

HAVE THE NGOs SOLD THEIR SOULS TO THE MINISTER OF DEVELOPMENT COOPERATION?



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[introduction]

Have the NGOs sold their souls to the Minister of Development Cooperation?

On 4 May 2009, representatives of the Belgian government and non-governmental organisations (NGOs) signed an agreement concerning the effectiveness of Belgium's federal development cooperation. Charles Michel, Minister of Development Cooperation, and Peter Moors, general director of his administration, the Directorate-General for Development Cooperation, signed on behalf of the government. The NGOs were represented by the two umbrella organisations, 11.11.11 and its French-speaking counterpart CNCD, and by the two NGO federations Coprogram and Acodev. Their presidents and general secretaries or directors signed the agreement on behalf of the NGOs. The complete agreement is to be found on Coprogram's website: www.coprogram.be. in Dutch and in French on Acodev's website: www.acodev.be

Jean Reynaert outlines the agreement's context, content and consequences. Jean Reynaert is a policy officer for Coprogram. He provided support for the group of six NGO representatives who negotiated and signed the agreement with the government on aid effectiveness. He is also co chair of the working group of Concord on CSO-effectiveness and represents Concord in the global facilitation group of the Open Forum.



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THE CONTEXT – THE PARIS DECLARATION

The Belgian debate on aid effectiveness would never have taken place had it not been for the international context. At the beginning of this decade aid effectiveness was discussed during all international meetings on development cooperation. Some hundred official donors and recipient countries looked for ways to make government aid more effective. They managed to agree on five principles which were written down in the Paris Declaration in 2005.

The principles of the Paris Declaration refer to the relations between donors and recipient partner countries, but they also refer to the relations between donors. Based on the finding that the partner countries in the South did not hold enough responsibility for the projects and programmes of development cooperation the donors committed to enhance the recipient countries' *ownership*. That principle is the Declaration's main objective. The other four principles are means to obtain that ownership.

The donors also agreed to harmonise their aid and to align it to the needs of partner countries. Those are the principles of harmonisation and alignment. In order for aid to be harmonised the donors want to ensure that their aid does not impede or overlap with other aid programmes, because they want them to reinforce each other. That is why the Paris Declaration is a plea for mutual coordination, synergy and complementarity between donors. The principle of alignment requires that donors embed the offered help in the partner country's government policy, thus complementing the recipient government's development plans.

Up until now the accountability over development cooperation was mainly unilateral: the recipient country was held accountable by the donor on how the money was spent. In Paris the donors committed to look for mechanisms of mutual accountability and transparency, through which both partners would be able to hold each other accountable. Finally, the Paris Declaration echoes the importance of results-based management in the execution of projects and programmes.

So there are five principles: ownership, harmonisation, alignment, mutual accountability and results-based management. But how do the NGOs fit in?

CIVIL SOCIETY AND THE PARIS DECLARATION

“This is not for or from us”, was the response of the international NGO community’s representatives when governments approached them, since they believed that the Paris Declaration should also apply to NGOs. However, the NGOs replied that they had not been involved in the preparatory work and that the five principles could not be simply implemented by them. They also criticised the content of the Declaration as such.

The main point of criticism concerned the Declaration’s narrow approach. It wishes to improve the tools for development cooperation but ignores the fact that a country’s development is determined by many other factors and policy measures. The NGOs immediately emphasised the need for coherence between development cooperation and other policy areas such as trade, migration, democracy and human rights. That coherence is often just an illusion.

Of course the NGOs also pointed out that few public donors meet their promise to liberate enough funds for development cooperation. How long has it been since they vowed to spend 0.7% of their GDP on development cooperation? And now that we had finally witnessed a positive trend over the past few years the financial crisis will probably cause another drop.

Additionally, the governments that signed the Paris Declaration are not the only owners of their development – the parliaments and civil societies in those countries are also concerned. Sometimes the government and civil society do not share the same vision on their country’s development. Moreover, in several countries with dictatorial regimes they are diametrically opposed.

