the auditing processes mainly from a political perspective. Recently, the Congress passed a Law on Access to Information. CSOs, for their part, also act as observers for good governance.

While there are formal processes and laws on transparency such as an online Government Accounting System accessible to the public, actual exposure of the government’s budgets and policy implementation is weak. This is no doubt due to the existence of significant political powers in society that threaten information and investigative work. These include everything from physical aggression and/or death threats against journalists and social leaders, to the manipulation of the justice system.

Guatemala’s justice system is still weak and unable to judge corruption cases, including the gravest ones. According to a Member of Parliament, Nineth Montenegro, 40% of the national

budget is lost due to corruption. Transparency International ranks<sup>2</sup> Guatemala as the 84th of the 180 countries surveyed (2009). This means that in reality, the country has high levels of corruption and a deep lack of transparency. The management of bilateral cooperation – wherein other control mechanisms applied by the donors -- is not excluded.

In 2008, the General Secretariat for Planning and Programming established a publicly accessible database on development assistance. This tool allows interested parties to explore data related to the implementation of international cooperation for development. It certainly represents progress, even though there are challenges in updating information and some discrepancies with the donors' own figures.

Thus, while the country shows some progress in terms of instruments and institutional structures, Guatemala still faces a situation where transparency has significant gaps in quality and effectiveness when producing information on public administration, financial allocations and specifics on development cooperation programs.

Guatemala has binding legislation on accountability, and the Comptroller General's Office presents an annual report on the implementation of the national budget to Congress, which includes official cooperation for development. However, Guatemala's weak institutional framework often masks the activities of specific officials due to their political ties. In fact, a law that criminalizes illicit enrichment has yet to be approved.

According to an *Acción Ciudadana* (Citizen Action) report<sup>3</sup>, audit and judicial agencies, i.e., public prosecutors, face difficulties in accessing accounting and administrative data in pursuit

of possible corruption cases involving high officials. The system prevents or delays access to information sources that it almost renders impossible to build a judicial case.

## Poverty Reduction

International cooperation for development has largely failed to contribute to the reduction of poverty in the country. Its impact remains a palliative that lessens the different crises related to food, health or education. But the evidence below suggests that the impact on poverty reduction has been limited.

Guatemala is acutely affected by the overwhelming condition of deepening poverty. No less than 51% of the population is living in poverty, of which 15% are extremely poor. In addition, 60% of Guatemala's population still lives in rural areas where poverty is more extreme: 87% of rural inhabitants are poor, compared to 28% in urban areas. The incidence of poverty is even higher among the indigenous population, of which 75% are poor. In addition, two (2) alarming figures stand out: 86% of farmers live in poverty and 49% of children are affected by chronic malnutrition in the country.<sup>4</sup>

A root cause of poverty is the extreme concentration of land: 2% percent of producers own approximately 70% of the productive land in the country, while 98% of producers are managing the remaining 30% of land. Guatemala has a 0.84 Gini inequality index, which is strongly related to the inequality of land tenure.

In this distressing picture, Guatemala ranks 118th on the Human Development Index (UNDP 2007), mainly the result of a highly unequal distribution of national income. "Guatemala is the country with the most socio-economic inequalities in Latin America," summarizes the WB.<sup>5</sup>

The minimum wage for the rural areas and the cities is Q.2,161 approximately US\$260 per month. According to the National Statistics Institute (INE), the basic family food basket costs about Q.3,800 (US\$450). Annual Gross Domestic Product (GDP) per capita is Q.21,941 (US\$2,880) (Banco de Guatemala, 2006).<sup>6</sup>

As regards employment, about 3% of the economically active population are employed. Around 60% are underemployed and 1.5% of the population are considered unemployed.<sup>7</sup> In this context, complementary development cooperation efforts are, in practice, focused on survival mechanisms for the poor and marginalized.

The priorities for international cooperation for development in Guatemala are focused on social projects. According to the latest government report on this: "In terms of sectoral priorities for international cooperation, the government set itself the target of financing social expenditures relating to education, health, infrastructure and social assistance." The government has opted for reviving economics through increasing social spending, both in basic social services and infrastructure.<sup>8</sup>

## Environmental degradation

Guatemala's natural wealth is permanently threatened by a model of intensive production affecting land use. This model replicates both in large estates, based on monoculture for export, and in smallholder farms, where production is below subsistence. The agrarian situation, which has deep historical roots, is also reflected in the irrational exploitation of forests, with no serious and sustained reforestation processes. "Of the [original] 3.8 million hectares, with an annual rate of decline of about 82,000 hectares ... by 2040, all the natural forest could be absorbed".<sup>9</sup>

In the last decade, Guatemala has seen a new threat to its rich biodiversity with the granting of exploration and mining licenses in virtually all the national territory. This has paved the way for the exploitation of gold and oil which cause irreversible damage to nature. In short: "Guatemala is, then, in a degraded environmental and social situation, whose main indicators point to an increasing social dislocation resulting from the marginalization of large national majorities. This is evidence of the direct relationship between the environment and poverty. The rural population is poorer now than before, when it had access to the fruits of nature."<sup>10</sup>

The corollary: "While rural areas contribute significantly to the nation's economy, thanks to their income and employment generation (36% of GDP), in the fields of agriculture and natural resource use, socio-economic indicators in rural areas put Guatemala among the countries with lowest human development in Latin America."<sup>11</sup>

Human vulnerability is thus a central result of environmental degradation. Conflicts over land use, lack of government regulation, the population's resistance to the implementation of mega projects in their territory, et al are ignored by government agencies and companies. The latter exacerbate conflict and cause the displacement of populations in search of new livelihoods, which in turn leads to migration from the rural areas to the cities and abroad. Approximately 1,200 Guatemalans, especially young people, leave the rural areas weekly. This creates overpopulated and overcrowded cities, and with the lack of quality services and decent employment, an estimated one million Guatemalans are currently living outside their country.

Guatemala has always been subject to major environmental challenges: "The country is subject to extreme meteorological and tectonic events, as

it is located in the path of the Atlantic Ocean's hurricanes and of the Pacific Ocean's activity. Besides, aridity, drought and desertification threaten the survival potential of those who inhabit the dry corridor, which crosses the central part of the country. Both processes tend towards intensifying due to climate change".<sup>12</sup>

To reverse the situation towards sustainable development, the government must urgently take measures to preserve Guatemala's rich biodiversity, taking up its responsibilities as the guide for national development policies, and bringing on board the inclusive participation of society, especially of people in their various communities.

The challenges require the formulation of development plans at the national level. It must take into account the existent ecosystems in the country and the interests of the people who inhabit these ecosystems.

## Gender Equality and Women's Rights

The national government's gender policies have progressed primarily in formal and legislative terms. Since the 1996 Peace Accords to the present, the country has adopted a different, more inclusive perspective, wherein gender and people's equality increasingly find a place in a conservative society.

These include:

1. The Women's Sector of the Assembly of Civil Society, created in 1994 to participate in the peace negotiations. It has been a space for the coordination of various women's organizations across the country. Its activities have focused primarily on strengthening women's participation in political processes and influencing the implementation of commitments concerning women which

have been gained in the Peace Accords.

2. The National Women's Forum, created in 1998 as a result of the Peace Accords. It was established through a temporary agreement of government and has worked nationally with thousands of women as the recognized national organization for women in claiming their rights.
3. The Defense of Indigenous Women. Several women's organizations and indigenous women's organizations took responsibility for designing a consensus bill on indigenous women's rights.
4. The Presidential Secretariat for Women. The women's movement expected the creation of the National Women's Institute, INAM, as the institutional expression of state policy for women. However, a Presidential Secretariat was instead created in 2000 which directly depends on the Executive. The women's movement still insists on the creation of an autonomous governing body for public policies affecting women.

Notable legislative and institutional progress in terms of gender equality include: a) The Labour Code: Provisions for a pre-and post-natal period for women extending it from 75 to 84 days; b) Amendments to the Civil Code repealing discriminatory articles affecting women in relation to marriage; c) Reforms in the Penal Code deleting the Article that penalized only women for adultery; and d) Creation of the Presidential Secretariat for Women (SEPREM).<sup>13</sup>

Some changes to the legal norms after the Peace Accords have included: a) Adoption of a Law on the Prevention, Punishment and Eradication of Domestic Violence; b) An Act on Dignity and the Promotion of Women's Interests; c)

The incorporation of land ownership in the Land Fund Law (art. 20); d) The creation of the National Coordinator for the Prevention of Domestic Violence and Violence against Women (CONAPREVI); and e) A consensus formulation of the “National Policy and Development of Guatemalan Women and Equal Opportunities Plan 2001-2006”.

In terms of gender inequalities and the political empowerment of women, Guatemala continues to rank very low. For example, in the political arena, Guatemala only has 18 women deputies out of 158 seats, and no ministers. Another revealing statistic is that of all female deaths, 48 % happen in their own homes, revealing a high rate of family violence. The existence of legislation criminalizing these acts of violence affect less than 1% of the cases.<sup>14</sup>

Progress has been mainly in selected formal legislative and legal areas, but have not affected real qualitative changes for women in education, health or rural development. Programs of international cooperation for development have included gender equality as a priority and have implemented programs for affirmative action for women as a fundamental requirement.

## Conclusions

External Cooperation for Guatemala remains a phenomenon largely isolated from social action, and is not an issue for grassroots organizations. Monitoring and evaluation of international cooperation is more commonly taken up by non-government organizations (NGOs) involved with the issues and, through them, with other organized sectors of society. The planning

process for determining development priorities is still governed by unwritten rules, where the government is often influenced by national and international capital that set standards and content in government plans.

- International Development Cooperation, despite its constant growth for more than a decade, is unable to influence the trend of increasing poverty and exclusion. There is no discussion about the appropriate development model for the country. The latter should be about building a proposition for indigenous and sustainable development which reflects the aspirations of large segments of the population. In this way, cooperation would be an actual companion and not a substitute for national efforts. It would require significant tax reforms, government institutional reforms and deep reforms in the agrarian sector.
- The growth of South-South cooperation, while not a new phenomenon, has become more significant over the last decade. Neighboring nations such as Venezuela, Argentina, Brazil and Cuba, among others, have established lines of financial and technical cooperation in several fields such as health, education, culture, sports, agriculture and technology transfer. It is a horizontal type of cooperation which needs to be encouraged. This is also the case for solidarity cooperation, which is driven from NGOs and whose importance in the democratization process is invaluable.
- Meeting the goals and commitments of the PD and AAA requires a redoubling of social efforts, as well as political will on the part of both government and cooperation agencies.

