The Reality of Aid

The Reality of Aid Network - Global eNewsletter Jan-Mar 2017

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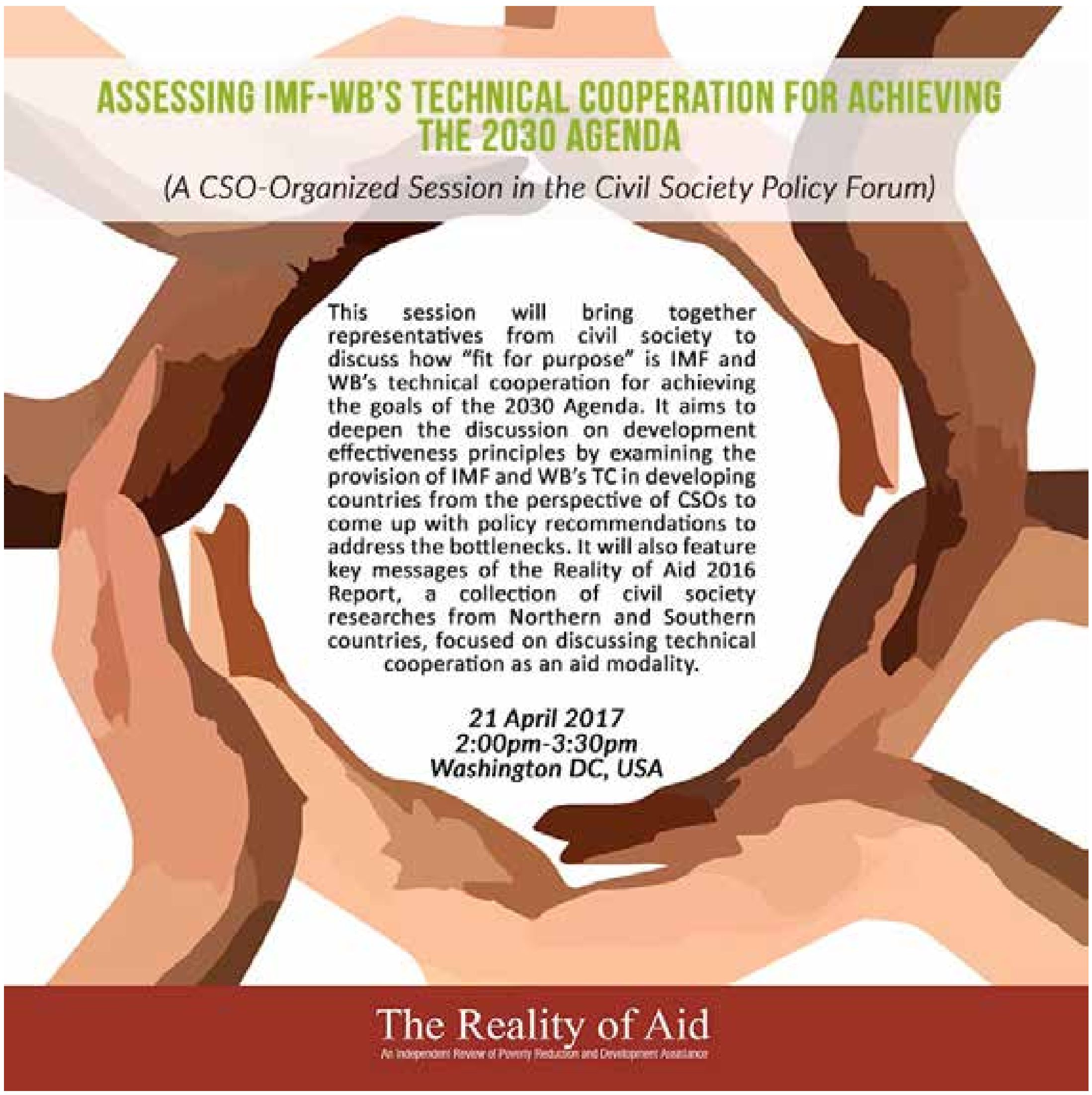
SAVE THE DATE: Session on "Assessing IMF-WB's Technical Cooperation for Achieving the 2030 Agenda" at the IMF and World Bank Spring Meeting



Technical cooperation (TC) remains one of the most heavily used forms of aid, accounting for between a quarter and a half of ODA. Bilateral donors provide most of TC (although steadily declining), but multilateral organizations maintained stable funding for technical cooperation from 1.6 billion USD in 2000 to 2.2 billion USD in 2014 (in constant 2013 USD), which is equivalent to around 12% of total TC in 2014. Now that multilateral organizations committed to help in achieving the 2030 Agenda, it is now worth looking at experiences in multilateral TC and to learn from good and bad practices.

