Chapter 3
The Paris Declaration Does Not Go Far Enough

Introduction

Chapter Three: The Paris Declaration does not go far enough - it fails to recognize human rights as the heart of development policy

Given that aid relationships are still relationships of power dominated by the IFIs, the Paris Declaration might seem to be a beacon of light foreshadowing a better reality. However, the authors in this third chapter of the 2008 Reality of Aid report argue that it does not go nearly far enough.

Philippines

The NGO IBON in the Philippines argues that, whilst the PD declares that it is about greatly improving the quality and effectiveness of aid, the unfortunate reality is that it serves to reinforce or even aggravate some of the more undesirable aspects of aid to its country. This has serious implications for the progressive realization of human rights in the Philippines – and may even prevent this from taking place.

The article points out that the PD is mainly about technical and procedural efficiency in the management of aid and it tends to reinforce the lack of a rights-based approach. It is fundamentally limited by its narrow analytical framework, which is not designed with human rights in mind. This is what makes the PD as it stands so dangerous in the Philippine context.

From the point of view of the realization of human rights, the PD's most serious flaw is that it maintains ODA as an instrument for donors to advance their interests rather than to foster democratic governance. ODA is a major source of public finance and donors wield tremendous influence over the country's social and economic policies. Unfortunately, the PD as it stands noticeably sidesteps the need to reduce this influence.

The PD not only avoids the issue of policy conditionalities, but actually aggravates the situation in a way that cuts across the PD's declared principles. For instance, the PD indicator on ownership - "partners having operational development strategies" - ignores how these strategies are themselves already strongly influenced by donors. The PD fails to address the reality of alignment along neoliberal economic lines with a narrowing of the discourse about alternative policy options.

Similarly, the harmonization being applied serves more to strengthen donor domination of the aid system vis-à-vis the Philippines, rather than enabling a human-rights-based approach focused on genuine national, regional and local needs, particularly of the poorest and most marginalized.

The CBM

The NGO CBM points out there are several positive aspects to the Paris Declaration (PD) including commitments to engage "a broad range of development partners" in creating national development strategies.

"Broad consultative processes" should be used to engage parliaments, NGOs and citizens.

However, the step taken by the PD, whilst welcome, is definitely too small. The paper argues that the commitments made are weak and do not set out a clear agenda of promoting democratic participation in development policy-making. Nor does it really promote the principle of subsidiarity which says that a central authority should perform only those tasks which cannot be performed effectively at a more immediate or local level.

Ultimately, the PD focuses too strongly on an aid effectiveness agenda dominated by governmental national development strategies and not enough on developing democratic ownership of development policies including the range of relevant stakeholders. The PD lacks a focus on human rights and the organisations that can help deliver such a focus, such as CSOs, which can help bridge the gap between those in power and those in need of services.

Given these limitations, it is unlikely that the PD by itself will be able to bring about the required development effectiveness to alleviate severe problems such as poverty, hunger, disease and under-education in developing countries. It has taken a step in the right direction, but more steps are now needed to achieve the necessary rights-based focus and approach.

Bissio

This detailed paper assesses the different indicators for each of the five PD principles and shows that they do not have a clear focus on achieving the progressive realization of social and economic rights. Human rights and the right to development in particular are not mentioned. Rather, they only refer to how aid is managed and delivered.

The paper claims that rather than creating a partnership of equals, the PD contains several preconditions that developing countries have to meet, without calling for reciprocal efforts from donors. Recipient countries are penalized if they do not implement the conditionality framework, but they have no way of penalizing their donors/creditors.

The effectiveness of aid delivery and management, as measured by the PD, does not assess the impact of aid on poverty reduction or realization of human rights. While it might be expected that more efficient aid will contribute positively to both objectives, the 12 indicators could in fact be reviewed positively without any measurable impact on either. Worse, the implementation and assessment of the PD implies risks to the right to development against which no insurance, complaint mechanisms or exceptions are provided.

The reality of the PD is that it creates a new level of supranational economic governance above the World Bank and the regional development banks. By aligning bilateral and multilateral donors around certain governance requirements, it might even serve to undermine local democratic processes and the "policy space" that developing country governments need to make their own plans.

Afrodad

This article from the African Debt and Development Network looks at the importance of the Paris principles of harmonization and alignment to aid effectiveness. It argues that the principles themselves will not lead to greater development effectiveness unless accompanied by progress in democratic ownership. Harmonization and alignment must be seen as necessary, but not sufficient conditions for development effectiveness.

The article recognizes that there have been positive efforts towards harmonization in Africa around joint missions, common analyses of situations and performance, and

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the development of Sector Wide Approaches (SWAps). Also, the Poverty Reduction Strategy Papers (PRSPs) have opened doors to various levels of national ownership of the strategies, which have improved with the second generation of PRSPs. Several examples are presented from African countries.

However, if democratic processes do not inform the development of policy in the first place, then alignment is undermined - there needs to be a true domestic political agenda for donors to align to. Similarly, harmonization under these conditions presents as many dangers as it does potential benefits, since donors are not harmonizing around a strong domestic agenda, but may be using their harmonization to exert even greater influence over national policy priorities.

To truly implement the principles of harmonization and alignment, the national development strategies must be fully national and legitimate. The major barriers to the achievement of this legitimacy are set out as: (1) lack of aid predictability; (2) continued use of aid conditionalities and tied aid; (3) poor governance; (4) lack of accountability; (5) weak local capacity; (6) and lack of involvement of CSOs.

The crucial issue is that the principles of harmonization, alignment and democratic ownership are actually interdependent - only if all of them are followed will aid policies become effective at promoting optimum development.

Conclusions

The Paris Declaration may appear to be a major step towards better aid and better development, however in reality it flatters to deceive. Whilst making some good noises around key principles and ideas such as participation, it totally fails to deliver an approach focused on the achievement of people's rights or the right to development.

The Declaration does nothing to redress the imbalance between donors and recipients, and therefore its principles become distorted. Harmonization tends to strengthen the power of donors over recipients by reducing choice, and alignment is seen to be achieved through the use of national development strategies that have themselves been strongly influenced by donors. Mutual accountability is impossible given the current imbalance in power and the PD does not change this.

The Declaration is more about technical and procedural efficiency in aid than a redirection of the philosophy of aid based on democratic participation in development policy-making. The PD will therefore not be enough to deliver the required development effectiveness to alleviate severe problems such as poverty, hunger, disease and under-education in developing countries.

Aid and the Rights-Based Approach in the Philippines

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There is still much to be done in terms of applying the rights-based approach (RBA) to official development assistance (ODA) in the Philippines. The barriers have to do both with the unduly donor-defined character of aid as well as with current limitations in the country's internal aid processes.

On paper and in terms of first principles, there appears to be a solid basis for a comprehensive rights-based approach in the Philippines. The right to development is enshrined and elaborated at length in the country's Constitution. The government is also a signatory to most United Nations (UN) Covenants and human rights instruments. These presumably establish the legal premises for ensuring that aid policies in the Philippines are consistent with international human rights standards and actually use them as their framework for implementation. Unfortunately, however, the government – as with governments in many other countries – still has a tendency to compartmentalize its human rights obligations. Combined with the pressure exerted by donors, human rights are neglected and overlooked in aid policies.

Within this context, the Paris Declaration (PD) on aid effectiveness, as it stands, unfortunately serves to reinforce or even aggravate some of the more undesirable aspects of aid to the country. This has serious implications for the progressive realization of human rights in the Philippines and may even prevent this from taking place.

Undermining Socio-Economic Rights

Social and economic rights are always fully acknowledged and well-articulated whenever they are brought up in UN and UN-related forums. Many commitments are made. Yet these same obligations are conspicuously absent, or given only lip service, in the vital forums relating to international trade and finance or to domestic macroeconomic policies. This greatly undermines human rights efforts elsewhere, given the far-reaching impact on people's lives, livelihoods and welfare of these policies.

The Philippine state, being the only institution with the official mandate and authority, is of course ultimately responsible for domestic policy. Nevertheless, understanding where the direction of these policies comes from is crucial. In current political conditions, this direction unfortunately comes disproportionately from local elites, foreign corporate interests and the international financial institutions (IFIs) rather than from the broad majority.

For several decades now, multilateral and bilateral aid has come with invariably "free market" policy conditionalities designed to benefit the narrow interests of the dominant domestic and international political groups. These conditionalities have been explicit and formally contained in ODA agreements as well as leveraged through the extended ideological remolding of domestic policy-making elites. Sadly, they have compromised the incomes, livelihoods and strategic well-being of millions of Filipinos.

The economy has certainly been opened up and is now amongst the most open in East Asia. The share of trade in gross domestic product (GDP) has doubled and the share of foreign investment quadrupled between 1980, when such conditionalities started to be imposed in earnest, and 2007.[1] The manufacturing sector is a smaller share of the economy than in the 1960s as well as the most foreign-dominated it has ever been. Agriculture's share in the economy is at its lowest point in history; agricultural trade deficits have been rising since the mid-1990s and the country is more dependent than it has ever been on imported food.