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# Honduras

## Abandoning Honduras?

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### Introduction

Honduras is being neglected by international cooperation agencies precisely at a time when their support and solidarity is most needed. After several years of supporting policies, programs, and projects in country, international cooperation agencies have changed their priorities and are abandoning Hondurans whom they have accompanied in such efforts. While international cooperation is not supposed to last forever, nor should the problems of its effectiveness in Honduras be ignored, the issue is that the country is at a unique historical crossroads. This situation has the possibility that social groups (those in which so many resources have been invested) are struggling for engaged political citizenship (the goal which has been sought for years) to refocus the country's failed democracy.

The issue is not about flaunting the poverty and inequality figures that remain high vis-à-vis with other countries that also need foreign assistance. That would be just falling into cynicism. It is also not that Honduras has recently experienced a severe natural disaster, as in the case of Hurricane Mitch in 1998. Rather, what Honduras is currently offering is a hope or a possibility that achieving profound changes is feasible in order to accomplish what has been sought for years.

The popular reactions of dissent against the coup that took place in June 2009 confirmed that the training and decades of support for the capacities

of men and women to defend their rights has actually taken effect. The public outcry did not come from nowhere. It is the result of years of solidarity work. The country is now going through a profound period of social organization focusing on social mobilization and the articulation of popular social demands. The goal is to build the strength and capacities of these demands such that they gradually shape the policy agenda. Such a task is not easy, and if successful will be even more difficult to implement. Powerful conservative groups which resist change are still strongly influential. These groups are willing to clamp down on social organizations and violate human rights to maintain their privileges.

There is no doubt that there are key challenges yet to be addressed for Honduran society: food security, fulfillment of the Millennium Development Goals (MDGs), strengthening the national commitment against hunger and extreme poverty, achieving fairer and equitable economic conditions, creating opportunities for political plurality, and ensure the observance of fundamental human rights. It is these conditions that lie at the root of concerns that international cooperation agencies are abandoning Hondurans committed to social justice. This is happening at a time when those demanding justice are asserting themselves and would therefore require support and solidarity.

Donors are not compelled to continue their support, but neither should they ignore their commitment in various world summits to meet the MDGs. They committed to allocate at least

0.7% of their Gross National Income for Official Development Assistance (ODA). In this regard, their commitment should not only be to provide funding, but also to sustain solidarity and political backing to accompany Hondurans in this difficult period.

The consequences of growing inequality within developing countries such as Honduras are predictable: the result will be an increase in large migrations of people (from rural and urban areas) and an additional strain on natural resources, affecting not only Hondurans, but also common interests in both the short and long term. When hope is at stake, perhaps it is time to bring to mind a fitting verse by the Uruguayan poet Mario Benedetti: *“I like the people that are fair with their own people and themselves but do not lose sight that we are all humans and can make mistakes.”*

The following is a brief technical assessment of the status of international cooperation in Honduras:

## **Democratic Ownership and Participation**

*Participation and inclusive processes vary from modest to none at all. A large portion of official international cooperation is received as loan financing and is managed by and channeled directly to the public sector without any citizen participation. In the case of “solidarity” cooperation received as grants, there are mechanisms for consultation and participation, which enhance the impact of this investment.*

Honduras is one of the countries in Latin America with the highest volumes of ODA from 1990 to 2009. Honduras received more than nine (9) billion dollars in ODA, an amount only surpassed by Nicaragua, but higher than any other Central American country. Most of these resources were

disbursed after 1999, following the devastating consequences of Hurricane Mitch in October 1998.

However, since 2008 this cooperation has been significantly reduced as a result of the international financial crisis and the political and economic crisis experienced by Honduras in recent years. This crisis was triggered by a coup d'état in June 2009, followed by a series of serious human rights violations (political, economic, and social) on the part of the regime that followed.<sup>1</sup> International cooperation in Honduras can be categorized into two (2) broad categories: grants and loans. The so-called “solidarity cooperation,” which is mainly channeled through CSOs, is included as part of the ODA grants. In December 2010, the non-reimbursable international cooperation regarded as external debt amounted to US\$ 2,822 billion. Of this cooperation, 63.7% is owed to multilateral creditors, 30.7% to bilateral creditors and 5.5% to private creditors.<sup>2</sup> ODA, either as loans or grants, has come in different modalities: technical assistance, turn-key projects, projects executed by the Honduran government, a combination of nationally and externally executed projects, sector-wide approach projects (SWAPs), among others.

In Honduras, ODA loans are managed and negotiated bilaterally between financial institutions and governmental agencies without consultation with CSOs. In the case of ODA grants, there are areas of consultation, but the results of such consultations have no legal or binding force. In addition, there is seldom any linkage or coordination between ODA as loans and as grants.

When the ODA targets its resources to reform processes, there have been mechanisms for wider consultation or participation for CSOs, such as the process of nominating justices for

the Supreme Court or the development of the Poverty Reduction Strategy (PRS).

In the particular case of the PRS, it is important to highlight that the coordination between donors was a key aspect for its implementation, which came together to follow up the Stockholm Declaration and the PRS process. This group of donor countries is known as the G-16<sup>3</sup>. At first, the Group was comprised of Germany, Canada, Spain, Sweden, and the United States. Since then its membership has expanded and is now comprised of Germany, Canada, Spain, the United States, Sweden, Japan, Italy, the Netherlands, France, Switzerland, the World Bank, CABEI, the IADB, the IMF, the UNDP, and the European Commission.

Coordination among the G-16 members has sparked an important exchange of information between donors and has reduced the duplication of efforts among them. However, the dialogue between the G-16 and CSOs has been rather sporadic, especially in recent years. At first, the goal of the G-16 was to ensure the implementation of the Master Plan for National Reconstruction and Transformation (MPNRT). Subsequently, and in support of the Honduran government and CSOs, it was involved in the process of designing, implementation, and monitoring the PRS, whose goals are linked with the MDGs. Once both development processes (the MPNRT and the PRS) weakened over time, the engagement of the G-16 and CSOs on decision-making and monitoring the use of international assistance also dwindled.

Even though the participation of CSOs was encouraged by the international donor community to support the government in the drafting, implementation, and follow up of the PRS, their participation was not taken into account during key discussion processes, such as those on the

definition of macroeconomic targets and the annual budget. The fulfillment of such goals was important to achieve the remaining targets set out in the PRS.

Likewise disregarded were CSOs' demands on better control from international cooperation agencies on the use of national resources by the Honduran government, specifically to avoid the use of such resources to finance current expenditures. Finally, the PRS has become an "effort that is now dead and buried."

In the field of grant and "solidarity" cooperation, there is an interesting experience of co-management of decision-making processes regarding assistance, the ACI Fund for Poverty Reduction.<sup>4</sup>

Since its inception in 2004, the ACI Fund has channeled resources from several cooperation agencies with a strategic framework that facilitated initiatives for interaction between CSOs and the government. These initiatives highlighted issues of social audit and advocacy within the PRS process focusing on citizen participation and social inclusion. Since 2009, there has been a growing need to update this strategic framework and its mechanisms for implementation due, in part, to changes in the domestic arena after the coup d'état and the diminished effectiveness of the PRS and its institutions. In addition, new strategic issues have surfaced, such as the protection of human rights and citizen demands for building a truly democratic society and strengthening the rule of law, particularly in a context of worsening social and economic conditions, poverty and inequality.

As of now, the linkages, engagement, and relationships with governmental processes have been severely affected by the decades of crises in country, and they were harshly disturbed by the 2009 domestic crisis. Currently, the engagement

and relationships by civil society in governmental processes are strongly affected by decades of crises in governance, severely compounded by the 2009 coup d'état. After June 28, 2009, many CSOs have been clearly absent from consultative bodies and processes with the government (The National Anticorruption Council, the National Human Rights Commissioner's Office, the Tripartite Forum, and others). Nevertheless, CSOs maintain a productive relationship with local governments, which is considered an "unusual" situation, because more than 80% of those local governments are headed by the same political party in office.

## Democratic Ownership and Transparency

*The decision-making process for the use of ODA is considerably non-transparent to the public and it is therefore essential to significantly improve the standards for transparency and accountability, including the provision of legally binding social audit processes on the implementation of aid.*

In Honduras, there is a permanent concern to ensure the free access to public information for all social groups, as a mechanism to guarantee control over the performance of the government. Throughout the years, many stakeholders have raised their voice to, for example, criticize the concessions given by the governmental administrations to foreign companies or to powerful local elites that are mostly unknown to the Honduran people. Even though the concepts of "right to know," "right to information," and "access to public information" are fairly recent, such demand implicitly considered these concepts.

The ownership of the right of access to public information is relatively new. It is linked to the

historic juncture that occurred after the passing of Hurricane Mitch (1998) when the administration of President Carlos Flores (who also owns several Honduran media) suppressed the media and other social organizations that demanded a transparent handling of the resources provided by the international cooperation for the reconstruction in Honduras.

Since then, social groups were organized to demand the drafting of a law on access to information, which was finally passed by Congress eight (8) years later. The final draft of the law was considerably different from the first drafts presented by civil society groups, which did not include several of its original concepts and intentions. Instead, the law contains many interpretations that actually misrepresent the fundamental right to public information and in fact has limited such access.

The main limitation that this law contains refers to a section for "reserved information," due to its ambiguity. The law does not only consider as "reserved" the information related to national security, but also the information that jeopardizes the "economic security" or on "humanitarian grounds," which could be subject to ambiguous interpretations or construed at the will of any public official.

Under these considerations, such important policy tools as the National Budget is regarded as reserved information until it is subject to debate in Congress. Likewise, the negotiations with international financial institutions are considered confidential until they have been concluded. In summary, there is no access to information and participation by social groups in key issues and negotiations until they have concluded.

This partial confidentiality takes place at all levels. For instance, in 2009 the current administration

approved a new development strategy called the “Country Vision and National Plan for 2038,” a public document that had minimal participation from CSOs that essentially aims to redirect the resources from the international cooperation and readdress the targets for national development (somewhat like a letter to Santa Claus) that neglects to mention how it will be implemented and who will participate in it.

In the opinion of several social groups, including FOSDEH, the Country Vision document is merely a business plan set forth by the big national and international entrepreneurial elites to ensure the concession of the Honduran natural resources, particularly water and the energy projects derived from it, as well as the key national infrastructure for international trade.<sup>5</sup>

It is likely relatively easy to request and receive information about specific projects of renewable energy in Honduras, but it is practically impossible to gather information about public policies and development strategies behind such projects, much less about the “conditionalities” of the negotiations with national and foreign entrepreneurs for the implementation of these projects.

