



Southern Voices on Conditionality and Ownership: Towards Achieving Authentic National Ownership

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prepared for Promoting Ownership and Reforming Conditionality: Strategic Planning Workshop, 18-20 February 2008

Introduction

The aid system (or 'non-system' would be more precise) faces tremendous challenges in less than a century of its existence. While the Millennium Declaration of the UN has called for clear cut targets in reducing poverty, scaling up aid and achieving clear results, there is general agreement that the aid regime is in dire need of serious reform. This non-system is increasingly becoming chaotic with 23 bilateral donors, besides several global funds and multilateral donor institutions, not to mention private foundations and CSOs (Katseli and Carey, 2007; Lele et al., 2007).

As a result, channels of delivery are even more fragmented, and yet new non-DAC donors such as the so-called BRICS¹ and private foundations have been added to the complexity putting further strain on relatively fragile efforts for reform. These new players pose a challenge to the current aid architecture, as well as to current efforts to reform aid practices.

This situation underscores the urgency for aid effectiveness reform in addressing a wide range of criticisms and demands for better aid management and governance and achieving development results for the poor. The Paris Declaration (PD) represents the most ambitious and comprehensive achievement towards this reform and its implementation will be evaluated at the Accra High Level Forum III in September 2008.

The PD has been criticized for failing to address the broader concerns of development and human rights for the poor, for failing to address fundamental issues of ownership such as conditionality, and for failing to set clear targets and indicators (Reality of Aid 2007; Valderrama, 2007; Action Aid, 2007). CSOs demand that the PD be enriched with the full participation of other stakeholders so that its principles and goals are achieved. They also demand deeper reform to achieve genuine ownership and fulfil human rights obligations especially of the poor.

Ownership and conditionality represent the core issues in aid effectiveness – as ownership is the defining issue in development, while donor conditionality poses one of the gravest challenges to country ownership. The process of deepening the understanding of development partnership and advancing aid effectiveness reform requires further interrogation into the issue of ownership and conditionality from the Southern context of development as well as taking the circumstances and needs of the poor as the starting point as well as the final destination or goal.

This synthesis paper brings together the various issues and perspectives raised by the six different opinion pieces on ownership and on conditionality written by Southern experts on development cooperation and aid. This paper also draws from current research and debate on the issue of

ownership and conditionality in development cooperation and aid.

Southern perspectives on the issue of ownership and conditionality are naturally inclined toward the broader concerns of power imbalances that frame and permeate development cooperation and aid. To address these broader contexts and concerns, this paper dissects the different notions of ownership from theory to practice (page 2) and then tackles the realities of ownership from a broader frame from the power dynamic of international relations to the powerless conditions of the poor in the villages to the actual practice of aid management (page 3–10). This paper then dissects the concepts and practice of conditionality leading to its thesis on eliminating conditionality (page 10–14).

Dissecting the notion of ownership from the practice of aid, this paper posits the normative concept of 'authentic ownership' which is ascertained in the development process and aid relationship or operational ownership where ownership is built or realized. Authentic ownership is the combination of 'national country ownership', 'democratic ownership' and leadership in the aid partnership. National ownership is being eroded by tendencies among aid administrators to emphasize leadership and worse by technocratic notions of 'operationalising ownership'. To complete the understanding of ownership beyond leadership in the practice of aid partnership, ownership issues must also be interrogated in the arena of international relations and political evolution of government as well as at the grassroots level and look into the concept of ownership by the poor.

Looking into the different kinds and objectives of conditionality, the paper distinguishes between fiduciary/accountability conditionalities as terms of contractual agreements from policy conditionalities. While it is clear the policy conditionalities affect ownership negatively, fiduciary conditionalities also need to be reformed to promote national ownership and alignment. This paper proposes that a serious and effective implementation of Paris Declaration commitments in alignment, harmonization and mutual accountability will actually result in the radical diminution of ex-ante contractual conditions that can mean the elimination of both policy and fiduciary/accountability conditionalities as previously practiced.

Current research has advanced beyond the old debate about conditionality and ownership and now increasingly focus on Paris Declaration principles and their implementation towards building national ownership and eliminating conditionality. As such, there is a strong emerging view among aid practitioners against the donor-recipient nexus towards a more equal aid partnership.

However, there are many gaps in research towards building authentic ownership in the process of implementation of PD as well as innovative practices in reducing and eliminating conditionalities. New research could bring out new experiences and dissect various concerns in aid reforms such as factoring problems of governance in aid partnerships, addressing failure to observe previously agreed commitments, building political will for ownership among weak governments and capacity building needs of governments. Further research is also welcome to interrogate and bring out positive experiences in international relations and development cooperation, as well as in grassroots level issues in aid management and delivery that builds ownership for the poor.

Understanding Ownership

As a core and defining concept in development partnership towards poverty reduction, ownership has different and oftentimes conflicting definitions as a term and varying context and understanding as a concept. Nkombo (2007) and Valderrama (2007) identify some of the areas and points of debate on ownership in relation to the overall discourse of aid effectiveness.

In this section, this paper will try to dissect the different definitions and approaches in understanding this term in relation to practice and reality. This paper then introduces the term authentic ownership as a normative concept and the term operational ownership in looking at ownership in practice and discerning false notions of ownership. This paper also dissects the elements of ownership – the key element of national sovereignty and expressed in leadership in the aid partnership by government and the element of democratic country ownership to emphasize the key participation of other stakeholders and institutions in a democratic system. The paper then outlines the three contexts where the ownership issue is interrogated – ownership in the practice of development assistance partnership, ownership in international relations and development cooperation and ownership by the poor at the grassroots level.

Defining 'Ownership'

Ownership is the exercise of national independence and sovereignty in a democratic process in the determination of development policies and strategies, conduct in development cooperation and design and implementation of development programs, processes and services. Ownership has three functions as far as aid management is concerned – the determination of development policies, the designing of implementation programs and plans and the management and coordination of donors. But just as development and development partnership are both political and administrative concerns, ownership combines political and technical concepts and processes.

In unpacking the complex issue of ownership in its different contexts and dimensions, the challenge for the development community is defining and ascertaining what constitutes authentic ownership as a normative concept. Ownership can be considered authentic if the normative standards in the development process are fulfilled to a satisfactory degree.

These standards cover elements that would determine if a country does own the policies, the instruments, the

process and results of development. These elements include political will and the exercise of national independence and sovereignty, leadership in development cooperation, institutional capacity in development management and delivery, democratic processes and transparent governance. The degree to which the aforementioned elements are achieved and the balance or combination of these elements would vary in a particular aspect or at a certain point in time of the development process and would be the subject in ascertaining how authentic ownership is. Because ownership is a combination of many factors and ascertained in practice in the development process, researchers oftentimes describe ownership as a range (Nkombo, 2007).

Ownership as process

Apart from ascertaining ownership as the fulfilment of normative standards in the development process, ownership is also necessarily understood as a process whereby different actors interact in the formulation and institutionalization of development policies, decision making, programme implementation and so on. Ownership is a process where policies are shaped, programs and projects are implemented, and development outcomes are evaluated and debated and so on.

Ownership as expressed in the process of development and the aid relationship can be called operational ownership or ownership in practice, and is not contradictory to authentic ownership. Rather, it is recognition that authentic ownership is not a given, but expressed and achieved in process. In the process of operational ownership development policies should be nationally and democratically shaped to fulfil the standards of authentic ownership.

It is often easy for donors focused on aid management and delivery to depoliticize the issues of development as well as ownership. Ownership is circumscribed within the confines of partnership in aid management, thereby putting stress on leadership in the development partnership as the defining concept of ownership rather than national sovereignty and democratic development². This 'redefinition' of ownership is driven primarily by the demands of looking at ownership in the aid management practice. Donors who interact with governments in operational ownership as development partners tend to circumscribe operational ownership away from the normative elements of authentic national country ownership.

The Paris Declaration betrays this bias in the definition and indicators for ownership – targets are limited to government leadership and coordination of donors, and are blind to national processes involving other institutions of government and civil society (Valderrama, 2007)

'Operationalising' ownership

A more serious conceptual deviation is the substitution or conflation of the technical concept of owning with the notion that ownership is merely the act of owning or once a policy or process is accepted and instituted by government, then the requirements of ownership is achieved. The technical use of the term owning (accepting and instituting) is far different from fulfilling the requirements of authentic ownership in operational ownership (Molina, 2007).