In September 2008, the donors and recipient partner countries met in Accra, Ghana to discuss the progress that had been made since 2005 in the realisation of the Paris Declaration. This time the NGOs were more involved in the preparations. Simultaneously, the NGO community prepared its own statement, since they were still not willing to accept obedience to the Paris Declaration. They pointed out the different roles of governments and civil society and demanded respect for that role and for their autonomy. They also asked public donors to hear their plea for better preconditions which would enable civil society to play its role better and more freely.

At the same time the NGOs expressed their willingness to find out how they could also implement the principles of the Paris Declaration, since it makes sense for NGOs to work effectively as well. Unfortunately, NGOs in the North sometimes tend to adopt a dominant role towards their own partners in the South. Fragmentation and the desire to stand out often impede synergies and complementarity among NGOs, and so there was quite some work to be done.

Within that framework the Open Forum for CSO Development Effectiveness was established, bringing together civil society organisations (CSOs) from the North and the South in an attempt to increase their own effectiveness. Will they be able to agree on joint effectiveness principles and to move towards a better implementation of those principles? Which preconditions are needed to guarantee and improve the reason for existence, the manoeuvring space and the support for civil society organisations? The

Open Forum has committed to answer those questions by the next donor conference, planned for September 2011. At the end of August 2010, the Open Forum will meet in Canada to find out to what extent the NGOs have already come up with answers. (More information on the Open Forum is to be found on www.cso-effectiveness.org).

THE BELGIAN DEBATE ON AID EFFECTIVENESS

In the meantime, Charles Michel had become Belgium's new Minister of Development Cooperation. He immediately connected to the international context and proved to be a firm advocate of more aid effectiveness. He opened the debate during the so-called States-General for Development Cooperation in May 2008. Within the administration he found an ally in the DGDC administrator-general, Peter Moors, who had already included the principles in his management plan. The secretary was determined to convince the indirect actors – NGOs, universities, scientific institutions and other actors who receive federal subsidies – to apply the principles of aid effectiveness. He immediately launched several concrete proposals for implementation by NGOs and universities.

The NGO sector accepted the challenge to enter into a debate with the government, under the condition that the government's effectiveness would also be discussed and that the debate would be all-encompassing. Discussions and negotiations took place from September 2008 until May 2009. Initially the debate focused on the principles as such and it later shifted to their actual implementation. The result of the first round was a consensus on three memoranda. The second phase was concluded by an agreement between both parties.

THE BELGIAN APPROACH TO THE PRINCIPLES

Although the three memoranda are not a part of the agreement that was signed, the signatories did specifically refer to them in the agreement's introduction. The memoranda could be considered as the agreement's ideological fundamentals.

A Belgian interpretation of the notion of effectiveness

The first memorandum deals with aid effectiveness and provides a Belgian interpretation of the five principles of Paris. Those principles apply to both the government and the NGOs, although both parties provide their own definition. The tools that both parties use are described: country analyses, technical assistance, budget aid, the use of indicators and baselines in logical frameworks. Some problems are described: the red tape, the difficulties in impact measurement, the (un)predictability of financial flows. The memorandum both praises and criticises. All parties have taken action in implementing the principles, but they could and should do better.

The memorandum also contains several focal points. It stresses the need to concentrate aid, which means that the government will have to make some drastic choices in each partner country. Instead of spreading the aid over several sectors such as education, microfinancing, health care, road infrastructure, rural development, etc., the Belgian aid will be limited to no more than two sectors in each partner country. The Belgian NGOs are urged to find a balance between the wealth of diversity and their management capacities when choosing partners and partner countries. The problems that were identified are described in the following memoranda.

The role of NGOs

The second memorandum describes the role of NGOs. In Belgium they are active in the field of awareness raising, development education and advocacy. The education efforts are aimed at changing the population's attitude in favour of a fairer balance between North and South. Unfortunately, the NGOs all wish to stand out with a view on fundraising, which may impede their collaboration in the educational field. Advocacy efforts target the government at different policy levels - local, regional, federal, European and international - as well as the corporate world. The NGOs defend policies (as a watchdog) but also try to influence them (through lobbying and advocacy), which is obvious in a country such as Belgium. NGOs in the South work through their partners, except in extraordinary circumstances, when civil society organisations in the South partner's country have been muzzled.