This distortion of the economy has impacted negatively on the population. The country's productive sectors are more backward than ever, which undermines incomes, job creation and prospects for broad-based development. Economic growth in 2007 was the fastest in three decades and among the most rapid in the region. Yet, tellingly, the period 2001-2007 was also the worst seven-year stretch of recorded joblessness in the country's history with an average annual unemployment rate of 11.3 percent.[2] Some 11 million Filipinos out of a labor force of 38 million were jobless or underemployed in 2007.[3] This job crisis has forced some 3,000 Filipinos a day to look for work abroad; there are now 9-10 million overseas Filipino workers (OFWs), around 10 percent of the population, scattered in over 190 countries.[4]

Unsurprisingly, poverty has continued to worsen. Using a poverty threshold of US$1 a day (at market exchange rates), there were 27.6 million poor Filipinos, or an increase of 2.1 million between 2003 and 2006. If a less extreme poverty threshold figure of US$2 per day is used the number of people living in poverty more than doubles. In any case, official poverty incidence has increased from 30 percent to 33 percent over the same period.[5] All told, Filipinos' right to development has been severely compromised by conditionalities and their attendant economic outcomes.

Undermining Socio-Economic Rights Through Donor Preferences

The Philippines, like hundreds of other under-developed countries, faces resource gaps in virtually all areas of social and economic policy. In this context, aid is presumed to go towards helping reach ambitious development goals such as cutting poverty in half, reducing child mortality by two-thirds and ensuring universal primary education. However, the country's overall aid profile reveals collective donor preferences that prevent aid from going to where it is most needed socially.

The need for greater public investment in health and education is unambiguous. State health expenditure has been steeply declining and was down to 0.28 percent of GDP in 2007 from 0.44 percent in 2000 and from a peak of 0.74 percent in 1991; education spending in turn went down to 2.5 percent of GDP from 3.5 percent in 2000 and a peak of 4.0 percent in 1998.[6]

Yet rather than targeting these urgent areas, the largest part of on-going ODA loans still goes to infrastructure development. Infrastructure accounted for US$5.5 billion in 2006, or 57.5 percent of the total (down from its recent peak of 69 percent in 2001).[7] On the other hand, only US$1.2 billion or just 13.0 percent of total loans went to social reform and development. Although this is double the share of five percent in 2000, the proportion is still too low. Furthermore, most of this was even accounted for by US$723 million in various program loan commitments geared towards further health and education sector privatization and correspondingly reduced national government outlays in the future.[8] Another US$100 million was for a local community-focused program – the KALAHI-Comprehensive and Integrated Delivery of Social Services (KALAHI-CIDSS) – which has been criticized for being implemented on the ground in the context of counter-insurgency.

The overall aid profile indicates the tendency of aid to reinforce rather than remedy basic distributive problems in the country's official development strategies. Most aid goes to infrastructure in areas of the country with relatively high-value economic activity or to projects with direct economic returns rather than to social services and to remote areas where outcomes are less visible or not immediately measurable. Infrastructure projects tend to be located where transnational firms can most benefit from their use. A scan of the list of ODA loan commitments in 2006 shows that at least a third of these projects are identifiably implemented in and around the country's National Capital Region (NCR), where over half of the country's economic activity is found.

More aid could usefully go to social services and to remote areas where the Philippine government is weakest and devotes insufficient resources. Instead, and particularly in the context of economic policy conditionalities, aid currently tends to buttress the inequitable status quo and deliver benefits to a narrow cross-section of the domestic population and for foreign corporations in the country. Limitations in the current aid system need to be addressed to remedy this.

No Rights-Focused Monitoring of Aid

The country's aid system is limited by its excessive focus on mainly financial and procedural matters at the expense of developmental processes and outcomes. The narrow parameters of the country's aid system are starkly evident in the information generated for the management of aid. The basic ODA legislation specifies three major official bodies to oversee the aid system: the economic planning agency National Economic and Development Authority (NEDA); the Commission on Audit (COA); and a Congressional Oversight Committee on ODA (COCODA). There are two major annual reports by the country's main official aid-related bodies: the annual COA audit report and NEDA's annual ODA review. These two reports are essentially concerned with expediting aid flows and do not concern themselves with the developmental outcomes (or otherwise) of ODA programs or projects.

The NEDA review provides a basic profile of the aid portfolio covering distribution by donor, sector, recipient agency and the extension or cancellation of loans. There is an assessment of "performance," but only according to financial indicators of "disbursement", "availment" and "project costs". There is a section on implementation issues and measures but, again, these are largely related to budgeting, financing and absorptive capacity matters. The NEDA apparently even ceases monitoring projects once they are completed.[9]

The COA report is an even more straightforward and detailed financial accounting of aid. The COCODA potentially creates an opening for more developmental considerations and involvement of citizens and civil society. However, this was only convened in 2005, almost a decade after being created by law, and even so still remains basically dormant.

The absence of indicators on poverty reduction, human rights or development is a clear sign that these are not among the guiding principles of ODA in the country. What is missing, but which should be one of the most important factors to be closely monitored, is the extent to which aid allocations are actually going to the geographic regions, income classes and marginalized sectors that are most in need and to what extent it protects and promotes rights.

Civil society groups have tried to make headway at the project level and, to a more limited degree, in national policy-making. Yet these efforts are severely limited by the overall absence of detailed information and the lack of CSO familiarity with project complexities, aggravated by a general lack of transparency. Perhaps a few dozen aid projects out of many hundreds have been scrutinized in the last decade. The overwhelming bulk of the value of ODA has, in short, escaped more detailed study.

The lack of a rights-based approach in the country's aid system reflects the lack of a rights-based approach in the country's development policy-making in general. This in turn reflects the need for more democratic governance better able to take measures that respect, promote, protect and fulfill the right to development. The Philippines, however, remains saddled by structural political and economic inequities which the aid system does little to address.

Unfortunate Consequences of the Paris Declaration

The Paris Declaration declares that it is about greatly improving the quality and effectiveness of aid. However, it tends to reinforce the lack of a rights-based approach. The PD – like the COA and NEDA reports – is mainly about technical and procedural efficiency in the management of aid. It is fundamentally limited by its narrow analytical framework which is not designed with human rights in mind. This is what makes the PD as it stands so dangerous in the Philippine context.

From the point of view of the realization of human rights, the PD's most serious flaw is that it still regards ODA as an instrument for donors to advance their interests rather than to foster democratic governance. ODA is a major source of public finance; where it is directed and how it is used has a strong influence on the domestic policy-making landscape. At the same time, the Philippine state is still weakly democratic and correspondingly unable to more strongly embrace a human rights framework or assert this vis-à-vis aid. Thus, ODA donors wield tremendous influence over the country's social and economic policies. Unfortunately, the PD as it stands noticeably sidesteps the need to reduce this influence which has far-reaching implications.

Conditionalities and their associated "free market" policies have resulted in such adverse human development outcomes in the country that they must be a central concern. Yet in the context of the Philippines, the PD not only avoids this issue but actually aggravates the situation in a way that cuts across the PD's declared principles. For instance, the PD indicator on ownership – "partners having operational development strategies" – ignores how these strategies are themselves already strongly influenced by donors. The decades of sustained political, ideological and economic pressure from donors pushing neoliberal policies has actively undermined the Philippine government's capacity to even conceive of more democratic notions of fair and development-oriented trade and investment based on human rights.

Amongst others, the World Bank (WB), Asian Development Bank (ADB), United States Agency for International Development (USAID) and the Japanese government have all invested heavily in national policy-making processes. Aside from various "multi-stakeholder" development forums, they have also directly funded government line agencies, private think-tanks, academic and media bodies, and even CSOs.

This sustained technical assistance, sponsorship of research and conferences, funding of joint projects and other funding relationships have had a strong influence. The overall effect has been alignment along neoliberal economic lines and a narrowing of the discourse about alternative policy options. It is highly likely that there is prior 'self-censorship' and 'adaptation' from the Philippines to meet donor preferences. These are among the factors that have contributed to the development of consecutive five-year official Medium-Term Philippine Development Plans (MTPDP) since the 1980s that chart out the rapid opening up of the economy.

Moreover, the PD's promotion of harmonization also seems to be more about enabling donors to more efficiently achieve their individual and collective ends rather than about fostering a human-rights-based approach in the recipient countries. The many recent harmonization efforts[10] have included policy coordination through the donor-dominated Philippine Development Forum (PDF) and common arrangements among external partners. The WB and European Union (EU) have agreed to use common appraisal, reporting, auditing and review procedures and to undertake some pooling of funds. Other partners, including the ADB and the German government, are undertaking joint planning and review arrangements for their health-related programs. Unfortunately, this harmonization serves to strengthen donor domination of the aid system vis-à-vis the Philippines, rather than enabling a human-rights-based approach focused on genuine national, regional and local needs, particularly of the poorest and most marginalized.

Conclusion

A new approach to aid effectiveness that more genuinely advances socio-economic rights is required in the Philippines and other developing countries. There are key elements that should be part of such an approach. These include consideration of larger issues such as the imbalance of power between donors and recipients and of structural inequities in income and wealth. There should be greater attention to participatory and democratic processes as well as giving priority to developmental outcomes. Greater efforts on the government side to institutionalize such an approach are vital.

At the same time, greater CSO involvement and engagement would provide additional momentum as well as being important for sustaining such an approach. Philippine CSOs have by no means collectively and fully internalized and implemented the rights-based approach themselves. Yet generally they nonetheless have a track record of adhering to human rights principles and developmental practices. Many were indeed consciously formed as a counterpoint to acknowledged government bureaucratic inertia and disconnectedness from the grassroots level. These are relative advantages that would be most productive in helping build a democratic aid system that more decisively addresses the long-standing problems of Philippine poverty, inequity and underdevelopment and promotes human rights.

Notes

1 IBON computations on data from the Bangko Sentral ng Pilipinas (BSP) and the United Nations Conference on Trade and Development (UNCTAD) on-line database.