A similar problem has arisen with the information about public expenditures because the websites of most public institutions only feature broad information about such expenditures. The Ministry of Finance releases an electronic quarterly report of the government’s financial situation and an overall report at the end of every year. Congress is also required to release quarterly reports about the economic situation in Honduras (although it rarely complies with this requirement). In addition, international institutions such as the World Bank have allocated several credits for the creation of electronic mechanisms to improve access to information

and promote transparency in the government’s efforts, such as the SIAFI and SIERP<sup>6</sup>.

Although there have been formal improvements, the issue remains unchanged: social groups only have access to very broad data on the use, efficiency, and effectiveness of public resources, and on whether these originated from domestic or international funding sources. This information also becomes publicly available long after these resources have been invested. For this reason, CSOs have been unable to implement an effective process of control and follow-up of governmental efforts.

The precarious system of access to public information is also a problem for official international cooperation. It is almost impossible to have access to exact and current information about the amounts, types of projects, conditionalities, and the impact of foreign credits or donations. Neither has there been access to the evaluations and impact on different development issues that international cooperation agencies have done about the programs and projects they have supported in Honduras.

## **Democratic Ownership – Accountability**

*There are very few efforts and even less successes in the fight against corruption in Honduras. A number of laws have been passed, but without having achieved the expected results.*

The mishandling of ODA, ranging from corruption to inefficiency, is the subject of constant complaints in Honduras. Despite a number of legal procedures that have been put in place to address this issue, corruption still persists. International donors have reacted differently to this situation. Sometimes they have

reduced disbursements, some have strengthened conditionalities, or some have just decided to leave the country (although this has never been presented as an official reason).

In general, there is a clear lack of accountability in the relationship between donors and governments, rather than with CSOs. Accountability is in fact often a deliberate practice by social organizations at a local (or municipal) level than at the level of the central government. The use of aid, for instance, to finance current expenditures has no mechanisms to ensure that it has been used appropriately, much less if it has made an impact on the quality of life for the poor in Honduras. The social audit processes are carried out by social organizations, but are limited to expenditures by local and municipal governments. However, the conclusions of these processes at the local level are not considered binding by the public auditing institutions and agencies. The general absence of accountability is an issue that requires urgent action and effective answers.

Developing country governments have committed in the Paris Declaration to draft national development strategies linked to a framework of medium-term expenditures and are implemented and monitored through the annual budgetary process. In the case of Honduras, the fulfillment of this goal has evidently fallen behind.

Some innovative experiences in accountability offer important lessons. For instance, the UNDP has encouraged the creation of “Observatories of the Millennium Development Goals”<sup>7</sup>. These observatories are located in some of the poorest municipalities in Honduras and have allowed these communities to get current and detailed information about the situation of their community on various indicators integrated in the MDGs. This is an extremely useful tool for these communities: it enables them to request

the public investment funding needed from the central and local governments. It likewise provides essential information to identify projects for cooperation, those that are being implemented, and particularly those that could reach these communities. Lastly, the observatories serve as basis for identifying priorities to enable these projects to become effective in delivering outcomes to the communities.

Another experience for accountability is promoted by the Social Forum of External Debt and Development of Honduras (FOSDEH)<sup>8</sup>. This network has created regional forums that bring together various organizations with the purpose of strengthening the capacity of communities to increase ownership of the programs, projects, and development processes implemented in their communities, which promotes continuity, sustainability, and the proper use of public resources.

## Development Outcomes – Poverty Reduction

*The National Institute of Statistics (INE) revealed that the population of Honduras has reached eight (8) million people, with a growth rate of 2.1% per year. But six (6) out of 10 Hondurans, or 66% of the population, are living in poverty, with 45% living in extreme poverty<sup>9</sup>. However, more than the issue of poverty, Honduras is also an extremely unequal society.*

The main goal of the PRS was to reduce poverty by 24% between 2000 and 2015. This goal required a reduction in poverty by at least 1.5% per year throughout this period, under the assumption that the annual population growth would average 2.4% and GDP growth would average 5% per year<sup>10</sup>. Another key assumption behind this goal was an increase in the level of government social expenditures as a percentage

of total expenditures from 40% in 2000 to 50% in the 10-year period from 2005 to 2010 (most of these resources are allocated for wages of teachers and doctors). Unfortunately, up to 2010, the country's economic achievements were far below these expectations and they were further aggravated as a consequence of the international financial crisis, the domestic political and economic crisis Honduras has experienced since 2008, and finally with the 2009 coup d'état.

Research carried out by FOSDEH on the period of PRS implementation (2000-2010), using figures provided by INE, are even more distressing. They indicate that the number of people living in poverty increased by close to 1.3 million people during the last decade, despite the fact that during this same period approximately US\$ 7.8 billion were spent with the goal of fighting poverty. Even the World Bank has released startling figures, noting that levels of poverty in Honduras have basically remained unchanged since 1977 and that income inequality has not improved over the situation in 2003. The official data show a small decline in poverty, although it is not statistically significant<sup>11</sup>.

It is worth to highlight that the incidence of poverty and extreme poverty is higher in rural than in urban areas. Despite the investments made in the PRS and the significant growth of remittances -- which have now become the key pillar to the country's public finances -- poverty levels in Honduras have not decreased in any significant way.

Some facts to illustrate this statement:

- In September 2010, the national per capita income reached 2,395 Lempiras (US\$ 126) per month, with an average of 6.5 years of schooling of the head of household. In urban areas, income surpasses by twofold

the income in rural areas, amounting to 3,356 Lempiras and 1,494 Lempiras per month respectively (US\$ 176 and US\$ 79). This difference is mostly explained by the average schooling years of the head of household (7.9 years in urban areas and 4.8 years in rural areas)<sup>12</sup>.

- There is an evident gap between the 20% of households with the largest income and the 20% of households with the lowest income. The former earn a per capita income of 7,064 Lempiras per month (US\$ 372) while the latter earn 330 Lempiras (US\$ 17).<sup>13</sup>
- Inequality in Honduras (Gini coefficient) has experienced a marginal decline in 17 years, going from 0.615 in 1990 to 0.58 in 2007, placing Honduras among the four (4) most unequal countries in Latin America. In 2007, the richest 40% of the population (quintiles 4 and 5) received 81% of the national income and the poorest 40% (quintiles 1 and 2) only received 7%.<sup>14</sup>
- Twenty-six percent (26%) of the population in Honduras, or more than two (2) million people, live with only one (1) dollar per day<sup>15</sup>.
- In 2011, the average monthly minimum wage has reached 5,800 Lempiras (US\$ 300). However, 55.8% of the total working population earns less than one (1) minimum wage and an additional 20% between one (1) and two (2) minimum wages. It is important to highlight that 61% of the total employees working in the private sector earn less than the minimum wage, while only 8% of workers in the public sector earn less than such wage.
- The cost of the basic basket of goods surpasses the income of most of the

Honduran population. In urban areas, the cost per person each month amounts to a little more than 2,600 Lempiras (US\$ 137) while the cost in rural areas reaches 1,379 Lempiras (US\$ 73).<sup>16</sup>

- Infant mortality rates have decreased from 39 per 1,000 live births in 1991 to 29.7 in 2008<sup>17</sup>. The main causes of death in children under 5 (five) years are acute respiratory infections (ARIs), diarrhea, complications at birth, and accidents.
- The nutritional situation has improved, even though there are deep gaps within the country, wherein there are still some places in which malnutrition levels are higher than the national average. In 2001, 33% of children under 5 (five) years suffered from chronic malnutrition. This decreased to 27% in 2006, and is expected to reach 21% by 2015.
- According to data from the Ministry of Education, between 1990 and 2009, the net enrollment rate at the elementary school level increased from 83.8% to 89.5%. On the other hand, the literacy rate of people from 15 to 24 years also improved over the same period and illiteracy rates in young people have reached 6%, a figure far below the national rate of 16.4%.<sup>18</sup>
- Approximately 15% of the Honduran population lives abroad. These people have been forced to migrate, especially to the United States, in search of better employment opportunities to improve the living conditions of their families. The Honduran community in the U.S. is the fifth (5<sup>th</sup>) largest and the fastest growing among the communities of undocumented immigrants in the U.S. According to data from the National Immigration Forum, about 185,000 Hondurans leave the country

per year, which translates in concrete terms into more than 15,000 people per month, more than 3,000 people per week, or 21 Hondurans per day.<sup>19</sup>

Under this scenario, poverty, along with the disturbing growth of inequality in the past decade, remains the key social, political, economic and cultural challenge for the country. In other words, social policy has shown little impact on the redistribution of wealth and has had little effect on poverty reduction.

Officials from international cooperation agencies are aware that poverty spending remains a major issue in the national debate, although they point out that the ineffective deployment of government finance is one of the main problems.

## **Development Outcomes – Gender Equality**

*Women's rights and gender equality have seen formal progress in modernizing the country's legal and policy framework, but women continue to face persistence of and broad gaps in gender inequality, with scarce public resources devoted to more effectively implement the reformed legal and policy framework. There is a general lack of commitment to implement policy proposals to strengthen the women's rights agenda, and there has been a progressive weakening of governmental institutions focusing on gender relations.*

In these first years of the 21<sup>st</sup> century, Honduras is struggling with severe social problems. Poverty and violence have shaped the country's profile on the world stage as a nation with profound social fragmentation, highlighted by deep inequalities. These conditions push back the possibility that Honduras will achieve the goals of fairness, democracy, and an improved quality of life, while protecting the human rights of the population. Inequality and the persistent gap in human

development for women, in comparison to men, merely due to their gender, is likely the largest obstacle to overcome poverty and violence.

At a formal level, the public institutions that defend the rights of women and provide a gender-based balance in the performance of the Honduran State reveal a significant progress evidenced by the following achievements:

- Establishment of the Special Attorney's Office for Women in 1994;
- Passing of the Act against Domestic Violence in 1997;
- Creation of the National Women's Institute (INAM) in 1999;
- Passing of the National Policy for Sexual and Reproductive Health in 1999;
- Passing of the Act of Equal Opportunity for Women in 2000;
- Passing of the National Policy for Women in 2002, upgraded to a State Policy later in 2002; and
- Passing of Reforms to the Act against Domestic Violence in 2006.

However, the following issues are still pending for discussion and approval:

- The ratification of the Optional Protocol to the Convention on the Elimination of All Forms of Discrimination against Women;
- The passing of the by-laws of the Acts on gender equality (Act of Equal Opportunity, Act against Domestic Violence, Act of the National Women's Institute, and the Act on Elections and Political Organizations);

- Passing of a Paternity Act; and
- Passing of reforms to the Family Code, including a mandatory procedure for the fair distribution of joint properties; the modernization and coordination of labor laws with the current conditions of the labor market in consonance with international treaties and conventions.