In the South, Belgian NGOs mainly reinforce the capacities of their partners and provide humanitarian aid. Their role is constantly evolving. Northern NGOs are less and less responsible for the execution of development programmes. That role is increasingly attributed to the partners in the South, who offer services in education and health care, set up rural programmes, promote community development and defend human rights. Moreover, Belgian NGOs should consider their support as being temporary. In the end, the partners in the South should no longer depend on foreign aid.

The only exception are the emergency aid organisations, who should of course remain operational in order to provide the necessary goods and services, although they must always try to respect local structures. Finally, the memorandum recognises that the above distribution of tasks between NGOs in the North and the South is not possible in vulnerable states, where the capacities of the local partners are usually limited.

This memorandum reaches the conclusion that the context for NGOs is that every role they have is also played by other actors, which is why it is essential that they specialise and work in synergy and complementarity with others.

Specialisation, synergy and en complementarity with others

The message is: in order to be effective, you have to specialise, because it limits the expenses in development cooperation. An NGO's specialisation is rooted in its own history and activities. As it goes, an NGO discovers its comparative advantage: the things it does well compared to others. One NGO can be good at fighting tuberculosis, another one at supporting farmers' organisations, a third one at drafting political analyses on Central Africa. Once an NGO has identified its comparative advantage it is better able to work in synergy and complementarity with others. However, the memorandum adds that the specialisation cannot be an objective as such.

The Belgian government wants to adopt this international creed, but also wishes to apply it to the NGOs. Furthermore, it wants to meet the needs of its citizens who unite in organisations. Those two expectations do not necessarily correspond. The debate on effectiveness and the agreement between the government and the NGOs are an attempt to reconcile those expectations.

The memorandum then goes through the different roles of NGOs in the light of the notions of specialisation, synergy and complementarity. When it comes to advocacy in the North the government can be the target of the action, but it can also be an ally. The memorandum is more elaborate when it comes to the roles in the South. It recognises the fact that the NGO sector has already specialised, but expects further steps in geographical and thematic concentration, as well as the reduction of the number of partners per NGO. The Belgian government feels that it should contribute to the reinforcement of civil society in the South in its own way, by offering direct support to civil society organisations in the partner countries. The memorandum announces an investigation into the added value of country offices.

In relation to emergency aid the memorandum states that only specialised NGOs can remain active in that field, since it requires a high degree of specialisation. Of course other NGOs still have a role to play in that respect, through their partners and given their sound knowledge of the local context.



THE AGREEMENT OF 4 MAY 2009

The introduction to the agreement contains a short reference to the international and Belgian contexts and to the memoranda which have just been summarised. It ends with an important promise on behalf of the secretary, who pledges to include the principle of the NGOs' autonomy in the revision of the law on international cooperation that he plans to submit to parliament.

The document then mentions the commitments made by the different parties, that are to be fulfilled by 2014 – some earlier. Apart from the separate commitments by the governments and the NGO sector there are twelve points that both parties want to tackle together. We will now go through the three parts and provide some explanations. We will also mention the paragraphs that were not included in the final agreement.

Which commitments were made by the state secretary?

The state secretary promised to extend the aid and make it more predictable. As of 2010, he aims to raise the official Belgian aid until it reaches 0.7% of the Gross Domestic Product and he wants to reach 0.6% in 2009. At least 60% of the aid should be spent by the administration for development cooperation.

By 2015, the secretary wants to spend 15% of the budget on rural development and agriculture. As of 2011, he wishes to increase the overall subsidy for NGOs (the different budget lines combined) by 3% each year. The programmes 2011-2013 would thus be approved with a substantial increase in resources.

The secretary has equally pledged to take several measures to enhance the coherence of the development policy, such as a full government debt relief and the inclusion of the development dimension in trade agreements. He wants to tackle tax havens, better regulate the international monetary system and look for additional means of financing development cooperation. The secretary has agreed to climate measures as well, including supporting the European objective to reduce the emission of greenhouse gases by 20% by 2020 and improving the *Clean Development Mechanism*. He will help to seek additional resources to counter climate warming after 2012.