2 IBON computations on data from the National Statistics Office (NSO) Quarterly Labor Force Surveys (LFS).

3 Ibid.

4 IBON estimates based on data from the Philippine Overseas Employment Administration (POEA) and the Department of Foreign Affairs (DFA).

5 National Statistical Coordination Board (NSCB), 2006 Official Poverty Statistics, March 5, 2008.

6 IBON computations on national government expenditure data from the DBM.

7 Unless otherwise noted, all ODA donor loan data from the National Economic and Development Authority's (NEDA) 15th Official Development Assistance Portfolio Review (2006).

8 Covering the WB's Second Social Expenditure Management Program (US$100 million), Social Expenditure Management Program (US$100 million), National Program Support for Basic Education (US$200 million), and National Sector Support for Health Reform (US$110 million) and the ADB's Health Sector Development Program (US$213 million). COA ODA Audit Report 2006.

9 NEDA reply to a query from a member of the Congressional ODA Oversight Committee (COCODA), noted in the minutes of a meeting of the COCODA at the House of Representatives (HOR) on November 14, 2006.

10 NEDA, Report On The Baseline Study And Survey Of The Government Of The Philippines' Compliance With The Paris Declaration Commitments, February 2008.

Democratic Ownership and the Paris Declaration

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Introduction

This article reflects on the strengths and weaknesses of the Paris Declaration to promote effective development policies. Particularly, it examines who owns and drives the development process, looking at the role of citizens, parliaments, CSOs and donors. When looking at the overall integration of aid resources into development objectives at country level, the article takes into account governmental leadership of partners including democratic processes of relevant institutions as well as the political will and capacity to promote development objectives.

The Paris Declaration

The Paris Declaration on Aid Effectiveness is a voluntary agreement of governments and multilateral institutions who realised there were flaws and insufficiencies in their aid delivery systems. It focuses on the effectiveness of aid, as a necessary, though not sufficient, element in achieving sustainable socioeconomic development within the briefest terms and at the lowest possible transaction costs. Since this initiative on aid effectiveness has been donor-led under the umbrella of the OECD's Development Assistance Committee, we would like to examine how, according to the Paris Declaration, a people-centred development process can be ensured by southern civil society and their parliaments and governments, and supported by the donor community.

Civil Society Organisations have long asked that ownership of development decisions be given to Southern countries, enabling them to direct their own development with reinforced capacities and by means of participatory and transparent procedures. The Paris Declaration, in contrast, neither talks about *democratic* ownership nor about the poorest and most vulnerable populations as priority target groups of development efforts.

There are some positive aspects of the Paris Declaration:

- countries commit to "*Exercise leadership in developing and implementing their national development strategies through broad consultative processes.*" (Partnership Commitment 14)

- furthermore, there is a specific reference to Civil Society at the country level: "*Partner countries commit to take the lead in co-ordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society…*" (Partnership Commitment 14).

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- it agrees that governments and donors should "*…reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies*." (Partnership Commitment 48).

- it also recognises that both parliaments and citizens should be enabled to monitor official development expenditure. Donors are asked to provide better "*…information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislators and citizens*" (Partnership Commitment 49).

- with regard to failing states, the Paris Declaration says in Partnership Commitment 39: "Donors *should make maximum use of country, regional, sector or non-government systems".*

Failings of the Paris Declaration

From the point of view of CSOs like **CBM** - an international organisation concerned with disability and development and lobbying for a more transparent and effective aid system - the initiative of the Paris Declaration is long overdue and welcome but definitely too small a step in that numerous aspects of development effectiveness are not considered to their full extent, or worse, not at all.

The commitments made are quite weak and do not set out a clear agenda for promoting democratic participation in development policy-making. They certainly do not acknowledge the necessity of advocacy work in countries where participation of all groups of civil society in resource allocation needs to be initiated or strengthened.

The Declaration's effort needs to be better geared toward poverty reduction, democracy-building, human rights, equity between southern and northern countries and within countries, and social, economic and environmental sustainability.

Also, the Paris Declaration does not really promote the principle of subsidiarity which says that a central authority should perform only those tasks which cannot be performed effectively at a more immediate or local level.

The Paris Declaration's principle of 'ownership' refers first of all to the authority that ODA-receiving partner governments exercise over the formulation and management of their policies and strategies, and over the coordination of their own development actions; the Declaration does not say much about the CSOs' role in that process.

Similarly, encouraging information on aid flows does not by itself ensure that the public and parliaments will be well informed by their governments. Definitely more needs to be done and it has to be asked whether donors could not inform the public on agreements with partner governments proactively, providing civil society with the means to enquire with their national, intermediate level and local governments how development funds are being spent. Democratic ownership only exists in combination with transparent information policies and practice of both governments and donors.

The Crucial Role of CSOs

Sustainable development cannot be achieved if citizens are not involved in a real and effective manner in the process. The political will and institutional capacities of receiving governments and donor entities are important, but they are not sufficient to ensure the sustainability of development. The desired results will only be obtained if

CSOs actively participate in all relevant processes. [1]

Civil society could and should play a role in national aid allocation. True democratic ownership exists only when all groups in society can have a say in the formulation of development strategies and plans. CSOs, with their grassroots approach, possess comparative advantages that can help bridge the gap between those in power and those in need of services.

CSOs help build up social and institutional infrastructures on the ground, especially in the poorest and failing states. CSOs are a source of independent information and analysis, being independent of either governmental or business interests. Although not always directly grassroots, they often come the closest to engaging directly with those citizens most affected by, but least heard in, policy-making.

One of CSOs' main tasks is to monitor government actions and support the information flow. Transparent information availability is a prerequisite for achieving better accountability of governments toward their citizens. Thus, independent CSOs in their role as "watch dogs" help the public better understand how governments allocate resources. Through that service to society they also create incentives for governments to become more transparent.

If donors are serious about democratic ownership and civil society involvement, they cannot continue to just negotiate with a select group of functionaries, behind closed doors, and according to rules and conditions imposed by the donors themselves. Consultations with Southern CSOs should not be held at the last minute in order to present positions that have already been formulated, agreed upon and established by donors. Even where CSOs in the North are lucky enough to be consulted by donors, this is not a substitute for consulting with the groups on the ground most affected by development realities.

Challenges to the Effective Role of CSOs

- **Accountability**

The increasing power of NGOs has prompted many groups to question the roles and responsibilities of these new global, 'non-state actors'. It has been argued that CSOs often "lack the transparency and accountability in terms of finances, agenda, and governance necessary to effectively perform their crucial role in democratic civil society."[2] Ironically, this is exactly what CSOs often attack governments and donors for.

Nevertheless, this potential lack of transparency in the CSO sector is perhaps their greatest vulnerability, and must be addressed internationally to ensure the integrity and continuity of the work of CSOs. If they aim to be considered more accountable to those they work for, CSOs need to report more clearly about the size and origin of their funds and about the objectives and impact of their work.

A dependency on official funds can weaken the role of CSOs as watchdogs. Even where the government does not actually impinge upon their ability to operate, the dependency can damage the public perception of the CSO's voice. This is an extremely difficult issue.

CSOs often work towards an immediate effect on the well-being of poor target groups. However, they are also increasingly aware of the necessity to engage with policy-making and to work to support the evidence base for effective policy making. This can be seen in their involvement in initiatives like "NGO Impact on Development, Empowerment and Actions" (NGO IDEAs) or the International Initiative for Impact Evaluation (3ie).

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Another complex issue is CSO accountability in repressive states where governments can easily use information on target groups, objectives and impact to prevent CSOs from working effectively for poor and marginalised parts of the population. Full accountability in such cases may be counter-productive to the legitimate aims of CSOs and the groups they are working with.

Some donors and politicians would like CSOs to become subject to the Paris Declaration themselves. Others fear for the consequences on the diversity of CSOs' work as a laboratory for new approaches in development. One thing, however, is clear: Given the power imbalance between those disbursing funds and implementing projects on the one side and the general public on the other, the priority must be on improving donors' and CSOs' accountability towards democratic forces.

- **Harmonization and alignment**

In the Paris Declaration, donors agreed to build systems in a co-ordinated approach aligning their procedures and reporting systems with national governments and harmonising and co-ordinating their work with other donors. The quest for alignment and better horizontall harmonization also applies to CSOs to avoid duplication and increase effectiveness.

There is, however, a delicate balance to strike on the side of alignment and harmonization with the official sphere. There are dangers of CSOs' being fully co-opted by their governments or donors. Particularly in countries where certain groups of civil society are left out of government plans (e.g. minorities and indigenous peoples, certain religious groups, persons with disabilities, etc.), CSOs need to play a vital role to compensate for that. It is essential that they are able to contrast their position with the governments' policies.

Although being, from one point of view, a reasonable request, harmonisation bears further dangers from various perspectives:

- 'Extra-CSO' perspective: CSOs could be (mis-)used by donors as 'cheap consultancies' to pursue donors' or, in the best case, partner governments' objectives.

- 'Inter-CSO' perspective: CSOs in 'over-harmonising' their work would need to use increasingly more time and money to co-ordinate with other CSOs instead of delivering services or carrying out advocacy work.

- 'Intra-CSO' perspective: CSOs might lose their position as independent grassroots development actors in their own right, becoming somewhat 'institutionalised' and losing sight of the organisation's target group and thus, the right of initiative.

