

PRSWATCH: A Eurodad newsletter

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- **EVENTS: Aid and Development Finance Debates in Ottawa**
- **REPORT: Eurodad publishes a new report on Outcome-based conditionality**
- **ACTION ALERT: Sign-on letter on the IMF interim work programme**
- **NEWS: Warming-up towards the Doha conference on FfD**
- **JOB: Jubilee Debt Campaign is recruiting a new Director and an Education and Outreach Officer**

EVENTS: Aid and Development Finance Debates in Ottawa

Snowy Ottawa was the place to be last week to discuss aid and development finance with two major international conferences taking place. The Halifax Initiative held a two day conference on [The Changing Face of Global Development Finance](#) on the 1st and 2nd February. This conference was followed by an even larger affair – the [International Forum on Civil society and Aid effectiveness](#) was hosted by the Advisory Group and led by CCIC and the Canadian government and it brought together some 200 people from north and south, from governments and civil society.

Halifax conference

The landscape of development finance may indeed be changing but participants in the Halifax conference argued that many of the same hills still need to be climbed. Many of the underlying problems such as power imbalances, inequality between and within countries have not gone away.

Challenging keynote [speeches by Amar Battachayra](#) and Yao Graham brilliantly set out the ambitious agenda to be covered. Battacharya highlighted opportunities and more policy space for many of the growing economies but real challenges for aid dependent economies, particularly in sub-Saharan Africa that have much less wiggle room for negotiation with aid donors and international financial institutions. Yao challenged participants to think beyond finance flows to trade and debt issues.

[The role of China](#) featured, with both Yao Graham and Firoze Bhanji challenging the conference to get the hysteria about China into perspective. Yao argued that though Africa has become the new battleground for resources but "Africa does not face a yellow peril" as much of the Western media would have us believe. Firoze outlined presented some figures to uncover the myths. For example foreign direct investment from China is actually less than that of Singapore, India, Malaysia. And whilst the latest figure for China's FDI to Africa was US\$1.6 billion, the UK's was US\$30 billion, USA - US\$19 billion and France US\$11.5. He reminded the audience of the link between Chinese expansion and Western consumption which he described as "proverbial prisoners, which cannot break free from each other because they are chained to each other".

Several people argued strongly that we must avoid just talking about aid, pointing to the vast amounts of money flowing the other way. This is a challenge for those working on development finance or aid to also start paying more attention to south –

north flows, including capital flight, tax havens etc. A number of organisations, including Eurodad have already started work in this area.

Improving aid itself was also a hot topic. Charles Mutasa from Afrodad highlighted in [his presentation](#) many areas where donors can usefully improve their performance, particularly in areas of predictability, transparency and accountability. And Rasheed Draman from the Parliamentary Centre argued that the exclusion of [parliamentarians](#) from aid discussions is a missing link. Lack of information transparency was one problem, he said "If you don't have the right information, you can't hold anyone to account". Donors have made explicit commitments about improving transparency about aid flows but where not enough has been done.

New regional institutions were subject to considerable discussion. Fabrina Furtado from Rede Brasil gave us an alarming [presentation](#) about how supposed southern led alternatives such as the Bank of the South as new alternative development finance institution risk looking like more of the same. She argued that Brazil, originally very opposed to its development, has since got on board and tried to mould it as much as possible to its commercial interests. The Bank of the South is also likely to fund IIRSA regional integration projects in South America, which will cause enormous social and environmental harm on the continent. IIRSA dams have already displaced more than one million people, and the model is focused on getting raw materials to international markets. She highlighted almost complete lack of transparency in the process of setting up the Bank, with no presence of any CSOs in discussions, with the notable exception of in Ecuador.

Alejandro Bendana in his [speech](#) talked about the Bolivarian Alternative for the Americas or ALBA –as a new and possible regional way forward. This is a cooperation agreement between Venezuela, Cuba, Bolivia and Nicaragua which puts profits from oil resources to the benefit of the region. Described in a characteristically grandiose way by Chavez as "A new political and strategic project for a new world", Bendana argued that this alternative should be supported by closely monitored given a number of concerns that exist similar to those around the Bank of the South. Concerns include a preference for mega-projects, particularly the construction of refineries, pipe lines and transport infrastructure, insufficient attention to the need to contest the dominant oil-centered energy matrix, possibly perpetuating dependence and consumption of oil and the difficulty encountered by civil society organizations (at least in Nicaragua) in obtaining information about the specific bilateral agreements with corresponding transparency concerns.

