



Graduate School of Development Studies

Partners of rivals?

The relationship between Peruvian government and NGOs under Paris Declaration on Aid Effectiveness

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List of Acronyms

AAA	Accra Agenda for Action
AECI	Agencia Española de Cooperación Internacional
APCI	Agencia Peruana de Cooperación Internacional
APRA	Alianza Popular Revolucionaria Americana
Cepes	Centro Peruano de Estudios Sociales
CIDA	Canadian International Cooperation Agency
CPI	Compañía Peruana de Estudios de Mercado y Opinión Pública
CVR	Comisión de la Verdad y la Reconciliación
Desco	Centro de Estudios y Promoción del Desarrollo
DFID	UK Department for International Development
ENIEX	Entidades e Instituciones de Cooperación Técnica Internacional
Eurodad	European Network on Debt & Development
Foncodes	Fondo de Cooperación para Desarrollo Social
GDP	Gross Domestic Product
IDS	Institute of Development Studies
IPREDA	Instituciones Privadas sin fines de lucro receptoras de donaciones de carácter asistencial o educacional
MEF	Ministerio de Economía y Finanzas (Peru)
MIC	Middle-Income Country
NGO	Non Governmental Organization
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
PNCTI	Política Nacional de Cooperación Técnica Internacional
Pronaa	Programa Nacional de Asistencia Alimentaria
Secti	Secretaría Ejecutiva de Cooperación Técnica Internacional
SIDA	Swedish International Development Cooperation Agency
SNV	Netherlands Development Organization
Usaid	United States Agency for International Development



Abstract

This research paper explores the causes and factors that can contribute to the recent breaking point in the relationships between government and Peruvian NGOs. The study also seeks to analyze the influence of Paris Declaration on these relationships. Finally, the document provides a balance about the advances and obstacles for implementing the Paris Declaration in Peru.

Relevance to Development Studies

[First para. no indentation]

Keywords

[Paris Declaration/ aid effectiveness/NGOs/state/government/civil society]

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Chapter 1: Introduction

In the international scenario, concerns about how aid effectiveness can be improved increased over the last ten years. Since 2000, there were important international initiatives in order to reform development aid architecture. In 2000, the Millennium Development Goals initiative was launched in order to set up an array of basic objectives in terms of poverty reduction, health and education improvement and halting global diseases. In 2002, Monterrey Consensus established a donor for providing additional financial resources to achieve the Millennium Goals, and finally Paris Declaration on Aid effectiveness was the last stage of international concern to reform aid system in order to improve its contribution to development. The document, endorsed in 2005, establish an “unprecedented number of commitments and guidelines to reform aid delivery system providing a roadmap with specific and measurable targets to be achieved by 2010” (Wood et al. 2008: 11).

However, Paris Declaration was object of criticisms from the civil society perspective. Although Paris Declaration discourse mentions the importance of participation of non- state actors, their role is not clear in implementing Paris Declaration principles. In addition, Paris Declaration seems to be narrowly focused on aid management and delivery in low income countries and there is not enough awareness about the fact that the aid effectiveness agenda actually addresses crucial issues as reforming relationships in development co-operation system, not only between donors and recipients, but also between governments and CSOs.

NGOs and CSOs play important roles in aid development not only in terms of the increasing amount of aid resources channelled towards them, but also in terms of their comparative advantage to reach the poorest people and being an alternative channel of people's claims. NGOs, as members of civil society, are in continuous balance with the State. As a result, tensions between government and NGOs can arise. During the last decades, there was a movement of NGOs activities from welfare services provision to advocacy, human rights and environmental protection. The fact that NGOs are moving away from the delivery of welfare services towards advocacy campaigns to commit the state to take responsibility for these social services can generate tensions in relationship between governments and NGOs

In the case of Peru, there has been a long history of tensions between NGOs and governments. However, these tensions reached a breaking point in 2006 after the Paris Declaration endorsement by Peruvian government. This breaking point is the last chapter of a long history of tensions between NGOs and governments which consists in a legal backlash against NGOs in order to exert control over NGOs resources and activities.

Peru, as a Middle Income Country is not a development aid priority destination anymore. As a result, this scenario, characterized by increasing competition between governments and NGOs, represents a big challenge for improving mechanisms of dialogue in order to face complex problems that most of MICs have in common such as poverty, inequality, violence and lack institutions.

1.1 Research objectives

The purpose of this research is to explore the causes and factors that may have contributed to the recent breaking point in the relationships between government and Peruvian NGOs. The study also seeks to analyze the influence of Paris Declaration on these relationships.

In specific terms, the document will try to answer the following research questions:

1. How Paris Declaration can encourage or restrict the relationship among Peruvian government and NGOs?
2. What are the main advances and obstacles for implementing the Paris Declaration principles on aid effectiveness in Peru?
3. What are the main lessons and challenges for improving aid effectiveness in Peru?

Finally, this research is motivated by my professional interest on international development aid issues. I have worked for more than seven years in NGOs, Peruvian government and international aid agencies. As a result, I have high interest for understanding the current changes in the international aid arena that are been producing in order to improve the aid impact in development, poverty reduction and governance.

1.2 Relevance and justification

Peru, as a Middle Income Country, is not dependent of aid resources because development aid represents a low percentage of Peruvian GDP (0.6%). According to donor countries criteria of allocating aid resources, this country should not be a privileged aid destination for international development aid. However, this amount of foreign aid received by Peru does not tell much by itself. However, despite this amount is very small in terms of GDP, its importance increases if we compare it with other variables. For instance, this amount represents 14.5% of public investment and 2.5% of National Budget (Mef 2008). In addition, this amount can be highly significant in a country that has many budget rigidities and cannot deliver enough public services to the poorest populations. In addition, the potential of foreign aid can

be boosted if we taking into account that these resources can complement specific and sensible issues such human rights, advocacy, accountability or governance that are neglected by the government because it is generally focused in short-run and physical achievements.