The Paris Declaration and Parliaments

In Partnership Commitment 48, the signatories of the Paris Declaration agreed to "strengthen as appropriate the parliamentary role in national development strategies and/or budgets" to strengthen mutual accountability.

This commitment reads very well and, indeed, it could be a useful first step towards genuine parliamentary involvement, thus strengthening democratic ownership of aid and therefore development policies. However, the commitment is in fact far too weak and fails to imply any serious practical commitment to increase the role of parliaments in aid policies.

They also commit to "reinforce participatory approaches by systematically involving a broad range of development partners when formulating and assessing progress in implementing national development strategies." This could include both parliaments and CSOs, but is clearly unspecific in terms of genuine commitment in this regard.

In order to improve the alignment of aid to national priorities, the Declaration states that, by 2010, 85% of aid flows to the government sector should be reported on the partners' national budgets. In countries where parliaments exercise real budgetary powers, that could be a reasonable way of strengthening representative democracy. However, that is not always the case.

Conclusions

The Paris Declaration gives some attention to the complementarity of official and non-governmental development efforts. Nevertheless, it focuses too strongly on an aid effectiveness agenda dominated by governmental national development strategies and not enough on developing democratic ownership of development policies including the range of relevant stakeholders.

Notes

1 Regional Workshop on "Civil Society Challenges with respect to Official Development Aid Effectiveness", October 29-31, 2007, Managua.

2 McGann, J. & Johnstone, M. (2006, January). *International Journal of Not-for-Profit Law*.

CSOs usually work with the most marginalised parts of societies, including the poorest of the poor and people with disabilities, and focus on their crucial role in successful development policy-making. However, the Paris Declaration's commitments in this field are weak.

There are some references to the role of CSOs and other development stakeholders, including the need for participatory approaches and the flow of information. However, the Paris Declaration falls short of calling for specific measures and commitments to really support the involvement of CSOs and the development of their capacity.

All in all, the Paris Declaration lacks a focus on human rights and the organisations that can help deliver such a focus. For example, gender equality is just mentioned in the context of "other cross-cutting issues" which need further harmonisation efforts.

Given these limitations, it is unlikely that the Paris Declaration by itself will be able to bring about the required development effectiveness to alleviate severe problems such as poverty, hunger, disease and under-education in developing countries. It has taken a step in the right direction, but more steps are now needed to achieve the necessary rights-based focus and approach.

Paris Declaration on Aid Effectiveness

Application of the Criteria for Periodic Evaluation of Global Development Partnerships – as Defined in Millennium Development Goal 8 – From the Right to Development Perspective: The Paris Declaration on Aid Effectiveness.

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Introduction

The Millennium Declaration[1] (MD) states that "in addition to our separate responsibilities to our individual societies, we have a collective responsibility to uphold the principles of human dignity, equality and equity at the global level."[2] It further adds that "we are committed to making the right to development (RtD) a reality for everyone and to freeing the entire human race from want."[3] Those commitments are reflected in MDG8, entitled "Develop a Global Partnership for Development."

The Paris Declaration on Aid Effectiveness[4] (PD) - adopted in March 2005 by an intergovernmental High Level Forum convened by the Organization for Economic Co-operation and Development (OECD) - aims at taking "far-reaching and monitorable actions to reform the ways we deliver and manage aid"[5]. Human rights and the right to development in particular are not mentioned. The PD does not even reaffirm the MD, which emphasizes human rights and RtD in its "values and principles" and only refers to the signatories "looking ahead" to the 2005 UN five-year review of the MD and the MDGs.

Nor can the PD be considered as fitting within the rubric of "global partnerships" envisaged under MDG8, because a) it is not a partnership and b) it does not deal with any of the targets of MDG8. Donors and recipients are not treated as peers; nor do they share rights and responsibilities. Recipient countries are penalized if they do not implement the conditionality framework, but have no way of penalizing their donors/creditors. For recipient countries, the PD creates a new level of supranational economic governance above the World Bank and the regional development banks, which increases the asymmetry between the aid recipient country and their 'harmonized' donors and creditors.

A Workshop on "Development Effectiveness in Practice – Applying the Paris Declaration to Advancing Gender Equality, Environmental Sustainability and Human

Rights", was held in Dublin in April, 2007.[6] A key message of the workshop, which brought together 120 participants representing Development Assistance Committee (DAC) Members, partner countries, civil society and United Nations agencies, was that "human rights, gender equality and environmental sustainability are key goals of development. They are functionally essential to achieving the ultimate goal of the Paris Declaration — increasing the impact of aid on reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the MDGs."

However the questions of how the human rights framework, gender equality (which is also a human right) and environmental sustainability apply to the Paris Declaration and whether the human rights legal obligations of all states (be they donors or " partners") help evolve the principles of the PD into contractual commitments that could make it qualify as a real partnership for MDG8 remain unanswered.

Nor does there seem to be much scope for explicit redirection of the PD towards a rights-based approach at the High Level Forum on aid effectiveness to be held in Accra, Ghana (HLF 3) in 2008. According to the OECD, "the primary intention of the HLF 3 is to take stock and review the progress made in implementing the Paris Declaration." It has been stated several times that HLF 3 is not intended to "rewrite" the PD, and therefore there would not be an opportunity to explicitly include human rights language in it. Yet, the Forum "is expected to conclude the HLF 3 with an endorsement of a ministerial statement based on high-level discussions and negotiation around key issues". That statement clearly provides an opportunity to explicitly reaffirm human rights and the right to development.

Operational Analysis of the Paris Declaration and Human Rights

From an RtD point of view, the five principles of the PD have different implications. While "ownership" and "mutual accountability" can easily be understood as a reformulation of the concepts already included in the RtD declaration (even if downgraded from "rights" to "principles"), "alignment, harmonization and managing for results" can be supportive, neutral or detrimental of RtD, depending on how they are understood and implemented.

From a conceptual point of view, the positive linkage of the PD with human rights has been made by pointing out that the intended result of the PD is to make aid more effective for the achievement of the MDGs and that this is equivalent to the progressive realization of social and economic rights. Yet, none of the targets refer to those desired results; instead they only refer to how aid is managed and delivered and to several preconditions that developing countries have to meet.

Thus, whether the implementation of the PD actually produces the intended positive human rights and development results is out of the scope of the official review, monitoring and evaluation. This is a major flaw that needs to be corrected.

Actually, many of the targets set in the Paris Declaration, if achieved as currently defined, could result in substantial erosion of the right to development of "partner" countries, as the following analysis of the PD indicators shows:

Ownership

Indicator 1, defined as "partners have operational development strategies," including poverty reduction strategies (PRSs) is the only indicator on ownership. The target for 2010 is that "at least 75% of partner countries" have them.

However, "Operational Development Strategies", as defined by the PD, do not include government plans, national legislation or any other nationally-generated "policy, legislative and other measures" as required by the RtD declaration in its article 10, but are internationally negotiated documents between the recipient countries and its donors and creditors.

Furthermore, bilateral and multilateral donors have a decisive say in the formulation of those strategies and frequently "steer the government from within."[7] Civil society and trade unions have often opposed the PRS precisely because external actors influence the content of the strategy through their financing arrangements for DBS, SWAps, etc and/or through their rating systems such as the World Bank's Country Policy and Institutional Assessment (CPIA) that the indicators of the PD intensively use. There is little or no civil society or legislative input to the macroeconomic dimension of PRSs and data support the conclusion that the IMF and World Bank define their own means (e.g. privatization, liberalization) to PRS goals, undermining national capacity to design its own development strategy.

If the PD really promoted partnership, then recipient countries would need to contribute to and sign off on assistance strategies for their countries and analysis of their development challenges; however the Joint Assistance Strategies are owned by donors/creditors. Indeed, the review of the Paris Declaration draws upon World Bank data[8] when they state that no government scores an "A" on its PRS and only 5 score a "B".[9] Due to the low grades assigned to PRSs, the OECD-DAC and World Bank do not consider PRSs to be very operationally useful.

The tautological definition of ownership used can amount to a violation of the RtD and other civil and political rights. According to a recent study from the Dutch government[10] "…the international financial institutions are limiting the scope for devolving more control and accountability for policy and aid to the government by "interfering intensively with the PRSP and with macro and sector policies".

Additionally, the accountability of the donor country aid agencies to their own citizens and taxpayers is also undermined, since a "pool" of money formed by a variety of donor contributions is much more difficult to follow and assess than specific projects.

Alignment

Indicator 2, the first to assess the "alignment" principle, requires "Reliable country systems" and is measured by the "Number of partner countries that have procurement and public financial management systems that either (a) adhere to broadly accepted good practices or (b) have a reform programme in place to achieve these." This target is clearly not about aligning ODA with the recipient country strategies, but about aligning country governance with the requirements of donors/creditors.

The PD "Indicators of Progress" track and score the performance of public financial management systems (i.e., financial management, budget execution, auditing). The performance of each government's PFM system is rated by the World Bank's Country Policy and Institutional Assessment (CPIA) as well as the Public Expenditure and Financial Assistance (PEFA) partnership. According to the World Bank, the purpose of the CPIA is to measure a country's policy and institutional development framework for poverty reduction, sustainable growth and effective use of development assistance. These ratings are used to allocate aid and credit, design policy conditionality and establish debt ceilings.

The view of many critics is that "the CPIA rates the extent to which a government has: a) adopted neoliberal economic policies (i.e., liberalization and privatization in the context of strict budget discipline) and b) developed institutions, particularly those that protect property rights and promote a business-friendly environment".[11] There is no participation whatsoever of developing countries in the definition of the criteria that result in better grading by CPIA or in the designation of the experts in charge of assigning the grades.