The Reality of Aid will organize a side event during the Civil Society Policy Forum at the Spring Meetings of the IMF and World Bank. The activity will bring together representatives from civil society to discuss how "fit for purpose" is the IMF and World Bank's TC for achieving the goals of the 2030 Agenda. It aims to deepen the discussion on development effectiveness principles by examining the provision of TC in developing countries from the perspective of civil society. Lessons, issues and challenges in the implementation of IMF and WB's technical cooperation for effective development will be looked into towards coming out with policy recommendations and developing partnerships to address the bottlenecks.

The main objectives of the session are: 1) to contribute to the analysis of the IMF-WB's technical cooperation and its role in the means of implementation of Agenda 2030; 2) to generate evidence and inputs from civil society on the provision of technical cooperation using development effectiveness benchmarks; and 3) to learn from participating stakeholders relevant approaches that will enable the provision of TC consistent with country ownership

The session is in a forum format, led by a moderator and a panel of speakers. Members of the audience may ask questions and give inputs in the open forum after the speakers have presented their points. Speakers include representatives from RoA's member organizations, and the World Bank.

CSOs discuss improving CSO engagement and document disclosure with the OECD DAC Chair

On 14 March 2017, several CSOs including Reality of Aid Network met with Charlotte Petri Gornitzka, Chair of the Organisation for Economic Development and Cooperation – Development Assistance Committee (OECD DAC), along with the Development Cooperation Directorate (DCD) secretariat to discuss developing and institutionalized dialogue between the DAC and Civil Society. This is the follow-up meeting of DAC-CSO dialogue held in November 2016, where Petri Gornitzka expressed interest in forming an institutionalized mechanism for CSO engagement in the DAC.

One of the key issues discussed is on disclosure of DAC documents. CSOs asserted the need to improve transparency of the DAC by providing the public access to information from the DAC. Petri Gornitzka noted the concerns regarding lack of openness in communication and transparency, thus the need to improve classification of documents and check whether the OECD DAC's tools for communication are working effectively.

The DAC also presented CSOs with options for structured CSO participation in DAC activities. This is a positive step to move from an ad hoc individual basis of engagement to a more structured, predictable, representative CSO involvement. These options include CSO participation in select open and closed sessions in regular DAC meetings, organizing CSO meetings with the DAC twice a year to discuss specific issues, and establishing a CSO observer seat for DAC meetings. According to CSO participants, bringing in Southern CSO voices should be the priority, and modalities for representation to reflect this should be developed. Prior to the meeting, CSOs have already established a non-exclusive informal reference group to facilitate and coordinate CSO engagement with the DAC and to bring forward Southern voices in these engagements.

The DAC Chair proposed a post-meeting to look at the calendar year and identify what are the topics of interest for both sides to focus on. She also assured that CSO engagement issues would continue to be discussed as DAC undergoes reform process.

RoA Asia-Pacific holds training on Istanbul Principles in Manila

A total of seventeen representatives from Filipino civil society organizations working on development attended the CPDE Asia training workshop, “Revisiting Istanbul Principles and its Relevance to PH CSOs” at the University Hotel, Diliman, Quezon City, Philippines from March 20 to 21, 2017. The event was organized by Reality of Aid Asia-Pacific and its country partner Council for People’s Development and Governance (CPDG).

Resource speakers from prominent organizations and institutions such as KARAPATAN, Bagong Alyansang Makabayan (BAYAN) and Center for People’s Empowerment and Governance (CenPEG), were invited to provide inputs on Istanbul Principles 1 and 3, and set the tone for planning and closing remarks.

The CPDE training workshop facilitated by CPDG provided a space for civil society organizations in the Philippines to reflect on the challenges and advancements with regard the Istanbul Principles; and chart common strategies to face the obstacles in ensuring CSO development effectiveness in the country.