Although Official Aid towards Peru is decreasing, aid provided by international NGOs still remains as an important source of aid. As a result, Peru faces the challenge of improving the effectiveness of aid resources, not only from the government side, but also from the NGO and civil society organizations side. In addition, Peru can take advantage of the new aid instruments in order to improve not only the way of how aid is been delivering, but also its impacts in Peruvian development process.

1.3 The methodology

Methodological overview

The methodology is based on qualitative methods and has been designed with the purpose of combining the last available information about the topic with an array of interviews to professionals who work in different instances of development aid system in Peru, with the purpose of building an overview of the foreign aid in Peru. In addition, the methodology includes a desk-based review about relevant policy documents issued by donor, government and NGO, as well as relevant secondary literature. Specifically, the methodology is mainly supported by two elements:

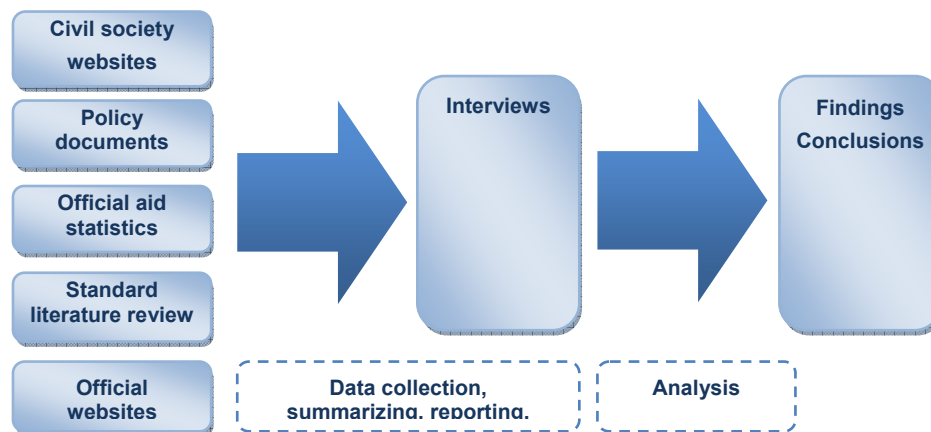
- a. **Literature review about aid effectiveness**, aid management and Paris Declaration in MIC. The literature review is the first stage of the research. The exploration and analysis of the literature enables to establish a framework which includes an evaluation of any prior findings related with the topic. (Hart: 129). In addition, the literature review will provide a benchmark to compare the results of a study with other findings. The review includes recently available information related with Monterrey Consensus, Rome Declaration on Harmonization, Paris Declaration on Aid Effectiveness, Marrakesh Action Plan on Management of Development Results, aid effectiveness OECD reports, IDS bulletin, edited books on aid effectiveness, ODA impact evaluation, OECD aid statistics, and Peruvian aid policy documents.
- b. **Interviews** with professionals who have recognized experience in different development aid institutions, both in public and nonprofit sectors in Peru. An initial selection includes a division among Public sector (national and regional level), NGOs (local and international). Because it was not possible to make a fielwork, the research selected respondants which can provide qualitative information in detail. The following table provides an overview of the institutions that support this research.

Table 1
Institutions selected for interviews

Peruvian government	Aid Agencies	NGOs
Social policy department, Ministry of Finance.	European Commission (Peru)	Desco (Local)
International Cooperation Office, Ministry of Production.		CEPES (Local)
Planning Office, Regional Government of Lambayeque		Hivos (Netherlands)
		Oxfam (United Kingdom)
		SNV (Netherlands)
		Care Peru


In short, the methodology will combine all this elements and sources of information produced not only by official sources, but also by civil society organizations. The research will use qualitative techniques for gathering information of literature and policy documents and official aid statistics as a follows:

Figure 1
Methodological process



Research procedures

The research started with a literature review in order to define the focus of the study, formulate the research questions and elaborate a theoretical framework. After literature review process and gathering information about the topic, the next stage was to select a group of respondent. The criterion applied to select respondents was based on two aspects: (a) their degree of relevant



experience in aid development field. (b) The probability to get contact with respondents. They were asking about research questions as well as their general overview about the development aid scenario after Paris Declaration endorsement. Because it was not possible to do fieldwork, all interviews were made through phone calls. The interview protocol started with a first call in order to provide a brief explanation about the purpose of the research. After that, the respondents were asked about a next conference arrangement in order to give them enough time to prepare some elements or information for the interview. In addition, the researcher sent an email with the research questions and the purpose of the research. In the second phone conference, respondents were asked in specific about the research questions as well as their opinion about the Paris Declaration process in Peru. After that, an analysis process started in order to identify broad patterns and connections between the research questions and the theoretical framework.

Risks

The research identified two potential risks. First, the realization of the Third High-Level Forum on Aid Effectiveness in Accra, on September 2008 started in the middle of the research process. As a result, all the attention was focused in Accra Forum and Paris Declaration took on a second position in development agenda. Second, the fact that was not possible to make fieldwork was a risk because face to face contact is the best way to access to respondents and to get from them the required information for the research objectives.

Chapter 2: Theoretical framework on aid effectiveness and the relationship between government and NGOs

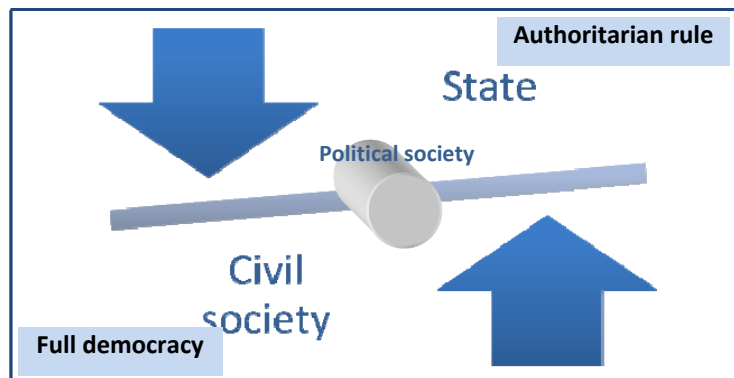
The purpose of this chapter is to provide a theoretical framework in order to analyze the literature and the facts related with the research questions. This section also describes the dynamics of the relationship between state and NGOs in the light of shifting balance between state and civil society. In addition, provide a historical sketch of aid effectiveness evolution in order to explain how the recent aid architecture was formed. Finally, it presents a simple model that explain the connection between Paris Declaration and the relations.