The PD Indicators also track and score the procurement systems of each recipient country. Except for the explicit goal of eliminating corruption, no other human right values are attached to the use of country systems and none of the criteria explicitly require suppliers to adhere to core labour standards.

Furthermore, the use of government procurement as a tool of affirmative action in favour of local producers or of vulnerable sectors of the population (small business, cooperatives, women or minority-run firms) to contribute to the progressive realization of economic, social and cultural rights is explicitly forbidden as "discriminatory" against foreign firms by the OECD "Methodology for Assessment of National Procurement Systems."[12] Industrialized countries gained economic strength by using procurement to strengthen local economic development, but the PD inappropriately curbs this practice. Furthermore, the opening up of procurement to foreign firms "applies to all procurement undertaken using public funds" and "to all public bodies and sub-national governments and entities" including "the army, defence or similar expenditures, autonomous or specialized state owned enterprises". This is a standard that OECD countries do not meet themselves; to impose these conditions on developing countries is a serious violation of their sovereignty.

The procurement standards attached to the PD go beyond the requests about transparency in procurement that developed countries demanded from developing countries in the WTO as part of the so-called "Singapore issues". Those requests were widely rejected during the Cancun Ministerial in 2003 as contrary to their right to development, because of the fear of forceful opening to foreign bidders. The PD does precisely that in the small print of the obligations that partner countries have to undertake as a condition to receive aid.

Indicator 3 is the only one in the "alignment" section of the PD that specifically requires that "aid flows are aligned on national priorities". Yet, this is to be measured by the "percent of aid flows to the government sector that is reported on partners' national budgets." While reporting ODA inflows in national budgets can be helpful to simplify monitoring, both by donor/creditors and by national parliaments or citizens, it does not guarantee by itself that those flows, or the budget itself, are consistent with national priorities.

Indicator 4 aims to "strengthen capacity by coordinated support" and is measured by the percentage of donor capacity-development support provided through coordinated programmes consistent with partners' national development strategies, with a target of 50% of technical co-operation flows doing so by 2010. This indicator has proven particularly difficult to assess, due to the lack of a common definition among donors of what constitutes "technical cooperation". It is important that the concept be defined properly to curb the practice of substituting local expertise for much more expensive foreign services that are not attuned to local realities.

Indicators 5a and 5b call for the measurement of the actual use by donors of the recipient country's financial management and procurement systems, which should increase according to the "score" of those systems, as defined in the discussion of **Indicator 2**. It is worthwhile noting that even when a country procurement system achieves an "A" score, a substantial part of the donors' aid to the public system may still be disbursed outside the recipient country system. All the comments made for Indicator 2 apply here.

Indicator 6 is intended to "strengthen capacity by avoiding parallel implementation structures" and the target is to reduce by two- thirds the stocks of parallel project implementation units. This is consistent with the pressure of the PD on donors and creditors to shift from projectized aid to program aid.

Indicator 7 calls for ODA to be "more predictable", which should be measured by the percentage of aid disbursements released according to agreed schedules in annual or multi-year frameworks. Yet the target for 2010 is only to "halve the proportion of aid not disbursed within the fiscal year for which it was scheduled" (an unambitious target!), with no mention of longer term commitments.

Donors and creditors have such unpredictable aid that, in some circumstances, its late arrival constitutes a major external shock to the economy of the "partner." The unpredictability of ODA is one of the major problems limiting the use of aid to achieve the MDGs. Promoting the realization of Economic, Social and Cultural Rights (ESCR) and achieving the MDGs implies essentially more and better delivery of public services (in particular health, education and water) to the poor, which in turn requires hiring teachers, doctors and nurses. However, there is ample evidence from the IMF's Independent Evaluation Office (IEO) that the IMF imposes inflation targets and fiscal limits on government spending that often result in suppressing governments' ability to hire key personnel.[13] Moreover, because aid is so unpredictable, governments are not able to commence hiring or spending on additional wages.

These findings are supported by a study published by Social Watch[14], which goes on to point out that: "In practice, even longer-term commitments [than three-year budget support cycles] would be necessary to assure partner governments that they have a stable source of financing for MDG-related recurrent costs of social and other public services. Social security types of expenditure need to be predictable, continuous, and not subject to the 'stop-go' features of aid politics."

Donors can also stop the flow of aid when a government fails to meet the conditions contained in the Performance Assessment Framework (PAF) attached to budget support agreements. It is ironic that the goal to make aid less volatile and more predictable does not in any way limit or discipline the power of donors to pull the plug from recipient government budgets, just as the IMF currently does.[15]

Indicator 8 has as its goal the untying of aid - which depends only on donors - and the measure is the percentage of aid that is untied. Yet the target for 2010 only promises "continued progress over time" without specific figures. Its non-inclusion with binding targets in the PD does not help to build the credibility in the process among "partner" countries. Together with unpredictability, the tying of ODA is one of the major factors in reducing aid efficiency. The percentage of tied aid over total aid can be as high as 69% for Italy and 57% for the United States. The Washington-based Center for Global Development estimates that "tying raises the cost of aid projects a typical 15–30%."[16]

Harmonisation

Indicator 9 calls upon donors to use common arrangements or procedures, as measured by the percentage of aid provided via programme-based approaches, e.g., Direct Budget Support (DBS) and Sector-Wide Approaches (SWAps) or Poverty Reduction Support Credits (PRSCs). DBS and SWAps are believed to reduce transaction costs, increase efficiency in public spending, lead to greater predictability in aid flows and ensure greater convergence of ODA with public funds.

The target for 2010 is that 66% of aid flows should be provided in the context of programme-based approaches from a baseline of 43% in 2005. Already, the Netherlands channels approximately 70% of its development assistance through sectoral and general budget support. DFID (UK) disburses approximately 50% of its development assistance through budget support and approximately 25% through SWAps.

As of June 2006, the World Bank provided approximately 40% of its new lending through budget support. In FY04-06, the Bank committed funding to 46 operations using these approaches in 28 countries; and in Bangladesh, Brazil, Malawi, Morocco, Nepal, Nicaragua, Philippines, Poland and Tanzania, the Bank has supported more than one sector-wide approach.

The sectors that move quickly toward a SWAp are health, education and water and sanitation. But, SWAps are increasingly being used not only for single sectors, but also for multiple sectors and cross-cutting institutional areas such as private sector development, justice, and law and order.[17]

The Netherlands, which has undertaken an extensive assessment of its engagement in DBS and SWAps, found that in "the education sector in Zambia, (...) the number of donor support accounts managed by the Ministry declined from about 800 in 1999 to 10 in 2004. The number of donor missions in the sector per annum also declined: from about 120 to about ten." However, a case study on Zambia[18] challenges the notion that transaction costs necessarily decline when shifting from projectized to sector-wide approaches.

The critique of SWAps [19] centers on the fact that they focus predominantly on the "supply-side" dimensions of service delivery rather than the "demand side." If donors create a "basket fund" for a sector that "ring-fences" a minimum percentage of total resources for delivery of a particular local service, then it is essential that the specified service be a priority of the local government that receives the ear-marked resources. Policy dialogue is needed to bridge the 'vertical' macro-meso-micro (or national-state-local) divide, as well as embracing 'horizontal' tripartite social dialogue and an external-domestic dialogue between donors/creditors and domestic constituencies.

In practice, SWAps have come to be perceived by many donors and partner governments not as a multi-stakeholder process, but as a specific public expenditure programme funded by (a select group of) donors. The focus is on the national government's policy and budgetary framework rather than on the diverse set of actors engaged in the sector. Sector strategies are "highly influenced by donor priorities. They tend to be technical, uniform documents, which lack an in-depth insight into local (political) dynamics. Proposed solutions are often based on experiences elsewhere, including the donor countries' own systems, which usually do not reflect the local dynamics at hand."[20]

In Nicaragua, donors and the government have not been able to agree on overall strategies in the agricultural sector. Some European donors and the UNDP favor the development of smallholder agriculture, whereas the government and other donors (including USAID) prefer to assist large-scale producers with more commercial and export potential. Perhaps due to conflicts such as this, some responsibilities have shifted from line ministries to the Ministry of Finance.

A case study of Ghana by the Oxford University Global Economic Governance Program found that donors and consultants were aggressive in forging a Private Sector Development (PSD) strategy to which the government would agree. Donors rejected the government's initial procurement plans meaning that "Ministry staff went in circles trying to get a prioritisation that the donors would approve. Furthermore, transaction costs were very high." Ultimately, the government had to use a World Bank template for procurement that was utterly unsuited to the small-scale purchasing required by the projects. Donors are rhetorically in favor of government ownership, but in practice, they openly disagreed with the Government of Ghana's priorities for funding. Also, attempts to form a PSD "pooled fund" floundered since the majority of donors were funding the private sector directly and bypassing government.

Indicator 10 calls upon donors to collaborate in (a) field missions and/or (b) country analytic work, including diagnostic reviews. The 2010 targets are: (a) 40% of donor missions to the field are joint (up from the 2005 baseline of 18%); and (b) 66% of country analytic work is joint (up from a baseline of 42%).

Historically, the World Bank prepares a Country Assistance Strategy (CAS) for each recipient country that outlines the institution's investment plan over the medium-term— e.g., 3 years. Increasingly, however, the Bank participates in formulating Joint Assistance Strategies (JAS) with other donors and creditors. Thirteen countries have JASs in Africa. In the case of Tanzania, 35 countries and multilateral organizations of the Development Partners Group endorsed and/or adopted the JAS for the country.