Civil society organizations and people’s organizations in the Philippines face unending challenges in meaningfully engaging and participating in development and governance. State policies and laws restrict CSO activities, undermining and severely impacting their role and effectiveness as independent development actors. Currently, in the 8-month old government of President Rodrigo Duterte, civil society actors and grassroots leaders are caught in the middle, if not targeted, in the intensifying War on Drugs and Oplan Kapayapaan. A number of individuals, leaders and organizations working on human rights, peasant and workers rights are experiencing harassments, illegal arrest and detention, and victims of extrajudicial killings under the guise of Oplan Tokhang. People’s organizations in remote provinces are continually forced to face militarization and human rights violations. These government and military policies practices severely hamper CSO effectiveness in performing and achieving their developmental goals.

The partners identified the following development issues that they are continuously facing - Human Rights Violations, Conflict and Militarism, development aggression (Land Grabbing, Extractive Mining), Neoliberal Policies (Privatization, Green/Blue Economy), Pseudo-Progressive CSOs. They have also identified internal issues such as lack of resources and capacity for program development and fund raising as hindrances to their development.

The partners all expressed their support to CPDG as a center of CSOs working on development and governance in the country. CPDG serves as a network to consolidate and promote good practices; strengthen support and solidarity on campaigns and advocacy with national and international community; policy advocacy to push for specific legislations related to development, human rights, good governance; as well as to provide training and support for programme development and fundraising.

Accelerating the Achievement of the Sustainable Development Goals through Blended Financing in Africa: Positioning the Civil Society for Effective Monitoring and Accountability

By Charles Linjap

Following the international agreement on the Sustainable Development Goals (SDGs) in September 2015, governments are now confronting with the critical issue of funding challenges to achieve these goals. Eradicating extreme poverty and inequality entails that the donor and development community should vigorously craft out the necessary safeguards, monitoring and accountability mechanism in terms of blending public funds with private capital to directly impact poor people.

To date in Africa, governments do not have sufficient Domestic Resources (DR) to finance major investment projects. So the focus and challenge today is on how to 'crowd in' private investment and private management in accelerating the achievement of the SDGs. Stepping up private investment is crucial in achieving both African Union Agenda 2063 and United Nations Agenda 2030. In this regard, donor governments are exploring possibilities of 'blending' public aid money with private finance to make aid spending crowd in more private investments as a tangible means to eradicate extreme poverty and inequality across the globe.

Moreover, according to the Global Partnership for Effective Development Cooperation in 2016, Overseas Development Assistance (ODAs) amounts to about $135 billion dollars annually, but the cost of paying for the SDGs will be in the trillions. As a result, blending pubic aid funds with private capital finance is highly crucial in accelerating the achievement of the SDGs. Blended financing refers to financing instruments and solutions that mix private capital with public funds to accomplish major investment projects such as access to reliable energy in rural and urban settings, better primary health care, universal access to quality education, building world class road infrastructures, etc.

The potential role of blended finance to contribute, alongside other resources, to the UN 2030 Agenda for Sustainable Development is gaining increasing interest in international dialogue. However, despite a long history of such instruments and more recent global commitments, together with established partnerships and policies of some key donors, blended finance is not a well defined term at the international level, nor does it refer to one specific financing arrangement. The 'leveraging' of additional funding into development projects is being accomplished through the use of a wide variety of financial instruments, as well as other forms of cooperation between both public and private actors. Worthy to note, limited accessible data or evidence on common blended finance instruments in use makes it difficult to appraise its impact thus far. These gaps hamper informed and progressive policy dialogue.

There are also critical data and evidence gaps that limit the ability of stakeholders of international agreements to monitor the progress and commitments of key actors delivering development services through the blended finance model. Consequently, this undermines transparency and accountability and thwarts attempts to better understand the key role that blended finance could play in financing the 2030 Agenda.