This concept of ownership as merely a process of operationalisation does not consider the unbalanced power relations between development actors especially between

donor and recipient country. The normative standards for national and democratic country ownership lose their value or applicability because anything can be owned – accepted and instituted. In this reinterpretation, once conditionality is 'owned' or accepted and instituted by the government, then it is no longer a conditionality, and neither does it reduce ownership.

This leads some researchers to consider 'ownership' as simply a euphemism to local buying-in of external impositions (Girvan, 2007a). Others propose a different term or warn of this technicist concept that ownership is defined as simply 'to own' or worse, even 'to make someone own' implying external agency over a weaker development actor (Abugre, 2006).

Democratic ownership

Another key factor in determining authenticity of ownership besides national independence and sovereignty is the fulfilment of democratic processes, particularly ensuring the participation of all national actors in the development process. Ownership is oftentimes construed as a feature of the executive branch of government which has the responsibility of formulating development policies and programs and seeing these through to implementation.

But such a concept of ownership overlooks the overall framework of democratic development which assumes a national process that actively engages citizens in debating development policies that affect their daily lives fundamentally, and ensures the effective participation and operation of the other democratic institutions such as the legislature, the press and civil society in this process (Tomlinson, 2006; Lavergne and Wood, 2006).

The concept of democratic ownership emphasizes the role and participation of other country democratic actors to the building of authentic ownership, one that is premised on democratic governance and autonomous participation of other country development actors as well as the poor themselves in the process of development (ISG).

Contexts and dimensions of ownership in development

Democratic development is a complex and multifaceted process that operates and can be understood in different contexts and dimensions in each country. These contexts and dimensions are also operative in development aid and ownership.

There are three important contexts of the development partnership process and the issue of ownership: the context of the development partnership and aid management process, the context of national politics and the conduct of international relations and the context of development and aid delivery on the ground as it impacts the people especially the poor. In the context of aid management the issues and concerns of ownership in development partnership are commonly addressed by the development community on a day to day basis. In this context of 'ownership in practice', Nkombo outlines six dimensions of interrogating ownership as will be discussed in the next section.

The second context of national politics and international relations, ownership is discussed in the context of the underlying issues of national independence and exercise of sovereignty by the government in its international relations, with its development partners in particular. Using Sri Lanka as a national case, Thalayasingam shows how the

historical roots in the colonial past of a developing country and the current issues of independence and sovereignty in its international relations reflect in the issue of ownership in development cooperation. Further, various issues of ownership in the development partnership and aid can be explained in the context of evolving national politics and international relations up to the present.

The third context of ownership is development in action on the ground and focuses on the role of the people, especially the poor in the concept and process of ownership. This context has become even more prominent of late with results-based development work and the concept of democratic ownership and accountable governance becoming the focus of aid effectiveness reform.

Further research can fill gaps in identifying normative elements in building authentic ownership in the process of operational ownership while, on the other hand, dissecting problems in understanding ownership such as operationalising ownership in various country and donor practices. Research can also be conducted to show in a comprehensive manner the broad interlinkages of different contexts by which ownership is built, identifying various entry points for effective citizen intervention and as well as areas for donor response.

Ownership in the context of country political governance and international relations

The broader implications (and applications) of aid effectiveness and ownership in practice can be found in the evolution of a country's political system and governance and in the political economy of international relations of donor and recipient countries. These are most obvious to Southern perspectives because aid exerts a powerful political and economic influence in aid dependent countries, far beyond the immediate impacts of foreign assisted programs. Aid is a function of foreign policy of and relations between donor and partner country and has wide implications for a weak, dependent developing country.

Thus issues of ownership in practice find their answer in the broader political framework of governance and international relations. For another, the issue of ownership takes a different broader political framework in the political development and international relations of recipient countries as illustrated comprehensively in the Sri Lanka case by Thalayasingam (2007).

The powerful influences that aid wields lead some quarters to question whether aid emanates from truly altruistic motives or remains a tool for postcolonial economic, political and military interests. (Bauer as cited by Thalayasingam) This is bolstered by problems of subordination of aid to short term foreign policy concerns as well as more problematic instances of instrumentalization of aid for economic, political and military interests of donor countries. Because aid is a powerful element in international relations and cooperation for resource-poor countries, the question of aid subordination and instrumentalization is a serious concern to building ownership.

The exercise of independent political will, leadership and capacity as requisites of national ownership are better understood in this context charting the evolution of a country's political governance and international relations, its post-colonial circumstances and the geo-political influences

that continue to shape how a government relates to its foreign development partners. (Thalayasingam) In this way, the development and realization of authentic ownership on one hand and problems related to foreign relations and its implications on ownership are disclosed. As ownership is defined and rooted in the development of a country's political institutions and processes, interrogating ownership in this context explains many questions or considerations in relation to ownership in practice.

As developing countries navigate their foreign relations to address their economic, social, cultural and political development needs and relate to other countries and international institutions, the foundations of ownership and the challenges and issues surrounding the exercise and realization of ownership of their development process including in the conduct of development cooperation is established.

Aid selectivity and foreign policy

Aid selectivity and its nexus with foreign policy remains a controversial issue in the development community. In a number of instances cited by Thalayasingam, Sri Lanka experienced various actions including suspension of aid from Western governments and the World Bank as a direct response to its foreign policy actions like expansion of trade and development cooperation with the Eastern bloc and petroleum nationalization in the case of the latter. While the Sri Lankan experience may be explained in the context of the Cold War, other countries have experienced similar unilateral donor actions such as the case of the European Union withholding aid in order to pressure a country to agree to the Doha program at the WTO Ministerial (Kwa, 2004).

Aid has often been used as a carrot to entice governments to take or sustain certain policy actions and as a stick by withholding aid to punish governments for various reasons as in the case of Zambia (Nkombo). CSOs have consistently criticized the aid for trade program as an enticement for countries to sign on to the Doha 'development round' negotiations at the World Trade Organization (OWINFS, IBON).

The complications in the nexus between development cooperation and foreign policy interests of both donor and recipient country is a controversial issue spanning the more than half a century of development assistance. The premises of shared values in development cooperation are founded in the principles of mutual respect, non-interference, equality and mutual benefit that need to be principally cognisant of the particular circumstances and needs of a politically and economically weaker partner. These premises are violated by written or unwritten conditions that benefit the donor politically, economically and militarily against the country's national interests and the people's benefit. (Tujan in Reality of Aid, 2004)

On the other hand, where country actors demand that donors suspend aid due to a lack of democratic process in the formulation of development policies (such as a parliamentary resolution or a CSO campaign), such donor action cannot be construed as a violation per se of national ownership, but a demand that warns that the shared values in development cooperation are violated or that the requisites of democratic ownership are grossly ignored.

On the other hand the proposals to reduce partners for donors to focus on better delivery of more aid to fewer

countries such as the German and EU proposals have been met with some concern that this might be used as an excuse to exercise selectivity to pursue foreign policy interests. These proposals are quite valid but must be mediated by a multilateral aid body which does not exist at the moment.

Sustaining donor economic policy interests

Development cooperation often served to sustain donor postcolonial economic interests such as maintaining colonial patterns of trade and investment in raw materials, energy, and semi-processed goods (Thalayasingam). It fulfilled donor economic interests without consideration of impacts to country development such as tied aid and export credit which supported the sale of donor country goods and services. Technical assistance assured that country development policies and measures are favourable to donor interests besides supporting employment for donor country technicians. (Valderrama; Chidaushe, 2007)

Thalayasingam notes the formulaic nature of macroeconomic policy conditions which not only fail to take account of the particular policy variations needed to steer a country's development but by 'increasing liberalization, reducing the role of the state in the economy while enhancing the role of the private sector' provide excellent conditions for maximum returns for foreign corporations through investment and trade through greater integration to international economic activities.

Donor economic policy interests are also served through institutional arrangements such as the practice of seconding staff from the IMF and other forms of technical assistance apart from policy advice. (Chidaushe) Donors exert influence in the appointment of key bureaucrats in economic portfolios such as finance and economic planning ministries and create impenetrable bureaucrat clubs that ensure a sustained neoliberal policy framework similar to what Hilarion Henares calls the 'Council of Trent' that operated in the Philippines in the late 80's³.