In addition, several committees have been established, such as the Inter Institutional Committee against the Commercial Sexual Exploitation and Trafficking of Girls, Boys, and Teenagers; the Municipal Offices for Women (OMM); and the National Plan against Violence against Women, among others. Nevertheless, CSOs, and women's organizations in particular, have highlighted the lack of law enforcement, qualified technical staff, and effective mechanisms to monitor the compliance to the minimum quota of 30% for the participation of women in politics.<sup>20</sup>

As evidenced by the figures presented below, this situation co-exists with the persistence of considerable gaps concerning gender equality, the difficulties and insufficient public allocations for an effective implementation of the current legal and policy framework, and the lack of commitment of the wide-ranging policy proposals regarding the women's rights agenda. Women represent 51.4% of the total population and 52.1% of people at working age level. They account for 33.7% of the economically active population, and contribute 51.2% of commercial and non commercial labor force. Women are responsible for 94% of the domestic work in households across the country and are the single head of households in one (1) out of every four (4) homes nationwide. On the other hand, they hold less than 10% of the seats in Congress, receive an average income equivalent to 42% of total male wages, and have limited

access to ownership and control of economic and productive resources<sup>21</sup>.

Women still face obstacles that prevent their full integration in the economic activity and their labor participation rate only reaches 33% (23.6% in rural areas). In addition, inequality still persists in other areas: women have a higher open unemployment rate (8.3% among women, compared to 4.7% among men) and a lower income than employed men (with the latter having an average income 1.15 times higher than that of employed women). This inequality is even more evident if we consider the income earned by employed women living in rural areas: it represents only 46% of the income of employed women in urban areas, 75% of the income of employed men in rural areas, and 36% of the income of employed men in urban areas.

Another issue confronting women daily in Honduras is gender violence. In recent years, violence against women has reached extremes seldom seen in the past: femicides is becoming an alarming reality, which has increased along with overall insecurity among the people and widespread impunity.

Since 2005, more than 1,300 women have been murdered, and only 54 cases have been effectively prosecuted in the courts. The wide-ranging increase of homicides in Honduras is a known fact, but it is intriguing that the murders of women have grown more rapidly: between 2003 and 2007, the proportion of murders of men increased by 50% and the murders of women grew by 160% over the same period.<sup>22</sup>

This has obvious serious consequences for the protection of life and the ability of women to claim their human rights in the domestic and public spheres. It is also clear that women are still dying from preventable diseases related to

reproduction and sexuality: births, abortions, cervical cancer, and HIV/AIDS. Meanwhile, following the coup d'état, ultra conservative groups have recently renewed and expanded public opposition against women's sexual and reproductive rights.

Formal legal progress achieved in gender equality has not been effective in reducing the historical conditions for women, which have been compounded by new challenges posed by the inclusion of Honduras in global markets and processes of economic trans-nationalization. The new export-assembly industries (maquilas) developed through foreign investment have thrived due to availability of young female workers who have produced wealth for transnational businesses, but whose wages have not given them a better quality of life, nor a recognition of their rights.

Public policies emphasize and focus on the role of women as mothers and community volunteers who work in local social programs, further displacing the burden of economic adjustment and public spending cuts on these women. Even those roles are not fully valued, given the feminization of poverty in Honduras, and women's increased vulnerability. This traditional orientation ignores and undermines women's capacities to be key players and sources of alternatives for development.

Considering this grim panorama, what needs to be done involves the strengthening of legal processes, institutional structures, and public policies to move forward on the elimination of all forms of discrimination and violence against women, combating poverty, expanding more equitable citizen participation of women, and promoting more equitable international relations

## Development Outcomes – Environmental Sustainability

*Honduras faces critical challenges due to its high levels of indebtedness, poverty, environmental vulnerability, and the destruction caused by events in nature. These conditions are made worse by the impacts of a rapidly changing global economy, consumption patterns, and failure to implement policies that can protect the environment. It is necessary to incorporate consideration of environmental issues in all development policies not only as an additional element, but as key to the sustainability of development for poor and marginalized people.*

Honduras has a rich biodiversity, evident in diverse flora and fauna, terrestrial and marine life, and rich ecosystems. There are 91 protected land and sea areas, which represents an approximate area of 3.9 million acres, or 36% of the country's geographical area that includes 70 terrestrial and marine ecosystems<sup>23</sup>. Even though protected areas represent 27% of the country, most of them lack management and/or implementation plans, which would allow them to achieve the purposes for which they were created (bio-prospecting, ecotourism, and other environmental services).

With more rivers and tributaries per square area, the management of watershed resources is particularly important. But water is also an under-utilized resource, with only 2% of the annual flow of rivers being used for domestic consumption, agriculture, or hydropower. Only 10% of the potential land that would benefit through irrigation is actually being done so.

In addition, Honduras is located in a geographic area with a high incidence of natural phenomena (hurricanes, storms, and droughts), as shown by

Hurricane and Tropical Storm Mitch that affected more than two (2) million Hondurans in 1998. This resulted in thousands of deaths, missing people, and serious infrastructure damage. In this situation of vulnerability, the country needs to continue strengthening the process of territorial planning, along with the consistent support of the National System of Risk Management and its participating institutions, such as the Permanent Contingency Commission (COPECO).

The conservation of biodiversity is a national responsibility for which the capabilities and availability of resources are, unfortunately, very limited. Despite public and private efforts for sustainable conservation of natural resources and biodiversity, Honduras is still suffering a reduction of biodiversity every year. There have been vigorous joint efforts to confront these new environmental threats and challenges. In Honduras, there is unfortunately no evidence that the actual causes of biodiversity loss, including habitat changes, overexploitation, slash and burning, the introduction of invasive species, nutrient overloading, and climate change can be overcome in a short term. In fact, Honduras is one of the most vulnerable countries to climate change, which makes it essential to allocate additional and adequate resources to address this issue.

Such tasks are urgent because the allocation of public resources for natural resource management in general and of water resources in particular has not allowed a consolidation of efforts to prevent further environmental deterioration. It is necessary to strengthen institutional agreements and citizens' participation working together for an integrated management of the environment.

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### Introduction

The crisis in Mexico is not only an economic recession, but is one that is also characterized by high unemployment rate, decrease in loans and government funds allocated to development, worsening living standards, and an increase in social inequality. Nonetheless, these conditions are not only a reflection of a financial and economic crisis. Mexico is experiencing a much deeper and extended crisis of civilization, principles and values.<sup>1</sup>

Since the beginning of the decade (2000), Mexico has faced anemic growth. The annual average of GDP growth between 2001 and 2007 was only 2.3%.<sup>2</sup> In 2009, the Mexican economy collapsed by 7% and in 2010 growth was lower than expected.

Food poverty in Mexico affects nearly 20% of the population. About seven (7) million of young people do not have opportunities to study or work, with about 60% of the working-age population living within the informal economy. Meanwhile, 28.4 million Mexicans do not have access to social security. Even the Ministry which implements social policy in Mexico (SEDESOL) recently revealed that 54% of the population does not meet their basic needs. People from rural areas live on two (2) euros per day, and 70% of the Mexican population lives in poverty.

### Major sources of government revenue

According to the World Bank (WB), and other international institutions working for

development, Mexico started to be considered – since the 1990's – as an Upper Middle Income Country (UMIC), right after it became a member of the Organization for Economic Co-operation and Development (OECD).

Despite this economic designation, Mexico is also considered a country with less tax collection and public spending power in comparison with other members of OECD<sup>3</sup>, and even in comparison with countries at similar levels of development in Latin America, such as Brazil and Chile.

Tax revenue in Mexico grew in 2008 to 9.5% of GDP, as the average in Latin America and the Caribbean reached 15% in the same year, and 35.9% in the OECD in 2006. A bit more than half of tax revenue – (4.9%) of GDP – came from income tax and from a Flat Rate Business Tax. VAT's collection reached 3.8% of the income. Oil revenues contributed 38% of total government revenue. Nevertheless, even with 58% of the budget allocated to social development programs in 2008, Mexico is still below the Latin American average in this area.<sup>4</sup>

In just 12 years, Mexico went from ninth (9th) to fifteenth (15th) in ranking among the world's economies. But the crisis highlights the severe shortcomings of the development strategy behind this growth, including i) high external economic vulnerability, particularly a dependency on the United States; ii) a monetary policy that exacerbates the volatility of the exchange rate and fiscal policy; iii) the absence of an adequate social security system;

and iv) the high fiscal dependence on oil revenues and remittances. These shortcomings can be partly explained by all the missed opportunities in the irrational waste of windfall oil revenues.<sup>5</sup>

## Official Development Assistance directed to Mexico

According to estimations made by the Development Assistance Committee (DAC) in the OECD, the amount of Official Development Assistance (ODA) directed to Mexico between 2005 and 2008 varied, but was about US\$150 million in 2008 (See Table 1).

**Table 1** Type of assistance received from Mexico<sup>6</sup>

TYPE OF ASSISTANCE (MILLION US\$)	2006	2007	2008
Amount of ODA	\$270	\$113	\$149
Bilateral Aid Percentage - ODA	78%	71%	71%
Private Assistance Flow	\$9,734	\$21,643	\$15,979

According to the Mexican Ministry of Finance and Public Credit, from January to May of 2010, a total of US\$228 million was received in external financing, but with a significant amount in loan financing.<sup>7</sup> In the Federal Budget that the government allocates to social expenditure, ODA only makes up between 1% and 2% of the financing allocated for education, health and pensions.

## Sectors where ODA is allocated

Oftentimes the allocation of ODA is decided by the donors. However, the Ministry of Foreign Affairs<sup>8</sup>, through its Unit of Economic Affairs and International Cooperation, does set out some target areas for assistance.

The Economic Affairs and International Cooperation Unit establishes the National Development Plan as the basis for ODA allocations, wherein areas such as education, health, infrastructure and services are the priorities.<sup>9</sup> According to the public budget for the period 2010-2015, the Ministry of Economy allocates ODA to the following areas:

### Priority Areas for Mexican Social Expenditure (2010 – 2015)<sup>10</sup>

AREA	USD	%
“Oportunidades” Human Development Program	1,030,287.5	54
“Popular” Insurance Scheme	681,037.5	
Healthy Communities Program	1,464.31	
Health Caravans Program	9,660.89	37
Integral System in Health Quality (with a 55.7% increase)	2,397.76	
Assistance Program to Indigene Community	58,279.03	
Education Program for Indigene Community	10,025.38	4
National Board for Education Promotion	56,506.11	3
Temporary Employment Program	39,116	2
<b>TOTAL</b>	<b>1,888,774.48</b>	<b>100</b>

As the graph illustrates, social expenditures for the next five (5) years are mainly allocated to Human Development: “Oportunidades” Human Development Program, and the “Popular” Insurance Scheme, which make up a fifth of the government budget and where 16.5% of funds come from ODA .

