

CONFERENCE REPORT

WHOSE SECURITY? WHOSE RIGHTS? GOVERNANCE AND HUMAN RIGHTS IN INTERNATIONAL COOPERATION

A CCIC / REALITY OF AID CONFERENCE

**AND THE LAUNCH OF
*THE REALITY OF AID 2004 REPORT***

MAY 28TH TO 29TH, 2004



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A copy of *The Reality of Aid 2004 Report* may be purchased from Jaz Bucan at the Reality of Aid Secretariat in IBON Foundation by writing roasecretariat@ibon.org or from CCIC by writing btomlinson@ccic.ca.

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WHOSE SECURITY? WHOSE RIGHTS? GOVERNANCE AND HUMAN RIGHTS IN INTERNATIONAL COOPERATION

1.0 INTRODUCTION

In May 2004, the global Reality of Aid network published the 10th edition of *The Reality of Aid Report*. The theme of the *2004 Report* is governance and the promotion of human rights in international cooperation and aid, with particular attention to the influence of the global security agenda on development cooperation. The Reality of Aid Network draws together more than 40 civil society networks and organisations from Asia, the Americas, Africa, Europe and the other OECD donor countries. Reports produced by the network elaborate country and regional civil society reflections and recommendations on themes in aid and international cooperation.

The May 28-29, 2004, CCIC / Reality of Aid Conference on Governance and Human Rights drew attention to the analysis and key messages of the *2004 Report*. The Conference also launched a series of policy dialogues to be undertaken over the next year involving the Reality of Aid Network (which includes CCIC), and donors and governments in the South, to address these important themes. This Conference report will highlight major themes which arose in candid dialogue among civil society organisations (CSOs) present at the Conference, and with government officials (primarily CIDA and the Canadian Department of Finance). The Conference brought together CSOs from within the CCIC membership, as well as development activists from around the world. The agenda and a list of participants are attached in “Appendix 1”.

2.0 KEY NOTE ADDRESS – LAUNCHING *THE REALITY OF AID 2004 REPORT*

Tony Tujan, Chairperson for the Reality of Aid Network and Program Director for IBON Foundation Inc., (Philippines)

Tony Tujan acknowledged CCIC’s initiative to launch the *2004 Report* at its annual meeting. In his introductory remarks Tony pointed to recently announced increases in ODA by donors following the UN Financing for Development Conference in Monterrey, Mexico, in 2001. While these modest increases are welcome, CSOs continue to be deeply concerned about the quality of aid for effective poverty reduction. Both donors and CSOs have stressed that the way countries and institutions are governed is crucial for achieving aid effectiveness. But, increasingly for many CSOs human rights must also be central if aid is to be an effective development catalyst for those living in poverty.

2.1 Understanding Governance

The Reality of Aid 2004 Report notes the significant differences in official donor / CSO understanding of governance. Official donors have focused on governance largely through the restricted lens of “good governance” in the technical management of government resources and effective implementation of (often donor directed) macro-economic and sector policies. By contrast, the focus of the Reality of Aid Network is on issues of **democratic** governance – democracy, participation, making aid work for the poor. It is fundamentally about power and exercising rights in society and is therefore an evolving process which, particular to each society, may take decades. For official donors, good governance has an emphasis on corruption and not human rights. In fact, democracy is undermined by the donor-imposed conditionalities relating to economic structural adjustment, reform of government and privatisation of social services.

2.2 Development as a Political Process

Ending poverty is inherently a political process specific to local economic, social, cultural, ecological and gender equality circumstances in each country. By extension, development is therefore also a political process that engages people, particularly the poor and powerless, in negotiating with each other, with their governments, and with the world community to claim rights that advance their livelihood and secure their future in their world. The poor are not subjects to be acted upon by development action, but rather are central actors in sometimes conflicting politics seeking outcomes that favour the poor. In this context, it is important to understand the relationship between NGOs (non-governmental organisations), social movements and the other organisations of civil society that coalesce around the interests of people in poverty.

2.3 Governance of the Aid System

The CSO contributors to the *2004 Report* emphasise that governance is a question for both Southern and Northern development actors and institutions. It is not simply about “good governance” in the South. The *Report* looks closely at the governance of the aid system itself – how is aid provided and for what purposes. In particular, the *Report* insists on democratic reform of the International Financial Institutions (IFIs). Highly undemocratic IFIs must no longer be the exclusive “gatekeepers” for policy advice on governance reform and resource transfers in the aid regime. While governance of the IFIs remains an exclusive prerogative of governments, democratic government must always be in consultation with constituencies affected by their policies, including those emanating from the IFIs.

2.4 Aid as an Instrument of Foreign Policy

Aid has always been an instrument of donor foreign policy and international trade and investment interests. CSOs are deeply concerned that the emphasis for aid is shifting away from priorities for poverty eradication to becoming an instrument in the “war on terror”. The priorities for aid are increasingly being determined by a Northern agenda of war and reconstruction. Aid

should be treated as money held in trust for people in poverty. It is our obligation to accompany millions of people in the struggle to claim their rights and sustain them in making progress in eradicating poverty. In this context, he noted that the Millennium Development Goals (MDGs) are an extension of international legal rights. Both official donors and CSOs must act on MDGs in a framework of these rights.

Tony concluded by drawing attention to the key messages of the *2004 Report* – to be elaborated upon in the various sessions of the Conference. A summary of the key messages and themes of the *Report* can be found in “Appendix 2”.

3.0 OPPORTUNITIES, CHALLENGES AND OBSTACLES IN DONORS AND CSOs – TRANSFORMING THEIR PRACTICES IN ADOPTING A RIGHTS-BASED APPROACH

Chair: David Moloney (Vice-President, Policy Branch, CIDA)

Panel: Rieky Stuart (Oxfam Canada), Kirsten Mlacak (Policy Branch, CIDA) and Gopal Siwakoti (Nepal Policy Institute)

3.1 CIDA and Human Rights

In opening the session, *David Moloney* noted that governance and human rights are important issues in current discussions of Canada’s international policy framework. Human rights are not separate issues that donors must add onto governance – governance and human rights are part and parcel of each other, they are intrinsically linked. While they are not comprehensive, he pointed to the Millennium Development Goals as critical indicators for CIDA. Questions of rights and governance are both important co-objectives and are crucial to accomplishing the MDGs. Money is also important and he noted that Canada will double its aid budget by 2010, with a 36% cumulative increase in our aid volume already in place by 2005.