The many presentations from the conference are available here: http://www.halifaxinitiative.org/index.php/Current_Events/1071

International Forum on civil society and aid effectiveness

Civil society and aid effectiveness was the focus of the International Forum hosted by the Advisory Group on this issue from the 3rd to the 6th February. Gerry Barr, President-CEO of CCIC set the scene in his [opening speech](#). He asked, "as we think about development cooperation and the aid regime the question being invited is "What about citizens?" –and the organisations and movements that they create? What is their role in the kind of development that is imagined in the Paris Declaration? What about civil society?"

He said that "Paris largely forgot and by-passed civil society in favour of the plumbing and put a focus on developing and measuring the mechanisms of delivering aid by governments, rather than assessing the substantive contribution of these principles and mechanisms for aid to development itself". He challenged participants to think about the relevance of the Paris Declaration principles of ownership, alignment, harmonisation, mutual accountability and managing for results for civil society organisations.

The frame for debate was set by the presentations from the regional consultations in Africa, Asia, Latin America and Europe. These were followed by discussions around a number of concrete case studies centred on different themes. Lucy Hayes from Eurodad presented some findings from [Eurodad's recent research in Sierra Leone](#) on "models of donor support to civil society".

The second day discussions were divided into a number of roundtables. The multi-stakeholder nature of the meeting enabled varied perspectives to be tabled and debates during these sessions. These roundtables were organised around the following themes and the outcomes from the roundtables can already be found online. [Roundtable 1](#) - CSOs' Roles, Voice and Legitimacy, [Roundtable 2](#) - CSOs' Accountability: best practice and structures, [Roundtable 3](#) - Democratic Ownership: Alignment, Co-Ordination and Harmonization, [Roundtable 4](#) - Democratic Ownership: Managing for Development Results and Mutual Accountability, [Roundtable 5](#) - Donor and Government Enabling Environments, [Roundtable 6](#) - Equitable North / South CSO Relations

Male-dominated panels echoed the frequent exclusion of women's organisations from debates on aid effectiveness. Effective protestations however led to some last-minute changes to the agenda. Women's organisations' strong participation in the event was facilitated by an in-depth consultation they had on aid effectiveness immediately prior to the conference itself, one outcome of which was a [statement of recommendations](#).

A number of documents are already available on the CCIC website:
<http://www.ccic.ca/e/002/aid.shtml>

REPORT: Eurodad publishes a new report on Outcome-based conditionality

This week Eurodad published a new report, "[Outcome-based conditionality: Too good to be true?](#)", which analyses this new modality of conditionality as explored and used by the World Bank, the IMF and the European Commission. It also assesses the experience by the European Commission, the only multilateral which has implemented outcome-based conditionality. The report features analysis and opinions on the pilot operations in three African countries: Burkina Faso, Mozambique, and Tanzania.

The persistence of extreme poverty in many areas of the world cries out for a new development model which does not impose a particular economic paradigm but rather gives space for developing countries to decide their own way to development. The failures of traditional policy-based conditionality have been recognised, leading to several proposals for new approaches which strengthen ownership and development effectiveness. **Ownership and mutual accountability** have become

the new development mantra. However, **the continued use of old-fashioned conditionality** in development lending by the World Bank and the IMF, among other donors, **poses serious challenges to the implementation of these principles.**

After a reasonably productive critical exchange in the 1990s between conditionality advocates and detractors which led to changes in the conditionality practices of the Bank and the Fund, the parties find themselves trapped in an endless dialogue on whether the number of economic policy conditions has decreased or not; whether the Bank and the Fund still push liberalisation and privatisation in their use of conditionality; or whether conditionality reviews have succeeded in increasing national ownership.

This report intends to provide a **constructive contribution to unblock the current deadlock in the conditionality debate** by exploring one promising approach, which suggests linking disbursement to achieved or pledged development results. **Outcome-based conditionality** encompasses, in principle, the potential to increase government ownership and link development programs to their impact on poverty reduction. It would also help measure the effectiveness of aid in delivering the internationally agreed Millennium Development Goals.

The Bank and the Fund are sceptical about the merits of this new approach and are reluctant about the need to move from policy-based to outcome-based conditionality. In contrast, the EC should be given credit for having gone further linking disbursement to poverty reduction and opening up policy space for governments. The report explores the European Commission experience in implementing outcome-based conditionality; identifies its **strengths and weaknesses**; and shines light on **challenges that should be addressed** if the full potential of this modality of conditionality are to be unleashed.

Challenges facing this new approach are multiple. However, to break the cycle of dependency in development aid and increase country leadership in deciding policies to reduce and eventually eradicate poverty, further innovations in aid delivery are required. It is early to provide a definitive answer on whether outcome-based conditionality can play that role. It is however safe to say that outcome-based conditionality can be based on internationally agreed development goals, instead of ideologically-biased economic policy reforms; it has the potential of giving developing countries more space to decide which policy reforms they wish to undertake; and it puts poverty reduction in the spotlight. It could also constitute a strategic reform towards streamlining the conditionality burden and a stepping stone towards a framework in which the contractual terms of the aid agreements are more balanced between donors.