### Strategies and National Programs

The Mexican Constitution highlights international cooperation as one of the guiding principles of foreign policy. However, it has been shown that there is no institutional architecture and instruments for the effective promotion of international development cooperation.

Beyond what has been stated, priorities for international development cooperation policy are focused on two (2) areas: security and employment generation. But there is little doubt that in just over three (3) years with the current administration (2007-2010), the priority has gone mainly to national security. A good example is the Hemispheric Security Agreement with the United

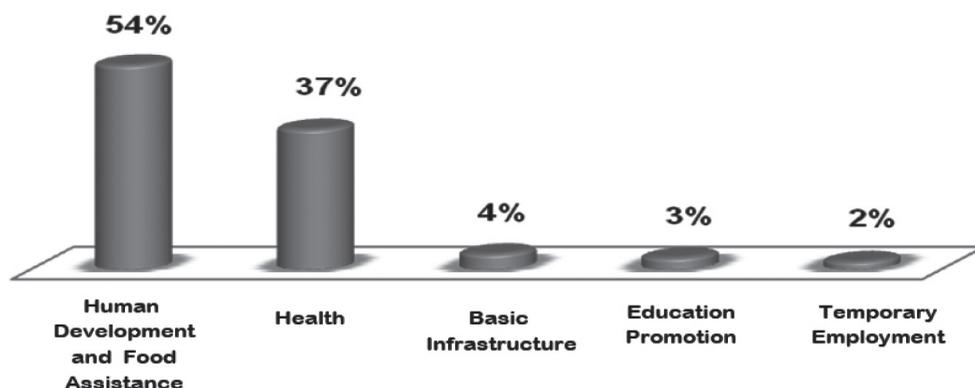
States: the *Merida* Initiative. This Initiative has been strongly criticized by different social and political actors because of its aim and emphasis on armed combat against organized crime, with almost nothing allocated for prevention strategies and policies.<sup>11</sup>

The National Development Plan and international cooperation are not understood as directives to guide foreign policy in meeting national development objectives and goals. Instead, they are a part of international strategies to strengthen the image abroad of Mexico’s security and economic growth. They do so without reference to a human rights approach, a gender perspective or citizens’ participation, and by ignoring the economic, social and political crisis that the country is facing.<sup>12</sup>

### Participation of Civil Society Organizations (CSO) in public policies

International development cooperation initiatives are not submitted for consideration by CSOs, and

## SOCIAL EXPENDITURE AREAS (2010)



even less by citizens. ODA in Mexico is directed to government and government ministries manage it centrally. These ministries do not face any kind of oversight, and there is little transparency on specific ODA flows.

The current government has set in motion initiatives to establish more control over external aid directed to national CSO activities. Although the International Development Cooperation Law was approved in April 2010, it has not yet been implemented. The Law envisages a Board that does not include any engagement with CSOs, yet CSOs will be obliged to obtain official registration from this Board in order to receive financing. This will be the case even when registration is already a legal requirement for CSOs to receive Mexican government funds.

Different organizations have made recommendations to revise the International Development Cooperation Law. During the second semester of 2008, an open forum for dialogue took place with the participation of CSOs and legislators.

In their recommendations, CSOs suggested the creation of a law regulating international cooperation with the following features: i) consistent with federal foreign policy and with the commitments acquired by Mexico in different international instruments; ii) recognizes all actors involving international cooperation; iii) considers that international cooperation must respond to the real situation that Mexico is experiencing and be able to set priorities; iv) recognizes that the foundation of international cooperation is international solidarity, and v) creates a framework that promotes and provides for different types of cooperation.<sup>13</sup>

However, in the end it seems that CSOs have not had an effect on most egregious terms of the law.

## Understanding ODA performance in Mexico

Despite its rank as an upper middle income country (UMIC), Mexico, like many other emerging economies, still faces numerous development challenges and suffers from serious social inequalities. Therefore, the reductions in ODA present a serious challenge for the country.

It is clear that there are two (2) approaches to ODA in Mexico: one which believes that UMICs have the possibility to reach economic and social development by themselves; and the other which holds that development processes are complex and multi-dimensional, and that international cooperation is a global process where all parties involved obtain gains from the achievements and failures affect all parties. According to Lemaesquier, "... interaction with UMIC is essential to reach the main development objectives, to strengthen production and the distribution of essential global public goods in order to achieve an inclusive and equitable development that ensures sustainable development in *praxis*".

Considering the contrasts and the deep social divide in Mexico, Lemaesquier's analysis rings true when assessing the risks of reducing ODA to UMICs like Mexico. He also stresses the HLF3 Accra Agenda for Action (AAA), which recognizes that "international aid is a key part of the general landscape of development. Democracy, economic growth, social progress and awareness of environment are the main factors that boost development in all countries" and sets the same level of priority to fight against poverty and inequality (key factors for international progress).

Lemaesquier claims that it is hard to avoid some fundamental questions: "As legitimate as it might

be, the approach of *Millennium Consensus*, and as urgent as it could be to accelerate the pace in order to reach the *Millennium Development Goals* for poor countries, aren't we jeopardizing the path of UMIC by belittling them and reducing their sustainability?" Moreover, how sure are we that UMICs are not facing new problems and new dimensions of the previous problems? Are the Paris Declaration (PD) instruments effective for the UMIC in order to overcome the current global challenges?

Due to the extreme social and economic divide in Mexico, combined with the general and extreme poverty affecting up to 60% of the population, it is indeed a big challenge for Mexico to reach some of the MDGs. In other words, – as Lemaesquier says – if development cooperation is exclusively concentrated in the lower income countries of Latin America, its scope would miss between 5% and 10% of extreme poverty in the region. Therefore, in UMICs the fight against inequality is a condition *sine qua non* for overcoming poverty.

Ending poverty and mitigation of significant socio-economic problems of UMICs (multi-dimensional inequality and vulnerability) should be the main goals for the international community. Hence, UMICs cannot remain outside of the international development cooperation framework.

It is estimated that UMICs generated about 30% of world economic growth between 2000 and 2005. Furthermore, it is important to recognize that economic partnerships between UMICs and lower income countries are increasing, particularly on investment and trade.

## Tensions and Recommendations

To date, multilateral institutions have not suggested any innovative models for cooperation. The crisis that has been global presents an

opportunity to suggest a new development model. Hence, it is important for CSOs to engage with their own agenda in the decision-making of those institutions by establishing a common space for partnership, with the ability to go beyond funding in these relationships.

The realities facing Mexico have to be clearly understood by international cooperation agencies. This chapter has demonstrated that the status given to Mexico as an upper middle country which has completed a democratic transition contradicts the reality of the daily lives of millions of Mexicans. Mexico is a country with large urban slums of marginalized people and inequality. The lack of equity not only persists, but is worsening.

It is necessary to reach agreements with development organizations that still focus on global transformation, and with cooperation agencies that have a similar objective through an open dialogue. The main goal is to build a consensus to reach cooperation agreements and to engage all CSOs with the same approach, thus increasing their capacity for dialogue.

The option does not rest in one “development model”, but in an open complex socio-political system. Historically, we have been subject to a unique neo-liberal development model with a classless approach to people. However, this does not represent the most suitable model. It is time to think in different possibilities and views, learning from the indigenous communities' and groups' view which defend a new harmonious relation that considers environmental integrity and social development growth.

CSOs with effective lobbying skills are more likely to affect the directions of international cooperation. Thus, CSOs need to improve their management capacity with donors, agencies, multilateral institutions, and

especially with governments, in order to conduct analysis and eventually make recommendations to guide decisions in these institutions.

It is of extreme importance to recognize and strengthen women's role in building local citizenship, because women have directly promoted national and international social processes largely with voluntary labor. Moreover, in large part, Mexican social transformation has been motivated by women's groups that have persisted in their sustained efforts to build alternative social networks. Nowadays, social awareness has matured enough, and the lack of recognition for women's struggles is considered anachronistic. Nevertheless, international

cooperation has failed to give sufficient priority to a gender equality approach and has even demonstrated difficulties in considering gender perspectives in its guidelines.

Real recognition in the international and national arena of the commitment, role and performance of CSOs in development is also essential. It is unfortunate that in Mexico, CSO contributions have received little recognition due to a traditional approach that restricts their participation. If CSOs were recognized as social actors in international architecture for cooperation, they would not likely face the enormous problem of working without enough resources that confront many of them today.

## Endnotes

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### INTRODUCTION

The growth of the Peruvian economy during the 21<sup>st</sup> century is probably the most significant in its republican history. Since 2000, the country's gross domestic product (GDP), which reached US\$153 billion in 2010 in the aftermath of the global financial crisis, almost tripled. Between 2006 and 2010 under Alan Garcia's presidency, the GDP grew at an annual rate of 7.2%. Per capita GDP was US\$5,180 in 2010.

Based on an economic model that focused on the export of primary goods, Peru attracted a considerable foreign capital investment, which between 2006 and 2010, was concentrated in the mining sector (US\$11.8 billion investment), hydrocarbons (US\$8.2 billion) and in the generation, transmission and distribution of electricity (US\$2 billion). The current government, more than any other in history, facilitated and promoted market neoliberalism through the enhancement and exploitation of the country's economic resources.<sup>1</sup>

High international commodity prices and relatively good management of macroeconomic policies partially explain Peru's strong growth, which is among the most significant in Latin America. Export volume, of which 86% was raw materials reached US\$35 billion in 2010, has doubled since 2005.

This growth generated much political enthusiasm for economic liberalization. During its tenure, the

current government signed free trade agreements with China, Canada, Singapore, United States, European Union, Japan, South Korea and Thailand. Both the Peruvian Executive and the leading international development agencies praised these efforts. The Peruvian economy was presented as one of the most successful models of the new century.

However, hidden behind this success were some of the model's more negative aspects. These include: a) significant economic growth but absence of improvement in the quality of life which was even marked with increased inequality and poverty; b) weak democracy with a weak institutional framework and a deep crisis of representation; and c) significant social unrest amidst severe limitations of social integration.<sup>2</sup>

Inequality, measured by the GINI coefficient, remained for the past five (5) years at 0.5, in a scenario where the poorest 40% of the population receive less than 15% of the national income. Poverty rate remains very high. While it has fallen from 48.7% in 2005 to 34.8% in 2009, it still exceeds 61% of the population in five (5) regions of the country. Put in another way, it is impossible to hide the fact that while between 2005 and 2008 the poor increased their annual income by just 252 soles (US\$84), mining companies in the same period accumulated 62,000 million soles (US\$20.7 billion).<sup>3</sup>

Large segments of the population which have not benefited from economic growth have expressed

their discontent through significant social unrest and protests. Many have been affected by the impacts of expanding extractive industries and by the land concessions and livelihood resources from which they had made a living. Also important has been government's failure to meet the demands of the people, especially those living in the interior, and its frequent disregard of indigenous peoples' rights.

