

Challenges to the Notion of Aid Effectiveness

This September 2 to 4, the “Third High-Level Forum on Aid Effectiveness” will be held in Accra, Ghana. This meeting will bring together ministers from over 100 countries, and heads of bilateral and international financial institutions from around the world. We join our voices with other movements and civil society organizations that have expressed issues and concerns regarding the process, agenda and outcome of this Forum. In addition to the recommendations endorsed in the common civil society position paper, we present the following calls and challenges:

1. JUSTICE and REPARATIONS should be the starting point of Aid. The strategic vision should be to end the Aid regime.

Aid-giving takes place in the context of the reality of the big divide between a few rich nations and the many who are impoverished. This reality is the result of a history of colonization, history that persists in the unequal economic and political relations between countries and the exploitation by the North of the South.

Even as it is already acknowledged internationally that rich countries, global corporations and the world’s elite bear the greater part of blame for the climate change -- the northern governments must acknowledge that they bear a major responsibility for poverty and intensifying inequality.

Aid-giving should not be falsely premised on charity. Total aid flows today, and even if it were to reach 0.7%, is not enough to pay for reparations and restitution for historical and ecological debts of the north to the south. It is but a small amount compared to the flow of wealth and resources from the South to the North. Aid should begin with the acknowledgement of responsibility and with the intent of justice, reparations and restoration.

Governments of the South should regard aid as a temporary source of inflows. The strategic vision should be to end the aid regime, build strong, sustainable, equitable and sovereign economies, and establish a just global economic order.

2. Debt cancellation is a major requisite for Aid Effectiveness . Aid should not exacerbate the burden of Debt.

It is appalling that the problem of the Debt is largely absent from the discourse on Aid Effectiveness.

The Enhanced HIPC and the Multilateral Debt Relief Initiative have not resolved the problem of the Debt. Instead new debts are being accumulated. Even the best intentioned aid cannot be effective as long as many countries from Africa, Latin America and the Caribbean, Asia and the Pacific continue to lose huge amounts of much needed resources to debt servicing.

Loans constitute a big part of AID flows and add to the already huge debt stocks claimed from many countries in the South. Many of these loans bear interest. While the interest rates are below market and come with some grace period, these nevertheless increase the outward flow of resources from the countries of the South and add to their fiscal burdens. We assert that Aid in the form of loans cannot effectively address and indeed only worsen poverty, gender inequality and the crises of food, energy and climate.

3. Illegitimate and odious debt must be addressed.

There is growing international recognition of the problem of illegitimate and odious debts - debts that were tainted with fraud, corruption and irregularities, debts that were used to finance harmful projects and policies, debts that involved violation of laws and regulations, debts that were used to advance the interests of the lender to the gross disadvantage of the borrowing countries. Studies are now revealing that a number of these questionable and onerous debts were incurred as part of ODA and other forms of Aid.

The issue of illegitimate and odious debt strikes at the core of the notion of Aid Effectiveness - it points to the processes and nature of aid transactions, the terms and conditions of aid, the purposes and actual impacts of aid. Not only must illegitimate debts be cancelled - the structures, policies, practices and the power imbalances that breed illegitimate debt must be addressed.

4. Effective development - the eradication of poverty, the delivery of social services, the promotion of social equity, human rights, gender equality, sustainable jobs and livelihoods, food sovereignty, environmental security and climate justice must be at the center of the discourse

Aid should be measured in terms of the results it brings to the lives of people for whom it is intended. The "how" of aid delivery and management (transparency, accountability, etc) while important - becomes irrelevant if the more fundamental question of the real objectives and impacts of aid are evaded. The Forum in Accra must ask and debate what have been the actual impacts of aid and who benefited.

It must be clearly demonstrated how eradication of poverty, the delivery of essential services such as water and the realization of education for all, the promotion of social equity, human rights, gender equality, sustainable jobs and livelihoods, food sovereignty, environmental security and climate justice - will be effectively addressed.