Apart from those promises the secretary will create a consultation forum in which the NGOs and the government will discuss the coherence of the Belgian policy twice per year.

Finally, the secretary will take several measures that are directly linked to the implementation of the principles in the Paris Declaration. His aim is to tune the development cooperation to the partner countries and to avoid that the democratic ownership in those countries is limited to the governments. He wishes to include the parliament, local authorities and civil society, and to make aid completely untied. The secretary will honour the agreements that the donors made in Accra. The geographical and thematic concentration of bilateral aid, mentioned in the memorandum on effectiveness, will take place in consultation with partner countries and other donors. The only commitment on mutual accountability is that the amount of the Belgian aid will be included in the partner country's state budget.

Which commitments were not made by the state secretary?

The secretary will not present the agreement to his colleagues in the Cabinet. If he had, it could have led to a commitment from the entire government. During the negotiations Mr. Michel consulted some of his colleagues, which was reflected in weaker political promises. The agreement makes no mention of the Tobin tax, although Belgian parliament has voted a law on it. As a result, several political commitments regarding coherence are highly intentional.

However, the commitments concerning more aid are quite concrete, and the realisations can be easily measured. The agreement ensures that the Directorate-General for Development Cooperation continues to spend at least 60% of the aid budget. That is important, given the growing trend of hollowing out the competences of the DGDC, which executes the policy of the Minister of Development Cooperation and finances the core of the development work. Some of its competences have been transferred to other departments and expenses made by other departments have been labelled as development aid. This is a fragmentation of competences and causes an improper use of the development budget.

Which commitments were made by the NGO sector?

Whereas the secretary's commitments exceed the implementation of the Paris Declaration, the NGOs' commitments are completely in line. Under the heading 'Ownership and alignment' the NGOs pledge to tune their country analyses to the partner country and to each other, if they are active in the same country. They will weaken their role as suppliers of goods and services in order to strengthen their role as 'capacity reinforcers', with an emphasis on improving the quality of advocacy.

Under the same heading the NGOs agree to give up the (advantageous) system of lump-sum financing for NGO expatriates. As of 2014, the co-financing 80/20 key will also apply to the expenses for the sending of development workers. Finally, the NGOs promise to better coordinate their country offices, mutually or within the international network to which they belong.

Under the heading 'Harmonisation, coordination, complementarity and synergy' the NGOs vow to make progress in all these areas. And some of their commitments are quite concrete. The programme NGOs (those who work with multiannual programmes) combined will only be active in a total of fifty different countries in their next strategic frameworks. Furthermore, each of them will not be active in more than ten countries. Three of those countries can be regions. The criteria for the definition of a region will be determined jointly at a later stage.

From the programme 2014-2016 onwards, the programme NGOs must spend an average of at least 500,000 Euros per country; each average will be calculated over a period of three years. Deviations are allowed. In their new triennial programmes 2011-2013 the programme NGOs should demonstrate that they are already taking steps towards the requested limitations.

The list of countries where NGOs can have projects subsidised will immediately be reduced from 42 to 22, as included in the agreement.

The NGOs' last three commitments are quite general. They will make their relations with their partners in the South balanced and mutual, enhance their transparency and their accountability, and refine their methods for results-based management.

Clarification and scope of the NGOs' commitments

During the previous legislature the then state secretary Armand De Decker negotiated a reform of the subsidy regulation with the NGO sector. That reform was materialized in Royal Decrees in 2005, 2006 and 2007. The new regulation distinguishes between programme and project NGOs. Programme NGOs must meet high quality standards. Each NGO draws up a strategic framework for six years, during which time it can request subsidies for either two triennial programmes or for an unlimited number of projects. In the spring of 2008, the triennial programmes 2008-2010 had just been approved when the debate on effectiveness started. Those triennial programmes were part of a six-year strategic framework that had also just been approved. That framework ends in December 2013, which is why most concrete adjustments will not be introduced until 2014.

