

THE QUEZON CITY DECLARATION ON AID

Regional Conference on Official Development Assistance (ODA) in Asia, July 25-27, 2007 “Building an Asian Peoples’ Agenda on Aid”

We, the 82 representatives of 69 regional networks, organizations, and institutions in 15 countries in Asia come together as part of our continuing advocacies to seek ways of building better lives for our people, aware of the urgency of finding solutions to deepening poverty and widening deprivation in the region.

Our governments have already missed mid-period Millennium Development targets that include significantly reducing hunger and poverty. We continue to witness the sufferings of around half of the world’s poor, ironically even as economic growth is reported across the region. We are still home to an estimated 700 million people who barely survive on US\$1 a day, unjustly edged out by a continuing history of colonization from enjoying some of the richest natural resources in the world. If progress does not come soon in decisively addressing these concerns, over a billion Asians will be in extreme hunger and poverty in less than a decade.

One of the areas identified as critical to addressing the plight of the world’s poor lies in Official Development Assistance (ODA) – funds supposedly earmarked for development and humanitarian assistance by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) and by other donor countries and multilateral institutions. However, judging from governments’ dismal performance vis-à-vis MDG targets, aid is obviously not going to the countries and the sectors which need it most.

The kind of aid-giving today continues to be an exclusively government-to-government transaction. Without any venue for the participation of recipient peoples’, ODA by and large reflects donors’ national interests and agendas, which in turn are translated by recipient governments into national development programs that are crafted by and serve local elites. Donors determine volume, allocation and modalities of ODA, including when to finally make good on their promises which include committing 0.7 percent of Gross National Income as ODA. Over many years, the share of education and health in ODA has not gone beyond 15 percent. Production and agriculture fared even worse with ODA reduced by half since 1990 to only 6 percent. This is felt in the deprioritization of health, education, and housing in ODA allocation in recipient countries. After 9/11, donor governments have also been allocating far more funds for their military expenditures than for aid. We stress that increasing the quantity and quality of aid (ODA) is a commitment that the developed countries have pledged and is a very significant component of the Millennium Development Goals, specifically the core areas of fair trade, debt relief and increased development.

We are disappointed that the Paris Declaration, which was supposed to make aid-giving more responsive, does not address a major issue of donor-receiving countries: conditionalities of aid, particularly, the tying of aid to the purchase of goods and services from the donor country. We challenge reports that the percentage share of tied aid in overall ODA has fallen to 51 percent, considering donors’ unclear and/or incomplete reporting and the fact that the OECD itself admits a lack of knowledge as to the tying status of one-third to one-half of aid to low income countries.

We deplore other donor-imposed conditionalities that, in addition to the attendant conditions of tied aid, erode whatever gains ODA may have brought in past years. The US and UK's war on terror, for instance, and the unilateral blacklisting of countries deemed as terrorist havens add to the list of donor-determined conditions for the release of aid. Privatization-enabling conditionalities are also attached to aid-supported projects such as the construction of big dams and hydropower facilities which we have seen displace entire communities, dislocate livelihoods, devastate indigenous peoples and cultures, and irreversibly destroy the environment. Foreign investors contracted for these projects enjoy wide-ranging perks that disadvantage populations and businesses. Among these are sovereign guarantees, whereby government agrees to assume liabilities on debts contracted by the private sector in the event, and for any reason, it defaults on loan payments. These, of course, add on to the heavy debt burdens that countries in Asia already bear. Aid-receiving conditions to liberalize trade and services have also left their mark in the marginalization of local economies and producers and in promoting the migration of workers, a majority of whom are now composed of women. Trade agreements struck between countries may also include environmentally destructive provisions such as in the case of the Philippines-Japan Economic Partnership Agreement, which promotes toxic waste dumping and trading.

While ODA including bilateral and multilateral aid, consists of concessional loans-with low interest rates these loans eventually add to the burdensome debt stocks of economically disadvantaged countries. The grant component in both multilateral and bilateral aid remains minuscule relative to the loan component. In actual practice, interest payments often exceed principal repayments, thus there is no actual transfer of funds in the process of aid-giving, only deeper indebtedness.

We find it duplicitous of donors to count debt relief as part of ODA. The year 2006 showed a hefty US\$103.9 billion provided by OECD-DAC. But it needs to be stressed that this includes the Paris Club's debt relief operations, notable of which were debt relief to Iraq and Nigeria at US\$13.9 billion and US\$5.5 billion, respectively. For 2004-05, debt relief thus came up as the single highest item, accounting for 20 percent of "aid". Without debt relief, however, other forms of aid contracted by 1.8 percent.

Two other trends are worth noting: the impact of private foundations and the emergence of China and India as donor nations. Aid-giving by huge private foundations is global in reach and largely self-regulated. Private aid flow extends to a broad range of sectors, including education, media, community development and disaster relief. In the US alone, some 2,600 corporate foundations are estimated to have given \$3.6 billion in 2005, up 5.8 percent from \$3.4 billion in 2004.

China and India, meanwhile, have emerged as donor nations. China in particular, allocated US\$4.5 billion in 2002 alone to development assistance. Chinese ODA often contains conditionalities requiring the provision of engineering, procurement and construction services by Chinese companies. Chinese aid has also unfortunately funded socially and environmentally damaging projects.