3.1.1 Understanding the Three Dimensions of Governance

David suggested that governance should be understood as a stool with three legs – political leadership, government institutions and capacity, and strong engaged civil society. Good governance requires all three of these legs. “It means developing a representative and participatory democracy with an accountable government, as well as an active and informed civil society. It means developing effective public machinery and institutions and their capacity. It means strengthening the rule of law, respect for human rights, a fair and transparent judiciary, universal access to justice, forums for complaint, appeal and redress and enforcement of property rights. Good governance does mean responsible economic management. But it means all of these other things as well.”

3.1.2 Local Ownership

Local ownership continues to be a central organising principle in determining CIDA's aid priorities. David noted that "for CIDA, local ownership means national ownership – that is ownership by government and its people. It is not enough for governments to lead development efforts – development needs to be a partnership between governments, civil society, individuals, and the private sector, supported by donor agencies such as CIDA." An increasing focus for CIDA will be on strengthening institutions.

3.1.3 "Peace, Order and Good Governance"

David remarked on recent discussions in Canada on the "whole-of-government" approach to policy-making and implementation and the emphasis on "peace, order and good governance". While some people might worry that development cooperation will become too focused on security issues, he suggested that "at CIDA, we see the concept as a helpful reminder that peace, order and good governance are essential both to security **and** as enabling conditions for meeting development goals". Achieving the MDGs and sustainable poverty reduction is impossible without sustainable peace.

Kirsten Mlacak from CIDA's Policy Branch went on to elaborate on CIDA's understanding of, progress on, and challenges in moving towards a human rights approach to development cooperation.

3.1.4 Defining a Human Rights Approach

CIDA is drawing on considerable experience over the past decade to integrate respect for human rights as an objective in its own right and as an essential ingredient for sustainable development, particularly in the area of gender equality and children's rights. She noted a growing donor consensus and interest in discussing human rights in development. As a step forward, she pointed to a common understanding in the UN, *The Human Rights-Based Approach to Development Cooperation: Towards a Common Understanding among UN Agencies*, adopted in 2003 by United Nations Development Group. But she also suggested that while a commitment to the approach is broadening, no one really has a firm notion on how to operationalise the approach. As to a definition, she proposed the following:

"A human rights approach to development is a conceptual approach / framework that is grounded normatively on established international human rights standards and seeks to implement and operationalise these standards, and principles derived from them, in order to enhance development cooperation policy and programming in all sectors."

For CIDA, this definition has four guiding principles – participation, accountability, non-discrimination / equality and indivisibility / interdependence.

3.1.5 Challenges and Opportunities

Kirsten noted the following opportunities and challenges for donors in moving towards a rights-based approach:

- CIDA and donors are developing a body of experience from which to draw lessons for further operationalisation of the approach. It will be important to develop a methodology by which to measure results.
- A rights-based approach is an extension of good development practice. The MDGs are a set of international goals, the achievement of which will be an important step along the road of human rights for all.
- Donors are emphasising the importance of participation and non-discrimination in PRSP (poverty reduction strategy papers) processes and strengthening aid effectiveness. But there is still a long way to go towards putting these notions into practice.
- Rights language can alienate counterparts in policy dialogue and can be confused with the baggage of conditionalities. There can be unease about a politics of rights and power relations (e.g. reactions to gender mainstreaming).
- We must avoid a tendency to use rights language to address too many issues (right to...) which dilutes the power of legally binding instruments.

We need to work with each other in order to meet the challenges and develop the opportunities to apply a rights approach.

3.2 Interpreting Political, Economic and Social Rights in a Rights-Based Approach

Rieky Stuart raised a number of points about implications for a rights-based approach arising from the distinctions between donor commitments to political and civil rights and to economic, social and cultural rights. Civil and political rights are juridical and rooted in binding laws. Economic, social and cultural rights, while also rooted in international human rights covenants, are open to legal interpretation in the sense that poverty can be contextual. One is poor in the context of someone else not being poor. Development is a historical process and cannot be “engineered”. We need to also recognise that human rights are the result of the historical struggle of social movements. Other participants argued that rights are indivisible whether some rights are judiciable or not. But for a development practitioner who works mainly on social or economic rights, the differences in the ways rights are treated in practice has implications for a rights-based approach. In some situations, a juridical approach to social or economic rights may provide too rigid an approach to making development equitable.

3.2.1 Putting a Rights Approach into Practice

Rieky also discussed some uncertainties among CCIC members as to how to integrate a rights-based approach into their practice. Clearly a rights approach has major implications. A rights approach is anti-thetical to a notion of charity – choosing to give out of the goodness of one’s heart – while rights imply claims, entitlement and justice. This will affect not only how CSOs think about their relationships in the South, but also how we do fundraising in Canada. The latter leads to questions about CSOs’ tendency to remain rooted in constituencies of the poor, and issues of accountability and credibility of social movement actors. Rieky gave the example of a South African program, Women on Farms, which began as a group of feminist activists concerned with farm labour and evolved to focus on rural women workers’ rights. Now there is an organisation of farm workers through which women can claim rights. OXFAM assisted in making links with women working on similar issues in different countries and has challenged retailers in Canada. Work on fair trade is part of a rights-based approach.

3.2.2 Roles of Donors in Putting Rights into Practice

Gopal Siwakoti addressed issues of rights from the perspective of a development activist, who is also trained as a human rights lawyer. Development activism is key for the actual realisation of human rights. He looked at questions of rights in the context of a so-called “failed state” (Nepal), where guarantees for political, social and economic rights have not been enforceable by law despite recognition in the constitution. How did donors react and contribute to this situation? Gopal pointed to donors that came to Nepal as “loaners” in the 1990s, with an emphasis on big dams, while imposing conditionalities for privatisation of services with no provision for peoples’ rights, which undermined fragile democracy.

