

“Increasing international financial and technical cooperation for development”

BY Vitalice Meja – AFRODAD

Increasing international financial and technical cooperation for development is key if poor countries are to achieve the Millennium Development Goals. Currently bilateral aid comprises of over 70 per cent of the total official development assistance placing them at the centre of financing for development debate. Looking at the past five years, there have been some key improvements in the area of aid quality and quantity, though the latter continue to fall below prior commitments of 0.7 GNP. Funding for ODA has been growing steadily over the last decade, however much of the recent increase has been due to debt relief, and to a lesser extent to emergency assistance and administrative costs of donors putting into question the additionality of aid. In real terms, debt relief alone covered almost 70 percent of the increase in ODA between 2004 and 2005. Donors are significantly off-track in their commitment to add at least US\$25 billion to their aid for Sub-Saharan Africa by 2010 placing efforts to achieve the millennium development goals in real jeopardy.

At the same time international financial and technical co-operation for development continues to mirror the donor and recipient relationship placing the recipient at a disadvantageous position in demanding for the right to chart their own path to development. Donors continue to earmark their support there by constraining the developing countries' flexibility in allocating resources to key priority areas as well as underfunding of other investments which are equally important for economic growth and poverty reduction. If the scenario is to change, the current co-operation must move beyond the current patronage in which poor countries' policy space and programs are stifled to give way to “internationally” adopted best practices as proposed by the Bretton wood institutions and donor driven institutions. **The Doha outcome document must support the use of aid as a public good and not as a political and economic patronage as is currently exercised. In other words the co-operation must be seen in a context of a**

catalyst, which should be used to complement and reinforce efforts by developing countries and peoples themselves towards collective development and the progressive realization of the human rights of poor and marginalised groups. Additionally, outcome document must move towards achieving complementarity across national, regional and global development priorities and programs by defining key principles and targets that it will seek to achieve before the next review.

In increasing international financial and technical co-operation for development, strengthening democracy is fundamental for achieving both the purposes of the Millennium Development Goals and the aspirations in the Monterrey consensus. Developing countries must be at the fore front in developing democratic and leadership structures that facilitate democratic national ownership of its development strategies. While efforts towards this end varies across the countries in the developing world, rich countries continue to use financial co-operation as a source of power to override national democratic systems - or the emergence of these - in recipient developing countries. Donor policies continue to impact negatively upon the sovereignty of national governments and undermine democratic institutions and structures by alienating public institutions such as parliaments and representative organizations, including CSOs, from participating in the debate and monitoring of the international financial and technical co-operation. Countries such as Uganda, Tanzania, and Ghana that have developed certain level of maturity in their public institutions with regard to national budgetary formulation and execution continue to experience dwindling inflow of per centage of aid towards their national budget while project support continues to expand. **The outcome document must therefore develop key benchmarks and reform targets for rich countries to facilitate aid reform including donor accountability to recipient countries and the civil society both in the North and the South. In the same framework, the Doha process should call for a transparent, inclusive and accountable process at the national level in monitoring the targets to be set in the Doha outcome document.**

Policy-based conditionalities continue to undermine a democratic systemic reform process at the national levels. The measures applied by both bilateral and multilateral partners are deeply incompatible with democratic and local ownership as espoused in the Monterrey consensus. While the former continues to use tied aid and technical assistance at it main instruments to reinforce it conditionalities, the latter acting as lead-donor, represent most fully the entrenched and collective

power of the donors in their governance and act as a barrier to more progressive aid delivery and international financial and technical co-operation. The IMF adopted revised guidelines on conditionality in 2002 and the World Bank conducted a review of aid conditionality in 2005 in which both institutions committed to reducing the overall number of conditions and ensuring that those attached were drawn from nationally developed poverty plans. However evidence suggest that the impact of consultants, formal and informal pressures behind the scenes from these institutions make the realization of eliminating conditionalities a mirage. Doha document must demand the elimination of conditionalities particularly those that undermine democratic ownership and encourage the development of partnership principles between and among partners.