Promoting ownership and preserving policy space

The distinct experience in Sri Lanka which allowed it to shift between two competing Cold War blocs as development partners provide an illustration to options for developing countries in promoting ownership and preserving policy space in development. Thalayasingam concludes that this is the nexus between demand from aid recipients and supply from aid donors which can affect future aid architecture. The emergence of new bilateral donors (BRICs) as well as very large private foundations and vertical funds allow policy flexibility and space but needs to be further investigated. (Thalayasingam; Nkombo)

However the international policy environment framed by liberalization and globalization advocated by dominant donor institutions, agencies and governments reduces policy space despite the options for countries to pick and choose donors from a broader range of options. (Thalayasingam.) Changes in regional power structures which allow countries to play off rival regional leaders, including strong political trends away from neoliberal economic policy such as in Latin America or the Asian Monetary Fund in response to the IMF handling of the Asian financial crisis and the challenge to partnerships such as China's position on conditionality provide policy space for countries wishing to promote ownership. (Campodonico, Nkombo)

Campodonico notes for example the strong trend in Latin America against neoliberal structural adjustment and the reduction of IMF partnership from among Latin American countries. Instead, regional cooperation has resulted in the establishment by the pooling of resources among Latin American countries of the Bank of the South which will not impose conditionalities as an alternative to IFIs practices (Campodonico).

In summation, interrogating ownership is not complete without dissecting the donor and recipient country's conduct of international relations. Development cooperation and assistance are components of international relations of countries and subject to their foreign policy and conduct in international relations where the principles of mutuality and equality operate and common values such as those expressed in the Millennium Declaration are expressed.

However, the reality of grossly imbalanced power relations and colonial legacies result in various problems including aid instrumentalization and subordination to donor short term foreign policy interests. This situation is aggravated by the lack of an effective multilateral aid architecture to resolve policy differences and strengthen international cooperation. Additional research is needed to look into the context of foreign policy and international relations, and the specific issues of aid instrumentalization and subordination. More research can also be conducted on the practices of emerging donor countries and the experiences of developing countries in managing donors with different foreign policy positions as well as specific positions in development cooperation and aid.

Democratic ownership and the poor

In interrogating ownership in the aid partnership, it is easy to be drawn to the technical demands of aid management and delivery and miss two political contexts which are essential operative elements of national and democratic ownership. The context of the national political administration which drives development programs, financial policies and international relations has been discussed in the preceding section.

The other context is the results context on the ground where development policies and programs are tested on their impacts on the poor and their communities. This context has very important political and technical value in the overall conception and exercise of national ownership. It is the base for political processes and democratic ownership, and where the realization by the poor of their rights is tested in practice. It is the context where development results in their impact on the poor are analyzed.

All development actors ultimately operate in all contexts. Government has specialized units for operating in different levels such as parliaments, ministries, local governments and so on, and as government institutions develop, all branches of government reach out to communities. Donors and their respective missions also seek to reach out to local governments and communities. CSOs specialize according to different mandates and operate in these three contexts accordingly.

In the context of aid management and delivery, the Paris Declaration mandates effective monitoring and analysis in developing results-oriented management of aid. But the appreciation and operationalisation from the national level

partnership is expectedly focused on statistical measures. The context on the ground provides important validation in results monitoring and is often brought into the equation by CSOs instead of government.

There remains a general imbalance in the aid relationship where donors consider downstream service delivery and the direct impacts of aid assisted projects, including controversial large infrastructure projects, the exclusive responsibility of governments⁴. While donors naturally respect independence and ownership of governments in management of aid at the ground level, this remains the responsibility and concern of donors who also remain accountable to the results and impact of aid (ISG).

Besides promoting a results-orientation, the significance of interrogating ownership and the aid system on the ground lies in bringing to fore the human rights dimension which is at the core of democratic ownership and is most clearly expressed in how the human rights of the poor are fulfilled by the state in the development process.

The normative framework from the designing of development strategies up to service delivery are tested on the ground in the fulfilment of international human rights obligations of states and the poor claiming their rights. However, governments and donors are often not conscious of rights based approaches to development, starting with the process and content of developing aid assisted strategies and programs. The UN Declaration of the Right to Development states that 'the right to development is an inalienable human right by virtue of which every human person and all peoples are entitled to participate in, contribute to, and enjoy economic, social, cultural and political development, in which all human rights and fundamental freedoms can be fully realized' (IBON, 2007).

Bissio (2008) notes this problem in the Paris Declaration itself where human rights and the right to development (RtD) in particular are not mentioned. The PD does not even reaffirm the Millennium Declaration, which emphasizes human rights and RtD in its values and principles and only refers to the signatories looking ahead to the 2005 UN five-year review of the MD and the MDGs. While ownership and mutual accountability can easily be understood as a reformulation of the concepts already included in the RtD declaration (even if downgraded from rights to principles), alignment, harmonization and managing for results can be supportive, neutral or detrimental of RtD, depending on how they are understood and implemented (Bissio).

The human rights framework becomes especially obvious in the context of the operation and impact of aid on the ground. CSOs argue that development is essentially a political process combining democratic development and human rights; of the poor being empowered to claim their rights; of government and other democratic stakeholders interacting towards ensuring democratic development. (Reality of Aid 2004)

If the poor are meant to be participants in rather than subjects of development, then how should ownership be approached? Ownership by the poor and its implications on the aid regime challenges prevailing notions and attitudes regarding ownership and aid effectiveness.

Ownership by the poor also challenges current approaches to democratic development as a political process of development and human rights, the national process of democratic development – challenges notions

of development which are Northern formed – whether by donors, or Northern CSO donors also

Especially in developing countries where communities desperately need services for survival, the grassroots base is crucial for democratic development. In the grassroots context, democratic development is the process where the people, especially the poor, should become the drivers of development and the main determinants of the development process. (Reality of Aid 2004)

Local ownership and direct participation of the poor

On the ground, the aid partnership operates in relation to the process and results of service delivery and the impacts of aid assisted programs. The relationship is principally within the framework of a country's governance and service delivery systems except in cases where aid is channelled to CSOs. Local ownership is thus more easily managed especially where there is devolution of responsibilities to local government.

Direct citizen participation in development processes is also obviously essential in local ownership. While there are many examples of effective governance at the village level such as the Panchayat system in India or the Barangays in the Philippines, the poor remain politically marginalized in most local governance processes even in these countries mentioned because existing village level structures remain heavily influenced by domestic forms of patronage.

Institutionalization of local ownership in development has been initiated in a number of countries. The Local Government Code in the Philippines mandates the establishment of local development councils at various levels up to the village and includes people's representatives through local CSOs. These councils are responsible for approving development projects, including investments in natural resources extraction. (IBON)

Rights-based approaches to development

Rights-based approaches to development is a framework, or a set of strategies and methods to fulfil human rights obligations to the poor by government or any other development intervener such as a CSO, a donor agency or a private sector organization. It has been mentioned in the introduction of this section that this framework frames the whole ownership issues as the foundation of democratic ownership. At the local level, this has become increasingly accepted by the development community as an operating framework that is being actively promoted by CSOs and the UNDP.

The basic premise of rights based approaches on the ground is to mobilize the poor to become drivers of their own development or the concept of empowerment where the poor mobilize themselves to claim their rights. According to this framework, participatory approaches to development processes are developed.

There are also many initiatives in direct participation of the local population such as the institution of a social acceptability clause instituted for some time in the late 80's to early 90's by the Department of Environment and Natural Resources in the Philippines in the Environment Impact Assessment for development projects and investments in the Philippines. Through this clause local residents and CSOs were able to demand transparency as regards project and investment plans and had a direct voice in approving or rejecting projects (Tujan).

Through rights based approaches, ownership by the poor is achieved. The final test of ownership is the empowerment of people, especially the poor, to claim their rights. This process is achieved through rights-based approaches initiatives at the community level. The challenge however is how to transform good practice in a few communities into general policy and programs nationwide.

The role of local CSOs

At the local level CSOs have an important role in service delivery in promoting rights based approaches and ensuring that gaps in government services are filled. Many local CSOs also recognize the role of advocacy and promoting empowerment in the communities they work in to improve access to government services.