3.2.3 Struggles Against Donors

Those affected fought back, organising to claim their rights and campaigned against the World Bank (where they finally won in 1995). But the Nepal government became co-opted by donor interests and conditionalities, particularly in relation to unpopular privatisation of government services. Electricity became a luxury for many people and not a “basic need” – let alone a “right”. In his chapters in the *Reality of Aid 2004 Report*, Gopal reflects on Nepalese struggles for a human rights and ecological approach to development that continues to evolve, with lessons learned from the success with the Arun III dam project. He points to the difficult relationship with donors, particularly NORAD (North America Aerospace Defense) and the ADB (Asia Development Bank), promoting the Melamchi River diversion project for water supply in the Kathmandu Valley. He elaborated on the secrecy of IMF (International Money Fund) agreements with the government of Nepal and the unreality of their view of development prospects for Nepal in the face of war. The Maoist conflict is labelled a global threat and Nepal is now part of the global game of the “war on terrorism”, fuelled by military assistance from the major donors (US, UK, Belgium). A human rights approach to Nepal requires supporting peace negotiations not military aid, cancelling the debt, and giving support to Nepal’s own development priorities without conditions of privatisation, etc.

3.2.4 Delink “Security” from Development Cooperation

Most of the local and national armed conflicts are related to freedoms or liberation struggles against injustice, discrimination, poverty and repression. Means of violence are used more by the donor countries in the name of combating non-state violence or fighting terrorism. Today, in Nepal, everything is decided somewhere else, everything comes from outside in the name of the “global village”, and all destruction comes in the name of development. Local autonomy and the right to self-determination are becoming an historical memory.

4.0 MAIN THEMES IN PARALLEL GROUP DISCUSSIONS

Four parallel groups¹ discussed some of the main messages from the *2004 Report*:

- Achieving the Millennium Development Goals in a Rights-Based Framework
- Governance and Reform of the International Financial Institutions
- Donor Conditionalities and Democratic Governance
- Reinvigorating Multilateralism in International Cooperation

The synthesis which follows draws together many of the issues raised by the presentations and group discussions under three major themes:

- Dilemmas and Issues in a Rights-Based Approach
- Reforming Multilateralism and its Institutions
- Taking Advantage of Global Commitments to the MDGs

4.1 Dilemmas and Issues in a Rights-Based Approach

4.1.1 Holding Governments Accountable

How can governments, who are the primary duty bearers under international human rights law, be held accountable, when in some instances they have little interest in meeting these obligations? By virtue of international treaties that they have ratified, states are legally bound to protect and fulfill human rights. Over the years there has been international progress in defining the content of the right to food, to education, to health, to adequate housing as part of economic, social and cultural rights in the UN Covenant and related documents.

¹ CCIC and The Reality of Aid Network are very grateful to those who agreed to launch these discussion groups with presentations – Tamara Herman (Rights and Democracy, Canada), Gunhild Ørstavik (Norwegian Forum), Bruce Rayfuse and Micheline Aucoin (Department of Foreign Affairs and International Trade, Canada), John Mihevc (KAIROS Ecumenical Coalition), Moreblessings Chidaushe (AFRODAD, Zimbabwe), Rae Julian (New Zealand Council for International Cooperation), Nancy Thede (Université du Québec en Outaouais), John Foster (North-South Institute, Canada), and Rhonda Gossen (Canadian International Development Agency).

- ❑ Are we looking to multilateral institutions, donor governments, CSOs to act in holding these governments accountable? What would be the implications for issues of sovereignty and the exercise of peoples' rights?
- ❑ If we look to regulatory /judicial national or international means of pressure and accountability focused on Southern governments, how are donors brought to account for their actions that affect the ability of a given country to make significant progress on economic, social and cultural rights (debt for example)?

4.1.2 The Rights-Based Approach as a Political Framework

The rights-based approach is a highly political framework at all levels – local, national, international. Definitions of rights-based approaches may vary and be interpreted differently in different countries and cultural contexts. We need greater clarity on the definition and implications of these approaches. What are the implications for our work as CSOs?

- ❑ The rights-based approach is about how we frame power. It recognises development as a political process and aims to transform power relations. But are we working to redistribute power in a win-win situation where no one loses? Or are we contributing to new capacities for those who are excluded to exercise power to claim their rights? From a gender perspective, a technical approach to social and economic change often ignores asymmetrical power relationships at all levels; the approach to development assistance remains at the level of charity.
- ❑ One workshop in particular looked at understanding and focusing on gender equality as an essential entry into the issue of power in relation to the achievement of the MDGs. Gender equality issues seem to be invisible in the current development agenda. Few people are asking how the MDGs might empower women and contribute to a fair and balanced distribution of power and influence between men and women. Equality of rights for women is recognised in the Millennium Declaration and is intrinsic to the achievement of the MDGs. Notably absent from the MDGs is any recognition of sexual and reproductive rights issues despite achievements during the Cairo and Beijing Conferences in the 1990s.
- ❑ We should also recognise that the politics of a rights-based approach may also significantly increase risks for those struggling to claim their rights, as well as for those NGOs working to strengthen their capacities to do so. As NGOs we need to approach international cooperation in terms of sharing risk with Southern counterparts.

4.1.3 The Responsibilities of Citizenship in a Rights-Based Approach

If states are seen as primary human rights duty bearers, does the rights-based approach not recognise, nor leave space for, the duties and responsibilities of citizenship to act in the interests of rights for all?

- ❑ The rights-based approach differs from the classical needs-based approach to development. Realisation of human rights is not at the discretion of government officials or agencies. International agencies and donor governments have equally fundamental duties, responsibilities, and obligations to refrain from creating obstacles and difficulties for developing countries for the realisation of their domestic and international human rights obligations. By claiming rights instead of responding to needs, this framework is better placed to address the negative impacts that result from the activities of international agencies or transnational corporations and to hold those who benefit from investment accountable for any human rights violations incurred.
- ❑ Donors should practice the same values, principles, and standards in recipient countries as is their legal obligations in their home countries. They must change their administrative and accountability processes to enable a rights approach (e.g. not consistent with a log-frame analysis).

4.1.4 Confronting the Power of Donors

We have a shared responsibility to confront donors to live up to their policy rhetoric at their national headquarters in their field practices. In some situations, donor rhetoric about rights, working with local elites to slowly ameliorate seemingly national causes of a lack of progress in social, economic and cultural rights, may not be sufficient. Social / political development activists in the South confront some very harsh realities on the ground, characterised by overwhelming power of donors to push their external (neo-liberal) development agenda.