At present, there is little easily accessible and comparable data on the use of blended finance in development, what it is being spent on and where. This is due to both the lack of common reporting standards for this type of development finance and transparency-related issues, arising from the nature of blended finance activities and the partners involved (e.g. commercial confidentiality). This makes the analysis of the current role and effectiveness of blended finance extremely difficult. There have been attempts at estimating the scale of this type of development finance, especially in terms of the volumes of private funds mobilized by interventions of public sector actors. However, caution must be exerted in generalizing the findings, since coverage is partial both in terms of instruments and number and types of actors included. The OECD's survey on 'Amounts mobilized from the private sector by official development finance interventions' found that over US$36 billion was mobilized from the private sector between 2012 and 2014 – 59% through guarantees, 23% through syndicated loans and 13% through collective investment vehicles (CIVs). However, it provides no insight into the amount of public finance that was spent to mobilize such volumes of private funds.

In addition to the OECD, the World Economic Forum under the Redesigning Development Finance Initiative has been using data quality questions to estimate the current volume of finance mobilized through blending; and there are also questions over blended finance's potential to make a significant difference to the funding gap that exists in relation to the SDGs. Some estimates have sought to quantify blended finance volumes. This initiative – unlike the OECD survey on amounts mobilized – not only focuses on the amounts mobilized from the private sector, but provides a total figure for committed assets across a number of blended funds and facilities. This estimate amounts to US$25.4 billion. What blended instruments are available, how do they operate and what is each used for? The funding gap for infrastructure alone may be as high as US$1.6

actors) in fast tracking both agendas in Africa.

While agenda 2063 intersects with the SDGs at many levels, worthy to underscore is the fact that, the process to monitor public-private blended financing to sustainably achieve both agenda requires a robust and innovative approach.

According to agenda 2063, Domestic Resource Mobilization (DRM) is meant to contribute at least 75% to 90% of the financing of Agenda 2063 on average per country, namely through: (i) enhanced fiscal resource mobilization, (ii) maximization of natural resource rents –, agriculture, maritime, tourism, etc.; (iii) the leveraging of the increasingly important pool of African institutional savings – pension funds, central bank foreign exchange reserves, sovereign wealth funds and capital market development; (iv) enhanced retail savings mobilization through financial inclusion namely; (v) the curbing of illicit financial flows; (vi) the reduction of inefficiency and governance/corruption-based financial leakages and wastages – government, infrastructure services, agriculture value chain, etc. Agenda 2063 should also be rightly financed through external financing mechanisms including (i) FDI, official development assistance (ODA); (ii) financial cooperation from emerging development partners such as BRICS countries, Arab world, etc.; (iii) FDI, Public Private Partnership (PPP) et other forms of investment partnerships; (iv) the leveraging of Diaspora remittances and savings; (v) improved access to the international financial markets.

Considering the aforementioned blended financing challenges, the civil society is obliged to develop a systematic monitoring and accountability framework for blended financing trends in Africa. The civil society should undertake systematic appraisal of how blended financing of the major investment projects can effectively alleviate poverty and inequality at the grassroots level. The civil society's contributions in systematically monitoring blended financing and holding stakeholders accountable will serve as an added value in helping the donor community and recipient governments to better deliver on development services in Africa.

Failure to effectively appraise blended financing in Africa by the civil society is simply breeding grounds for less transparency and accountability in the sustainable development landscape in Africa. The civil society in effect will capitalize on existing civil society focal points and human resources to effectively to appraise the holistic performance of public-private blended financing on poor people regarding access to Energy, Communication infrastructures, Health, Education and Employment (ECHEE) as prerequisites for achieving sustainable development.

trillion per annum – although some of this gap is expected to be filled by domestic resources. Set against this, the existing estimates referred to above represent a relatively small figure when compared with the apparent funding gap.

Moreover, the Addis Ababa Action Agenda ("AAAA") is intended to define the financing framework for the Sustainable Development Goals (SDGs), and close the funding gap estimated at US$2.5 trillion per year. The Paris Climate Change Agreement and recent Mexico City Habitat III Declaration on Financing Urban Development underscore the imperative of mobilizing the private sector to deliver climate-smart solutions and sub-national finance, in line with paragraph 34 of the AAAA. Against this daunting finance gap, there is a surplus supply of private capital, both locally and globally. Accessing private finance requires bringing together co-financing from public and private sources ("blended finance") and risk mitigation. Blended Finance initiatives launched in Addis such as the Sustainable Development Infrastructure Partnership ("SDIP") and Convergence are aimed at bringing together this demand for finance with the supply of capital, but are only part of the answer, as there is still need to formulate and integrate the 360-degree vision and perspective over the complete project cycle and financing prerequisites to deliver sound and solid investments that answer sustainable development needs and leverage opportunities.

