

**CARAM Asia Short Report**  
***“Building an Asian Peoples’ Agenda on Aid”***  
**Conference on Official Development Assistance (ODA) in Asia**  
**25-27 July 2007**  
**Quezon City, Manila, Philippines**

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**Introduction**

The Global Call to Action against Poverty (GCAP) - Asia co-organised this conference with ODA Watch-Philippines. Other sponsoring organisations were Sustainability Watch, Forum Asia, JVC-ODA Reform Network, Social Watch, Jubilee South Asia-Pacific Movement on Debt and Development (JS-APMDD), CCEJ-Korea, SANSAD, and Asian South Pacific Bureau of Adult Education (ASPBAE).

More than 80 participants from various Asian countries were present to 1) Exchange views on the status and impact of ODA, 2) To come up with a regional policy agenda and action for advocating the increase in the quantity and quality of aid in Asia and 3) Provide a platform to critique aid policies and processes and deliberate on alternatives in Asia.

**Salient Points**

1. Case presentations on aid effectiveness were made by civil society organisations from both aid recipient and donor countries in Asia. Presentations were also made in 5 thematic areas - Education, Environment, Gender, Human Rights and Aid, Debt and Conditionality. The conference culminated in a drafting of a declaration on “Building an Asian Peoples’ Agenda on Aid” which will be adopted after participants finalise the declaration.
2. **Key challenges pertinent to recipient countries of ODA:**
  - i. **Shrinking ODA** – unmet UN ratio of 0.7% of GNI by donors. This raises concern over the lack of foreign aid to meet MDGs.
  - ii. **The role of Asian donors** – Japan is a major Asian donor and enforces strict conditionalities. Most of Japan’s ODA is in the form of loans. Korea is also another player in Asia, a key emerging player is China this is worrying because China refrains from reporting its ODA in a transparent manner.
  - iii. ODA is **not necessarily distributed according to the needs of poorest countries**. How much a country receives has very little to do with how poor the country actually is. Case in view Bangladesh (poverty incidence: 49.8%) and Vietnam (poverty incidence: 28.9%) however more ODA is pumped into Vietnam instead of Bangladesh.
  - iv. Main perspective and **point of reference for development is the MDGs** yet ODA is not distributed according to the needs of countries lagging achieving MDGs.
  - v. **Lack of alignment and ODA harmonisation** – different donors have own set on conditionalities and terms. There is also great incoherence of development objectives and strategies between donor countries.
  - vi. **People’s ownership and participation is undermined**. ODA remains as a G2G transaction and is characterised by bureaucracy and lack of transparency and democracy at all levels.

- vii. **ODA is not rationalised and coordinated on the basis of recipient countries' national development strategies, priorities, systems and procedures.** ODA increases administrative costs and burdens of recipient countries.
  - viii. **ODA has undermined the development of domestic industries and increased recipient government dependencies** on foreign investments and prescriptions to development.
  - ix. **Illegitimate Debt** – the dubious nature of ODA processes and transactions, how funds are used, the negative and harmful environmental, social, economic and cultural impacts of ODA projects, policies financed by debt etc.
3. **Current Donor ODA Framework** - The volume, allocation, modalities, conditionalities and agenda is guided by:
- i. **Neo-liberalism and market oriented policies** – Bretton Woods Institutions, SAPs, Washington Consensus, World Bank guided Poverty Reduction Strategy Papers is market oriented instead of developmental focused. Current form of ODA reflects donor's alignment with neo-liberal interests and serving donor's national agenda.
  - ii. "War on Terror" and **militarisation doctrine.**
  - iii. **Conditionalities** have been increasing over time and are enforced in economic and political policies, performance bench marks and tied aid. These conditionalities encroach into recipient countries National Development Strategies and programme designs. It also adds to the administrative and implementation burdens and costs of projects.
  - iv. **Fundamentalist views** which negatively impacts gender based interventions and HIV and AIDS interventions for vulnerable populations.

4. **ODA should be:**

- 1. In the form of grants not loans.
- 2. De-linked from i) militarisation, ii) neo-liberal policies and structures, iii) fundamentalism, iv) debt relief, v) tied aid and vi) conditionalities.
- 3. On the basis of human rights framework, global distributive justice, sustainable development, gender equity and equality, development cooperation.
- 4. Emphasising people's ownership and community based participation.
- 5. Democratised, accountable, transparent and emphasise governance.
- 6. Focused on larger allocation to the social services sector (health, education, water & sanitation etc.)
- 7. Prioritising allocations for the poor regions of recipient countries.
- 8. Prescribe *the Paris Declaration to address* the quality problems on the donor side, harmonise ODA and adapt it better to the recipient country's development strategy, reduce transaction costs and bureaucratic procedures, untying aid and grant ODA increasingly as direct budget support.

**END**