How substantial are the efforts that the NGOs have to make? The project NGOs will not really be affected by the geographical limitation, since they currently have subsidised projects in no more than 15 out of the 22 countries. The agreement clearly

states that the aim is to simplify things for the administration. The programme NGOs, however, do have to make an effort. Together they are now active in 62 countries, whereas a decade ago there were over eighty. Now they have to phase out twelve countries in four years' time, which seems feasible if you consider that in eleven countries only one programme NGO is active.

The limitation for each NGO to be active in no more than ten countries, three of which are regions, affects only a few NGOs: some five out of the 53 NGOs who work with partners in the South. The definition of a region will determine whether the adjustment for some NGOs will be painful or rather painless. That definition is currently under preparation. It looks like the government will be willing to allow an 'NGO-specific' approach to the notion of region, if the NGO can demonstrate its coherence and pertinence in the NGO's programme.

The obligation to spend an average of at least 500,000 Euros per country concerns twelve out of 53 NGOs. For some a rise to 500,000 Euros is feasible, if they manage to expand their turnover. The question is whether they will be able to do so. Other NGOs will not make it anyway, since their budget is far below the minimum. The question is which deviation the government will allow.

Which commitments were not made by the NGO sector?

Firstly, the sector refused to have all the NGOs sign the agreement, which is what the secretary originally wanted. Secondly, the NGO sector managed to postpone the initial date of the conditions in the agreement until 2014, at the beginning of the next six-year strategic framework, and not in 2011, when the second programme of the current strategic framework will start.

Additionally, the NGOs managed to tone down several government proposals. The original limitation to ten countries was made less strict by allowing three regions. The minimum amount to be spent in each country was lessened to an average of 500,000 Euros over all countries. When it came to the geographical limitations for projects the government tried to reduce the NGOs to the eighteen partner countries in the public cooperation. The NGOs achieved the inclusion of five additional countries where projects can be subsidised.

What are the joint commitments?

The final part of the agreement is a list of twelve joint commitments. The first three relate to more synergy in the partner countries. From now on the NGOs will be involved in the preparation of the mixed commissions that determine Belgium's cooperation programme with a partner country for four years. In the same partner countries the government will use a new basic allocation to finance projects that will create more synergies between the Belgian actors and there will be a consultation process between the Belgian actors in each partner country.

Both parties found that the 2006 Royal Decree on projects and programmes did not need to be changed, but its implementation does have to be refined. That will be done through the improvement of the evaluation tools for projects and programmes, which means primarily that the evaluation criteria will be revised. After the analysis both parties wish to optimise the project channel. Together they want to establish a certifying system that should result in more professionalism and simplified checks, and they are going to liberate funds within the existing financing framework for federations in order

to support a service centre for small NGOs.

The tenth commitment includes six measures to relieve the administrative burden on NGOs. Both parties have pledged to simplify the financial reports, to make budget support to partners and the financing of joint actions easier and to enhance the predictability of co-financing.

Apart from a political consultation (see the state secretary's commitments) both parties will start up a semiannual consultation on education and awareness raising. Finally, the annual reports of both parties will refer to the implementation of this agreement.

What were the government and the NGOs unable to agree on?

In the list of joint commitments the part on administrative simplification was below the NGOs' expectations. The revision of the 2006 regulation met most of the predefined objectives for project and programme financing. The objective to relieve the administrative burden was far from met, which left the NGO sector slightly dazed. The NGOs tried to make up for that lack through the negotiations on effectiveness. However, the commitments in the agreement are still modest. The NGOs would also have preferred the financing for the synergy with other Belgian actors to be part of their programme financing, but the government chose to create a separate budget line.



THE SIGNIFICANCE OF THE AGREEMENT

In a way the closing of an agreement is unique. Never before have consultations between the government and the NGO sector in Belgium resulted in a signed agreement. Over the past fifty years consultations between the government and the NGO sector have always led to regulations that were later constantly adjusted and modernised. This story starts in 1964 with the first Royal Decree on the sending of development workers and for now it ends with the Royal Decrees of 2006 and 2007. At their best the appendices to the RD's provided some explanation on the document's underlying motives, and that was it. The current three memoranda and the agreement itself are the first documents in which both parties actually talk about the content.