In addition, Agenda 2063 was adopted by the Heads of State and Government at the twenty-fourth ordinary session of the Assembly of the African Union that took place in January 2015 in Addis Ababa prior to the adoption of the SDGs. They recommended that all relevant stakeholders work towards the successful implementation of Agenda 2063. It is pretty obvious that striving to achieve agenda 2063 as a continental African agenda has raised a wide variety of questions. The very first question is that of, where does agenda 2063 intersect with the SDGs? The most challenging of all is, how do we monitor the impact of public-private resources mobilized to achieve both agendas? Our solutions seeks to appraise multistakeholder-driven solutions to these aforementioned questions by working with likeminded and cross-sector stakeholders (public, private/philanthropic foundations and civil society

Tour of tax justice

As part of an initiative of the Tax Justice Together program, SES Latin America was invited by Oxfam Intermon from 9 to 20 February to visit the Spanish cities of Madrid, Barcelona, Zaragoza and La Coruna to discuss with the territorial teams of that organization and Exchange knowledge, thoughts and strategies on the fight for fair international taxation.

During the tour, Adrian Falco participated in a dissertation at the University of Zaragoza for students on how activism for tax justice can contribute to combat inequality in the world. This experience enhances the work that SES does at the local, regional and global level; While enriching the perspectives and planning of activities that have been successful in the experience of friendly organizations.

Link to original article: http://www.fundses.org.ar/es/noticias/gira-por-la-justicia-fiscal

We are part of CLACSO - Fundacion SES

Fundacion SES' application has been approved as a Member Center of the Latin American Council of Social Sciences (CLACSO).

CLACSO is the largest academic network in Latin America and the Caribbean. It is an international non-governmental institution with associative status in UNESCO, which currently has 587 research centers and postgraduate courses in the social sciences and humanities in 46 countries of Latin America, the United States, Canada, Germany, Spain and Portugal .

Among the objectives of this network are the promotion of social research to combat poverty and inequality, the contribution to public policies by promoting innovative, creative and viable actions in the face of the great social, educational, cultural and environmental challenges of Latin America And the Caribbean and support for the networking of researchers and institutions active in the social sciences and humanities.

CLACSO
Consejo Latinoamericano de Ciencias Sociales

Link to original article: http://www.fundses.org.ar/es/noticias/somos-parte-de-clacso

Three changes the OECD needs to make to guard the poorest in new aid rules

By Jeroen Kwakkenbos, and Jesse Griffiths

Originally published by Devex

It has been a busy couple of years for the OECD's Development Assistance Committee, the body in charge of determining what can and cannot be counted as "aid" to poor countries, or official development assistance. Major changes to aid have already been made during a year-long process of modernization of the ODA rules, but the biggest change in decades is yet to come.

This March, the DAC will decide on how to include what are known as private sector instruments in aid. This could mean a dramatic increase in the use of aid to invest in or give loans to private companies, or to agree to bail out failed private sector projects through guarantees.

Without strong safeguards and transparency standards there is a real risk that aid could be used as a backdoor subsidy for corporations with powerful lobbies in donor countries. If the new rules are badly written — and the OECD's first proposal had major flaws, as civil society groups pointed out — they could also create strong incentives to shift aid away from social sectors such as education and health, in order to support commercial ventures. They could also focus aid more on emerging markets where donor companies eye profit-making opportunities, and take it away from the poorest and most fragile countries. Three important changes are needed if these risks are to be avoided.

First, the DAC must explicitly state in the new rules that aid that is "tied" to using companies in donor countries is not allowed. For example, the loans and guarantees rich countries give to support their exporting companies — known as export credits — should never be allowed to count as aid. This clear "no tied aid" statement would lower the incentive for donors to prioritize their commercial lobby interests over development and poverty reduction and ensure that development effectiveness principles are not forgotten. It is worth noting that this major concern about export credits has not come from the development community but from the agencies responsible for awarding the credits, which worry that the implicit subsidy provided by ODA would cause them trouble at the World Trade Organization.