Membership-based CSOs such as associations of peasants, women and other sectors have an important role in mobilizing their constituent members in promoting policies and action for their benefit, and in advocating changes in policies and projects that impinge on their welfare and their rights. Development NGOs have also developed advocacy services to assist these CSOs as well as directly supporting communities affected by development projects or facing particular challenges to development.

Local level CSOs are linked to national networks or have special relations with national CSOs and platforms which provide various forms of assistance and bring local issues into the national debate. Broad institutionalized national platforms are relatively uncommon and instead various national networks operate according to common agendas.

In recent years there has been a rapid expansion of international NGOs which have created national units to provide direct services in local areas and involve in advocacy as national CSOs. Well resourced and connected internationally, these INGOs operate both at the national level and at the local level. In both levels they create imbalances in relating to other CSOs as well as with government. In a number of countries such as Indonesia, the proliferation of well resourced INGOs working directly and autonomously at the provincial and local level have overwhelmed local authorities and CSOs. The internationalization of NGOs and the nationalization of international NGOs present challenges to national ownership that need to be further researched and evaluated.

Democratic ownership in the context of the poor claiming their rights on the ground presents an important insight into the issue of ownership where the over-arching human rights dimension and the results based orientation of the PD become even more prominent. In particular rights-based approaches to development work are an important emerging trend practiced mainly by CSOs, while various aspects of government management of multi-stakeholder participation of aid delivery in the end must focus on direct participation of the poor.

Additional research can be made to dissect experiences in promoting rights based approaches to development at various levels of operation in aid management, including at the ground level. A specific area of concern is the interaction between local government and local and international CSOs in service delivery at village level. The human rights implications of aid management at all levels in the implementation of the Paris Declaration are also another area for further research.

Ownership in practice – Ownership in the context of partnership in aid management

In the process of aid management and delivery, the partnership between the donor agency and the pertinent units of the executive branch of government is concerned with achieving targets in aid effectiveness. National ownership is mainly expressed in country leadership in aid management and delivery and coordination of its foreign donor partners.

In this context of the aid partnership, such leadership is crucial in achieving effective aid and implies the difficult process of development of political institutions and governance especially for aid dependent countries. Contrary to some notions that leadership is apolitical and simply a technocratic concern, leadership is principally political – exercised by the current regime in the exercise or non-exercise of sovereignty, enriched by democratic governance processes and tested in the regime's capacity to follow through implementation in the bureaucracy.

In the complex relations and processes in the aid management and partnership, Nkombo outlines five normative dimensions by which ownership can be evaluated and promoted in the aid regime: the initiative dimension, the technical dimension, the institutional dimension, the political dimension and donor coordination.

National ownership and leadership in the aid partnership

Leadership as the overall expression of national ownership in the aid partnership operates in the formulation of development policy, in designing development programs, in managing developing partnerships, in ensuring accountability mechanisms and processes, in implementing service delivery, in implementing projects and in directing development financing, amongst others.

In particular leadership finds expression in:

- formulation of specific national policies and legislation in relation to macroeconomic policy, development policy and development cooperation and assistance;
- establishment of institutionalized mechanisms for donor monitoring and implementation;
- institutional unification on development and aid policy;
- staff and institutional capacity of government units involved in implementation, monitoring, reporting and evaluation;
- operational leadership in the management of donor coordination.

The exercise of leadership is the combination of key elements – political will and capacity – which is political leadership or exercise of political will, institutional capacity to follow through in exercising that will in the various functions of government, and institutional capacity to exercise leadership in various aspects of aid management and delivery. It includes effective institutional and democratic processes that strengthen leadership such as the interaction of different branches of government especially the parliament as well as the participation of the people, including civil society and the private sector.

Leadership in development partnership is part of government's responsibility in managing development and institutional and governance processes, and thus the quality of leadership in the aid partnership (and therefore

ownership) can be measured by the strength of the political governance and institutional processes of government.

Weak political institutions impact heavily on leadership as can be seen in many developing countries and especially in the so-called 'failing states' (Ahmed). Changes in domestic politics such as changes in political cycles or changes in political agendas and policies by political parties affect leadership in various ways whether by the simple disruption due to change in political administration or by changes in political will and vision. These in turn affect donor confidence and aid flows (Thalayasingam, Nkombo).

Exercising political will and policy leadership

The exercise of political will in the aid partnership is evidenced mainly in policy leadership such as in the formulation of development policies, defining financial and macroeconomic policies and regulations, designing an overall development strategy and ensuring that all government policies fit properly within that strategy. It also involves making the difficult decisions related to international relations and development cooperation when these contradict such a strategy.

Political will and ownership are challenged by the politics of knowledge. Donors oftentimes exercise dominance bordering on monopoly of knowledge, ignoring the value of local knowledge. Norman Girvan concludes 'Home-grown solutions must mean the generation, by local actors, of knowledge and of policy interventions that are specific to the local environment (and this does not just mean local adaptation of so-called 'universal principles' of good economic management). It involves recognition that knowledge is as important to development as physical capital or any other input and that development knowledge is largely context-specific. And ownership means acceptance of, commitment to and responsibility for the implementation of, these home grown solutions' (Girvan).

However, ownership is a dialectical process and exercising political will not only involves formulating and implementing development policies but also involves addressing donor policies and actions that affect those policies such as conditionality and tied aid. Donors challenge country policy leadership through formulaic economic policy prescriptions of neo-liberalism that benefit donor interests in general (Thalayasingam, Campodonico).

Exercising policy leadership also involves the independence and capacity to process policy recommendations produced through technical assistance by foreign consultants that oftentimes hew to donor positions and interests. Most problematic is policy conditionality which impinges directly on policy options and space of government. (Reality of Aid 2002, Molina) This will be discussed in another section.

In the case of Bangladesh for example, the IFIs actively lobbied government officials to push privatization, pitting off what it considered good guys against the bad guys creating strategic alliances. Combined with a lack of national analytical capacity, the main consequence has been slow implementation and lack of ownership (Bull et al., 2006).

National development strategies

In particular, the exercise of political leadership is dissected further by Nkombo in the initiative dimension of ownership in practice. In the initiative dimension, she demonstrates

that having national development strategies such as PRSPs and PRGFs which is the sole Paris Declaration indicator for ownership is by no means an effective measure of national leadership in contrast to donor influences in policy formulation as well as the lack of democratic processes in their formulation.

'Observations across countries reveal that developing national plans is not enough to foster ownership as incentives such as short-term budget needs by aid dependant countries that trade off ownership are at play' (Nkombo). This is confirmed by Compodonico in dissecting IMF and WB conditionalities in PRSPs and PRGFs in selected Latin American countries.

Leadership in the technical dimension

Leadership in defining technical solutions to macroeconomic and financial issues is equally important to formulating development policies and strategies. Nkombo cites the positive and negative experiences of such countries as Malawi, Nigeria and Zambia in developing technical solutions in dealing with IFIs. On the other hand, there are several good practice examples such as the case of Botswana and Ethiopia where having a focused political agenda was a clear pre-requisite to leadership and ownership (Nkombo). We can also cite the case of Vietnam whose government instituted the 'Hanoi Core Principles' as a set of ownership policies that define the country's policy framework in relation to donors (Pham, 2007).

Having a clear exit strategy from aid dependency and effective management of development financing mechanisms is an important component of leadership. On the other hand the absence of a clear exit strategy as in Zambia increases dependency and threatens ownership in the long run. (Nkombo)

Leadership in influencing donor behaviour

Two of the five principles in the Paris Declaration mainly involve influencing donor behaviour, that of harmonization and alignment, as components towards building and achieving ownership. While harmonization and alignment seek to address issues like unnecessarily high transaction costs due to multiple donor processes, requirements and mechanisms, as well as strengthening country systems and ownership through alignment, there remain many challenges in influencing donor behaviour and performance is quite modest (OECD Survey, 2006).

While harmonization and alignment are clearly donor responsibilities, the process of reform requires that countries need to drive the process. This requirement is quite clearly addressed in the Paris Declaration which specifies country commitments to coordinate aid at all levels among many other country commitments. Without the political will and institutional capacity to coordinate and manage donors along the lines of harmonization and alignment, resistance to change will not be easily addressed.

On the other hand, the issue of alignment and harmonization should not be narrowly interpreted to aid management concerns and government institutional processes only. Alignment and harmonization refer to the broad processes and results of country democratic ownership and development process. In this way, local actors and their interests such as CSOs and the poor are not sidelined by harmonization and alignment that is commonly

interpreted on government budgets and processes as in the Paris Declaration.

