

**THE QUEZON CITY DECLARATION ON ODA**  
**Outcome of Building an Asian Peoples' Agenda on Aid:**  
**A Regional Conference on Official Development Assistance**  
**July 25 - 27, 2007, Imperial Palace Suites, Quezon City, Philippines**

1. We, the 82 representatives of 69 regional networks, organizations, and institutions in 15 countries in Asia come together as part of our continuing advocacy to seek ways of building better lives for our people, aware of the urgency of finding solutions to deepening poverty and widening deprivation in the region.
2. Our governments have already missed mid-term targets of the Millennium Development Goals that include significantly reducing hunger and poverty, and gender parity in education. We continue to witness the suffering of half of the world's poor, ironically even as economic growth is reported across the region. We are still home to an estimated 700 million people who barely survive on US\$1 a day, unjustly edged out by a continuing history of colonization from enjoying the richest natural resources in the world. If progress does not come soon in decisively addressing these concerns, over a billion Asians will be in extreme hunger and poverty in less than a decade.
3. One of the areas identified as critical to addressing the plight of the world's poor lies in Official Development Assistance (ODA) – funds supposedly earmarked for development and humanitarian assistance by the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD). However, judging from governments' dismal performance vis-à-vis MDG targets, aid is obviously not going to the countries and the sectors that need it most.
4. Aid-giving continues to be an exclusively government-to-government transaction. Without any venue for the participation of recipient peoples, ODA, which is translated by recipient governments into national development programs, by and large reflects donors' national interest and agenda. Donors determine volume, allocation and modalities of ODA, including when to finally make good on their promises. The promises include committing 0.7 percent of donor countries' Gross National Income as ODA. Over many years, the share of education and health in ODA has not gone beyond 15 percent. Production and agriculture fared even worse with ODA reduced by half since 1990 to only 6 percent. This is felt in the de-prioritization of health, education, and housing in ODA allocation by recipient countries. After 9/11, donor governments have also been allocating far more funds for their military expenditures than for aid.
5. We are disappointed that the Paris Declaration, which was supposed to make aid-giving more responsive, does not address a major issue of donor-receiving countries: the conditionality of aid or tying aid to the purchase of goods and services from the donor country. Recipient countries are unfairly compelled to hire foreign consultants and

purchase expensive goods from the donor country. We challenge reports that percentage share of tied aid in overall ODA has fallen to 51 percent, considering donors' unclear and incomplete reporting. Add to this the fact that the OECD itself admits a lack of knowledge of the tying status of one-third to one-half of aid to low income countries.

6. We deplore donor-imposed conditionalities that, in addition to the attendant conditions of tied aid, erode whatever positive gains ODA may have brought in the past years. The US and UK's war on terror, for instance, and the blacklisting of countries deemed as terrorist havens add to the list of donor-determined conditions for the release of aid. Privatization-enabling conditionalities are also attached to aid-supported projects such as the construction of big dams and hydropower facilities, which have displaced entire communities and livelihoods, including indigenous peoples, and caused the irreversible destruction of the environment. Foreign investors contracted for these projects enjoy wide-ranging perks that disadvantage populations and businesses. Among these are sovereign guarantees, whereby government agrees to assume liabilities on debts contracted by the private sector in the event, and for any reason, it defaults on loan payments. These, of course, pass on to the heavy debt burdens that countries in Asia already bear. Aid-receiving conditions to liberalize trade and services have also left their mark in the marginalization of local economies and producers and in promoting the migration of workers, a majority of whom are now composed of women.
7. We emphasize that ODA includes bilateral and multilateral aid, and that the bulk of multilateral aid actually consists of concessional loans. Although interest rates are low, these loans eventually add to the burdensome debt stocks of economically disadvantaged countries. The grant component in both multilateral and bilateral aid remains minuscule relative to the loan component. There is no actual transfer of funds in OECD's fashion of aid-giving, only deeper indebtedness.
8. We find it duplicitous of donors to count debt relief as part of ODA. The year 2006 showed a hefty US\$103.9 billion provided by OECD-DAC. But it needs to be stressed is that this includes the Paris Club's debt relief operations, notable of which were debt relief to Iraq and Nigeria at US\$13.9 billion and US\$5.5 billion, respectively. For 2004 - 2005, debt relief came up as the single highest item, accounting for 20 percent of "aid". Without debt relief, however, other forms of aid contracted by 1.8 percent.
9. **This is not the kind of aid we want.** The kind of aid we want proceeds from a recognition of the history of colonization of countries across Asia, a history that persists in the North's continued exploitation of the South, particularly Asia's people and biodiversity. From this lens, aid becomes a matter of global redistributive justice, a just righting of historical wrongs.