4.2 Reforming Multilateralism and its Institutions

4.2.1 Reinvigorating multilateralism?

The title for one of the workshops suggested that multilateralism needs “reinvigorating”. But perhaps the reality is that major institutions of multilateralism are vigorous enough and need reining in! The issue with American unilateral action is not necessarily the absence of collaboration with multilateral approaches, but its forceful action as a “superpower” reflected in unilateral action within the multilateral arena itself – for example its approach to UNCTAD (United Nations Conference on Trade and Development).

4.2.2 Can the IFIs be reformed?

Several workshops raised this question:

- ❑ From inside the institutions there are tremendous political pressures to resist reform, including governance structures which are dominated by major donor countries’ interests while operating to maintain privileged access to capital markets and finance activities, etc.
- ❑ Can the growing IFI monopoly in setting the development agenda be challenged by medium-sized donors such as Canada? There was an observation that it is very difficult for bilateral country officials to do so, and if this is so, what does this say about the prospects for true country ownership?

- ❑ CSOs are questioning the credibility of new approaches emanating from the World Bank / IMF:
 - PRSPs are new forms of conditionality;
 - CSO engagement and inclusion of excluded peoples are seen as essential to achieving democratic governance, but donors continue to focus on their own prescriptions for technocratic reform of institutions of governance, including extensive measures for privatisation, etc.
 - Is the focus on governance by donors ultimately a new tool in a neo-liberal policy framework, largely unchanged in its prescriptions from the Washington Consensus?

4.2.3 What do we mean by conditionality?

The defining characteristic of conditionality is the power to impose. Therefore, issues of power and the ways that the control over resources is exercised by donors become crucial. These impositions can also be made by Northern CSOs on their developing country partners in response to funding conditions or donor preferences for particular themes or approaches. Yet how do we treat legitimate questions of accountability, interests in promoting environmental integrity and gender equality in program relationships?

- ❑ A key distinction was made, which is also one that is set out in *The Reality of Aid 2002 Report*: Distinct from conditionality, the network believes it is possible for actors in international cooperation to negotiate programmatic relationships based on shared values, but with goals that are truly created and proposed in the South. These more equitable relationships still imply shared obligations and responsibilities, including mutually agreed upon and shared accountability to commitments and the allocation of funds.
- ❑ Yet it was noted that conditions are in fact becoming both more intrusive and sophisticated. They are becoming systemic to the aid regime itself. The trend is towards institutionally faceless conditions seemingly imposed by no one donor, and therefore no donor is accountable for their impact. Such conditions, set out in the name of coherence and harmonisation among donors, are at the same time in stark contrast to a growing reluctance by donors to act on sanctions through multilateral institutions on human rights abuses by the powerful in the South.

4.2.4 Implications of Channelling ODA Through the Multilateral System

It was also noted that the channelling of Canadian ODA (Official Development Assistance) through the multilateral system is growing significantly. This growth is the result of budget support and SWAps (sector-wide approaches), tied to World Bank / IMF programs, and thematic funding such as the recent positive decisions to increase funding for HIV/AIDS. What are the implications of such shifts for crucial roles of CSOs and peoples' movements in the development process?

4.3 Taking Advantage of Global Commitments to the MDGs

4.3.1 MDGs Within a Rights Framework

Several groups underlined the importance of the MDGs, whatever their recognised limitations, as markers for advancing shared goals in poverty eradication within a rights framework. The rights-based approach can bring empowerment and accountability to the process of attaining the MDGs. It also brings legal instruments that can draw attention to the interests of the most marginalised groups.

- ❑ But how do we look at more comprehensive indicators that can more effectively take into account the limitations of the Goals (such as the weaknesses inherent in Goal 8)?
- ❑ Are current donor policies, particularly those imbedded in the IFIs, such as the stalled and limited advances on cancelling debt for the poorest countries, an intractable barrier in achieving the MDGs?
- ❑ The MDGs can and should serve mainly as compliments for the realisation of already existing criteria and obligations under international human rights law relating to these Goals. The MDGs are Goals and say nothing about strategies to achieve them. The latter must be consistent with a rights approach (e.g. issues of privatisation of services and the neo-liberal paradigm).
- ❑ CSOs must keep in mind the incomplete nature of the MDGs and re-introduce “lost” goals and indicators (e.g. reproductive and sexual rights). We should, for example, draw upon indicators that exist for monitoring other UN agreements and treaties that are rights-based (human rights conventions, Beijing Platform for Action, etc.)
- ❑ But the MDGs may also be a significant entry point for strengthening democratic multilateralism. It was noted that 2005 will provide important opportunities for CSOs to focus on MDG accountability through campaigns, which are being developed by large NGOs in Europe and elsewhere, and which will focus on the Goals at the UK G8 Summit (in the style of Jubilee 2000) in the Summer of 2005 and at the UN Special Session in the Fall.

4.3.2 The International Policy Review in Canada

In Canada, the International Policy Review (IPR) provides a unique opportunity to address several of these questions, including the reform of the IFIs and strengthening democratic approaches to multilateralism. Canadian government interest in the UN process relating to the Responsibility to Protect (and its implications for UN sanctioned limitations to sovereignty) may also provide a window to discuss reform issues in the governance of the UN system.

5.0 HUMAN RIGHTS, GLOBAL SECURITY AND DEMOCRATIC GOVERNANCE

Chair: Gerry Barr (CCIC)

Panel: Tony Tujan (IBON Foundation, Philippines); Patricia MacWilliams (InterAction, USA)

The panellists and participants addressed the question of human rights, global security and democratic governance from several perspectives.

5.1 United States Security Policy

Patricia MacWilliams suggested that the current US development agenda is strongly rooted in US national security interests which, according to administration policy, brings together the resources of defence, diplomacy and development. USAID is at the national security table, but at the same time is being marginalised in the US Administration's approach to programming new development resources. This approach has divided developing countries into the categories of successful, nearly-successful, failing and failed states on the basis of governance, and implementation of neo-liberal economic policies, such as privatisation among others. The Millennium Challenge Corporation has been established as a separate entity with \$1 billion new aid resources for 2004 and expects to administer \$5 billion by 2006. With a current staff of 22 it is administering aid to a chosen 12 successful / nearly successful countries. Development mechanisms are fragmented with 19 recent Presidential initiatives. Failing and failed states remain the responsibility of USAID. (See a recent analysis of trends in US aid policy by InterAction at http://www.interaction.org/files.cgi/2287_EmergingTrendsElectronic10.29.03.pdf).