5. Democratic process demands that people's organizations, social movements, trade unions, NGOs and other citizens groups be recognized as independent development actors and be accorded a major role in processes concerning development policy and Aid

All governments must ensure the meaningful participation and engagement of people's organizations, social movements, trade unions, NGOs and other citizens' groups (especially of the poor and socially excluded) in the formulation of national development strategies, in the negotiation for aid and its uses, in the implementation of aid-funded projects, in oversight and accountability mechanisms.

6. Financing aimed at the CLIMATE CRISIS should not be in the form of loans, and should be managed through new democratic and accountable institutions. Financing of environmentally destructive projects must stop.

Northern governments should finance programs in the South that enable impoverished and affected peoples and communities to deal with the impacts of climate change and facilitate the shift to sustainable and clean technologies and livelihoods -- as part of reparations and restitution for the environmental damage and destruction that their policies, economies and corporations have caused.

Recent pronouncements by northern governments that they will begin extending loans for climate change adaptation and mitigation programs are quite deplorable. Not only is this a form of denial of responsibility, it is adding to another problem - the debt burden.

Funds to address the climate crisis should not be placed under the control of international financial institutions that have played a role in exacerbating the crisis and have no credible track record in promoting genuine development, such as the World Bank. New international mechanisms that are democratic and accountable, and that include major representation of governments and civil society organizations from the South, must be established.

In addition, northern governments should stop funding projects and policies that are environmentally destructive, feed the climate crisis, and benefit only transnational corporations. It is condemnable that a significant amount of these funds are counted as part of "Aid flows."

7. Aid must be free of donorimposedconditionalities. Tied aid should be rejected.

While every contract will have terms of agreement that reflect mutual responsibilities and obligations intrinsic to the financial transaction - conditionalities imposed by donors and lenders undermine the sovereignty of nations and peoples of the South and violate the principle of democratic governance. In addition, there has been well documented evidence of the harmful impacts of many policy conditionalities and the grossly unfair and disadvantageous nature of other types of conditionalities that have come with loans and aid.

These harmful conditionalities have destroyed local agriculture and provoked the current food crisis, have weakened domestic economies and rendered South countries more vulnerable to the vagaries of the world market, have caused the loss of jobs and livelihoods and the shrinking of wages, have almost completely wiped out what little basic services are provided by South governments.

Aid-giving is not only exercised in the context of unequal power relations, it is being used as an instrument of power. And conditionalities are the most blatant expression of this fact.

Aid that is premised on justice, the righting of historical wrongs, the acknowledgement of responsibility for impoverishment and inequality, and the obligation to pay reparations and restitution; Aid that puts people at the center - the billions of excluded, marginalized, silenced, and disempowered, the majority of whom are women; Aid that does not come with conditionalities, vested interests and deception; Aid that upholds the sovereignty and rights of countries and peoples; Aid that is managed democratically and in a transparent and accountable manner... This is the only kind of aid that can be effective; this is the only kind of aid that is acceptable.

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SIGNATORIES: (Please sign on!)

International and Regional Networks and Movements:

Jubilee South - Asia/Pacific Movement on Debt and Development (JS APMDD)

Jubilee South

Africa Jubilee South (AJS)

Jubilee South Americas

Asian South Pacific Bureau of Adult Education (ASPBAE)

Southeast Asia Alliance for Poverty Eradication (SAAPE)

LDC Watch

Alternatives Asia

European Network on Debt and Development (EURODAD)

National and Country Organizations and Movements:

Freedom from Debt Coalition (FDC) -Philippines

ODA Watch - Philippines

Philippine Rural Reconstruction Movement (PRRM)- Philippines

Sanlakas - Philippines

Monitoring Sustainability of Globalisation (MSN) - Malaysia

Rural Reconstruction Movement Nepal (RRN)

Indian Social Action Forum (INSAF) - India

Debt and Development Coalition - Ireland

Individuals

Professor Eduardo Tadem, University of the Philippines

Dr. Walden Bello, University of the Philippines