Furthermore, the ownership building objectives of harmonization can be subverted by prevailing donor policies such as conditionality. Without clear normative policies as regards policy conditionalities situations may emerge where donor coordination achieves the effect of strengthening pressure to abide by conditionalities and donor policy advice. It also strengthens the role of IFIs as gatekeepers of aid to that of centralizing donor assistance according to its policies as in the case of Indonesia (Marut, 2007).

Harmonization and managing donor coordination

Many governments still struggle in coordinating donors because of poor coherence of government policies and weak government capacities as well as due to donors' continued use of their own systems. (AFRODAD, 2007 in Nkombo) The Government of Ethiopia (GoE) on the other hand developed an aid management framework that enhances ownership and facilitates leadership and coordination of donors. 'These features of the GoE system combined with its reluctance to have outsiders closely involved in domestic matters limits donor influence.' (Furtado and Smith, 2007, 1 in Nkombo)

'The Hanoi Core Statement (HCS), Vietnam's version of Paris Declaration, has provided the GoV with a country-specific instrument for holding donor organisations in country to deliver what they promise. For instance, HCS Commitment No.28 has been utilised to promote donor transparency and accountability to the GoV through developing a new practice of donors' regular self-reporting on their aid flows to the on-line Government-owned Development Assistance Database (DAD)' (Pham).

Alignment and institutional ownership and capacity

Alignment assumes a substantial amount of building institutional ownership and capacity. For donors to align to country systems, clear mechanisms must be in place so monitoring and other management mechanisms can sufficiently replace donor procedures. On the other hand, shifting development assistance away from a multitude of projects to program and budget support assumes the development of unified institutional mechanisms to absorb aid into budget processes including integrating program planning.

Nkombo calls this the institutional dimension of ownership where a major problematic is the integration of aid processes such as PRSPs into budgeting process through financial management reforms such as activity based management in Zambia. Leadership is weakened in institutional alignment not only because of institutional gaps but also the lack of capacity of government agencies to establish these linkages. 'Despite progress on budget reforms, successful implementation is limited by the weak planning and budgeting capacities in the government ministries (Natali, 2006). Poor civil service conditions make it increasingly difficult to attract and retain staff with the necessary skills to run government programmes (Mwanawina, 2005, 38; Furtado and Smith, 2007). Consequently donors are more directly involved in programme implementation.' (Nkombo)

Aligning to country budgets allow donors to have a potentially far wider engagement on government policy than before (CIDSE). But donors often revert to old practices

by imposing additional conditionalities in order to shift to budget support to ensure that the abovementioned linkages operate according to their fiduciary and management standards. The effect is a greater burden in countries and weakening ownership. (ActionAid, Ahmed) These practices in relation to donor budget support result in strengthening upward accountability to donors as opposed to national stakeholders. (CSPR and Curtis in Nkombo)

Ownership and democratic development

Democratic development and consequently democratic ownership is weak in most developing countries which are in the process of building democratic governance and continue to address problems of their colonial pasts and patronage systems that still exist. Local elites depend on these patronage systems and the support of foreign interests for their existence, resulting in a 'neo-colonial' nexus between local elites and foreign powers that prevents the building of authentic democratic country ownership especially in aid dependent countries. Social inequalities and competing political interests, including between factions of the elite create tremendous political tensions and instability as well as weak economic and political systems of patronage which sustain the elite. Typical of patronage politics, ownership is also personalized and not institutionalized in democratic processes such as in the case of Bangladesh (Bull et al.).

Weak democratic processes result in weak leadership that in some countries are compensated through more strong-arm elite politics. Where there is effective interaction of different branches of government in the formulation of development policies, where these processes are conducted in a transparent and participatory manner for the people and where differing positions from political parties, from CSOs and private sector interact in the formulation of national policy, translates to stronger support for the political dispensation in implementation of such policies.

Furthermore domestic accountability is built through democratic participatory methods of monitoring, reporting and evaluation. In this manner, the participatory process sets the condition for building transparency. National ownership is strengthened by democratic national processes which build unified policies and effective domestic accountability.

Nkombo dissects this political dimension of ownership in practice, looking at effectiveness of CSO and parliamentary participation in aid processes. Besides monitoring and PRSP processes, major areas of concern are formulation of development policies, monitoring of programs and projects, budget monitoring, transparent governance and media's role in development issues, and participation of civil society and private sector in development activities and projects.

The recognition of the role and voice of CSOs in development is also limited by various factors and influences, including a lack of understanding of the role of CSOs in democratic development and government resentment of what it perceives to be the lack of constituency and accountability of CSOs⁵. (Tomlinson) Governments, as well as donors, look at CSOs in an instrumentalist way and recognize them only in specific instances that serve their purposes or in implementation of conditionality. Thus CSOs recognition is not sustained and authentic especially in difficult issues such as accountability (Ahmed).

'Civil society organizations are development actors in their own right. An understanding of their roles in pursuit

of poverty reduction, equality and justice is essential for clarifying CSO effectiveness. In international cooperation, it is argued, at their most effective, CSOs mobilize resources and build international relationships in solidarity with the efforts of poor and marginalized people to claim their rights and hold governments accountable (Tomlinson).

CSOs are expressions of active citizenship. The centrality of CSOs in building democratic culture and promoting alternatives, however, is seen to be in tension with a narrow donor interpretation of 'ownership' in the Paris Declaration. While civil society is largely missing from the Declaration, the assumption that civil society can be simply subsumed under the Declaration's principles and commitments may undermine key conditions that make CSOs effective development actors' (Tomlinson).

A fundamental critique of the Paris Declaration is the exclusion of other development actors essential to aid effectiveness, most especially CSOs (Valderrama). This seriously weakens the PD in achieving its targets, thus a key agenda of the HLF III in Ghana besides taking stock of the implementation of the Paris Declaration is to bring CSOs 'into the tent'⁶ to further enrich the implementation of the PD (Advisory Group on CSOs and Aid Effectiveness).

CSO participation in PRS processes

With the opening up of political space for CSO participation in development processes since the onset of PRSPs, Nkombo notes that only a few countries have actually instituted multi-stakeholder dialogue processes. There are several limitations in these processes which often favour urban based well-funded CSOs over provincial, district or local CSOs as well as favouring CSOs who are friendly to the political dispensation (Reality of Aid 2004, Tamele).

Eberlie notes that in most PRS countries, the standards of stakeholder participation are at best only partially fulfilled. The institutionalization of participation is still in its infancy and meaningful participation in the majority of the countries is impeded by various constraints. Eberlei lists 'four core challenges for embedding stakeholder participation in the living political environment of PRS': the lack of genuine commitment by government to build domestic accountability which it implements as conditionality; lack of democratic development orientation by the state; lack of understanding of CSO participation in the relationship of society and political system and powerlessness.

Stakeholder participation in monitoring

While aid processes are generally the responsibility of the executive branch, legislative monitoring, oversight and involvement in development partnerships are often limited and are not encouraged by donors who are dismissive of greater parliamentary involvement (Nkombo). Some see this as unnecessary politicization of the aid process that creates difficulties such as the case in Indonesia where parliament has constitutional supervision over loans (Marut).

In most countries, there is no constitutional requirement for parliamentary involvement (Chimango, 2002 in Nkombo). In practice there is weak monitoring by parliament even in donor budget support reviews. For example, in Zambia, submission to parliament of the Performance Assessment Framework is only a matter of information.

Nkombo concludes 'capacity constraints, political opportunism and in some countries donor opposition

(Malawi for example) hinder democratic ownership of aid processes' (CSPR, 2004; Eberlei, 2007). In the case of Uganda a participatory structure was institutionalized to monitor the development action plan that often extends its concern to political decision making processes (Nkombo).

The legal system and the judicial branch of government also play a key role in exercising democratic ownership in strengthening accountable democratic institutions. In many instances the judiciary has played a key role to provide redress for communities affected by development projects or for stakeholder intervention in development policies considered inimical to public interest. The judiciary and rule of law are important in building stable accountable institutions as shown also in extreme cases as in Pakistan.