5.1.1 Counter-Terrorism Certification

Implementing the national security agenda is having profound effects on American NGOs. A number of US government agencies, including USAID, are requiring counter-terrorism certifications, with proof required that they have no direct or indirect relationships with terrorist organisations. Not only is the latter not well defined but each agency has different requirements. Providing proof of a negative is very difficult in a climate where many NGOs and social movements, North and South, feel under siege in pressing global and local justice issues. These measures have serious implications for CSO relationships with partners (which was one of the motivations for developing CCIC's Partnership Principles as part of its *Code of Ethics* for members). Several participants expressed solidarity with circumstances facing US NGOs and sought ways to keep informed and offer support.

5.1.2 The War on Terrorism's "Second Front" in Asia

Tony Tujan noted significant impacts on aid patterns for East and South-East Asia arising from US global security policy. US assistance grew by 47% between 2000 and 2003 for East Asia, while US economic assistance grew by 104% and US military assistance by 1,614%! A similar trend can be seen for South Asia. The emphasis for these aid increases are Pakistan, Indonesia and the Philippines (which is now the third largest US aid recipient). *The Reality of Aid 2004 Report* documents other bilateral donors that have made similar changes in aid allocations with increased emphasis on security policy reform (e.g. AUSAID in Indonesia and the South Pacific).

5.1.3 Trends and Implications of the Securitisation of Aid

Several trends and implications were raised during the presentations and in the course of the discussion that followed.

- ❑ While there has been increased focus on poverty in recent years, the security agenda is bringing a **renewed use of aid for foreign policy purposes**. For decades, CSOs have strongly criticised the use of aid for Northern foreign and economic policy interests. Increasingly in Europe, the management of aid is becoming part of foreign policy architecture and development objectives are being redefined to include global security interests. Countries and the EU (with the third largest multilateral budget) are moving towards policy selectivity in the allocation of aid to those who conform to this agenda. They are also pushing greater flexibility at the DAC (Development Assistance Committee of the OECD) in the criteria used to define ODA. As noted in the key messages for *2004 Report*, CSOs must be vigilant and press for aid as a financial resource placed by donor countries in trust for people living in poverty.
- ❑ As noted above, increasingly **aid resources have been diverted** into areas of primary concern for global security interests of Northern countries – in country allocations, in sector reform, and in pacification programs [in Afghanistan or Mindanao (Philippines) for example]. CCIC points out that Canada has committed more than \$900 million to Afghanistan and Iraq up to 2008, while current new commitments for the whole of Sub-Saharan Africa, a region where poverty is growing, amount to \$1.2 billion for the same period. Long-term development aid and humanitarian assistance is being diverted to “friendly countries” that support the US-led war on terrorism and / or that adopt neo-liberal economic policies. This has accentuated tensions for humanitarian assistance organisations in responding to conflict from the vantage point of humanitarian principles of neutrality and assured access to victims of conflict.
- ❑ The war on terror has resulted in a **new donor discourse** in forums at the United Nations, the DAC and the European Union. While earlier the uses of aid for foreign policy purposes were masked in a language of humanitarianism, now there is direct discussion of modalities for placing aid resources at the disposal of efforts to confront terrorism. There are also emerging new tensions among CSOs as donors focus efforts on failed and failing states in the context of priority for those potentially affected by terrorism. While development oriented or humanitarian assistance organisations seek to prevent diversion of aid resources for foreign policy purposes, those CSOs working in conflict resolution see important opportunities to work with donors in failed and failing states. Development advocates critical of the merging of the counter-terror and development agendas may be accused of seeking to protect the resources of a “development ghetto”.

5.1.4 No Direct or Indirect Link Between Terrorism and Poverty

CSOs have a responsibility to unpack donor discourse that is justifying the use of aid resources to combat terrorism. The assumption is that terrorism has created a new type of “enemy” and that its pervasive character emanates from the conditions of poverty. But *The Reality of Aid 2004* asserts that there is no direct or indirect link between terrorism and poverty. The dehumanisation and powerlessness that accompanies poverty has been present in many countries for long periods of history without any related incidence of terrorism. More often, terrorism results from the dehumanisation that accompanies violent occupation of “national” territories or countries (e.g. Palestine). CSOs must underscore that effective development work needs peace. Working for peace is not the same as military and economic “pacification”, such as is occurring in Mindanao. In fact, there is much evidence that pacification, in the context of aggressive anti-terrorism measures, can further endanger long-term peace in that it promotes a highly unequal and sometimes forcefully controlled peace that is biased to the interests of those who currently hold power. The development community confuses development processes with police action to counter those who are taking up terrorist tactics.

APPENDIX 1 CONFERENCE AGENDA

FRIDAY, MAY 28TH, 2004

- 9:00 am — 10:00 am **Welcome and Opening Keynote Address**
- **Welcome and Introduction:** *Gerry Barr* [President-CEO, Canadian Council for International Co-operation (CCIC)]
 - **Keynote Address:** *Tony Tujan* [IBON Foundation, Philippines], Chair of the Reality of Aid Project, “**Key Challenges, Issues and Messages of the *Reality of Aid 2004 Report*”**
- 10:00 am — 10:30 am **Break and Informal Discussion**
- 10:30 am — 12:30 pm **Opportunities, Challenges and Obstacles for Donors and CSOs Transforming their Practices to Adopt a Rights-Based Approach**
- **Chair:** *David Moloney* [Vice-President, Policy Branch, Canadian International Development Agency (CIDA)]
 - **Panel:** *Kirsten Mlacak* [Policy Branch, CIDA], *Gopal Siwakoti* [Nepal Policy Institute], *Rieky Stuart* [OXFAM Canada]
- 12:30 pm — 2:00 pm **Lunch**
- 2:00 pm — 4:00 pm **Parallel Working Groups on Key Messages of the *Reality of Aid 2004 Report***
- **Achieving Millennium Development Goals in a Rights-Based Framework**
Panel: *Tamara Herman* [Rights and Democracy, Canada], *Gunhild Ørstavik* [Norwegian Forum]
 - **Governance and Reform of the International Financial Institutions**
Panel: *Bruce Rayfuse* [Department of Finance, Canada], *Micheline Aucoin* [Department of Finance, Canada], *John Mihevc* [KAIROS and Halifax Initiative]
 - **Donor Conditionalities and Democratic Governance**
Panel: *Moreblessings Chidaushe* [AFRODAD, Zimbabwe], *David Ugolor* [Reality of Aid, Nigeria], *Rae Julian* [New Zealand Council for International Cooperation], *Nancy Thede* [Université du Québec en Outaouais]
 - **Reinvigorating Multilateralism in International Cooperation**
Panel: *John Foster* [North-South Institute, Canada], *Pierre Beaudet* [Alternatives, Canada] *Rhonda Gossen* [Multilateral Branch, CIDA]