2.1 State, civil society and NGOs

Civil society and state are the two sides of the same coin. Both need to each other to exist. Bratton (1990, quoted in (Biekart 1999: 36) mentions that “because civil society is a theoretical concept, it is best apprehended deductively, by deriving it in conjunction with the concept of state. The state, civil society and political society together exhaust the scope of public life, and none of these concepts can be fully understood in isolation from each other”.

Civil society and state exist in a continuous balance, in terms of Bratton, both entities conform the “centre of gravity of political life”, altering continuously along the time (Biekart 1999: 36). Democracy needs a sound balance between state and civil society, in Gramscian terms, “a balance between the realm of the politics of the force (domination) and the realm of the politics of the consent (hegemony) (Biekart 1999: 36). All democratic regimes need a “pluralistic, autonomously organised civil society to check the power of the state and give expression democratically to popular interests” Diamond et al. (1989, quoted in Biekart 1999: 35). Civil society plays important roles in democratisation process: articulating public interests as alternative channel of representation of the people to the state; enforcing public morality and performing standards upon state; as well as playing a constitutive role by “redefining the rules of political games along democratic lines” White (1994, quoted in (Biekart 1999: 36)

Figure 2
The balance between the state and civil society



Adapted from: (Bickart 1999: 42)

Civil Society Organisations (CSOs)

The next stage consists in to identify which kind of organisations should be included under complex umbrella of civil society. At this point, some questions emerge. For instance, are a terrorist group and a sport association part of civil society? In order to avoid confusions, it is useful to compare different definitions that provide different approaches in order to make comparisons and thus try to understand the real scope of civil society.

Probably the most useful definition is the *pluralist*:

Civil society is an intermediate associational realm between state and family populated by organisations which are separate from state, enjoy autonomy in relation to the state and are formed voluntarily by members of society to protect or extend their interests or values. White (1994, quoted in Bickart 1999: 32)

Non-Governmental Organizations

It is common to define NGOs as the “third sector” in order to identify these “private organizations delivering services to the poor pursue social values instead of profits” (Bickart 1999: 38). They are part of private realm but they “cannot be equated with the business organisations that primarily pursue profit (second sector) and together are understood as opposed to the public realm of state (first sector)” (Bickart 1999). The definition of NGO is not very different from that of a civil society organization and, if anything, equally vague (Baccaro 2001: 10). Reviewing literature about NGOs we can find several definitions about them.

Figure 3
Defining NGOs

The World Bank

NGOs are “private organizations that pursues activities to relieve suffering, promote the interests of the poor, protect the environment, provide basic social services, or undertake community development”.

The OECD (1988: 14)

“An organization established and governed by a group of private citizens for stated philanthropic purpose, and supported by voluntary individual contributions”.

Peruvian government

Nongovernmental organization that works promoting the national development. These organizations, are legal entities with non-profit aims and have as a purpose the accomplishment of development actions that involve the International Technical Cooperation under several modalities (advising, capacity building, donations, volunteering, etc)”(Toche 2003: 21).

Streeten (1997: 194)

“NGOs or private voluntary organizations [...] are non-profit seeking organizations; some religious, others secular; some indigenous, others foreign; some professional, other lay. Their principal aim is to contribute to the reduction of human suffering and to development in poor countries. They include community associations, cooperatives, church groups, trade unions, environmental groups, consumer associations, women’s groups, credit unions, and peasant leagues, as well as large international organizations like Amnesty International, OXFAM, and Friends of the Earth. They are part of the national and global civil society.”

As civil society organizations, NGOs are “an intermediate associational realm between state and family [...] which are separate from state, enjoy autonomy in relation to the state and are formed voluntarily by members of society to protect or extend their interests or values” (White 1994). Kamat (2004: 159) suggests that NGOs, as the “new patrons of public interest, face the enormous challenge to the legitimate their function. NGOs represent public interest on behalf the poor people who have no mechanisms of representation in public affairs, except their right to vote for authorities in political elections. As a result, in Kamat words: “NGOs have come to replace other well –established political organizations such as trade unions, welfare associations, religious organizations, and trade associations that traditionally represent the interests of various constituencies of society”(Kamat 2004). However, the fact that NGOs are non-membership-based organizations like Grassroots Organizations has two implications. First, their legitimacy as the “genuine representatives” of the people’s will rely on the level of involvement of their constituency as a guarantee of their work success (Kamat 2004: 159). Second, in legal terms, most NGOs are accountable to their trustees (a self-selecting group). By contrast, GROs are accountable to their members. “Both usually have an obligation to account to the governments of the countries in which they operate, though in practice this often means little more than a brief annual report and audit” (Tandon 1995).

Since 80s, we can appreciate a growing importance of NGOs in development promotion. The ODA disbursed via NGOs has risen from 5-6 % in 1985

to 20-25 % in 2005 and the number of NGOs has increased in an explosive rate since 1980 and especially during 1990-95. One explanation is the ascendancy of the “New Policy Agenda” since the end of Cold War in 1989. According to Edwards and Hulme (1996: 961), the impact of the New Policy Agenda on NGOs was twofold: First, it increased the roles of NGOs in poverty alleviation and social welfare. Many NGOs amplified their participation in development process through social services and social infrastructure projects. NGOs were recognized as more efficient, innovative, and dynamic than state bureaucracies in providing services to the poorest people (*“supply side”*) (Clark 1995: 593). Second, NGOs and grassroots organizations were seen by bilateral and multilateral donors as “an integral component of a thriving civil society and an essential counterweight to state power, opening up channels of communication and participation, providing training grounds for activists, and promoting pluralism” (Edwards and Hulme 1996: 962). (*“demand side”*).