When we formally refer to an agreement both civil servants and NGO staff often use the term 'pact'. In the Belgian context, a pact is traditionally a text that was drafted after a fierce fight between groups in society. Well-known examples are the so-called education pact or culture pact, which ended very sharp and long-lasting conflicts between groups. It would be an exaggeration to compare those conflicts to the dispute in early 2008 between the state secretary and the NGO sector concerning the budget. Nevertheless, the signing of the agreement is some kind of smoking of the peace pipe and both parties will try to keep the conflict from escalating.

Legally speaking, this agreement cannot be enforced, as opposed to documents like lease contracts. None of the parties can go to court over it. However, the agreement does have a moral significance, and none of the parties can pretend that it does not exist. It pressures both parties to ensure its implementation and offers both of them leverage to obtain certain things from the other party. The NGO sector will definitely use the agreement as leverage during future political debates on the size and coherence of the Belgian aid and to stimulate the debate on administrative simplification. The government on its part will mostly apply the agreement to get the NGOs to accept the geographical limitations, the generalisation of the 80/20 co-financing key and the average minimum turnover of 500,000 Euros per country.

The agreement's significance should not be overrated, since it remains inferior to the existing regulatory framework. The NGOs are still bound by the three Royal Decrees and the guidelines concerning their subsidies. The attainments of the new co-financing system are not at risk. And precisely because of the agreement's subordinate status some of its elements will have to be converted into a revision of the guidelines.

The same goes even more for the obligations on behalf of the state secretary. Those will have to be converted through the approval of the budget for development cooperation and through new policies. In many instances the secretary depends on other colleagues or on the Cabinet for the fulfilment of his commitments.



WILL THE PARTIES MEET THEIR OBLIGATIONS?

The agreement was signed by a state secretary who will remain in office until 2011. Surely his successor will not feel obliged to simply take over the agreement. That means that the leverage aspect will disappear after the current legislature and that its significance will weaken, if not disappear. Let us have a look at what will certainly be realised by then.

Even before the agreement was signed, some of its elements had already been put into practice. Since the beginning of 2009, the NGO sector has been officially involved in the preparation of the mixed commissions. DGDC has revised the procedure for the preparation of a mixed commission and the attachés abroad have been given new instructions. The NGO sector has been a part of the preparations of the five mixed commissions in 2009. We can say for a fact that the NGOs have actually influenced some of the government's policy decisions, but it is too soon to tell how successful their efforts were.

In August-September 2009, the government approached all NGOs individually to ask them about their involvement in the agreement and about the efforts they will have to make if they want to meet the arrangements that were made. Furthermore, it has started the conversion of parts of the agreement in additional regulation. In 2010 all the guidelines and evaluation criteria will have been revised, which means that the evaluation of the programmes 2011-2013 will take place in the spirit of the agreement. The concrete commitments on behalf of the NGOs will certainly be fulfilled. The government is trying to speed up the execution of the agreement, or at least those elements that it finds important. It seems less enthusiastic about some of the other elements, such as the administrative simplification.

As far as the state secretary's political commitments are concerned, we have recently learned that he will present a budget for 2010 to parliament that will allow Belgium to approach the 0.7% for the first time. That will be an important political achievement. After that we will have to wait and see which other new policies the state secretary will be able to introduce during his term and to what extent he will make Belgium's policy more coherent. We are relatively convinced that parliament will approve the new bill on international cooperation, including a clause on autonomy for NGOs.

Some of the agreement's provisions are too vague to be executed, while others are concrete, but not essential to either party. It will depend whether there will be enough time and energy in the course of next year to start the implementation.

The realisation of the certifying system firstly depends on reaching a consensus among the NGOs. Next year we will know whether it will be reached. The agreement will certainly stimulate agreements on more synergy and complementarity among the actors, but the realisation will be subject to their significance. According to the NGO sector there are only limited options for synergy between Belgian actors in the South, whereas the Belgian government believes that it offers the best chances for synergy.

It is clear that the agreement will not remain a dead letter, but it will not be completely implemented either. In 2011 we will be able to assess the outcome.