In summation country ownership in the aid partnership is expressed in government leadership of the various aspects of aid management and delivery and is premised on the country's democratic processes. Such leadership assumes the exercise of political will as well as institutional capacity for following through such leadership in the formulation and implementation of development policies, in donor coordination and in the building of democratic development.

There is a large body of research dissecting ownership in practice, but much of it focuses on experiences and issues directly related to aid management and delivery framed narrowly on the relationship between donors and the executive branch of government. More research is needed to look into the various linkages of different government institutions, different branches of government and the participation of stakeholders both in building ownership in an all-round way and in looking at government leadership in its various aspects.

Conditionality and Building National Ownership

Conditionality is probably the most contentious issue in the aid effectiveness debate. Unlike tied aid where the implications to donor and recipient country interests are clear, conditionality has various dimensions and permutations where it is either proposed as 'a necessary evil' in the development of ownership or simply as 'essential contractual obligations' in the aid partnership. On the other hand, there is no doubt that conditionality works against national ownership.

Conditionality became the thorniest issue in the negotiations towards the drafting of the Paris Declaration. At the last minute during the Ministerial meeting of the Paris High Level Forum in March 2005, floor deliberations were suspended when Norway and the EU raised a last ditch effort to get commitment to reduce conditionalities in the Paris Declaration resulting in a US walkout. As a result, the Paris Declaration is surprisingly silent on conditionality while calling for aid effectiveness reform and building ownership. Researchers and CSOs have criticized the Paris Declaration as fundamentally flawed because of this (Reality of Aid).

Chidaushe outlines the continued debate on the issue as CSOs campaign against conditionality as a poverty-creating mechanism built into IFI country programs, while IFIs claim that conditionalities have evolved over time in the positive direction including less interruptions and conditionality. CSOs insist that conditionality has remained fundamentally

unchanged in terms of preponderance and impacts and what has actually evolved is only a change in terms such as 'benchmarks' to hide the same system of neoliberal policy conditionalities.

The seriousness of the debate has led to action by some progressive Nordic plus donors like Norway which has withheld support to World Bank programs that are conditioned as its implementation of the Suria Muria⁷ commitments of the current government. On the other hand, civil society itself is wracked with debates both North and South whether conditionality can be removed altogether and whether some conditionalities can be considered 'good' and should therefore be promoted.

In interrogating the notion and practice of ownership the issue of conditionality has a central and strategic role – conditionality goes into the heart of the aid partnership including the challenges and issues in building capacity and trust and addressing development comprehensively. While conditionality especially with Economic Structural Adjustment Programmes (ESAPs) are most obviously contrary to national ownership, fiduciary and governance conditionalities relate to the objective of aid reform and ownership but in a way that is ironic to ownership – as conditionality. In the process of aid reform conditionality may be the egg and ownership and aid reform the chicken, and the conundrum is which comes first.

Understanding conditionality

As a complex issue that is symptomatic of the aid system, it is not sufficient to simply define conditionality. Similar to the concept of ownership, conditionality is complex and sometimes contentious, as well as misused in some circumstances. Beyond the simple definition of conditionality we need to look into the different objectives and types of conditionality the conflation of which have resulted in some confusion in the debate.

Conditionality may be defined as the application of specific, predetermined requirements that directly or indirectly enter into a donor's decision to approve or continue to finance a loan or grant. Conditionality takes a number of different forms, yet the underlying principle remains the same – donors are using financial pressure to leverage actions they believe would not otherwise be taken (IBON).

The practice of conditionality originated with the IMF, and initially had a macroeconomic focus intended as a substitute for collateral. Originally related to project lending to ensure that the funds were used as intended, policy based lending was introduced in the 1980s and the purpose changed to enable the borrower to remove what the lender regarded as fundamental policy-induced obstacles to economic growth and development (IBON).

Conditions are spelled out in a range of documents, including Poverty Reduction Strategy Papers (PRSPs) which countries must produce every three years in order to qualify both for concessional lending from the World Bank and IMF and for debt relief under the Heavily Indebted Poor Countries (HIPC) initiative. They are also included in the Letters of Intent and Letters of Development Policy which present a country's economic reform intentions to the IMF and World Bank respectively (IBON).

Some loosely refer to conditionality to include obligations which are not contractual as unwritten conditionality. But

this has led to other more loose references to conditionality as any obligation imposed by the donor on recipients, related or unrelated to any specific development assistance. This use has further led to confusions that refer to tied aid as conditionality and vice versa, the practice of conditionality as tied aid. Of course, tied aid and unwritten conditions in the aid partnership act within the same power dynamics as conditionality in subverting country ownership.

Taxonomy of conditionality

Conditionality may be classified by its use in the program or project process: prior actions, performance criteria and structural benchmarks. Prior actions must be taken by the government before any lending to demonstrate commitment to a reform programme. These are the strongest conditions, used most heavily where donors doubt the reform credentials of the government and are used recently to condition budget support (IBON).

Country Policy and Institutional Assessments (CPIAs) are reviews that the World Bank conducts of policies and institutions before a decision to enter into negotiations over loans/grants can be a form of 'indirect conditionality'. The World Bank too admitted that this may be understood as a form of 'ex-ante' conditionality: instead of trying to induce governments to reform or to create reformers, donors select genuine reformers and provide them with financing (Bull et al.).

Performance criteria, or 'trigger' conditions are periodic conditions that must be met over the course of a programme in order to release a further tranche of money. A country's credit limit with the World Bank is varied according to how well they meet the performance criteria – there are high, medium and low case lending scenarios, dependent on how well a country meets performance criteria (IBON).

Structural benchmarks are monitored to ensure that a programme is 'on-track'. Whereas the World Bank argues that these are only indicators of the direction of performance, NGOs argue that they are in effect conditions since they may enter into a general evaluation of country performance (Molina).

Different types of conditionality according to objectives

As conditionality is formulated according to different objectives, we may define specific conditionality as either fiduciary conditionality, policy conditionality, process conditionality or outcome conditionality. While these conditionalities have the same effect on the aid relationship, it is important to distinguish objectives to find alternative mechanisms and relations in the process of reducing or eliminating conditionality in reforming the aid system.

Fiduciary conditionality relates to the financial management and accountability of funds and fall within the normal contractual terms and conditions. Policy conditionality, on the other hand, relate to policies believed to be of importance in reaching general development goals which oftentimes are only peripherally related to the program in question (IBON).

Process conditionality objective focuses on the process of planning, adopting and/or implementing policies rather than their content or the management of funds to enhance transparency and representativeness of governance. On the

other hand outcome conditionality focuses on measurable outcomes (e.g., GDP growth, poverty reduction) rather than what kinds of policies are implemented and follows results orientation in aid and output-based aid (IBON).

Others distinguish only three types of conditionality mixing the two categories above: process conditionality, policy based conditionality and performance conditionality (Zimmermann). The different objectives of conditionality are not simply a matter of typology but illustrate different aspects of behaviour reflective of various concerns and practices in the aid system. Fiduciary conditionalities are an essential component in any financial relationship, but the contractual terms betray issues related to mutual trust, mutual respect and cooperation, or the lack thereof, combined with how donors address power imbalances in the aid relationship.

Policy conditionalities are an example of instrumentalization of aid to impose related or unrelated policy prescriptions which the recipient would otherwise not implement. The issue is not whether the prescribed policies are beneficial to development but rather the use of conditionality to impose such policy which is not conducive to national or to democratic ownership (Bull, et al.).

The Conditionality debate

Bull, Jerve and Sigvaldsen distinguish between what they refer to as the 'old' conditionality debate referring to WB structural adjustment lending and IMF broadening of conditionality in the mid-1980s as distinguished from the 'new' debate which includes both empirical disagreements about what is the actual 'state of affairs', and disagreements on normative issues. Most discussed in the 'old' debate are policy content, the practice of conditionality and its failure leading to adding more conditionality (Easterly, 2002).

Focusing on the issue of aid reform, Chidaushe outlines the points of debate among CSOs noting on one hand the fact that many CSOs both in the North and the South demand that donors impose conditionalities promoting environmental protection, strengthening human rights or promoting democratic governance. There is a tendency to distinguish between good and bad conditionalities and focus attention on removing bad ones, while keeping or promoting good conditionalities.