The role of the World Bank and the international monetary fund must be clearly defined in the context of the FfD. Their influence in the developing countries continues to pose a threat to the realization of the objectives for financing for development. They exert tremendous power over recipient countries through their dominant influence over the wider donor community. Their role as 'gatekeeper' in signaling resource transfers remains a source of tremendous power, which limits the ability of recipient countries to reject IFI prescriptions and seek aid elsewhere. Any positive tendencies among bilateral donors for reform conditionality are rendered ineffective by the position taken by the bank and the fund. The Doha outcome document should take cognizance of these institutions' influence over both the rich and the poor economies and bring them in the mainstream of FfD process.

EMERGING CHALLENGES FOR FINANCING FOR DEVELOPMENT

The current international financial and technical cooperation is weak in addressing the needs of post conflict countries with enormous social, economic and infrastructural problems. Countries such as Afghanistan and Liberia continue to be subjected to harsh structural and economic reforms by international financial institutions in order to secure international support. The efforts of these governments are further hampered by the heavy debt burden these country have. Failure by the international financial systems to have a framework of

engaging such countries call for the Doha outcome document to consider special context of the post conflict countries who need to implement their national development strategies, and establish the political support domestically. Doha should develop and adopt special processes and procedures to assist such countries. Of paramount importance would be the immediate cancellation of all the arrears owed to the bank and the fund total debts owed

The emergence of the Paris declaration as the main instrument for reforming aid effectiveness raises concerns among the civil society groups across the world. It is predominantly OECD driven and its failure to put human rights, gender equality, and sustainable development at the heart of heart of development co-operation raises fears that it will be possible for donors to implement the principles without improving development effectiveness. Furthermore there are increasing concerns that the Paris principles of harmonization of donor terms for aid will only serving to increase the capacity of the IFIs to exercise policy control over developing countries.

In the same context the growing importance of vertical funds and emerging lenders continues to increase the complexity of the aid architecture for developing countries in both aid funding and implementation. While the new players have led to an increase in the importance of the specific interventions that they support in the overall financing for a given country, they have failed to foster country democratic ownership in their co-operation. **Doha outcome document must therefore come up with a new structural and institutional framework that will be mandated to address the strategies, policies and financing of development co-operation as well as promoting coherence between the activities of the various development partners. This structure under UN system should receive the necessary political, institutional and financial support to enable it to convene the relevant development actors, including new official development assistance providers, vertical funds , for discussions on fundamental issues of development co-operation. Governments and civil society from the North and the South should be equally represented.**

Lastly the Doha outcome document must call for the domestication of the FfD process though and all inclusive process. Non state actors must be made part and parcel of this process, if tangible results are to be realized. The United Nations recognizes the role of non state actors

in financing for development particularly in the area of advocacy and monitoring progress and impact of international financial and technical co-operation. CSOs at the same time have a direct involvement in development and mobilizing resources for poverty reduction. However, Non state actors' participation in influencing the nature of partnership with the government and with its development partners are nonexistent and have little success in shaping the financial and technical co-operation at the national level. Couple with this is the secrecy with which bilateral and multilateral negotiations are done on development financing between the governments and institutions involved. Non state actors only become privy to the process at the signing stages of the financing agreement. Information flow is sketchy and at worst nonexistent.

The lack of a structured engagement as well as lack of access to information on financial and technical co-operation has also inhibited the ability of key institutions such as the parliaments on demanding transparency and accountability from governments across the developing world. The governments thus need to provide a better level of engagement and facilitation to civil society in managing the international financial and technical co-operation for development.

In conclusion, Doha should call for action from both sides of the divide if development finance is to make a difference. It is therefore imperative that the political leaders make Doha a success. Doha must move beyond rhetoric to action plans, beyond consensus to clear targets and benchmarks of implementing the outcome document.