Download the full report from [www.eurodad.org/uploadedFiles/Whats New/Reports/Outcome based conditionality.pdf](http://www.eurodad.org/uploadedFiles/Whats%20New/Reports/Outcome%20based%20conditionality.pdf)

For further information, please contact Nuria Molina: nmolina@eurodad.org

ACTION ALERT: Sign-on letter on the IMF interim work programme

The Managing Director of the International Monetary Fund, Dominique Strauss-Khan, published on the 14th December 2007 an Interim Work Programme outlining the institutional structure (working groups and task forces) that would be working on the Work Programme and taking it forward.

Civil society organizations are seriously concerned with the lack of transparency or consultation in the working groups and task forces outlined in the Interim Work Program, and find unacceptable that there is no mention of public disclosure of the reports issued by the five working groups and ten task forces or open consultations on changes that will be proposed by the focus groups.

In order to call for greater transparency and consultation in the Interim Work Program, a group of CSOs have drafted a sign-on letter calling on the IMF Managing Director to:

- Publicly disclose draft documents and reports of the working groups and task forces, and
- Hold open consultations with external stakeholders after the disclosure of draft reports and well in advance of the Executive Board's decision-making.

If you wish to receive the sign-on letter, please contact Bhumika Muchhala at bmuchhala@bicusa.org.

NEWS: Warming-up towards the Doha conference on FfD

The United Nations Financing for Development Office has published the "[roadmap to Doha](#)", including a calendar of preparatory events that will feed into the discussions towards the Doha Conference on Financing for Development, scheduled to take place from 29 November until 2 December in Qatar.

In December 2007, the UN General Assembly submitted a Draft Resolution on "Follow-up International Conference on Financing for Development to Review the Implementation of the Monterrey Consensus". The [Draft Resolution](#) has some positive aspects, which respond to civil society's demands, including among other issues:

- a call to hold the conference at the highest possible seniority level;
- an agreement that the conference should result in an intergovernmentally agreed outcome; and
- a commitment to establish a preparatory process where CSO participation should be ensured.

The downside of this resolution is that it did not explicitly commit to organise PrepComs (preparatory committees) as the modality of the Conference. Instead, the review sessions will comprise a panel discussion followed by a free-flowing dialogue with the participation of all relevant stakeholders, including civil society. More details will be made available on the FFD website.

Informal consultations and drafting sessions on the outcome document of the Review Conference will take place between September and November 2008. For civil society to influence the agenda, it is crucial to put forward their demands to governments and multilateral institutions involved in the preparations of the Conference before the negotiations start.

The full calendar of events can be downloaded from:

<http://www.un.org/esa/ffd/doha/roadmap.htm>

All NGOs in consultative status with ECOSOC or those that are accredited to the FFD process are welcome to attend. NGOs in possession of a valid grounds pass do not need to register. NGOs in need of a temporary pass for any of the preparatory events should register here:

<http://www.un-ngls.org/ffd/en/>

JOB: Jubilee Debt Campaign is recruiting a new Director and an Education and Outreach Officer

Jubilee Debt Campaign is working with partners all over the world to liberate the poorest people in poor countries from the crushing burden of debt and to ensure that future financial arrangements between rich and poor nations are founded on fairness and accountability.

Jubilee Debt Campaign (JDC) is recruiting a new **Director** to build on what has been achieved and lead the campaign forward. Based in their central London office and managing our small Secretariat, this is a full-time appointment. It is a vital, demanding and rewarding role, requiring a deep understanding of the issue and of global power structures, the ability to persuade and enthuse people and an understanding of governance and financial administration. Salary range: £36,000-£41,000

JDC also needs an **Education and Outreach Officer** for 3-5 days per week (depending on the candidate's availability). This committed and flexible person will have teaching experience, be enthusiastic about the possibilities for the debt campaign, as well as build the education programme. Salary range £25,953-£30,160 (or pro rata)

HOW TO APPLY: See www.jubileedebtcampaign.org.uk/jobs for job profiles and application form. Return completed forms to application@jubileedebtcampaign.org.uk by **9.00am, Monday 3 March**.

EURODAD welcomes suggestions of research reports, campaign actions, meetings etc to announce on this list. Please send brief summaries of long texts, and links to where they are available on-line. If you have problems downloading from the web and would like to receive mentioned documents as an e-mail attachment, please contact us. New subscribers can sign up via the EURODAD website: www.eurodad.org/aboutus/default.aspx?id=227.

Please send any comments or queries to aidwatch@eurodad.org. Forward this bulletin to all who may be interested.

Thanks!

Nuria Molina and Lucy Hayes

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