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

11. We call on the donors to:

- In the immediate, realign the loan-grant mix of aid such that grants significantly constitute ODA
- Establish linkages and closer coordination with civil society groups of recipient and donor countries
- Develop mechanisms for tighter coordination among civil society groups in Asia working on ODA
- Work on mechanisms for greater democracy and accountability in the processes of the multilateral financial institutions.
- Align ODA flows more effectively with the MDGs
- End unilaterally-imposed conditionalities (especially in the area of political and macroeconomic policies) and the practice of tying aid to the hiring of foreign consultants, purchase of goods, etc.
- Extend the Gleneagles concession of debt-relief from low to middle income countries

12. We press national governments in Asia to:

- Reject tied aid
- Ensure the meaningful participation of stakeholders, especially the poor and socially excluded, both in the formulation of national development strategies and in the implementation of ODA programs
- Provide venues for the participation of civil society representatives (as well as of local governments) in the Country Coordinating Groups (*or* Country Development Fora) and in the government oversight agencies for the implementation of ODA projects
- Progressively increase from at least 30 percent to 100 percent the share of ODA allocation for social services and pro-poor infrastructure development, and prioritize aid flows to the

poorest regions in the country. Negotiate that the social services ODA allocations be in grant.

- Develop an alternative framework and set of indicators to measure the impact of ODA using the principles of gender justice and women's empowerment.
13. We enjoin donors and national governments to adopt a rights-based approach to aid giving. It must be ensured that human rights standards and principles guide all development cooperation and programming in all sectors and in all phases of the programming process. Right-holders and their supporters such as human right NGOs should be included in decision-making processes relating to aid money and allocation. Attention must especially be given to those whose voices are at risk of being silenced or marginalized vis-à-vis aid: women, children, and adolescents, or non-citizens such as in/formal migrant workers, indigenous peoples, etc.
14. In reaffirming our commitment to strengthen South-South; North-South partnerships, specifically in terms of links and coordination among civil society groups in the recipient and donor countries, as well as in building alliances among kindred advocates, we have agreed to take these steps forward:
1. Maximize upcoming international platforms to promote regional advocacy on ODA (e.g., for 2008, the G8 Summit in Japan and the Financing for Development Review in Doha)
  2. Set up a follow-through regional mechanism to move the process forward
  3. Launch a campaign calling for a re-definition of ODA: aid that comes in the form of loans, including concessional ones, should not be considered as aid; only untied grants should fall under the category of aid
  4. Develop alternative sources of sustainable development financing towards exit from ODA regime in the medium-term
15. We believe that the path to people-centered, sustainable development will be determined primarily at the level of country and community. What is asked of international development partners is that they provide the policy space and enabling environment for this type of development to proceed. Genuine aid puts people at the center, not the other way around. In Asia, these people would be the millions of excluded, marginalized, silenced, disempowered, and invisible human beings, of whom the majority are women. Only with this basic understanding can ODA hope to move beyond servicing donors' agendas and fulfill its avowed purpose of working for the good of all humanity.

**Countries of the South need ODA that come in the form of untied grants, not loans. Provide grants for the fulfillment of the MDGs. Genuine aid comes with no conditions. Put people at the center of ODA processes.**

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