In its latest report, the Ombudsman's Office reported 236 cases involving social unrest in a recent month, 69% of which remained active, indicating a lack of negotiations on the part of the government. Almost half of these conflicts are socio-environmental which highlights one of the major limitations of the neoliberal model. Most of the time, these cases concern confrontations between communities and populations with different mining companies. Additionally, the fact that acts of violence have been committed in half of the conflicts also indicates the depth of malaise.<sup>4</sup>

While it is undeniable that a number of public policies seek to respond in one way or another to the structural problems that are apparent in Peruvian society, it is also true that these have not been fully successful. At the same time, it is also especially difficult to answer the question whether Official Development Assistance (ODA) resources are being aimed at addressing these structural problems of inequality and poverty.

In the first place, Peru lacks a National Development Plan. Secondly, the current government believes more in the virtuous effects of economic growth that it encourages the formulation and implementation of inclusive public policy. Finally, the importance and potential impacts of ODA, which in 2008 represented only 0.4% of GDP<sup>5</sup> and 2% of total remittances from Peruvians living abroad<sup>6</sup>, are relative. This may

explain the weaknesses of cooperation policy and plans of the government, as well as ignorance among civil society. Therefore, the virtual absence of evaluations of the scope and impact of ODA in the country should not be surprising.

## **Democratic ownership**

### **Participation**

The Paris Declaration (PD) sought to build on a new paradigm, one that strengthens the relationship between governments and donors in order to ensure the effectiveness of ODA. This relationship is to be based on shared responsibility which seeks to overcome ties based on conditionality. It is also intended to address the problems associated with donor proliferation and aid fragmentation, reaffirming the principles of ownership, alignment, harmonization, and management for results.<sup>7</sup> The Declaration reflects the operational choice for the "effectiveness-selectivity" of aid, and introduces the notion of "good governance" as a framework of conditionality. It puts the responsibility of governments at the center, and engages donors to strengthen the countries' institutions, wherever they perceive weaknesses that do not fit the "good governance" principle.

In order to meet this objective, donors would follow country development policies designed to meet social and economic conditions of poverty, and that these policies were determined through various forms of social participation, more precisely from civil society organizations (CSOs).

In Peru's case, this paradigm must be situated within the complexities and ambiguities of civil society and the participation of people in both the definition and prioritization of development policies. First, it should be noted that Peruvian

legislation governing participation in government policy processes is among the strongest in the region. Peru's political system combines mechanisms for representative democracy (elections at different levels), direct democracy (referendum, recall of sub-national authorities) and participatory democracy (concerted development plans and participatory budgeting at sub-national levels).<sup>8</sup> Despite this proliferation, citizens' participation in defining priorities and strategies for national development is almost nil.

The National Institute of Planning was dismantled in 1992 during Alberto Fujimori's administration. After the end of authoritarianism, Alejandro Toledo's government created the National Accord in 2001 as part of the recovery and consolidation of democracy. It was a space for discussion and non-binding agreement about the main governmental development policies, involving intermittent participation of business associations' representatives, trade unions, some farmers' organizations, various invited CSOs and different political parties. Although the National Accord approved 31 government policies with their respective goals, indicators and policy proposals were organized around four (4) major frameworks: 1) strengthening government, (2) development with equity and social justice, (3) promotion of competitiveness, and (4) an efficient, transparent and decentralized government. Successive governments, although they have referenced the Accord when required, have oftentimes ignored it systematically, and have violated the commitments made therein.

In 2005, Toledo's government also created the National Center for Strategic Planning (CEPLAN) to fill the gap in national planning instruments, but it was not implemented until late 2008. To this date, the Center has developed a long-term planning document, aimed at 2021 (*Bicentennial Plan. Peru towards 2021*), which takes into account

some observations and comments gathered from discussions with various associations, universities and business sectors about a previous proposal (*National Strategic Development Plan: Peru towards 2021*).<sup>9</sup> Both documents, which were developed by an Executive Branch agency, were superficially discussed with some civil society sectors. But civil society was neither fully consulted, and therefore their views have not been taken into account.

In this context, the government has formulated multiple different development plans over the years, which were sector-based (education, health, transport, agriculture, etc.), or "thematic" (equal opportunities, disability, etc.). Although a few of these plans attempted ways of informing and/or seeking opinions from some of the civil society sectors involved, they were in general far from being proper consultations and participation.

The practice of sub-national governments has certainly been different. Under the framework for decentralization reform, the Act of Regional Governments (2002) and the Act of Municipalities (2003) have required these levels of government to implement agreed and participatory planning tools for concerted regional and local development plans. Although the importance and richness of local civil society's involvement in their formulation is undeniable, those tools also had weaknesses such as a lack of clear goals and indicators, and they were not necessarily linked to the various sector plans<sup>10</sup>.

Given the absence of a National Development Plan and the fragmentation of different and diverse plans, the Peruvian International Cooperation Agency (APCI) is guided by the Annual Cooperation Plans. These are based on the Agency's guidance document, the National Policy on Technical International Cooperation, which are developed by its expert officials and approved by its Board. The latter is formally

chaired by the President of the Council of Ministers, and is composed of five (5) Ministers (Foreign Affairs, Health, Education, Economy and Finance, Women and Social Development), one representative of regional government, one local government representative and the President of the National Science and Technology Council. This Board has no mechanisms for civil society participation.

Annual Cooperation Plans, according to APCI regulations, are made in response to major government policies. These are the 31 policies established in the National Accord, the obligatory national policies for national government agencies, the Multi-annual Macroeconomic Framework and the Millennium Development Goals.

These APCI instruments are organized around four (4) main areas, each of which is broken down into several strategic objectives. The following table shows the country's central themes and strategic objectives in terms of cooperation, as presented by the APCI in 2009.<sup>11</sup>

With respect to the development and management of the processes related to the strategic objectives listed above, it is clear that the participation of one representative from each of the two (2) levels of sub-national government on the Board of APCI does not create conditions for participation. This is especially true when the government's spaces for political cooperation — the National Assembly of Regional Governments, the Association of Municipalities of Peru and the Rural Municipalities Network— have had no involvement in the selection / appointment processes of their representatives.

In general, beyond ODA, the national government has not been interested or concerned with regional consultations, just as

**Table 1** Central themes and strategic objectives in the Annual Cooperation Plan 2009

CENTRAL THEME	STRATEGIC OBJECTIVES
Institutions	To achieve a democratic and transparent government
	Universal access to justice and assurance of peace
	Support decentralization
Sustainable competitiveness	Promote competition and fair job opportunities
	Ensure sustainable development and environment
	Develop science and technology
Human security	Strengthen integration into world markets
	Social safety network that protects human capital at risk
	Universal access to safe water, sanitation services, and basic infrastructure
Human Development	Eradication all forms of exclusion and discrimination
	Universal access to quality education
	Improve health and nutrition to ensure a healthy and active life

Source: APCI: Annual Cooperation Plan, 2009

it has never given priority to consultations at the national level. Under the framework for decentralization — and given sub-national governments' pressure — representatives of the Executive Branch have met with some regions, but always to meet specific demands or resolve specific conflicts. The only significant exception

to this trend occurred in 2010, when the Budget Decentralization Multi-Sector Commission was established as part of Peru's General Budget Law. The latter incorporated sub-national government representatives in the formulation of proposals for budget decentralization, which holds great significance for national development.

In short, it is clear that the country ownership principle, defined clearly in the PD,<sup>12</sup> and extended as democratic ownership in the AAA, is noticeably absent in the Peruvian case in relation to civil society's and sub-national governments' participation.

## Transparency

Transparency and access to information are enshrined in the Constitution. In 2002, the Transparency and Access to Public Information Law established the fundamental rights on this matter. The said law establishes a principle of transparency for every public institution, with the sole exception of information that has been specifically classified as confidential for reasons of national security; as a secret for pending investigations; or as a financial, banking, commercial, industrial, technological, or market secret. The Council of Ministers' Presidency is required to report annually to Congress about information on requests that were met and not met by public institutions. Every institution should have an official responsible for fulfilling access to information requests.

The law also provides for quarterly online publication of budget information (income, expenses, funding and operating results) for public investment projects, personnel, hiring and selection processes, as well as the progress made on performance indicators in institutional strategic plans. As regards public finances, the law

compels the Ministry of Economy and Finance (MEF) to report the income and expenditures of central and decentralized authorities; internal and external debt; disbursements and debt repayments; progress of public investment projects; and financial stabilization fund balance.

Although this is the most advanced law in the region, except for the MEF, it lacks sanctions to ensure compliance by the national government and the Congress. In conformity with the law, and based on the Financial Management Integrated System, the MEF website delivers online and daily updated information on public spending. While it does not include information from several public companies, it does contain information from the country's 1,834 municipalities and 25 regional governments. The database also includes ODA resources but does not distinguish them. It accounts both the total resources available for different public agencies and for their spending.<sup>13</sup>

Although every government sector has a website devoted to transparency, in most cases the information is outdated and usually incomplete. Access is likewise difficult and slow. The national government's limited transparency contrasts with the regional and provincial governments. The latter make significant efforts to keep their websites updated and to facilitate access to information. They are encouraged to do so through various surveillance efforts by the Ombudsman's Office and by CSOs, such as the Citizen's Proposal Group (Grupo Propuesta Ciudadana), or the Press and Society Institute.

As regards government's contracts and procurement, the High Council of State Contracts and Acquisitions (CONSUCODE) is responsible for monitoring these processes. Every government department has its Annual Procurement and Contract Plan to guide open tenders throughout

the year. The CONSUCODE has established the Electronic Procurement System of the State (SENAC), which is committed to ensure the transparency of these processes. However, the system is not yet able to account for the results of procurement processes. Neither the SENAC nor the CONSUCODE distinguish ODA-linked processes, but they include ODA-funded procurement as long as they belong to the public sector.

In the case of ODA, the Peruvian International Cooperation Agency website offers information regarding annual programmed aid by supporting agencies, by strategic development objectives, by Millennium Development Goals and by the DAC Codes (sectors and thematic fields). Unfortunately the website includes outdated information and is difficult and slow to access. It should also be noted that the Agency lacks reliable information on private cooperation for development.

