Chapter 1

Principles and practices of partnerships

A Partnership with Fragile States:

Lessons from the Belgian development cooperation in the Great Lakes Region

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

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

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

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

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

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

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

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

Prepare well and involve all relevant actors

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

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

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

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

Engage in sensitive sectors

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

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

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

Engage politically to resolve political problems

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

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

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

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

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

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

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

Stay long enough

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

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

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

Conclusion

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

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

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

Endnotes

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

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

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

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

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

Harnessing partnerships for participatory development and transformative change

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

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

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

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

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

Partnerships in the Philippines: development for whom?

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

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

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

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

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

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

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

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

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

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

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

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

Banking on Development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

[c] *Department of National Defense*

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

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

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

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

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

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

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

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

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

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

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

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

Aid in the crosshairs of climate, inequality and geopolitics

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

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

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

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

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

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

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

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

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

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

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

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

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

Conclusion: An alternative global partnership for development

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Overview

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

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

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

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

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

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

A history of Australia's aid relationship with PNG

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

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

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

Aid and refugees: Overlapping policies

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

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

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

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

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

Manus Island: Taking advantage of the voiceless

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

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

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

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

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

Aiding or eroding governance?

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

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

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

Who frames aid relationships? Ongoing donor hegemony

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

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

Conclusion

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

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

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

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Japan: Partnership at a turning point

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

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

Autonomy at risk — closer relationship with the government

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

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

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

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

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

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

Friend or foe: Private sector as an emerging actor

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

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

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

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

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

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

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

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

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

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

Changing environment, unchanging approach: Relationships with southern CSOs

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

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

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

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

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

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

Conclusion: Deepening partnerships

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

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