Furthermore, NGOs are key actors in the development process not only in terms of amount of money channelled through them, but also in terms of their capability to articulate people’s claims and reach to the weaker people of the society. However, NGOs efforts are not enough by themselves; these efforts have to be complemented with state actions in order to increase the impact in terms of improving people’s life conditions.

2.2 NGOs-government relationships

The relationship between NGOs and government is a complex issue because entails several aspects such as power relationships, political interests and different perspectives about development promotion.

“Traditionally, most NGOs have been suspicious of governments, their relationships varying between being neglect and outright hostility. Governments often share a similarly suspicious view of NGOs, national and international, and their relationship, has been likened to cat and mouse. (Bratton, 1990, quoted in (Edwards and David Hulme 2002: 56)

One reason of this suspicion can be explained because both NGOs and government have different organizational structures and developmental objectives. Whereas is common that NGOs have flexible and non-hierarchical structures and values based on participation and empowerment, government tend to have large, rigid structures with paternalistic and centralized concept of development (Campbell 1996: 4)

Clark (1992) and Campbell (1996) suggest an interesting framework to analyze the relationship between state and NGOs. The kind of relationship is given by two variables: (a) the regime type in which NGOs operate, as (b) the NGO faction or role. Different combinations between both variables results in a different type of relationship.

Type of regime

Clark (1992) describes three different types of regimes and their implications in NGOs activities. First, under **authoritarian regimes**, NGOs are, like another civil society organizations, in the opposition side. This is the case of several military regimes in Latin America during the military wave. In this kind of regimes there is not space for advocacy or human rights issues; however government can stay neutral to welfare provision activities which are in the same line than government priorities. Second, in a **single-party state**, a government can see NGOs project as a complement, especially those which share government's philosophy. Clark (1992: 153) points out that in this kind of regimes, "the state may have an overall development approach which favours the poor, but with significant "blind spots". For example, it may place little emphasis on democratic principles, human rights, gender equality, and environmental issues". Under this scenario, NGOs can fill the gap that could exist between government and grassroots. In the case of liberal democracies, Clark (1992: 153) see the most complex scenario is the liberal democracy. NGOs play a dual role; implementing programs with the government or challenging them in other areas such accountability, citizen rights and environment. In these regimes it is common that governments are co-opting NGO members in several government branches. Clark see that it is "a double-edged" sword. "On the one hand it gives important foam for NGO opinions, on the other, it can dull the sharp edge of NGO criticism and occupy the attention of much of the best NGO talent"(Clark 1992: 154).

NGOs function

Functions served by NGOs the another variable which explain the nature of the relationships between NGOs and governments. The "supply side" which includes welfare-provision, humanitarian relief are the most welcomed activity by all regimes. Because this kind of activities can reduce the gap in social services provided by the state, they tend not to challenge government political model. Campbell (1996: 4) asserts that the humanitarian NGOs activities can increase the degree of political sensitivity because of the geographical location of their projects. Governments, in general, mistrust of NGOs that operate in marginal areas, with people excluded by or opposed to the government.

The movement of NGOs from the "supply side" to the "demand side" can generate conflict between state and NGOs. NGOs engaged in grassroots development work, people's empowerment, advocacy, human rights or watchdog role are not the most welcomed activities in the government (Campbell 1996: 5). As a result, depending of NGOs position between demand or supply sides, most governments are likely to monitor and attempt to control their activities; some may even ban or expel them government (Campbell 1996: 5).

Table 2
Ideal types NGOs-State relationship

NGO Function	Regime type		
	Liberal democracy	Single-party state	Authoritarian regime
Welfare Provision	Best prospect	Positive	Neutral
Grassroots Development	Positive	Neutral	Negative
Advocacy/ Human rights	Neutral	Negative	High hostility

Source: (Campbell 1996).

Table 2 shows a summary of that was explained before. The three types of regime and the three functions of NGO are presented as a matrix. The best prospect for NGO-state relations is the case of a NGO working in welfare provision under a liberal democracy, whereas the worst scenario is when a NGO works in advocacy under an authoritarian regime. Between these two extremes, relations can be expected to be positive, neutral or negative depending on the NGO sort of work.

Three ways of state's influence

In general, government plays important roles and mechanisms that affect ONGs work. The Advisory Group on Civil Society and Aid Effectiveness¹ identify basically three:

- a. The state has several mechanisms for ***enabling environment like policies and regulations*** that includes: First, a **legal and judicial framework** that ensures the freedom of association and the right to expression and information regarding to public affairs. These rights are guaranteed by international, regional and domestic legal framework. Second, **taxation** is an important mechanism used by states over NGOs. Because NGOs are non-profit organizations they have no obligation to pay income tax and are excluded from other taxes. These taxes increase the costs of projects and interventions provided by NGOs significantly. As a result, governments could exert different levels of power over this organizations through tax

¹ The Advisory Group on CSOs and Aid Effectiveness was created by the Working Party on Aid Effectiveness at the OECD Development Assistance Committee. Under the leadership of Canada, this Advisory Group will be undertaking a process to explore the roles of civil society in development and the applicability of the Paris Declaration to improving CSO aid effectiveness. The Advisory Group will make recommendations to the Working Party as it prepares for the Third High Level Forum to be held in Accra, Ghana, September 2 to 4, 2008. The Canadian Council for International Cooperation, along with five other CSO colleagues, is a member of the Advisory Group.

subsidies or defining the characteristic of non-profit activities that are income-tax free. Third, **regulation** is another key mechanism. Governments have the power to regulate all kind of activities not only in public sector, but also in the private sphere, this includes the NGOs. These regulations embrace all aspects of non profit and private activities such as licenses for operating in some areas or region, the sources of foreign aid and the sort of activity or processing mechanisms and requirements of registration documents or exemption from import duties. Regulation is a sensitive aspect in government-NGOs relationship because it can be used to control and restrict NGOs' access to aid funds or avoid some NGOs work that is perceived as political opponents to the government (Advisory Group on Civil Society and Aid Effectiveness 2007: 8).