SATURDAY, MAY 29TH, 2004

- 9:00 am — 10:30 am **Report Back and Discussion of Synthesis on Day One**
- 10:30 am — 11:00 am **Break and Informal Discussion**
- 11:00 am — 12:30 pm **Human Rights, Global Security and Democratic Governance**
- **Chair:** *Gerry Barr* (CCIC)
 - **Panel:** *Patricia MacWilliams* [InterAction, USA]; *Tony Tujan* [IBON, Philippines]
- 12:30 pm — 1:00 pm **Conference Concluding Remarks**
- *Gerry Barr* [President-CEO, CCIC]
 - *Tony Tujan* [IBON and Chairperson, Reality of Aid Project]
- 1:00 pm — 2:00 pm **Lunch**
- 2:00 pm — 3:30 pm **Engaging with the Reality of Aid Network**
- **Promoting the Key Messages of the *Reality of Aid 2004 Report***
An open meeting for CCIC members and other Conference civil society participants to meet with representatives of The Reality of Aid Network. We will be discussing opportunities for promoting the key messages of the *2004 Report* and future directions for The Reality of Aid Project.

APPENDIX 1 CONFERENCE PARTICIPANTS

International Participants

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(Hong Kong)

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**Japanese NGO Center for International
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Nepal Policy Institute

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Reality of Aid Secretariat (Philippines)

Jaz Buncan

Reality of Aid (Nigeria)

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The Norwegian Forum

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World Vision International (Washington)

Haidy Ear-Dupuy

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**Atlantic Council for International
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Canadian Conference of Catholic Bishops

Joe Gunn

Canadian Cooperative Association

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Canadian Feed the Children

Jim Dahl
Guy Laporte
Siobhan O'Leary

Canadian Foodgrains Bank

Jim Cornelius

Canadian Labour Congress

Anna Nitoslawska

Canadian Physicians for Aid & Relief

Kevin O'Brien

Canadian Red Cross

Sherine Xavier

Cardinal Léger et ses Oeuvres

Jean-Pierre Massé

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APPENDIX 2
KEY MESSAGES
THE REALITY OF AID 2004 REPORT

A Call for Fundamental Reform

“The poor should be considered as full citizens and not simply victims, as full citizens and not simply recipients, as full citizens and not merely beneficiaries or charity cases.... Unless we put people, and particularly those that have been historically excluded, at the centre of public life, our development goals will continue to evade us.”

– Kumi Naidoo, Secretary General, Civicus

As the UN Secretary General, Kofi Annan, has recently highlighted, we live at a critical juncture in world history. It is one that urgently calls for both a return to processes of multilateralism and the international legal framework of human rights, and their reform to meet the challenges of peace and international cooperation. Aid alone plays a minor role in restructuring such an effective multilateral system for the 21st century. Nevertheless, aid is also a critical resource through which donors have structured a relationship with developing countries for more than four decades. But will the global community – nations’ and citizens’ organisations – find the creativity and building blocks for dialogue on the democratisation of governance and the promotion of rights through the aid regime?

The Reality of Aid Network has set out some proposals for such reforms, in both the multilateral and national realms, and is committed to pursue them vigorously. They are:

1. Donor countries must carry out their development cooperation programmes so that governance reflects their binding obligations under human rights law and the rights-based approach in line with internationally agreed human rights instruments, including the right to development.

Governance has been given a wide range of interpretations, but what it must mean is a framework based on democratic governance and human rights, which leads to a national political process that is democratic and based on the principles of law and human rights.

In practice, the ill-defined governance sector provides for the most part a space for pursuing a range of donor interests with aid money.

The principles of good governance apply to the management of international cooperation and aid institutions as much as to developing countries.

2. Imposed conditions are incompatible with democratic governance. Any terms must be fairly and transparently negotiated with participation of and accountability to people living in poverty and in line with the principles of international human rights and a rights-based approach.

Good governance should not be a vehicle for imposing market based approaches.

Conditionality cannot even be justified on the basis of effectiveness.

Poverty Reduction Strategy Papers that simply embody International Financial Institution prescriptions, leave little room for authentic local and national debate. Where accountability is essentially to the IFIs, rather than local stakeholders, these plans are not consistent with the principles of democratic governance and human rights, which are essential pre-conditions for effective strategies to eradicate poverty.

3. The Millennium Development Goals are an expression of commitment to economic social and cultural rights and define a set of steps to enable those rights to be realised. If MDGs are to contribute to international goal of poverty eradication, the efforts to achieve them must be founded on strategies that empower and recognise the rights of all people, including all the poor no matter where they live.

Donors must comply with their obligation contained in Goal 8 by specifically increasing ODA to the UN target of 0.7% of GNI, improving the quality of their aid for poverty reduction and achieving debt cancellation for the poorest countries.

The emphasis on a global partnership in Millennium Goal 8 is welcome. But in promoting “an open, rule-based trading and financial system”, envisaging cooperation with the private sector and encouraging competition in the global economy, there are real dangers that the poverty imperative will in practice be overwhelmed by corporate and donor national interests, and that the rules adopted will be no different to current rules which reinforce unequal power relations.

4. The International Financial Institutions that are mandated to support the fight against poverty embody entrenched inequalities or power and wealth in their systems of governance. The IFIs must not remain the monopoly providers of policy advice on governance reform or the gatekeepers on resource transfers. Aid should support governments, representative institutions and legislatures, in formulating national poverty reduction strategies. Aid should not determine the process.
5. Aid should be treated as money held in trust for people in poverty. Current attempts to divert resources for poverty reduction to pay for donors’ security interests are the most serious expression of the endemic problem of aid resources being hijacked to fund rich country priorities.
6. The imperatives of poverty eradication and democratic governance underline the obligations to reinvigorate multilateralism, in the current context of the adverse global impact of unilateralism, especially the practices of the US government and its allies.