In a broader context, there remain concerns that conditionalities are not necessarily contrary to ownership and good donor behaviour, or if they are bad, they are a necessary evil since there are no alternatives that work. The common notion is that providing funds without conditionality would constitute moral hazard, leaving donors powerless to impose punishments on countries that renege on their obligations.

On the other hand, there are questions regarding the increasing number of conditionalities putting more burden on country aid management. Some donors assume a certain standard of fiduciary responsibility and impose conditionalities as a quick fix response to ensure country policy response and capacity.

Are fiduciary and accountability conditionalities necessary? Do they work?

As previously mentioned, conditions are a feature of any contractual relationship especially involving a transfer of funds. Where those funds are public, then established

official regulations must be followed in terms of tendering, monitoring, reporting and audit and so on. These contractual terms and conditions are distinct from and should be separated from the notion of conditionality.

But not all contractual terms and conditions that are being implemented as conditionalities now need to be implemented as conditionalities and are the target of reform measures to reduce even fiduciary conditionalities. Many of these terms and conditions are separate financial mechanisms that are demanded by donors as conditionalities, instead of aligning to country systems. In the process they overburden already weak country systems and capacities, thus preventing the country by such imposition from creating mechanisms and processes based on its own determination of what are appropriate and sufficient for the country. As a result of lack of country capacity and will to implement conditions, several aid programs are suspended, negating the objective of the assistance (Ahmed, 2007).

While accountability conditionalities serve to ensure the fulfilment of fiduciary responsibilities on the part of the government, strengthen institutions and improve service delivery, they oftentimes create skewed accountability – where the donor is more privileged. As a result these acts weaken rather than strengthen country accountability and governance mechanisms. This happens because of enticement by donors of resources they provide, marginalizing accountability to citizens and others with skewed loyalty (Chidaushe).

These imposed mechanisms may also be inappropriate in country circumstances and instead create rent-seeking mechanisms that ironically violate the original intention of enhanced accountability. Furthermore while donors assume that tightly structuring aid mechanisms would ensure accountability and discourage diversion of funds, these conditionalities result in higher transaction costs and overheads, as a result reducing funds allocated originally for the poor (Ahmed).

Some fiduciary conditionalities combine what would otherwise be necessary contractual obligations such as tendering with policy prescriptions for liberalization such as adding denationalization of country procurement policies. (Africa) On the other hand donors are keen to institute procurement policies where they can benefit (Ahmed).

But where conditionalities have been able to improve governance, it has been shown in the case of Mozambique for example, that positive governance conditionalities do not translate to poverty reduction (Chidaushe).

Policy conditionalities

Policy conditionalities are different from fiduciary contractual obligations in that they are not directly related to the management and reporting of funds. Macroeconomic policy conditions are premised on the Washington consensus which combines fiscal restraints with neoliberal reforms such as liberalization of trade and finance and privatization under the ESAF and PRGF. (Tujan) IMF neoliberal structural adjustment conditionalities are often given in the context of assistance to countries with balance of payments problems on a take it or leave it basis (Olofin, 2007).

There is a preponderance of evidence on the negative impacts of these policies especially on the poor while the desired results in macroeconomic growth have been wanting. (Ahmed) These conditionalities have mostly

suffered from weak implementation due to lack of political will, and capacity in the face of high numerous demands (Woods, 2006 in Chidaushe). '...despite massive evidence of the brunt caused by their policies, the World Bank and the IMF are still failing to consistently ensure that there is proper assessment of the likely consequences of the different policy actions on the poorest people' (Joint NGO brief 2007 in Chidaushe).

A 'conditionality overload' is heaped on countries by IFIs as more conditionalities are imposed to compensate for non-implementation of previous conditionalities. Furthermore, IFIs fail to coordinate among themselves resulting in too much conditionalities and a conflation of roles between the Fund and the Bank. This overload happens when many conditionalities are highly demanding and dependent on legal changes leading to an unmanageable task for governments. (Bull et al.)

Policy conditionalities are extraneous to the aid relationship and impinge on a country's sovereignty to determine its own macroeconomic strategies, as well as other policies and governance. Conditionalities emanate from paternalism of donors who want to prescribe a path of development and cross the line of interference into country affairs and sovereignty. As conditionalities are imposed by an external agent rather than a process of debate in national policy formulation explains for a preponderance of empirical evidence over failure of policy conditionalities (Ahmed; Reality of Aid 2002).

While conditionality, using the power of money, may elicit some immediate desired results, these are oftentimes cursory, without buy-in from government units involved in the policy and with no sustainability that can only be realized from a process of national consensus building. (Ahmed) More problematic is the fact that conditionality results in a policy disconnect between government and a large section of society who may have a different development view and reality. This immediately results in governance problems as in Bolivia (Barja, 2007).

'All imposed policy conditions, including benchmarks, triggers, and performance-based allocations, prevent recipient countries from exercising real policy choices and undermine democratic ownership of development and poverty reduction strategies' (Reality Checks). The donor notion of one-size-fits-all quick fixes are inappropriate to particular national situations and result in both failure in terms of objectives and desired results as well as in creating more economic displacement and poverty especially for the poor (Ahmed; Thalayasingam). These two factors explain why externally imposed formulaic prescriptions are destined to fail and strengthen the argument for national ownership where country stakeholders craft solutions for development with the donor only as a secondary contributing partner.

Good conditionalities?

Some CSOs call for the introduction of 'good' conditionalities which require policy reform in such areas as democratic governance and human rights, environment and climate change and gender. Some governance conditionalities are actually accountability conditionalities such as participation in project monitoring and have been discussed above.

While the intention for policy reform is commendable, calling for conditionality is a misplaced recognition on the part of CSOs of the power that aid has displayed in

influencing behaviour on cash-strapped regimes. But as previously noted, these have been proven to fail in the long run. This strategy among some CSOs perpetuates the practice of aid instrumentalization. More important, it ironically weakens government accountability to its citizens and its duty to international human rights standards. In this sense, prescribing human rights conditionality is an oxymoron for a government to accept a human rights conditionality which, being an aid conditionality, is a violation of the citizen's political rights to participate in determining aid policy (ISG).

This is the reason why it is exceptional to find Southern CSOs calling for good conditionalities or lobbying donors to impose conditionality on their governments. CSOs understand that conditionality violates ownership which includes national processes for democratic development. Southern CSOs instead call for suspension or cancellation of aid since they see the continuation of aid as a recognition and tacit endorsement of a government whom they accuse of violating human rights such as the case of Burma, Nepal and the Philippines in recent years (Reality of Aid Asia).

Critical Northern CSOs are wary of campaigning for aid suspension or cancellation since this could be interpreted as an endorsement for donor selectivity – itself an instrumentalization of aid. But while this call may be interpreted as an endorsement for donors to pressure governments on foreign policy issues, it can also be interpreted from the country stakeholder perspective that development partnership cannot be properly contracted because of a) grave misuse of aid; b) grave dysfunction in country systems that prevent development assistance or any assistance for that matter to be properly used or c) collapse of democratic processes and illegitimacy of government in question. Some may refer to this as state failure which presents several problems in definition as well as particular issues on ownership. (Reality of Aid 2006)

Conditionality in the process of aid reform

The Paris Declaration's failure to address the issue of conditionality has raised the question of donor seriousness about creating equal partnerships based on country ownership (Valderrama). The increase in conditionalities associated with alignment and budget support and the morphing of IFI conditionalities into new forms without reducing or simplifying compliance requirements for recipient countries has raised doubts whether donors are ready to accept equal partnerships in a relationship where they hold the resources (Chidaushe).

It may be optimistically argued that in principle the overall implementation of the Paris Declaration principles and targets, despite its very slow progress to date, may achieve the total effect of creating the necessary conditions for reducing donor propensity for imposing conditionalities. The increase in conditionalities associated with budget support may be inertia on the part of donors – the need to meet their own fiduciary obligations considering that the Paris Declaration is silent on conditionality.

The overall recommendation of International Steering Group of the Parallel CSO Process on Aid Effectiveness is the immediate stop to the practice of policy conditionalities irrespective of the nature of the conditionality and the issue being addressed. On the other hand, fiduciary and accountability conditionalities should be reformed and reduced as contractual obligations in the process of

implementing Paris Declaration commitments.