However, sound regulations can play a positive role in terms improving accountability in development practices. Accountability promoted by government's regulations can complement efforts made by NGOs in order to self-regulate their activities and establish suitable mechanisms of transparency and access to information not only in public sector, but also in private and non profit sectors (Advisory Group on Civil Society and Aid Effectiveness 2007: 8).

- b. The state can bring many *opportunities for NGOs in terms of engaging them in police dialogue*. A democratic system requires mechanisms that enable citizens to participate in public arena beyond regular elections each 5 years. In this regard NGOs and CSOs, as it was mentioned before, play an important role articulating people's demands, providing an alternative channel of representation and interlocution with the traditional elected bodies such as parliament. As a result, the legitimacy of NGOs and CSOs as interlocutors of people's claims derives not only from their relationship with primary constituents, but also from their level of success through right-based claims, appealing to values of justice and fairness, and from their expertise and experience. Van Roy (2004, quoted in (Advisory Group on Civil Society and Aid Effectiveness 2007: 9).
- c. *Working in partnership with government* is another area of interaction between government and NGOs. CSOs in general and NGOs in particular play a key role by implementing development projects and programs in areas not covered by the government and reaching to poor people. NGOs can be more effective than government at implementing certain programs because they have a comparative advantage in terms of reaching some remote areas with innovative, cost-effective, flexible mechanisms and alternative approaches to the traditional government mechanisms. However, the constant involvement of NGOs as contractors of government programs can generate income - dependence from public budget and this can interfere with their independence as watchdogs of public affairs.

Figure 4
Mechanisms of influence from government to NGOs



2.3 The evolution of aid effectiveness framework

This section provides an overview of aid effectiveness framework in order to understand how the guidelines of Paris Declaration have been developed. The document presents a historical sketch from the 50s to the present time with the purpose to analyze the different discussions around the topic, since the debate focused on the linkage between aid and economic growth to the emphasis in how the aid is delivered in order to improve process and mechanisms for aid effectiveness.

From filling the investment gap to SAPs

Since the end of the 50s, there was a belief that development aid could generate economic growth via savings and investment according to the Harrod–Domar economic growth model. Millikan and Rostow established the connection between the “Big Push” generated by development aid in order to fill the “investment gap” catapulting poor countries onto the growth path. (Fride 2008: 2). This period was focused on projects that would provide physical infrastructure to promote overall industrialization and development in all developing countries (Easterly 2007: 645).

At the beginning of the 1970s, liberal thinkers such as Bauer or Friedman questioned the aid outcomes. They assert that aid resources get lost into state bureaucracies instead of reaching those who were supposed to benefit from them (Alonso 2007: 92). In the 1970s, there was a shift towards trying to improve the world income distribution by directing aid more to the poorest countries. (Easterly 2007: 645). During the 70s, Griffin was one of the first authors that introduced the concept of aid *fungibility* in order to explain that aid resources ended up to finance consumption instead of investment and as a result, economic growth.

Since the beginning of the 80s, as a result of the debt crisis, decreasing aid flows and neoliberal ascendancy, Structural Adjustments Programs (SAP) were launched as the flagship of Bretton Woods institutions in order to stabilize macroeconomic indicators and reduce the role of the state to give favourable incentives to the private sector, get prices right, facilitate free trade, and maintain macroeconomic stability. This package of policies labelled as the “Washington Consensus”. The concrete policy change during this period was to give loans to developing countries conditional on them adopting these policies.

Does development aid really work?

At the beginning of the 1990s, there was increasing awareness on the quality of government institutions, such as democratic accountability and control of corruption. The Washington Consensus policies were complemented with the “Post Washington Consensus” policies which included conditionalities on good governance bringing the state back as a key development actor. In the light of the facts, SAPs had limited results in terms of development and reducing poverty. In addition, they resulted on “serious deterioration of relationships between donors and recipients, with very little advance in policy reforms at the country level”(Fride 2008: 2).

Under this context effectiveness became a central point in the aid agenda. The research made by Boone (1996) tests predictions for aid effectiveness based on an analytical framework that relates aid effectiveness to political regimes. Boone found that “aid does not significantly increase investment, nor benefit the poor as measured by improvements in human development indicators, but it does increase the size of government. The impact of aid does not vary according to whether recipient governments are liberal democratic or highly repressive. But liberal political regimes and democracies, *ceteris paribus*, have on average 30% lower infant mortality than the least free regimes”. (Boone 1996: 289). As a result, Boone points out that the political regime can to some extent, have a bearing on the aid effectiveness in those regimes where there is less political oppression or gender inequality (Alonso 2007: 92).

In 1997, the famous paper wrote by Craig Burnside and David Dollar with results published in the report *Assessing aid: What works, what doesn't and why* (World Bank 1998) found that aid raised growth only in countries with good policies, as measured by low inflation, low budget deficits, and high openness to trade. Unfortunately, Easterly et al. (2003) found that the Burnside and Dollar finding was not robust to the use of this additional data. However, Easterly (2007) points out that the idea that aid money directed to governments would be more productive if those governments had pro-development policies. “What has changed over time is the increasing awareness of which policies and institutions are pro-development, as described above, which should have led to increasing sensitivity to policies whose purpose is

low inflation rate, trade openness, improving governance and fighting corruption (Easterly 2007: 645).