In pursuing governance and rights, clearly politics matters. While we may fear that counter-terrorism measures may have subsumed the spirit of Monterrey and the dashed hopes for international cooperation on financing for development,² we must never lose the dream that continues to inspire millions of marginalised and poor people to struggle to secure their rights in their daily lives and in the politics of their particular locale. Indeed it is our obligation as citizens and governments to accompany and sustain people in their efforts to eradicate poverty.

The selective way that donors interpret ideas of governance and human rights is not consistent with a genuine rights approach to development and poverty.

There may be conflicts between international obligations to comply with UN treaty obligations and IFIs conditions or WTO (World Trade Organization) agreements. In such a situation, governments may be left with no choice but to simply ignore the human rights treaty obligations, as the pressure from largely donor-imposed conditionality is stronger. Countries may be punished for violating IFIs and WTO conditions, but not those of the UN.

Civil society networks in the Reality of Aid... focus their policy and advocacy attention on issues in democratic governance. As such, governance is not an end in itself, to be engineered through technical assistance and policy interventions by donors. Rather it is fundamentally about politics, power and the exercise of rights in society, and is therefore an evolving and particular process that may take decades.

Two decades of secret negotiations for structural reforms have removed the political locus for national decision-making away from domestic political checks and balances where citizens have a potential influence on public policy.

Human Rights and Governance

“The Reality of Aid 2004 calls for all actors in the global aid regime to entrench the discourse of human rights, not only in their policies, but also in their practices for international cooperation to achieve the Millennium Development Goals and the eradication of poverty.”

– The Reality of Aid 2004

The obligation to respect, protect and fulfill human rights rests with the State. But the extent to which individual governments recognise and discharge their human rights obligations varies widely. These obligations are established in internationally agreed human rights instruments, such as the UN Declaration of Human Rights and the Covenant on Economic, Social and Cultural Rights.

Development cooperation could and should play a key role in enabling the international community to work together to implement a legally binding international human rights framework.

² Saradha Iyer of the Malaysia-based Third World Network, as told to IPS at the UN High Level Session on Follow-up to Financing for Development, October 27, 2003.

In 1986, the United Nations adopted the *Declaration on the Right to Development*. Since then, efforts to make this document a binding legal instrument have failed due to the lack of support from developed countries and the International Financial Institutions, such as the World Bank and the International Monetary Fund.

Citizen rights, empowerment and improved equality are essential conditions for overcoming poverty. Development is a political process that engages people, particularly the poor and powerless, in negotiating with each other, with their governments, and with the world community for policies and rights that advance their livelihood and secure their future in their world.

Democratic Governance and Ending Global Poverty

The question of democratic governance is also at the heart of effective strategies to end global poverty. The donor community, however, has become preoccupied with its own notions of “good governance”, covering an ever-wider field of activities ranging from economic policies to counter-terrorism.

When the result of “good governance” policies is the poor having to pay for privatised water, international companies extracting profits from fragile Southern economies, and the most vulnerable people having to bear the risks of unemployment in a capricious global market, then the relationship between these “good governance” policies and poverty reduction must be questioned.

Donors must shift the emphasis of their policies from their own notions of “good” governance to “democratic” governance. The latter understands governance as a culturally and country-specific democratic means for the exercise of peoples’ rights, which ensures equity, promotes social solidarity and sustainable livelihoods. By contrast, the World Bank and donors adopt a technocratic approach to governance with its emphasis on administrative efficiency and policy conditionalities that undermine the public process for citizen and parliamentary oversight.

Finding avenues to empower the poor and marginalised to claim their rights for education, for health or basic livelihoods, is the key challenge for all development actors. Making progress on democratic governance and participation is essential to effective strategies for poverty reduction.

There is a troubling trend where donors have used the rationale of improved governance to pursue a widening array of projects and programs that have little to do with direct poverty reduction. The starkest example is the increasing use of governance to further donors’ national security interests. In particular, a number of donor countries have directed aid for various counter-terrorism activities under the rubric of “good governance”.

Bringing Democracy to Multilateral Institutions

Democratic governance must start with the urgent need to bring deep-seated democratic reform to the multilateral system. Citizens look to multilateral institutions to form global democratic consensus and act on priority issues such as fair trade or combating curable diseases. But these institutions are being sidelined by the US and its allies when they do not serve their immediate and expressed strategic economic and geo-political interests.

The IFIs and the WTO have been widely challenged for their lack of democracy and their rigid defence and promotion of the interests of industrial countries. Reform of these key multilateral financial and trade institutions is effectively blocked through their control by these same powerful countries.

A democratic and effective United Nations is the responsibility of its member countries. Leadership is urgently required to make the Security Council and the Economic and Social Council (ECOSOC) strong and effective democratic forums for determining the way forward on urgent global issues.

Reforming Bilateral Donor Practices

Donors must establish realistic timetables to reach their long-standing commitment to finance aid with 0.7% of their Gross National Income. There is, however, equally a need for donor strategies that focus exclusively on ending global poverty, and achieving the Millennium Development Goals, grounded in a rights framework, and “local ownership” must be its centrepiece.

Real local ownership in aid relationships will be found where citizens, and especially the poorest and most marginalised, are acquiring the capacity and power to gain influence over local, national and global development agendas that have as their ostensible object the improvement of conditions for those living in poverty.

Donors must move beyond a rhetorical respect for local ownership with real change. Donors must strengthen ownership and local accountability by reducing their reliance on highly intrusive conditions for their aid, as well as their reliance on donor country technical assistance to assure the implementation of their agenda. They must untie their aid and orient their trade and investment policies to strengthen local productive capacities and livelihoods for poor people.

Conclusion

The selective and often self-serving way that donors interpret ideas of governance and human rights is not consistent with a genuine rights approach to development and poverty.

The poorest developing countries often face conflicts between their obligations to comply with binding UN treaty commitments and to IFI or World Trade Organization agreements. In such a situation, governments may be left with no choice but simply to ignore the human rights treaty obligations, as the pressure from largely donor-imposed conditionality is stronger. Countries may be punished for violating IFIs and WTO conditions, but not those of the UN.

Human rights are essentially active and should not merely be “promoted” or “protected”, but are to be practiced and experienced. They have implications for the actions of all donors, governments, and non-state actors in development cooperation.

Security and Development

“Aid should be treated as money held in trust for people in poverty. Current attempts to divert resources for poverty reduction to pay for donors’ security interests are the most serious expression of the endemic problem of aid resources being hijacked to fund rich country priorities.”