There is also information on cooperation resources, scattered among various sectoral reports, as well as in the reports that the APCI produces (which are irregular and late). The most recent APCI report is the *Status and Trends of International Cooperation in Peru 2007-2008* (issued in December 2010) which is primarily related to expenditures. Usually there are no reports about cooperation results, unless it is about specific projects. There are definitely no reports on ODA impact as well.

There are no mechanisms that enable civil society's access to the various ODA-related processes; the Executive Branch determines the fundamental allocations for ODA, although the APCI negotiates with donors with the relevant government sector participation. On the matter of ODA spending results, it is often easier to access information from donors which offer both project evaluations and more "open" information.

## Accountability

The General Account of the Republic, which the Executive Branch of State presented once a year before Congress, is the main and historical mechanism for accountability. Since 2002 and under the decentralization process, the Act of Regional Governments has required an annual accountability report before civil society in their regions. The Law for Transparency and Access to Information requires government institutions to be accountability for loans and indebtedness. It also requires the outgoing government to present a pre-election report about of its management of public affairs, at least three (3) months before the elections<sup>14</sup>. In addition, the 2003 Law on Citizen Participation and Control (passed under Gov. Fujimori in 1994, and with additions under the presidency of Toledo in 2003) provides for a question hour in which authorities are obliged to answer queries upon meeting a required number of signatures. Questions such as the use of public funds may be asked. To date however, this mechanism has not been tested.

While corruption is obviously a big issue and is among the most critical issues that the country is facing, there are no laws nor are there any clear and consistent mechanisms for accountability and evaluation of officials. The National Plan Against Corruption has no legal basis and has yet to be approved. According to a national survey, 80% of Peruvians believe the government is corrupt or very corrupt.<sup>15</sup> Anti-corruption measures are present in various laws, including the Criminal Code; the Administrative Procedures Act; the Executive Power Act; and the Customs Law. These are also in place in other rules and specific plans, such as the Ministry of Health Plan for the Promotion of Ethics, Transparency and Fight against Corruption.

There is, however, no government agency responsible for combating corruption. A High-Level Anti-Corruption Commission is appointed by the Executive and chaired by the Head of the Judiciary Branch. But it lacks political will and thus merely operates as a consultative body<sup>16</sup>.

Finally, it must be said that the Peruvian government's interest and commitment to guarantee transparency, as well as accountability and access to information which gained strength after the collapse of Alberto Fujimori's centralized authoritarian regime, has weakened at a quick pace. Unfortunately civil society has not been able to maintain and expand attention to transparency and accountability on the public agenda, despite important advances that were made at the beginning of the 21st century.

## Development results

### Poverty Reduction

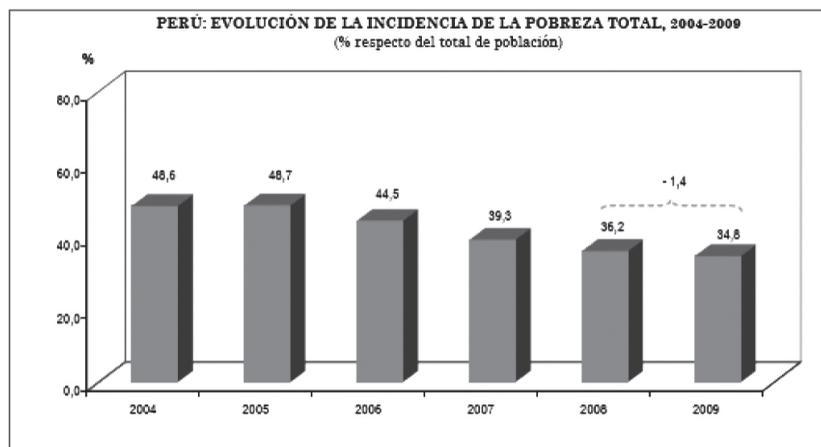
Graph No. 1 provides an overview of the downward trend in terms of monetary poverty in Peru between 2004 and 2009. The incidence

of poverty, as well as that of extreme poverty—which dropped from 17.1% to 11.5% in the very same period—is rather heterogeneous and is much higher in rural areas. Income poverty is 60.3% in the latter and extreme poverty in rural areas is 27.8%.<sup>17</sup> In 2009, Peru had more than eight (8) million people living in poverty, of which more than 2.4 million were extremely poor. Geographically, the distribution of the poor is found to be prevalent in the mountains and jungle areas.

The Peruvian government in recent years has steadily increased social spending, which in 2009 reached 37.7 billion soles (or 8% of GDP). In an effort to improve and target investments, a total of 24 strategic programs have been gradually implemented under the framework of a results-oriented budget since 2008. Another 23 targeted programs are also under way. The two sets of programs represent about 40% of total social spending, which has almost doubled since 2002.

In the implementation of these targeted programs, the government has invested both national resources and ODA. Within the Annual

**Graph 1**



Source: INEI, Lima 2010.

Plan of Cooperation, the strategies for human development and human security respond more directly to the fight against poverty. According to available information, the significance of ODA contribution in those fields is outlined in Table 2.

It should be highlighted that, in addition to concentrating interventions and disbursements in these areas (over 40% in both), ODA probably had a strong influence. An important aspect of these programs — both the strategic and the targeted — are subject to independent assessment processes.<sup>18</sup> However, it should be noted that the total contribution of ODA to social spending represented only 6% of the strategic programs budget. This percentage drops to just over 3.4% when targeted programs are included.

Based on this analysis, it is apparent that ODA also contributes improvement to other indicators such as chronic malnutrition, which declined nationally from 25.4% in 2000 to 18.3% in 2009, including a

decline from 40.1% in the rural area to 32.8% by 2009. However, as with other indicators, there are still dramatic variations between regions, as in the cases of Huancavelica (44.7%), Cajamarca (32%), Huánuco (31%) and Apurímac (30.9 %).

But despite the increase in social spending as noted above, inequality in Peru, as measured by the GINI coefficient, has remained unchanged at about 0.5. This indicates that, to a large extent, the impact of major social spending has been on poverty reduction in different sectors and regions, but has had minimal impact on equality and redistribution of wealth in Peru.

Only 8.2% of the economically active population has a decent job — one that meets the conditions for dignifying work (employment contract or business registration, income above the minimum wage, less than 48-hour work week, health insurance and a pension system).<sup>19</sup> While the employment situation has improved

**Table 2** ODA in poverty-related issues, 2009

CENTRAL THEME	OBJ. STRATEGY.	INTERVENTIONS	BUDGET (SOLES)	EFFECTIVE DISBURSEMENT (SOLES)
Human security	Universal access to safe water, sanitation, basic infrastructure and services	94	64,018,081	65,40,027
	Social safety net of human capital at risk	75	40,190,960	39,086,853
	Eliminate every exclusion and discrimination	77	4,266,090	3,498,436
Human development	Universal access to quality education	67	22,253,125	41,671,722
	Improve health and nutrition to ensure healthy living	73	24,515,651	23,892,272
<b>TOTAL</b>		<b>382</b>	<b>155,433,907</b>	<b>173,389,310</b>
<b>TOTAL ODA</b>		<b>929</b>	<b>425,084,628</b>	<b>408,960,923</b>

Source: APCI, own data

in recent years, the importance of this issue of decent work highlights qualifications to official employment and unemployment statistics, which show a substantially better picture than the one that actually exists. According to the Ministry of Labour, the unemployed rate was only 4.5% in 2009. But the fully employed was 57.7% in Lima and only 36% in the rest of the country, while the underemployed were 36.2% and 60.3% respectively. In addition, it should be noted that the average monthly income in 2009 was US\$394 and US\$168 in urban and rural areas respectively. But these amounts decline in the case of those who are underemployed to US\$150 and US\$87. The INEI estimated the cost of a family shopping basket to be US\$420 per month, so as not to be considered living in poverty.

## Gender equity

National strategies (the National Accord) and the different sector plans include provisions for gender equality. This has been facilitated by the adoption of the *National Plan for Equal Opportunities for Women and Men 2006-2010*, and after the enactment of the Law on Equal Opportunities (March 2007). In addition, a 2007 Supreme Decree from the Presidency of the Council of Ministers established several mandatory policies for national government agencies, including specific provisions devoted to equal opportunities.

Women's rights are protected by a large number of laws and regulations derived from the signing of various international human rights conventions, both binding and non-binding. In terms of equality of opportunity without discrimination, women's rights are protected by the National Constitution (1993) and by specific sections of the Acts of both Regional Governments (2003) and Municipalities (2005).

As regards women's political participation rights, there are several mechanisms that establish and

protect these rights apart from the Constitution: the Elections Act (2001), the Regional Elections Law (2002), the Municipal Elections Law (2002) and the Political Parties Law (2003). A law for the promotion of education for rural girls was also approved in 2001.

As a mechanism for the promotion of women in development, a law in 2002 created the Ministry of Women and Social Development, specifying its objectives and functions. At the sub-national government levels (regional governments and municipalities), there are more than 200 provisions and by-laws that, in one way or another, emphasize women's rights.<sup>20</sup>

Despite legal and institutional advances in this field, along with some actual national and regional programs, it is nonetheless clear that in terms of income the gender gap is still prominent in various sectors of government.

Although progress is undeniable, the gender gap is still quite significant. Thus, 51.2% of people living in poverty and 52.6% of the extreme poor are women. In terms of employment rate by gender, the gap is 0.8, while the earned income difference is even greater. In 2009, women earned 32.5% less than men, which widened from 29% in 2005.

When formulating the National Plan for Equal Opportunities, the Ministry of Women convened various public sectors and civil society groups. Among the latter were the Community Kitchen Federation; the National Coordination of Self-managing Community Kitchens and Mothers Clubs; the Association of Mothers Clubs; the Flora Tristán Centre of Peruvian Woman; the Manuela Ramos Movement; the Centre for Social Studies and Publications (CESIP); the National Network for the Promotion of Women; the Latin

American and Caribbean Committee for the Defense of Women's Rights (CLADEM); and the Gender Bureau of International Cooperation (MESAGEN), a coordination space for donors. While the Plan did not include all practical and strategic women's needs, the organizations that participated in its formulation, nevertheless, endorsed this as an important first step.

Although there has been no assessment of progress and results on gender gap, donors committed to supporting the gender equity and women empowerment undertook 48 interventions in 2009, for a total investment of US\$4.7 million.

### Ecological sustainability

The 1993 Constitution establishes provisions for the sustainable use of natural resources and indicates that the latter are the nation's heritage. Subsequently, a 1997 Law for the sustainable use of natural resources was an important first step and was later followed by further regulations, such as a 1997 Law on conservation and sustainable use of biological diversity; the "Ley al Canon" (2001) that regulates the use of natural resources and the allocation of revenues produced by their exploitation; and the General Environmental Law (2005). The government also has many specific regulations that control the use of natural resources, such as the General Water Law, the Law of Forestry and Wildlife, the Fisheries Law, the Land Law, the Mining Law, among others. The Penal Code itself establishes crimes against public health and the misuse of natural resources and the environment, which complements the existing Environmental Code.