One danger of such harmonisation is that, once a JAS has been approved by such a large number of donors, after lengthy negotiations, it becomes "written in stone" making it impossible for any democratic country-driven process to change it, undermining the power of parliament (and even the executive branch of government) to introduce changes if practice demonstrates they are needed. This erodes local democracy and human rights.

Another danger is further empowerment of the World Bank relative to other donors. A concern expressed by diplomats participating in a retreat on Financing for Development organized by the Friedrich Ebert Stiftung in NY, October 4-5, 2007, "is that the donor coordination process may impede innovation by donors and reduce the range of choice of programs by aid recipients. There is value in competition among donors, especially with the entry of new donors, who have not signed on to the Paris Declaration".[21]

Managing for Results

Indicator 11 aims at having "result-oriented frameworks" by "reducing the proportion of countries without transparent and monitorable performance assessment frameworks by one-third". All DBS programmes and SWAps have a corresponding Performance Assessment Framework (PAF) with policy conditions. Parliaments and citizens groups are not meaningfully involved in the construction of the PAF, whose conditions are a requirement for the release of successive budget tranches.

In 18 budget support operations already in place by the World Bank (the number is rising fast), the policy conditions attached are derived from the PAF. Since those conditions involve lengthy negotiations with a variety of bilateral and multilateral donors, civil society advocacy and even parliamentary participation in decision-making becomes virtually impossible. The elimination or modification of conditionality would need to be pursued not only with the recipient government, but also with multiple donors and creditors.

Contrary to what the title of "managing for results" might indicate, the "results" upon which disbursements are tied are not measured in terms of poverty reduction or MDG achievement, but usually refer to governance and macroeconomic policies. "Result management" will be deemed successful if those policies are in place, even if poverty actually increases, which has frequently been the case in the past when similar structural adjustment programmes have been implemented without proper social impact assessments and "safety nets".

Mutual accountability

Indicator 12 is the only one on "Mutual accountability" and is to be measured by the "number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness including those in this Declaration." The target for 2010 is that all partner countries have "mutual assessment reviews" in place.

Since no such reviews have taken place so far, to the author's knowledge, it is difficult to assess their scope and format. Yet, it is surprising that one of the key principles of the PD is reduced in its implementation to separate exercises to be conducted at country level in the recipient countries.

Considering the experience of the OECD DAC in conducting "peer reviews" of donor's aid practices, one would expect a mutual accountability exercise to be undertaken at the international level, with opportunities for developing countries to be advised by international NGOs and other experts and to share experiences among themselves about the performance of donors individually or collectively.

A country-level exercise where the aid recipient country sits in front of the whole of its donor community implies an enormous imbalance of power and resources, where the developing country can be easily made accountable for its part in the "partnership" under threat of seeing its aid cut or reduced but where the donors can hardly be made accountable for any eventual shortcomings. The sum of those reviews cannot be expected to add up to a fair "mutual accountability" exercise.

Further, there is neither developing country representation, nor that of any international institution where the interests of developing countries are predominant, in the standard-setting and scorekeeping bodies of the PD, which are essentially the OECD and the World Bank, even when it is recipient country governments, not donors, which are penalized if those standards are not met.

Conclusions

Many of the PD's key indicators are related to governance, particularly in the fields of government procurement and financial management. Yet, while major changes in recipient country governance are required, donors are not calling for symmetrical efforts among themselves by, for example, untying aid or making it more predictable.

Rather than promoting the RtD, the new aid modalities, by aligning bilateral and multilateral donors around certain governance requirements might even undermine local democratic processes and the "policy space" that developing country governments need to make their own plans. Opportunities to promote human rights by, for example, making basic labor standards or equal opportunity employment for women a condition for participation in government procurement are not only missed but even viewed as contrary to the rules promoted by the PD.

The effectiveness of aid delivery and management, as measured by the PD, does not assess the impact of aid on poverty reduction or realization of human rights. While it might be expected that more efficient aid will contribute positively to both objectives (even if not explicitly mentioned as such by the PD), the 12 indicators could in fact be reviewed positively without any measurable impact on either.

While there is congruence and synergy between the principles of country ownership and mutual accountability and the RtD, the implementation and assessment of the PD implies risks to the RtD against which no insurance, complaint mechanisms or exceptions are provided.

The Paris Declaration Does Not Go Far Enough

Recommendations

The RtD and human rights in general should be explicitly included as goals in the PD and the ministerial declarations of HLF 3.

An additional review and evaluation framework with corresponding targets and indicators need to be included, where the results of the PD should be assessed in terms of its impact on the RtD, HR and the MDGs.

Mutual accountability reviews should be conducted at international level (not at country level) with the participation of international civil society organizations with development and human rights expertise.

The Development Cooperation Forum (DCF) of ECOSOC, which was created by the 2005 World Summit[22] and will meet for the first time in 2008, is an adequate, existing mechanism for mutual accountability and should be identified as such by the PD.

Developing countries, civil society organizations and international organizations such as UNCTAD should be included in the groups and consultations that define the implementation criteria, targets and review of the PD. Suggested additions to the criteria for implementation of the right to development can be found in the full article by Bissio.

Notes

1 UN General Assembly *A/55/L.2*

2 Id., para. 2.

3 Id., para. 11.

4 Retrieved from http://www.oecd.org/dataoecd/11/41/34428351.pdf

5 Id., para 1.

6 See the documentation at hhttp://www.oecd.org/dac/effectiveness/inpractice.

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Barriers to Harmonization and Alignment: An African Perspective

African Forum and Network on Debt and Development (AFRODAD)

The Paris Declaration on Aid Effectiveness for development (2005) was an international agreement by which donors and recipients committed themselves to support greater aid effectiveness. The declaration is based on three main pillars: ownership of policies by partner countries, which must set their own priorities; alignment of donors with these priorities; and harmonization between donors, in order to set up common mechanisms, simplify their procedures, and share information.

This article looks at the importance of the Paris principles of harmonization and alignment to aid effectiveness, but also argues that the principles themselves will not lead to greater development effectiveness unless accompanied by progress in democratic ownership. Harmonization and alignment must be seen as necessary, but not sufficient conditions for development effectiveness.

If democratic processes are not able to inform the development of policy in the first place, then alignment is undermined; there is no true domestic political agenda for donors to align to. Similarly, harmonization under these conditions presents as many dangers as it does potential benefits, since donors are not harmonizing around a strong domestic agenda, but may be using their harmonization to exert even greater influence over national policy priorities.

This dependency of the worth or alignment and harmonization on the principle of ownership can be seen visually in the aid effectiveness pyramid (see Figure 2).

A top-to-bottom reading of the pyramid shows that development effectiveness firstly needs partner countries to decide on the action to undertake to achieve the desired results in terms of development. Donors can then align their assistance with the strategies decided on by the recipient countries and use the latter's systems. At the base of the pyramid, donors start complementary actions to plan common modalities to simplify their procedures and to ensure the optimum sharing of information.

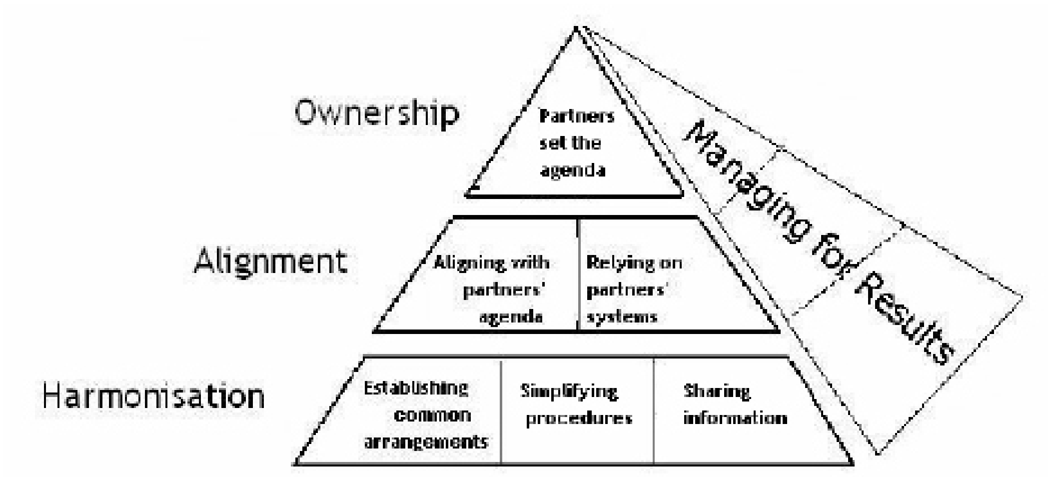
In most cases, including in fragile States where there is usually a lack of leadership in the country, the pyramid needs to develop, in practice, from the bottom up. Donors may begin by improving harmonization between themselves with the objective of increasing their utilization of a country's systems, aligning themselves with its preferences, and working that way to obtain effective leadership for that country.

Harmonization and its implementation

The proliferation of development aid programming and provision systems

The Paris Declaration Does Not Go Far Enough

Figure 2. Aid Effectiveness Pyramid



Source: OECD and World Bank (2005): Harmonisation, Alignment, Results: Progress Report on Aid Effectiveness, p. 18

generates unproductive transaction costs and hinders the enhancement of the capacities of recipient countries. The Paris Declaration principle of harmonization means donors' working together to achieve greater aid effectiveness.