As mentioned previously, the elimination of conditionality may be likened to a chicken and egg situation in relation to donor concerns to ensure accountability. Instead of the current free for all and overload of fiduciary conditionalities with policy conditionalities riding on, success for the reform process lies in combining the implementation of aid effectiveness reforms to improve mutual accountability, harmonization, alignment and managing for development results with a conscious effort of transforming conditionality into contractual processes and obligations that build ownership.

Reducing fiduciary and accountability obligations

The objective of fiduciary conditionalities as the fiduciary and accountability contractual obligations will remain as an essential contractual component in the transfer of aid funds. However as aid reform builds up and donors align to country processes and systems, it is assumed that these contractual obligations will be dramatically simplified and reduced.

The negotiation process should be premised on mutuality and equality but with leadership of the country whose ownership is paramount. Thus rather than the donor defining its mechanisms and conditions as a precondition, the country should be asked to define its management and accountability methods which the donor can align to. It also follows that in order to avoid multiplicity of donor conditions and systems, leadership in harmonization and alignment to budget and accounting systems should render these conditions unnecessary.

Where there are conflicts or gaps in country systems with donor fiduciary requirements, donors, in the spirit of ownership, must be flexible in favour of the country in recognition of different levels of institutional development and as a matter of affirmative action for national ownership to address power imbalances in the aid relationship.

Ahmed suggests that these conditions should as much as possible be aligned or parallel to country ownership. Areas to consider besides sovereignty are aid predictability, multiplicity of conditions and fragmented donor systems and content.

Additional research and innovation must be made into the handling of fiduciary obligations in the light of Paris Declaration targets on alignment to country processes, harmonization of donor programs and aid management requirements, mutual accountability mechanisms, and processes for managing based on results. A number of organizations such as EURODAD and IBON are working on how to craft fiduciary obligations in the process of developing assistance packages that reduce or remove conditionalities altogether.

Addressing policy conditionalities

Many aid practitioners assume that policy conditionalities are not a problem as long as these are properly negotiated, debated, accepted and internalized by the government in question as has been noted in the discussion above on 'operationalised ownership'. Governments who sign on to aid packages with policy conditionalities are conscious of this and claim that they are doing it for national interest. But in many cases as in Bangladesh, countries are constrained to sign because of financial need and oftentimes shortcut the process of consultation or disregard it altogether resulting in

ownership problems including implementation (Ahmed).

It would naturally be assumed that as a sovereign country signing an assistance contract, the government exercises that sovereignty and is desirous of the reforms it commits to. Indeed, in many countries there is a policy debate on many of the issues involved in policy conditionalities such as Washington consensus and governance reforms. But it remains a violation of national processes essential to democratic ownership for a regime to accept and institute neoliberal policy reforms without parliamentary debate nor public consultation. Even government appropriation of new trends in development ideas will not be a sufficient excuse if only a small portion of society is sharing those ideas (Barja).

In fact any policy that is premised on authentic ownership will be pursued by government independent of donors and does not need to be instituted as an aid conditionality. And where there is a 'Council of Trent' managing a country's financial and economic affairs or seconded IFI staff defining macroeconomic policy, it is facetious to claim genuine country interest to institute neoliberal reforms.

The test of effective institution of policy lies in the implementation of normative standards for democratic ownership. Where such issues are the concern of the donor and raised to the government's attention, the question is how the donor proceeds with the process of negotiation for assistance packages. In this regard, reforms which relate to harmonization, mutual accountability (which assumes country accountability mechanisms are in place) and managing for development results (which assumes mechanisms for evaluation and feedback with citizen participation) are important processes where donor concerns are addressed in multi-stakeholder mechanisms along with country democratic institutions and processes.

These mechanisms that emanate from the Paris Declaration are theoretically sufficient to render policy conditionality unnecessary, except where as a matter of practice and interest IFIs and partner government financial agencies are unwilling to open up to transparent accountable processes with parliament and CSOs such as in Indonesia (Marut).

On the other hand, many conditionalities are being implemented to fulfil what is perceived to be fiduciary donor responsibility and accountability to its own domestic constituency. Some donors such as the EC have implemented outcome conditionality to promote results orientation of the PD or in some cases have done away with conditionality. Outcome conditionality does not have a contractual impact on releases of funds but only emphasizes outcomes and appears to be merely a result of a conditionality fetish – the need to impose conditions and avoid moral hazard.

In summary it has been shown that conditionalities have not been reduced but have taken other shapes such as benchmarks and remain numerous and burdensome. In fact PD commitments to alignment have spawned a new set of conditionalities. The old conditionality debate has been settled that conditionalities are negative to ownership and have failed and the new conditionality debate focuses on the evolution of other conditions as development actors grapple with the process of reducing and removing conditionality.

This paper proposes that fiduciary conditionalities should be reconfigured under the new development contract in the process of PD implementation and no longer take the shape

of conditionalities that are triggers to fund releases but instead are objectives and outcome targets to develop the aid partnership. On the other hand no matter the appellation of good or bad, policy conditionalities must be done away with altogether. Thus a multi-stakeholder consensus must be achieved against imposing good conditionalities and addressing how the issue of moral hazard is not necessarily linked to imposing conditionality.

There are a number of emerging experiences where conditionalities have been done away with which can be the focus of additional research to delve into how PD implementation can reduce or remove conditionality, how governance and Human Rights concerns are taken on board without conditionality, and related issues.

Conclusion and ways forward

The politics and the technicalities of aid are so complicated that Southern voices would recommend that to set things in the aid system upright, it must stand on its head.

Ownership by the poor, being the ultimate objective of aid, would be a good start to address the question of ownership and conditionality. Starting with this premise, then it is clear that the crucial test of aid effectiveness is whether the poor are able to claim their human rights. This is what development effectiveness means and challenges the notion of development effectiveness in other circles such as in the UN where the fundamental benchmark of success is not necessarily the poor claiming their rights.

This is not mere rhetoric but identifying and committing to a genuine standard and goal for aid reform. In the face of complexity of the aid non-system, in the challenges of aid reform considering the difficulties of building democratic governance, equitable international systems and capacities for development, ownership by the poor in the context of national and democratic ownership of development provides guidance for aid reform.

In particular

- The Paris Declaration presents an important opportunity to implement aid reform along with commitments to scale up aid. The challenge for all development actors is how to implement the PD comprehensively and not in a technicist manner, and enrich it by developing innovations along its principles to build country ownership, including the increased involvement of all CSOs, parliaments, media and other actors.
- Authentic ownership must be constantly promoted in contradistinction to technicist erosion of ownership and must be enriched to its full concept of national and democratic ownership as the overriding principle that involves leadership in harmonization, alignment, domestic accountability, donor accountability to the country, and aid management with the human rights of the poor as the overriding concern.
- National ownership involves formulating independent development financing strategies that take advantage of the multiplicity of sources for development assistance and opportunities for development finance but premised on development for its people instead of labour export and finance liberalization.
- Conditionality should be addressed comprehensively in the process of aid reform alongside commitments under

PD. Contractual and accountability obligations should be built outside the framework of conditionality but along new modalities of partnership based on national ownership as mandated by the Paris Declaration, where policy conditionalities are completely removed and contractual obligations reduced and reformed.

- Ultimately, the MDGs should be made a genuine challenge for aid effectiveness in targeting the poor in their communities, turning these into centres of empowered ownership by adopting rights-based approaches to development, improving local government accountability and strengthening recognition and roles of CSOs.

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Endnotes

- ¹ BRICs is acronym for new donors – Brazil, India and China not to mention several smaller ones like Thailand, Venezuela and South Africa.
- ² Tandon, Yash. Presentation to Ownership in Practice, Global Forum on Development, Paris, 27 September 2007.
- ³ Former economic planning minister and journalist, Henares focused attention in the late 1980's on the IMF's stranglehold on Philippine economic policy in his columns in the Philippine broadsheet Daily Inquirer.
- ⁴ Response by JICA to international delegation of Reality of Aid on the 50th anniversary of Japan ODA, Tokyo, 2005
- ⁵ Tujan, A. 'Recognition of role and voice of CSOs', powerpoint presentation Multistakeholders Workshop on CSOs and Aid Effectiveness, Hanoi, October 2007
- ⁶ The term is used by the Working Party on Aid Effectiveness organizing the HLM, see Minutes of December 2006 meeting.
- ⁷ *Suria Muria* is a manifesto for reform drafted by the current Labor government of Norway before its election in 2006.