More recently, a 2008 Law has created the National System of Environmental Control and Evaluation. The use of natural resources by the private sector is regulated under different laws and

through diverse regulations on concessions. But beyond the legal system, the government's economic policies continue to encourage the use and exploitation of renewable and non-renewable natural resources.

The fact that over 70% of national exports are minerals, oil, natural gas and hydro-biological resources, among other resources, is no accident. In this regard, Peru is still unfortunately following its historical tradition: a supplier of raw materials with little added value. This economic policy limits a more sustainable approach to development in Peru. In turn, it also leads to a series of economic challenges, such as economic concentration, environmental pollution, plunder of resources, and poor governance of environmental regulations, monitoring and enforcement.

Socio-environmental conflicts, as noted above, have also been escalating over recent years—coincidentally due to exploitation processes of natural resources in different regions of the country. Tensions and often open conflicts break out continuously between local people (often native or rural communities) and companies. The former seek to safeguard and defend their rights and interests—related mainly to water sources, agriculture and the natural environment—while the latter aim to carry out some form of economic exploitation in the area. Unfortunately, the government is hardly present. Apart from having strongly promoted concessions for companies, government often plays no further role in intervention to ensure that the rights of communities are protected. In instances where government does step in, the intervention is often late, untimely, and results in exacerbating the tensions.

By 2009, 18 million hectares were under concession to mining, which constituted 14% of the country's territory. In 2008, mining companies

spent US\$5.6 billion in explorations, and in some regions such as Apurimac and in Chumbivilcas (Cusco) had more than 50% and 88.9% respectively of its territories under concession. Most of the time, local people were unaware of these concessions,<sup>21</sup> which generated conflicts. All recent examples have a common critical factor: the definition (or its absence) of rights. This is especially compounded by government's inability (including local and regional authorities) to generate awareness and support processes regarding the alleged exploitation and/or investments, and thus reconcile interests and diminish tensions. These are often unfounded and exacerbated by local and political (and not necessarily technical) considerations.

It is essential to have a strong presence of a properly informed public authority, one which is able to accompany people in these processes. This entails strengthening the oversight and monitoring capacities of environmental authorities (including MINAM's Environmental Assessment and Control Agency) and conducting appropriate consultation processes among local people.

On the other hand, these issues are complex. The Constitution guarantees access to natural resources, and the concept of "dominio eminencial" gives the government some ownership over natural resources, but how this is applied in the Amazon zones is challenging. Many indigenous groups in the area demand autonomous access to natural resources in their lands, which would require a constitutional amendment. The legal relationship of indigenous communities with the forest is through what has been called the "assignment in use". This legal uncertainty in relation to their rights produces deep concern among indigenous groups. Recent conflicts in these regions have led to a debate on how to access natural resources and on the relationship between surface rights and subsurface rights.

Although there are many government agencies responsible for the sustainable use of natural resources, these issues have been usually specialized in the various Ministries (Agriculture, Fisheries, Energy and Mines etc.). With the establishment of the Ministry of Environment, but also with the transfer of functions and powers to sub-national governments, agencies with some environmental mandate have multiplied as their responsibilities overlap and are unclear. This is one of the most politically controversial issues in the country, given that the government is usually the first to breach the rules on account of its commitment to promote mining and agricultural exports. Although there are different regulations that protect indigenous peoples' rights over natural resources and some of these determine the use of natural resources in their domains, the Peruvian government has refused to approve the Previous Inquiry Act, initially passed by Congress (2010). This Act grants the right to prior consultation with indigenous or native peoples, recognized in Convention No. 169 of the International Labor Organization, signed by the Peruvian state in 1993. The purpose of the consultation is to reach an agreement or consensus between the state and indigenous or native peoples for administrative and legislative measures that affect them directly, through an intercultural dialogue to ensure their inclusion in decision-making processes and adoption of state measures respectful of their collective rights.

Deforestation is related to the expansion of extractive industries. With natural woodlands covering 74 million hectares, Peru has the second largest woodlands in Latin America. However, it is estimated that on average 300,000 hectares are subject to deforestation every year, in contrast with the average annual reforestation of only 8,000 hectares. This situation has seriously damaged the integrity of the forest ecosystem. Despite these figures, and even if it seems to be a paradox, Peru

has failed to export more wood than it imports. Thus, forestry's contribution to the national economy is very small, which is mainly due to inappropriate government policies.

While Peru is one of the 12 mega-diverse countries in the world, the loss of biodiversity is nevertheless significant even as the government fails to carefully measure this loss. With respect to wildlife, in 2008 a total of 23 species were in danger of extinction; 71 were endangered; 116 were already vulnerable, and 91 more were near threat. In terms of flora, 194 species were critically endangered; 73 were endangered; 391 were vulnerable and 119 were almost threatened.

The main concern and interest of donors in this area has been the protection of biodiversity; enhancement of protected areas; reforestation; and water management. Unfortunately, the information available to the APCI does not allow a very accurate disaggregation. Of the total 929 ODA interventions in 2009, 147 were for the strategic goal of ensuring sustainable development and protecting the environment, with a disbursement of US\$24.9 million. An optimistic estimate is that about 10.5% of ODA was allocated for this.

## Conclusions

After more than five (5) years since the adoption of the PD, it is clear that progress on its commitments is limited and uneven. In terms of democratic ownership, Peru has made undeniable progress with many instruments that seek to

improve civil society's participation in public management, transparency and accountability. Therefore, the fundamental problem is not the lack of mechanisms, but rather the absence of political will from the government, which still does not understand the importance of broad and inclusive ownership as an avenue for improving the effectiveness of development resources.

This lack of political will is even more obvious in the case of ODA. The government gives limited importance and attention to national policies to guide ODA. APCI, the responsible agency for policy, lacks both capacity and interest to fulfill its mandate. Its distrust of civil society—and NGOs in particular— as well as the poor information that it produces, makes issues concerning ODA an interest of a 'reduced' number of specialists. This situation has deteriorated to the extent that issues relating to ODA and international cooperation are almost unknown among CSOs. It is also surprising that donors do not promote the use of transparency systems such as the SIAF and the SENAC, which would allow civil society to monitor ODA priorities and directions. Similarly, it is worthy to note that donors do not promote the dissemination of evaluation and analysis processes to document ODA results.

As regards development results for the people, although there is significant progress in reducing short-term poverty, it is clear that progress is practically nil in terms of greater social equalities and redistribution as a condition to reduce structural poverty.

## Endnotes

- 1 On this particular issue, see: GARCIA, Mariel: *La construcción de la realidad según Alan García*, Argumentos, year 1, number 1, Lima, Instituto de Estudios Peruanos, 2008. Available in <http://revistargumentos.org.pe>. See also Bajo la Lupa, monthly analysis and proposal magazine, No. 8, Lima, May 2008.
- 2 On this respect, see: BALLÓN, Eduardo: *Un año de gobierno aprista: del cambio responsable al no hagan olas compañeros*, in DESCO (Publisher): **Perú hoy. Un año sin rumbo**, Lima, DESCO, 2007.
- 3 FRANCKE, Pedro: *Pequeñas sumas. Gotea para abajo, diluvia hacia arriba*, en Diario La República, Lima, edition of July 22, 2008, p. 17.
- 4 OMBUDSMAN OFFICE: *Report No. 85 on Social Conflicts*, available at <http://defensoria.gob.pe/conflictos-sociales-reportes.php>
- 5 CAD/OECD
- 6 INEI-International Organization for Migration: *Perú, remittances and development*, INEI-IOM, Lima, 2011.
- 7 About this instrument, see Martínez, Ignacio y José Antonio Sanahuja: *La agenda internacional de eficacia de la ayuda y la cooperación descentralizada en España*, Fundación Carlona-CeALCI, Madrid, 2009.
- 8 INEI-International Organization for Migration: *Perú: Remittances and Development*, INEI-IOM, Lima, 2011.
- 9 Both documents were published by CEPLAN. The National Development Strategic Plan, year 2010; the Bicentennial Plan, year 2011. They can be consulted in the Peruvian Agency for International Cooperation (APCI) website: <http://www.apci.gob.pe>
- 10 On this particular issue, see: National Assembly of Regional Governments: *Towards a Balance of Decentralization from Regional Government's Work*, ANGR with the support of AECID, Lima, 2011.
- 11 Peruvian Agency for International Cooperation, APCI: *Annual Cooperation Plan 20009*, in <http://www.apci.gob.pe>
- 12 Paragraph 14, Chapter II, of the Paris Declaration states that partner countries agree and commit to develop and implement "their own development strategies through broad consultative processes", leading aid coordination "in dialogue with donors and encouraging civil society and private sector's participation."
- 13 It is available at <http://www.mef.gob.pe>
- 14 In compliance with this provision, the governments of both Alejandro Toledo and Alan García presented their respective reports to Congress. These were general accountability reports about every aspect of their administrations, and, beyond the triumphalism shared by both, they did provide information which was sorted enough to understand the development expenditure approach that they assumed during their periods. Both reports seek to account for advances in terms of development using the indicators often committed in the Millennium Development Goals. The reports are available on the websites of both the Presidency of the Council of Ministers and in the parliament.
- 15 IPSOS Apoyo, PROETICA-CONFIEP: *VI National Survey on Corruption Awareness*, IPSOS Apoyo, Lima, 2010.
- 16 For more information see ARIAS, Inés: *Lucha contra la corrupción. Cuatro años de fracaso*, in DESCO (Publisher): *Perú hoy, Desarrollo, democracia y otras fantasías*, DESCO, Lima, 2010; pp. 3663-3770.
- 17 INEI: **Informe técnico. Evolución de la pobreza al 2009**, INEI, Lima, 2010.
- 18 A total of 24 budget design and implementation evaluations were conducted, and two (2) more are being subjected to impact assessments. These are the following programs: Construyendo Perú (Building Perú) and Wawa Wasi.
- 19 The index of Decent Work, created by the International Labour Organization has 5 levels that distribute the EAP: level 1 when it meets all indicators of decent working conditions; 2 when it meets all the basic indicators; 3 when it meets at least one of the basic indicators; 4 when it doesn't meet any of the basic indicators, but does meet any of the complementary ones; and 5, when it meets no indicator at all.
- 20 More can be found on the subject in: <http://mimdes.gob.pe>.
- 21 CONCAMI: **La invasión de nuestros territorios: expansión de las concesiones mineras en el sur del Perú**, CONCAMI, Lima, 2009.