Key aspects of delivering harmonization are:

- common mechanisms for the planning, financing and disbursement of aid funds
- greater recourse to aid delivery based on programs
- making best possible use of the respective comparative advantages of donors on the sectoral or national levels
- common mechanisms for the monitoring, assessment, and notification to public authorities of their activities and other aid contributions
- reducing the number of field missions and diagnostic studies
- sharing the lessons drawn from experience, and creating a pool of best practices

One of the principal methodologies for improving aid harmonization in African countries has been the development of Sector-Wide approaches (SWAps). These adopt common operating principles and more coordinated procedures for funding in specific areas such as health and education, without prescribing specific policies.

There have also been efforts by donors to undertake joint missions to reduce the administrative burden on recipient countries and avoid duplication of efforts between donors. For example, in Senegal, the KfW and the AfDB jointly conducted the pre-evaluation mission for a project financed by the WB to provide electric power in rural areas. The FDA and the KfW have also conducted a pre-evaluation, evaluation, and monitoring joint mission for an irrigation project in the regions of St-Louis and Matam.

The Example of SWAps in Mozambique

External partners support SWAps in the area of health through three “basket funds”, including a general fund and two funds covering two provincial programs, as well as for the provision of medicine. Each fund is governed by a distinct Memorandum of Understanding.

The Netherlands, Denmark, Finland, Ireland, Sweden, the Canadian International Development Agency (CIDA), and the WB provide assistance to the SWAps of the education sector through a specific support fund. This assistance is based on common reporting and monitoring.

To support a SWAp in agriculture, external partners also practice joint financial management, make common reporting, and put monitoring systems in place. Joint implementation arrangements are formalized in a Note of Understanding which was renewed in 2005.

In the same vein, the Department for International Development UK (DFID), the European Commission (EC), Denmark, Sweden, Norway, and Belgium provide support to strengthen public finance management through a common fund, known as the Integrated State Financial Administration System (SISTAFE).

Nevertheless, there is still much work to do towards the Paris target of 66% of total aid being delivered in the form of program-based approaches. Despite the SWAp initiatives in Mozambique, only 27% of aid was provided through direct budget support in 2005 and the total of program-based aid only accounted for 46% of aid to the country.

Once more, however, despite the evidence of progress, there is still a long way to go to meet the targets set in the area of harmonization for 2010. Whilst the target is for 40% of missions to be carried out in a joined way, the reality is that only 15% of missions in Senegal were jointly conducted in 2005.

Common analyses of situations and performance in developing countries is another area where progress is being made towards the Paris target of 66% of jointly led analytical works. Typical areas of work here include assessments of public expenditure management, fiduciary risk and country procurement.

Overview of Performance in Several African Countries

- **Kenya** - the shift towards the use of SWAps and the establishment of a Joint Assistance Strategy may lead to substantial progress toward the attainment of the 2010 targets. 45% of aid was disbursed through program-based approaches in 2005. However, only 9% of missions and 32% of analytic works were coordinated, shared or jointly conducted.

- **Mozambique** - the increased use of budget support and the development of sector-wide approaches have been the key drivers of improved harmonization between donors in Mozambique, through the "G18" group, but harmonization outside these instruments remains limited.

- **Zambia** - the Wider Harmonization in Practice (WHIP) agreement between donors and the government is an excellent starting point for working towards the 2010 targets. But there is no room for complacency. In particular, donors need to work harder at coordinating their missions to the country: only 15% of a total of 155 missions were coordinated in 2005.

- **Uganda** - donors need to work hard to coordinate their activities and to make use of common arrangements to reduce aid fragmentation and to reduce the aid-related transaction costs incurred by the government. In 2005, only 17% of missions were jointly conducted, 40% of analytic works were coordinated, shared or jointly conducted and 50% of aid was program based.

- **Senegal** - there has been a growing adoption of Program-Based Approaches (57% in 2005) and efforts towards coordinating donor missions and analytical work. The ongoing development of Senegal's Action Plan for Harmonization and Aid Effectiveness should provide a platform for donors and the government to identify actions to support further improvements in harmonization.

- **Ghana** - Harmonization is uneven across sectors and donors, with some major areas of weakness. Only 20% of missions and 40% analytic works were coordinated, shared or jointly conducted, with 53% of aid program based in 2005.

The aid harmonization aspects vary in accordance with the particular context of each country. The extent of harmonization initiatives and their forms originate from donor representatives in the country in response to the particular challenges and opportunities they face at a given time. This is, in fact, the very nature of the harmonization process, which is pragmatic and dependent on opportunities. However, in all the case studies dealt with in this paper, the benefits derived from harmonization in the provision of a more effective assistance are evident.

Alignment and Ownership

Harmonization must be perceived as a progression of steps toward the alignment of aid with national priorities and as a means to make the country's leadership more effective. Signing up to the Alignment principle in the Paris Declaration commits donors to support national ownership of the development process by basing their support on the countries' development strategies and systems.

As part of the debt relief process involving the heavily indebted poor countries, the Poverty Reduction Strategy Papers (PRSPs) opened doors to various levels of national ownership of the strategies. The second generation of the PRSPs has assumed increased national character through minimal intervention of external players and can be more easily recognized as National Plans.

As examples of these strategies, there is Zambia's Fifth National Development Plan (FNDP 2006-2010), the Malawi Growth and Development Strategy (MGDS), the Kenyan 1999–2015 National Poverty Eradication Program, and Ghana's Growth and Poverty Reduction Strategy (GPRS II).

In developing these strategies there was increased civil society participation providing some level of legitimacy within the Paris Declaration framework. However, there are also cases in Africa, such as Mali, where the second generation PRSP has been designed by external northern experts with little or no local civil society participation[1].

Beyond development policies, developing countries should also develop aid policies and strategies to provide a framework for a systematic and well coordinated approach in soliciting, acquiring, utilizing, managing, monitoring and evaluating development assistance from donors. When well articulated, an aid policy could provide an appropriate aid architecture which would include different project implementation and financing modalities and direction during dialogue between Government and donors and improve aid effectiveness in the country. The aid policy should also define the process of reducing aid dependency and an aid exit strategy.

In Malawi, the Ministry of Finance has spearheaded the formulation of an Aid Policy in the form of its Development Assistance Strategy (DAS), which sets out the policies and strategies for increasing efficiency and effectiveness in the mobilizations and utilization of aid so as to achieve the development objectives contained in the Malawi Growth and Development Strategy (MGDS). The drafting of the DAS was completed in October 2006. DAS has a more comprehensive set of indicators. These are:

- Harmonization of development partners project annual work plans, including monitoring and evaluation systems and their alignment to the MGDS monitoring requirements.
- Holding of a Joint Country Programmed Review (JCPR) every year, and linking annual sectoral reporting to the JCPR.
- Holding of annual sectoral reviews to feed into the JCPR process.
- Percentage of missions that is joint between four or more development partners.
- Formulation of an annual development calendar to which development partners stick.

Furthermore, it is not enough to have national development and aid strategies, these strategies must be truly national and have the required legitimacy to which donors must align in accordance with the principle. Recent experiences point to the need for a framework within which alignment to national development and aid strategies could meaningfully be controlled. A number of countries in Africa have now developed Joint Assistance Strategies (JAS) with donors. Jams are crucial for donor harmonization towards alignment and for the Government and their various sectors to understand better the thinking of donors.

However, in some cases, the Joint Assistance Strategies are undermined through being non-binding. This lack of commitments from the donors allows them to continue using their own Country Assistance Strategies or Bilateral Agreements. This has implications for both alignment and harmonization.

The non-committal attitude to the development goals of the recipient country, as seen in the Zambian JAS is an indicator of the uncertainty around the destination of the Paris Declaration agenda. Some donors like Japan and USAID are not really yet on board the Paris Declaration platform despite having signed up to it.

Other Jams suffer from an intrinsic tendency to suppress important differences of opinion and approaches between Government and donors in the absence of mechanisms for settling and harmonizing such differences, for example in Tanzania. There remains a need to strengthen dialogue mechanisms in support of alignment.

The Development of National Strategies

For the principles of alignment and harmonization to be effectively implemented and to achieve the desired goals, it is essential that there is effective setting of priorities, policies and strategies at national level. Progress at harmonization has started and needs to continue, but it will only be relevant if it is harmonization around nationally led development policies. Similarly, alignment risks being a box ticking exercise unless national strategies to which donors align themselves are genuinely national.

So far, national systems are only just starting to be developed. The Financial Accountability (PEFA) program, a partnership established in December 2001 involving the World Bank, IMF, European Commission, Strategic Partnership with Africa, and several bilateral donors (France, Norway, Switzerland, and the United Kingdom) is a good programmed in its own right. Pea's mandate is to support integrated, harmonized approaches to the assessment and reform of public expenditure, procurement, and financial accountability, focusing on the use of diagnostic instruments. The programmed should move the dialogue of national systems forward.

Although there is some difference between public expenditure management and financial accountability, the totality of the concept embraces all the components of a country's budget process: preparation and programming; execution, accounting, control, reporting, monitoring and valuation. It also includes the legal and organizational framework and arrangements for forecasting revenues and expenditures, formulating medium-term expenditure frameworks; preparing the budget; managing cash and monitoring expenditures; performing internal control and audits; accounting and reporting (including Integrated Financial Management Information System (IFMIS).; conducting external audits and ensuring oversight by the legislature and other bodies.