This is not the kind of aid we want. The kind of aid we want must be premised primarily on a recognition of the history of colonization of countries across Asia, a history that persists in the continued exploitation by the North of the South, particularly the peoples of Asia and the region's biodiversity. From this lens, aid becomes a matter of global redistributive justice, a just righting of historical wrongs.

We assert that the kind of aid money and aid-giving critical to effectively addressing worsening poverty, environmental degradation, hunger and deprivation, and other long-standing problems that are inflicting untold hardships on our people, should consist of grants, not loans, that can be used to address the structural roots of poverty and inequality. It values the importance of participatory consultation processes to identify the most urgent needs of recipient countries and local communities and to ensure community ownership. It is predictable and upholds the highest standards of transparency and accountability. While every contract will have terms of agreement, these terms must positively contribute to the purpose of the project, abide by the ownership principle, be relevant to the project and should not consist of conditionalities. It encourages support for replicating the most effective ODA projects which tend to be small-scale initiatives that promote popular empowerment and self-determination, provide for health, education, and other basic social services, as well as community-based irrigation systems, potable water facilities, farm-to-market roads, off-grid renewable energy systems and other pro-poor infrastructure which benefit the most disadvantaged members of a community. It is the kind of aid that does not discriminate against countries that fully support sexual and reproductive health and rights.

We call on the donors to --

- Realign, in the immediate, the loan-grant mix of aid such that grants significantly constitute at least 30 percent of ODA.
- Establish linkages and closer coordination with civil society groups of recipient and donor countries.
- Develop mechanisms for tighter coordination among civil society groups in Asia working on ODA.
- Work on mechanisms for greater democracy, accountability and full transparency in the processes of the multilateral financial institutions to enable civil society to effectively participate in the discussions.
- Align ODA flows more effectively with the MDGs and all other internationally agreed commitments such as Education for All 2015, the Kyoto Protocol and other climate change mitigation and adaptation measure commitments and the 2002 World Summit for Sustainable Development Johannesburg Plan of Implementation.
- End conditionalities (especially in the area of political and macroeconomic policies) and the practice of tying aid to the hiring of foreign consultants, purchase of goods, etc.
- Extend the Gleneagles concession of debt-relief from low to middle income countries.

We press national governments in Asia to –

- Reject tied aid.
- Ensure the meaningful participation of stakeholders, especially the poor and socially excluded both in the formulation of national development strategies and in the implementation of ODA programs.
- Provide venues for the participation of civil society representatives (as well as of local governments) in the Country Coordinating Groups (or Country Development For a) and in the government oversight agencies for the implementation of ODA projects.
- Progressively increase from at least 30 percent to 100 percent the share of ODA allocation to social services and pro-poor infrastructure development, and prioritize aid flows to the poorest regions in the country. Negotiate that ODA allocations for social services be in the form of grants.
- Conduct debt and ODA audits in consultation with civil society and b) third party auditors.

- Explore internally driven, alternative sources of financing.
- Develop alternative sources of sustainable development financing towards exit from ODA regime in the medium-term.
- Develop an alternative framework and set of indicators to measure the impact of ODA using the principles of gender justice and women's empowerment.

We enjoin both donors and national governments to adopt a rights-based approach to aid giving, which means ensuring that human rights standards and social development principles guide all development cooperation and programming in all sectors and in all phases of the programming process. Right-holders and their supporters such as human right NGOs should be included in decision-making processes relating to aid money and allocation. Attention must especially be given to those whose voices are at risk of being silenced or marginalized vis-à-vis aid: women, children, and adolescents, or non-citizens such as in/formal migrant workers, indigenous peoples, small farmers and fishers, etc.

In reaffirming our commitment to strengthen South-South; North-South partnerships, specifically in terms of links and coordination among civil society groups in the recipient and donor countries, as well as in building alliances among kindred advocates, we take these steps forward:

1. Maximize upcoming international platforms to promote regional advocacy on ODA (e.g., for 2008, the G8 Summit in Japan and the Financing for Development Review in Doha).
2. Set up a follow-through regional mechanism to move the process forward;
3. Launch a campaign calling for a re-definition of official development assistance. Aid that comes in the form of loans, including concessional ones, should not be considered as aid. Only untied grants should fall under the category of aid.
4. Acknowledge other trends on aid-giving arising from non-traditional sources, such as from countries like China and India, and from the private sector, such as corporate foundations, further study the impact of these trends on poor people, local communities and the environment, with a view to both highlighting its positive potential, while critiquing negative impacts.

We believe that the path to people-centered, sustainable development will be primarily determined at the level of country and community. What is asked of international development partners is that they provide the policy space and enabling environment for this type of development to proceed. Genuine aid puts people at the center, specifically the millions of excluded, marginalized, silenced, disempowered, invisible human beings, a majority of whom are women. Only with this basic understanding can ODA hope to move beyond servicing donors' agendas and fulfill its avowed purpose of working for the good of all humanity.

Countries of the south need ODA that comes in the form of untied grants, not loans. Provide grants that meet and exceed the MDGs. Genuine aid comes with no conditions. Put people at the center of ODA processes.

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