

The Reality of Aid 2008

An Independent Review of Poverty Reduction and Development Assistance

INTRODUCTION

This year, 2008, marks a significant renewing of attention to trends and policies for international development finance.

At the end of June, the UN Secretary General, Ban Ke-moon, convened the first biannual Development Cooperation Forum, reasserting the United Nations as the global forum for international policy dialogue on aid and international cooperation in which all countries, rich and poor, can have an equal voice in shaping these policies.

In September, donors, developing country governments, along with an unprecedented number of CSOs, gather in Accra, Ghana, for the Third High Level Forum to review progress in achieving the goals for aid reform which were set out in the 2005 *Paris Declaration on Aid Effectiveness*.

Finally, in Doha in late November, the United Nations is gathering the international community to take stock of progress in achieving the commitments made in the Monterrey Consensus, a comprehensive North/South compact for enhancing development finance that emerged from the 2002 Monterrey Financing for Development Conference.

CSOs are deeply engaged with all of these important international processes. Over the past 18 months, CSO advocacy has called for deep and structural reforms of aid policies and practices – ending conditionality, ending tied aid, increasing CSO voices in aid policy dialogue and focusing on the rights of the poor and powerless – to enable aid as a truly effective catalyst to ending global poverty and inequality.

The CSO contributors to this *2008 Reality of Aid Report* examine the reality of aid practices in donor countries and their impact on the lives of poor and marginalised populations on the ground in developing countries. Taken together, they present a sobering indictment: donors and developing country governments over these past six years have failed to deliver on even the modest commitments made in Monterrey and in Paris. Meanwhile, opportunities to reverse these directions in Accra and Doha are being frittered away in endless technical debates on aid management, while resources and reforms that might improve conditions for poor people to claim their right to education or access to health care, to women's rights or to decent work, receive scant attention.

While cases and country situations are varied among donor and developing country partners, there are important common voices emerging from the pages of this report:

- ❑ Aid effectiveness for what purposes and for whom? The authors are clear: “democratic ownership” is fundamentally important for development impact on the acute conditions that create and sustain poverty. Aid will be effective for development only if movements and

organisations representing people, particularly women, vulnerable and marginalised groups deeply affected by poverty and inequality, can organise themselves to promote and claim their rights.

- ❑ Authors reveal widespread evidence that recent donor/government agreements, such as the 2005 *Paris Declaration*, have done little to reform key aid practices – imposed policy conditions, donor-led technical assistance, promotion of donor trade and investment agendas, etc. – that undermine the possibilities that parliaments and citizens in the poorest developing countries can set their own development priorities.
- ❑ Authors point to the refusal to contemplate fundamental democratic reform of the International Financial Institutions as they continue to act as gatekeepers in managing a highly unequal aid system in which the poorest developing countries have been largely excluded from decision making.

These issues are far more urgent and important for the people than donor and developing countries' legitimate concerns over the severe fragmentation and incoherence that currently threatens the collapse of development assistance in the world today.

In the face continuing sheer poverty, run-away prices of basic needs, famine and disease, conflicts and wars, CSOs are looking for a visionary agenda in 2008 for development – including an equitable and just aid architecture, responsive to the conditions of people living in poverty and to the human rights obligations of donors and governments. This report provides some proposals and directions for such reforms, ones that should include CSOs as equal development partners and enshrines human rights, social justice, gender equality and environment at the heart of aid effectiveness.

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