Some countries in Africa are beginning to internalize these systems. The government of Tanzania, for example, owns and leads the country's diagnostic program forpublic expenditure management. This process has led to providing donor confidence for supporting the development of a multi-year expenditure framework. Tanzania's new approach has also improved donor coordination by ensuring that aid is consistent with budget objectives and priorities and increasingly integrated with the budget.

Several other countries that depend on aid and have limited capacity—such as Ethiopia and Uganda—have also been developing similar participatory, collaborative approaches to work on public expenditure management. In Uganda, the government and DFID have reached an understanding on how fiduciary risk will be monitored over time based on four information sets: one annual expenditure tracking survey per sector, an annual review of the government's audited accounts, the outcomes of PER updates, and technical assistance and dialogue built around the government's public expenditure reform program.

Major Barriers to Effective Implementation of the Principles

1. Aid Predictability

Being highly dependent on development aid, to the extent of some 40% of the Government budget as is the case with Mozambique and Zambia, makes developing countries hugely reliant on aid predictability to allow them to plan effective national policies for development.

Delays or even complete non-disbursement of committed funds undermines the integrity of budget planning and implementation schedules, reducing the effectiveness of entire projects and programmers. The risks of non-disbursement or untimely disbursement are particularly acute for direct budget support where Government may have committed funds in good faith, based on agreed expectations of disbursements.

Ongoing research has revealed that despite of the rhetoric of partnership and commitment to the development agenda by most donors, aid predictability has been a major problem for many African countries. A study of aid volatility and predictability[2] found that aid flows are volatile and largely unpredictable especially for countries with high aid dependency: aid is more volatile than fiscal revenue. A 2005 update concluded that volatility and lack of predictability have become worse in recent years despite aid harmonization efforts.

A survey conducted among donors and governments in 15 African countries in 2003 and 2004 by the Budget Support Working Group (BSWG) of the Strategic Partnership for Africa (SPA) offered some explanations for the delay in disbursements.

- 40 percent were due to unmet policy conditions,
- 29 percent due to administrative problems on the donor side
- 25 percent due to government delay in meeting processing conditions
- 4 percent due to political problems on the donor side (4 percent).

For the IFIs, unmet policy conditions accounted for more than 60% of the difficulties to disburse and delays in governments meeting processing conditions another 25%. For the European Commission and bilateral donors, 40 percent was due to administrative and political problems on the donor side and 35 percent due to unmet conditionality. All poverty reduction support credits (PRSC) from the World Bank were disbursed on time.

2. Aid Conditionalities and Tied Aid

Aid conditionalities impede the ability of developing governments to plan their development strategies effectively, through negatively impacting on the reliability of aid pledges (see above). However, more fundamentally, they impact on developing countries' freedom to determine their own national policies and strategies in the first place.

Quite simply, if donors are enforcing policies on developing countries through conditionalities then alignment becomes meaningless and harmonization will do more harm than good. There will be no truly independent national policy agenda for donors to align to and donors would be harmonizing around an enforced strategy, further limiting the options of developing countries.

Similarly, tied aid is an on-going issue limiting development. A recent United Nations Study[3] notes that donor money that comes with strings attached cuts the value of aid to recipient countries by 25-40%, because it obliges them to purchase uncompetitively priced imports from the richer nations.

Technical assistance in the form of personnel from donor countries is another form of tied aid which has proved rather problematic and many African states would like to see a change in this. African Governments are now seriously considering extending the SWAp idea to Technical assistance. This could start as a Basket of funds for each sector from which governments could fund technical assistance drawn from a global competitive pool including Africa itself and particularly from other Southern countries such as Asia.

3. Good Governance

It is also clear that good governance in developing countries themselves is essential to enable the development of successful national development strategies and to encourage donor alignment to these.

In 2005/6, Norway dropped aid to Uganda's national budget by US $4 million and Sweden by US $8 million due to governance issues. The lesson here, as in the case of Kenya, is that extent to which African governments are able to adhere to the promotion of good governance and prudent utilization of public resources will remain key in contributing to the level of donor predictability, alignment and reliability in the delivery of aid for development.

In Tanzania however, GBS disbursements have improved considerably, which can partly be explained by the effective and diligent manner in which the Performance Assessment Framework is operationalized. Similarly predictability of aid flows to Mozambique has improved in the context of the three-year MTEF. Mozambique has developed database systems and been more conforming to donors to secure such predictability.

4. Accountability

Part of the agenda of improving recipient country governance and reducing donor conditionalities is the implementation of effective accountability mechanisms.

Most African countries have not had adequate public financial accountability systems. Measures are needed to improve the legal and organizational framework for public expenditure management, systems and processes for expenditure programming and budget preparation and execution, accounting and reporting.

African countries have shown weak legal systems and these have to be strengthened not on the basis of the neo-liberal model which restricts capacity definition but based on the need to eliminate the constraints, not risks, that lie in the way of development aid. Priority should be given to developing a robust, internationally accepted framework for benchmarking and measuring the performance of public expenditure management

Accountability as an important concept to the systems has two key elements: being answerable and having institutions and systems that can met sanctions for violation of rules and regulations. Common assessment rather than donor assessments should be introduced.

Accountability of donors is also essential, especially given the power imbalances that enable them to exert undue influence of developing countries' policies and strategies. Unless donors can be held to account, they are likely to continue to pursue their own interests through their aid policies.

5. Local Capacity

A major restriction on recipient countries' abilities to define their own development agendas effectively is their lack of administrative and financial management capacity, principally through the sheer lack of human resources. There is also a lack of capacity on the implementation side of development policies, for example in professionals in the fields of health and education.

This lack of capacity requires capacity development, rather than capacity building. This second concept was the basis of much technical assistance; for example, if the accountants were not doing their job properly, a workshop was organized for them. However, rather than more training for existing workers, more resources are needed to employ more workers.

The Ministry of Health in Zambia needs in excess of 20,000 frontline health workers, paid reasonable salaries to stop them moving to Europe for better paid work. Donor support is needed to employ the necessary people, but donors too often claim that it is government responsibility to pay its staff. This thinking does not address the need for health workers, but is essentially a neo-liberal model on which so much of the development machinery depends.

This lack of capacity may also be responsible for the apparent lack of interest in line Ministries in issues related to the Paris Declaration because there is not adequate critical mass against the old project approach where the Line Ministries are the ones that receive the money directly. The Ministry of Finance has taken on an important coordination and resource distribution role which it does not always fulfill well, causing more apathy in the Line Ministries rather than fighting for broader resource allocation.

It is crucial here to note that the position of donors is largely influenced by the IMF defined MTEF which restricts the Government wage bill to 8% of GDP and therefore does not allow for the employment of new staff in the civil service to develop capacity. It was the lack of capacity argument that was used as one of the reasons for establishment of Parallel Implementations Units (PIUs).

6. Participation of CSOs

The participation of CSOs in formulating national aid and development policies is highly significant because they are a key stakeholders both as recipients and as part of the aid architecture. They have knowledge and expertise, particularly around the realities on the ground of the people living in precarious situations, which it is essential to take into account when developing policies.

They have a crucial role in the above-mentioned field of holding governments and donors to account for the policies they implement. Furthermore, there is an important role in carrying out civic education among the public to demand better economic governance from the government to ensure better use of public resources.

CSOs, labor unions, and other social movements are the expression of an active democratic citizenship without which little progress can be achieved in governance or development. CSOs therefore are fully fledged development actors rooted in the organization of citizens to claim their rights and to call governments and donors to account.

While many governments recognize the important role civil society organizations and the private sector can play, there lingers the observation that CSOs have generally adopted a hostile approach to government initiatives and this has tended to discourage consultations. There is still some way to go before autonomy and ‘watchdog’ functions of NGOs are embraced by all Governments and donors. The challenge for increased dialogue therefore still remains.

The Paris Declaration Does Not Go Far Enough

Conclusions

It has been seen that the principles of harmonization, alignment and democratic ownership are actually interdependent. Only if all of them are followed will aid policies become effective at promoting optimum development.

However, the Paris Declaration lacks clarity and strength in defining terms and setting concrete commitments. For example, it fails to exclude the use of policy conditionalities as 'results' to be monitored and fails to envisage an institutionalised mechanism for inclusive aid management, requiring the involvement of critical development partners such as CSOs, the private sector and the parliament.

It seems that the Paris Declaration, although very important and with foreseeable positive impact, could be one more process that will keep everyone busy without focusing on the true reasons why aid is ineffective. The Declaration deals with the symptoms of aid ineffectiveness, not its causes. Therefore, apart from advocating for the implementation of the Paris Declaration, CSOs call for the aid effectiveness agenda to go beyond the Paris commitments. This must address the root causes of aid ineffectiveness and devise new development strategies to break the cycle of poverty, aid dependency and under-development. These issues will require attention for the realization of the aspirations of the alignment and harmonization principles of the Paris Declaration.

Notes

1 See the "Paris Agenda and Efficiency in Mali: ownership and aid modalities" by Isaline Bergamaschi, presented for Informal Experts Meeting on Ownership in Practice Paris 27-28 September, 2007 as part of the OECD Global Form on Development. In fact Isaline observes that the second Generation PRSP (December 2006) in Mali was seen by the Government officials as a "Black Box" not knowing what was inside it; especially given that the Unit responsible for drawing up the Plan did not have a single Macro-economist!

2 Bulio & Hamann. (2003).

3 Deen, T. (, July 6). Development: Tied aid strangling nations. Inter Press Services.