

## AT STAKE: FOCUS ON ENDING POVERTY

### ISSUE

Aid resources have been undermined by the demand for almost limitless amounts of human, financial and military resources devoted to prevent further terrorist attacks on the North. Some donors, beginning with the observation that “you can’t have development without security”, conclude that security concerns must trump and orient all other aspects of development. As a result there is often a conflation of development and conflict prevention with global security and anti-terrorism, and the integrity of development assistance for poverty eradication is at stake.

### BACKGROUND

According to the *2006 Reality of Aid Report*, strengthening the capacities of the poor to claim their rights for equality and improved livelihoods is the critical ingredient for peace in societies that have experienced violent conflict. Development aid is a key resource for donor action in support of this goal.

Aid must be treated as a scarce and unique resource for promoting the rights of poor and vulnerable people, and not the foreign policy interests of donor countries.

Unfortunately, the progress made in the late 1990s to sharpen aid’s focus on poverty has been seriously eroded since September 11, 2001. The resulting war on terror created huge pressures to make national security the key foreign policy objective in many donor countries. As a result, the integrity of recent increases to foreign aid budgets is compromised and there is increasing pressure to change the criteria for what counts as aid.

Since 2001, some donor governments have taken unprecedented steps to change the basic mandate and guiding principles of their aid programs to include the promotion of donor security and to combat terrorism. The United States and Australia have gone the furthest.

### A CHANGING MANDATE

#### The United States

US development assistance is now viewed as a strategic resource for US security interest and the war on terror. In the words of Andrew Natsios, USAID Administrator in 2004, “Aid is a powerful leveraging instrument that can keep countries allied with U.S. foreign policy. It also helps them in their own battles against terrorism.” The recent integration of USAID into the State Department is a further attempt to exercise short-term political control over international assistance.

#### Australia

There have been major shifts in Australian aid, focusing aid as an instrument to promote Australian security and to combat terrorism. Australian aid now includes several initiatives for counter-terrorism capacity-building with Indonesia and the Philippines, and a “Peace and Security Fund for the Pacific Island Countries”. Australian’s military peace operation intervention in the Solomon Islands comes in part directly from the aid budget, as does a massive AUS\$1 billion support for police operations in Papua New Guinea (PNG).

## Europe

Members of the European Parliament are taking the European Commission (EC) to the European Court of Justice arguing that recent projects in the Philippines and Pakistan, which included intelligence capacity building, border control and other counter-terrorism measures, exceeded the EC regulations governing aid. There seems to be a widening of the scope of European aid to include measures related to the war on terror.

Overall, there has already been a significant diversion of aid towards foreign policy priorities for Iraq and Afghanistan. These two countries accounted for \$10 billion of the \$27 billion in **new** aid resources that donors added to their aid budgets between 2000 and 2004. *The Reality of Aid 2006 Report* calculates that only 25% of these new resources were even available to allocate to MDG priorities.

## THE PRESSURE TO EXPAND

Changing mandates for Official Development Assistance (ODA) in donor countries have been accompanied by debate within the OECD Development Assistance Committee (DAC) to expand the criteria for what can be counted as aid. Since 1969, donors in the DAC have set common and detailed criteria for spending that counts as ODA in relation to the UN target for aid spending of 0.7% of Gross National Income.

Explicitly excluded from these criteria are military aid and military enforcement aspects of peacekeeping. Donors are allowed to include related areas such as rehabilitation assistance to demobilize soldiers, measures to counter the recruitment of child soldiers, training in customs procedures, counter-narcotics activities, disposal of weapons and landmines, and the training of police forces in civilian police functions (but not in counter-subversive methods).

Some donors, including the Netherlands and perhaps Canada, are supporting an expansion of the ODA criteria to include military aspects of security sector reform, the “modernization” of the military in developing countries, as well as other military aspects of peace operations. While currently there is no donor consensus within the DAC about inclusion of military assistance in ODA, the subject is on the agenda of development ministers for the 2007 DAC High Level Meeting.

## WHAT WE WANT

The inclusion of military assistance into ODA, whatever its intended purpose in donor foreign policy, is opening the door even wider for donors to divert scarce aid resources away from poverty reduction.

*The Reality of Aid* is calling for a clear mandate for aid spending with an exclusive focus on poverty eradication. ODA must never be used for military purposes. The DAC criteria for ODA must reflect this mandate and donors should agree to fund cooperation for military reform and military aspects of peace operations from outside their ODA budgets.

The huge financing needs for poverty reduction and achieving the United Nations Millennium Development Goals requires aid be strengthened by clearly dedicating it to its stated purpose – ending poverty.