A different pathway: ownership and civil society participation

Since the second half of the 90s, the weak contribution showed by development aid because of “recipient countries lacked sufficient commitment and capacities on the basis of a conditionality-based aid regime” (Fride 2008: 2) was the reason for moving the aid effectiveness into the center of international community agenda and a reformulation process of aid architecture and has been started. The first key policy document that was the seed the new aid architecture was the document: ***Shaping the 21 Century: The Contribution of Development Co-operation*** (Dac 1996). With this document a new partnership paradigm arise establishing individual and common roles for donors and recipients including deep changes on the donors’ side. In addition, the document proposed some specific measures to help to achieve more effective development co-operation such as stronger compact for effective partnerships; support for locally-owned strategies; commitment of adequate resources; enhancing co-ordination at international level and on the ground; improving monitoring and evaluation on the basis of results-oriented programming, evaluations and follow-up. Furthermore, it is important to mention that the document points out the **importance of civil society** in development aid: First, it recognizes that “development and greater interdependence require high levels of domestic effort, high standards of accountability, and a strong civil society”(Dac 1996: 19). Second, the document asserts that partnerships are becoming more complex. “Earlier aid efforts involved working almost always with central governments. Today, we are working with many more partners to meet demands for greater efficiency, respond to more pluralistic and decentralized political systems, and recognize the importance of a dynamic private sector, local ownership and participation by civil society” (Dac 1996: 17).

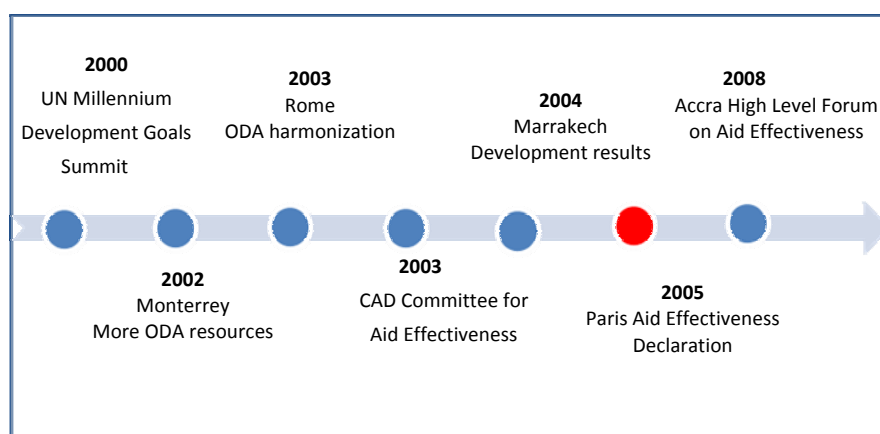
After that, there was a new direction in development aid policy. From the awareness on the linkage between aid and economic growth (**impute-output**), to the focus on **how** development aid is delivered (**process**). In 1999, the Comprehensive Development Framework (CDF) was launched by the World Bank during Jamens Wolfensohn era. The central goal of CDF was poverty reduction and through the formulation of draft national development plans by developing countries. These drafts become in Poverty Reduction Strategy Papers (PRSP) which were “action plans” for debt relief in Highly-Indebted Poor Countries (HIPC). At this stage it is important to mention that “the principles of the Paris Declaration are rooted in the CDF, especially those related to ownership, harmonization and managing for results”(Alasino 2008: 3).

The “Millennium Aid Consensus”

Since 2000, the consensus about that the international aid paradigm needs to be reformulated was widespread. Many evaluations made by aid agencies and institutions like the World Bank concluded that although development aid has been appreciated by several countries, many interventions “must become more effective on issues where its work has not yielded pronounced advancements, notably dealing with inequality, combating corruption, and protecting the environment” (World Bank 2007: 1). As a result, we can appreciate that the process started in 1996 with the DAC report *Shaping the 21 Century: The Contribution of Development Co-operation* (Dac 1996) took a decisive way in order to increase significantly the effectiveness of development aid. Eyben et al. (2004) has coined the “**Millennium Aid Consensus**” term as a useful way to synthesize the changes produced in the development aid paradigm. As a result, there is a general consensus about that traditional modes of aid delivery – uncoordinated projects managed outside of government systems – have been unsustainable, have imposed unnecessary costs on government, and have undermined the development of government capacity”. (Eyben et al. 2004: 3) Hence we can hear more often a new set of concepts in the foreign aid circles such as harmonisation among donors, stress on using and strengthening government systems, and advocacy for approaches to aid, including Sector Wide Approaches (SWAs) and budget support.

At this stage, it is important to highlight that since 2000 there were several international summits in order to provide coherence to the new aid architecture. The following figure summarizes the most important meetings held.

Figure 5
Chronology of recent international events of aid and development



As we can see, all this summits are like the pieces of a puzzle because they are connected. First, UN Millennium Development Goals Summit established an array of goals which range from halving extreme poverty to halting the spread of HIV/AIDS and providing universal primary education,

all by 2015. Second, the Monterrey Financing for Development Summit in 2001 set up an international commitment for additional aid resources required in order to reach targets in 2015. Third, in 2003, the **Rome for the High-Level Forum on Harmonization** held with the purpose of “taking action to improve the management and effectiveness of aid and to take stock of concrete progress”(Development Gateway 2008). Since 2003, we can appreciate a pattern more directed not only in carrying out an array of particular goals and increasing the amount of aid resources, but also awareness for improving the way **how** aid resources are being delivering.