Second, the DAC must get serious about tackling the major informal barriers that prevent aid agencies from using suppliers in developing countries. This "informal tying" helps explain why nearly three-quarters of U.K. aid contracts go to U.K. firms, for example. Many of these barriers have been set out by Eurodad and others and include basic things such as where calls for tenders are advertised and in which language. One simple way to ensure every penny of aid money has the maximum impact is to spend as much as possible in developing countries.

Informal barriers block small- and medium-sized suppliers in developing countries from winning aid contracts — a tragic waste of a simple opportunity to have bigger development impacts. The OECD DAC and its member states should seize this opportunity to convene a forum that includes developing countries, civil society organizations and the private sector with a simple task: to develop an action plan for removing these barriers and ensuring that a far higher share of development aid is spent through actors from the poorest countries.

Third, the rules need significant tightening in a number of areas, which civil society groups have detailed. For example, there is a high risk of aid being given to projects that are already commercially viable, which is why the rules need to ensure clear blue water between the subsidized private sector projects that might warrant aid and those that would go ahead anyway on commercial grounds. Risks of creating "phantom" aid — such as guarantees given by donor governments that are never used, and hence never result in any actual money being transferred — should also be tackled.

While the discussion is technical, it is clear that the real issues are highly political. This is why it is tragically short sighted that governments and civil society groups in developing countries have been excluded from the forums making this important decision. We know that seemingly technical aid rules can have a huge, often unforeseen, impact. For example, the OECD's decision to allow some in-donor refugee costs to count as aid has recently led to some European countries becoming the largest recipients of their own aid. If the OECD wants to make sure that aid rules really help the poorest countries, they need to listen to these concerns, tighten the rules, and let the representatives of the poorest countries — those who will be most affected by the changes — have their say.

Link to source: http://www.eurodad.org/PPPs-dangerous-debts-developing-countries

Non-European OECD

Public Policy Activities and Canada's Global Development Sector

Late November and early December saw a number of face-to face consultations in cities across Canada on "Charities' Political Activities," a flashpoint for many in the charitable sector and that has a direct impact on our members. CCIC responded by engaging members around the process, conducting two national surveys to draw on member experiences, organizing webinars, participating in the consultations, and drafting a submission. The submission, "Modern Charities, Ancient Rules : Public Policy Activities and Canada's Global Development Sector," drew on data from the surveys, among other things. The key recommendations contained in this submission are that: 1) the Government of Canada work on developing a new legislative framework, in close collaboration with the charitable sector; 2) the CRA focus on supporting, and not restricting, charities' engagement in public policy processes; 3) the CRA remove barriers imposed by direction and control measures; 4) restrictions on political activities be removed; and 5) in the immediate term, clarify and improve guidance around existing rules and regulations.

Link to original article: http://www.ccic.ca/flash/flash_2017_01_e.html

AidWatch Canada Assessment of the GPEDC HLM2

AidWatch Canada's Brian Tomlinson has co-produced an analytical summary of the Second High-Level Meeting of the Global Partnership for Effective Development Co-operation in November-December 2016. The paper focuses on what was accomplished in Nairobi as well as emerging challenges for the Global Partnership and development effectiveness efforts, and suggests some concrete steps for moving forward. The analytical summary may be viewed and downloaded here: http://aidwatchcanada.ca/wp-content/uploads/2017/02/Final-GPEDC-HLM2-paper-Farida-T-Bena-with-Brian-Tomlinson-3Feb2017.pdf

Link to original article: http://www.ccic.ca/flash/flash_2017_02_e.html

The Reality of Aid

An Independent Review of Poverty Reduction and Development Assistance

The Reality of Aid Network exists to promote national and international policies that will contribute to a new and effective strategy for poverty eradication, built on solidarity and equity.

Established in 1993, The Reality of Aid is a collaborative, not-for-profit initiative, involving nongovernmental organisations from North and South.

The Reality of Aid publishes regular and reliable reports on international development cooperation and the extent to which governments in the North and South, address the extreme inequalities of income and the structural, social and political injustices that entrench people in poverty.

The Reality of Aid International Coordinating Committee is chaired by Leo Atakpu of Africa Network for Environment and Economic Justice. The International Coordinating Committee is composed of coordinators of component regional networks (RoA Africa, RoA Asia/Pacific, and LATINDADD for Latin America), Canadian Council for International Cooperation, European Network on Debt and Development (EURODAD), and the Global Secretariat Coordinator.

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