– Reality of Aid 2004 Report

Background

In September 2000, world leaders at the United Nations endorsed a vision of global justice for the 21st century and committed themselves to the Millennium Development Goals which aim to halve the proportion of people living in poverty by 2015.

But just three years later, in October 2003, the Development Assistance Committee of the OECD released a controversial policy statement on development cooperation and the prevention of terrorism. This policy asserts that “development cooperation has an important role to play in helping to deprive terrorists of popular support and addressing the conditions that terrorist leaders feed on and exploit.”

In the face of profound crises of poverty, growing inequality and conflicts in Asia, Latin America, the Middle East and Africa, the lens through which donors now wish to assess their aid priorities, appears to be increasingly their own security interests and the “war on terrorism.” Some donors are also seeking to expand the criteria for official development assistance as they merge military, political and humanitarian responses in the name of the “war on terrorism.”

Country Examples

Australia: In a November 2003 statement to Parliament on the Australian aid program, poverty reduction placed second to security in the aid rationale. The focus was on aid as an instrument to promote security and to combat terrorism. While there is some acknowledgment on the part of the government to the relevance of meeting basic needs – particularly basic education – in countering terrorism, there is strong emphasis on activities to boost policing and law enforcement, and to strengthen financial systems – activities that contribute to the national security of Australia, but whose links with poverty reduction remain largely unproven. Australian aid now includes several initiatives for counter-terrorism capacity building, including bilateral counter-terrorism programs with Indonesia and the Philippines, a “Peace and Security Fund for the Pacific Island Countries” and a contribution to an Asia-Pacific Economic Cooperation (APEC) fund for counter-terrorism capacity building.

Denmark: Poverty reduction remains the overriding aim of Danish aid. However, development policy is increasingly being integrated into foreign policy and perceived as a tool to overcome threats to national security. The fight against terrorism is now a new aid priority. Direct support to combating terrorism has been increased and aid to program countries is dependent on their active involvement in the “war on terror.”

Japan: Japan's 1992 ODA Charter laid out the basic principles of Japanese aid: environmental conservation and development; any use of ODA for military purposes or for aggravation of international conflicts should be avoided. Attention to trends in recipient countries' military expenditures – their development and production of weapons of mass destruction and missiles, their export and import of arms – in order to maintain and strengthen international peace and stability; and attention to efforts towards democratisation and the introduction of market-oriented economy. In 2003, there was a shift in Japan's ODA with a new ODA Charter adding Japan's own security and prosperity to its purpose, and the "prevention of terrorism" included in the principles of ODA implementation.

United Kingdom: The 2002 International Development Act makes it illegal for UK aid to be spent on anything other than poverty reduction. However, the "war on terror" has affected the allocation of UK development assistance. In October 2003, the UK announced that in order to fulfil its commitment to reconstruction in Iraq, it would have to reduce aid allocations to middle-income countries. Aid programs in more than 20 countries are affected. Bilateral aid to some countries is being withdrawn completely and spending in countries, such as South Africa, Sri Lanka, Bolivia and Jamaica, will be reduced. These changes are affecting the poorest populations in the middle-income countries. Aid to countries that support the "war on terrorism", however, has increased.

United States: US development assistance appears to be increasingly viewed through the lens of US security interests and the "war on terror." Continuing engagement in Iraq and Afghanistan threatens to drain financial and human resources away from other priority areas and programs. Country allocations show an increasing shift of resources away from traditional recipients in Africa and Latin America, towards countries that are seen to be key allies on the front lines of the "war on terrorism." US development assistance delivery mechanisms have become fragmented, with multiple agencies within the US government responsible for foreign assistance delivery and an increasing reliance on budget allocations for discrete special projects. A proliferation of implementing entities, many with little experience in providing foreign assistance, complicates decision-making resulting in a loss of coherence and coordination in the delivery of aid. This escalating incoherence in foreign policy implementation is exacerbated by the US government's continued focus on a largely unilateral approach, characterised by decreasing consultation with development partners, other donors and recipient countries.

Canada: Since 2002, the government's commitment to poverty reduction in Africa and to nine priority countries has been undermined by very large CIDA aid commitments in Afghanistan and post-war Iraq. Between 2002 and 2008, CDN \$916 million has been committed for humanitarian and reconstruction programs in Afghanistan and Iraq, an amount slightly less than what is committed annual increases to the whole of Sub-Saharan Africa (about \$1.2 billion). In Afghanistan, Canada is considering support for a joint military / aid Provincial Reconstruction Team (PTR). The PTRs have been criticised by CSOs as a dangerous blurring of the lines between military and humanitarian mandates, thereby potentially increasing the insecurity of local populations, CSOs and local government.

Conclusion

There is an overt shift in donor priorities that seemingly conflates combating terrorism with combating poverty. Recognition of the importance of stability and security for effective aid implies the need for a greater commitment to poverty-focused assistance, to address the causes of conflict and provide greater economic and social equity. Simplistically combating symptoms through law enforcement, financial regulation and the like, is not the answer.

Although it is necessary and legitimate for governments to support effective programs to combat terrorism, the resources for these activities should come from national security budgets, not from the overstretched aid and development budget. The Report demonstrates that donors are failing to live up to their commitment to finance the Millennium Development Goals. For too long, aid budgets have been used to finance foreign policy priorities of donor countries. The poverty focus of international assistance must not be undermined by broadening the definition of ODA to include resources devoted to military roles in peace operations, security and the “war on terror”, thereby opening the door for further erosion of resources “held in trust for people in poverty”.

GLOSSARY

ADB: Asia Development Bank

CIDA: Canadian International Development Agency

CSOs: Civil society organisations

DAC: Development Assistance Committee (of the OECD)

ECOSOC: United Nations Economic and Social Council

GNI: Gross National Income

IFIs: International financial institutions

IMF: International Monetary Fund

IPR: International Policy Review

MDGs: Millennium Development Goals

NGOs: Non-governmental organisation

NORAD: North American Aerospace Defense

ODA: Official development assistance

OECD: Organisation for Economic Co-operation and Development

PRSP: Poverty reduction strategy papers

SWAps: Sector-wide approaches

UK: United Kingdom

UN: United Nations

UNCTAD: United Nations Conference on Trade and Development

US: United States (of America)

WTO: World Trade Organization