Finally, the **Paris Declaration on Aid Effectiveness**, endorsed in 2005, is a landmark international agreement aimed at improving aid impact on development. In comparison with previous efforts, it summarizes the main concepts derived in aid effectiveness framework providing a practical, action-oriented roadmap with specific targets to be met by 2010. In addition, the Paris Declaration represents an advance in terms of strengthen local strategies and institutionalism, rationalization and simplification of donor procedures, promotes a management for results and represent an important change from scattered projects to programs and budget support. (Valderrama 2008: 4)

Recent debate: “new” big push vs. planners and searchers

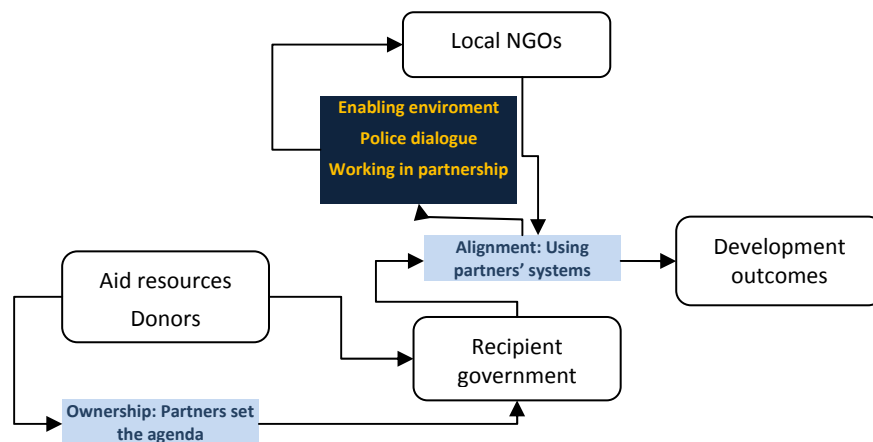
True believers like Jeffrey Sachs and UN Millennium Project approach promote a “big push” in aid resources and public investments in order to “put the poor countries on the ladder of development and enable then to continue the upward climb for overcoming the poverty trap” (Sachs 2005: 73). Because in the poverty trap poor health, poor education and poor infrastructure reinforce one another in a vicious cycle, external support is needed in order to break this circle. Under this perspective, international community have made important commitments in the so-called Monterrey Consensus, in which donor countries should increase their ODA amount to reach the 0.7% of GDP agreed in UN conference in 2002.

More sceptical scholars like William Easterly (2007)support the idea that big plans and a big international aid agenda does not work. Easterly criticizes the fact that although western donors have spent \$2.3 trillion on foreign aid since 60’s, they “still had not managed to get twelve –cent medicines to poor children to prevent half of malaria deaths” whereas in a single day, nine million copies of the sixth volume of Harry Potter are delivered successfully to children in Unites Estates and United Kingdom (Easterly 2006: 4). The Easterly’s answer to why poor children do not get twelve-cents medicines while healthy rich children do get Harry Potter overnight is because twelve cents- medicines are supplied by Planners while Harry Potter is supplied by Searchers (Easterly 2006: 5). In Easterly words:

The mentality of Searchers in markets is a guide to a constructive approach to foreign aid. In foreign aid, Planners announce good intentions but do not motivate anyone to carry them out, Searchers find things that work and get some rewards. Planners raise expectations but take no responsibility for meeting them out. Searchers accept responsibility for their actions. Planners determine what to supply, searchers find out what is in demand, Planners determine what to supply, searchers adapt to local conditions. Planners at the top lack knowledge of bottom, searchers find out what the reality is at the bottom. Planners never hear whether the planned got what it need; searchers find out if the customer is satisfied.

As a result, Easterly points out that the donor concentrates too much on the supply side (amounts of aid given) and not enough on how well aid works. For Easterly, a big problem with foreign aid has been its aspiration to a utopian blueprint to fix the complex world's problems.

Finally, the research will try to annalize to what extent Paris Declaration can influence in the relationship between government and NGOs in Peru. It will focus on how ownership and alignment principles, in addition to the mechanisms of government's influence over Ngos can affect this relationship and as result the development outcomes.

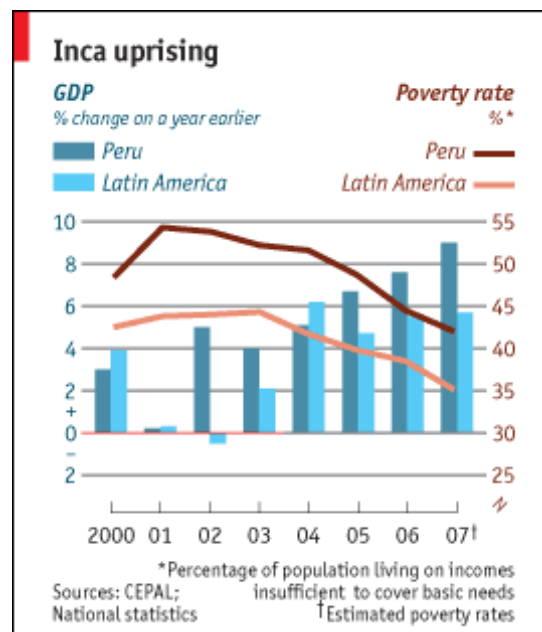


Chapter 3: Foreign aid, Peruvian context and the relationships between government and NGO

3.1 Peru: Poverty and inequality amid progress

Since 2002, Peru is showing a vigorous and unprecedented period of economic expansion leading for the favourable international context that increased dramatically the price of Peruvian exports leading by the mining sector. Furthermore, trade and private investment are growing at outstanding rate of 20% per year, and domestic product is increasing at a fast rate which has been over the Latin America's growth average². In addition, a free-trade agreement with the United States has been approved last year. Because of those achievements, Peru was awarded an investment-grade credit rating by Fitch ratings agency in 2008.

Figure 6
Poverty vs. economic growth



Source: (The Economist 2008)

Although Peruvian “macroeconomic miracle”, structural problems and paradoxes persist:

- Despite the outstanding growth, poverty has been reduced in a small level (less than 10% in seven years according to generous official statistics).

² According Peru's Ministry of Finance, GDP grew by 8,2% in 2007 and from January to June 2008 the average growth rate was 9.7%

Analyzing the latest poverty surveys, we can see that the gap between rich and poor people has been increased. According to Campodónico (2008) poverty average decreased from the 48% to 44% during 2004 -2006. But this numbers hide important differences: the poverty reduced in the coast (from the 35, 1 to the 28, 7%) and remained the same in the highlands region with the highest levels (from the 64, 7 to the 63, 4%). In many regions the poverty increases: Huancavelica (from the 84,8 to the 88,7%), Apurímac (from the 65,2 to the 74,8%), Ayacucho (65,9 to 78,4%) and Pasco (65,7 to 71,2%).

- The inequality is another structural problem. The participation of the wages in the GDP has been decreasing steadily: from 30.1% in 1991, to 25.1% in 2001 and 21.8% in 2006. According Peruvian National Statistics Department, GINI index has been increasing from 42.21% in 2004 to 43.13% in 2006, that is to say that inequality in Peru has been increasing in spite of the economic boom.

As a result, Peru faces a complex challenge in order to solve these problems: high level of inequality, 45% of people living under poverty line, institutional weakness, and the risk of a global economic crisis that is reducing the value of Peruvian exports and increasing inflation rate.

3.2 Weak democratic institutions

In Peru there was a long cyclical history of dictatorships altering power with democratic regimes. Since 1968, Peru has been under 12 years of military regimes, 20 years of democratic governments and 11 years under the authoritarian regime led by Alberto Fujimori. During this period, a deep institutional crisis has been produced as a result of a negative combination of deficient public management, high levels of corruption, exacerbated during Fujimori's regimen. The crisis has involved Executive, Judiciary, Parliament as well as traditional political parties. One effect of this crisis is given by the low level of citizen approval of public institutions.

Table 3 Peru: Level of approval of public institutions October, 2008

Government branch	Level of approval
Executive	15.0%
Parliament	10.5%
Judiciary	13.1%

Source: (Cpi 2008).

Nowadays, the outstanding economic growth rate (8% on average in the last 3 years) combined with increasing inequality and weak democratic institutions is the perfect combination for social disruption and put in risk the Peruvian governance. In addition, as a result of the loss of legitimacy of democratic institutions such as the Parliament or political parties, there are no formal and institutional channels for people's claims. As a result, to some extent, NGOs are becoming in an alternative channel to organize people's claims in specific issues such environment, human rights, free trade agreements and corruption. However, NGOs have no enough resources to afford this task and

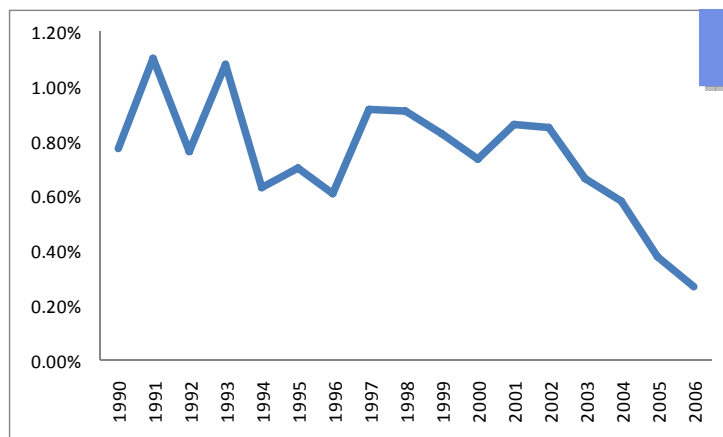
they have been overtaken for excessive demands. Because their intervention in several sensitive issues, NGOs have been target of massive campaigns of discredit supported by political opponents such as right-wing newspapers, right-wing leaders and politicians involved in human rights violations and corruption scandals.

3.3 Foreign aid to Peru: an overview

Foreign aid to Peru under the global context

Peru is considered a lower middle- income country³; as a result, it is not a priority destination of foreign aid sources. Over the last years, many official donors are withdrawing from Peru. This is the case of DFID and Dutch cooperation agency. The following figure shows the decreasing percentage of Official Development Aid (ODA) channelled to Peru, from 1.2% at the beginning of 90s to 0.3% in 2006.

Figure 7
ODA disbursed to Peru as a percentage of ODA disbursed to Developing Countries
1990-2006



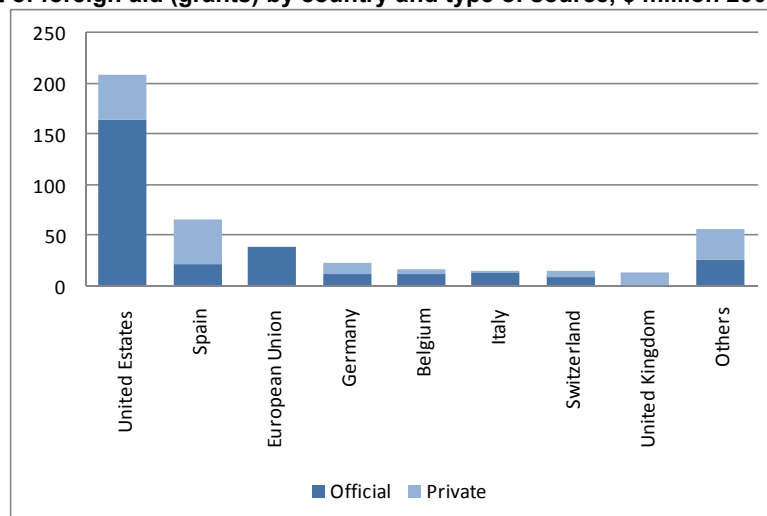
Source: (Dac 2006).

In 2006, the amount of foreign aid (grants) executed in Peru was \$ 495.1 million⁴. This amount came mainly from eight countries which together represent 87,7% of foreign aid received by Peru: United States which represents 45,7%, followed by Spain (14,6%), European Commission (8,4%), Germany (5,3%), Belgium (3,8%), Italy (3,5%), Switzerland (3,4%), and United Kingdom (3,0%).

³ Peruvian per capita income reached \$3,870 in 2007. According to World Bank, a lower -middle income country has a percapita annual income between \$936 - \$3,705.

⁴ (Apci 2006).

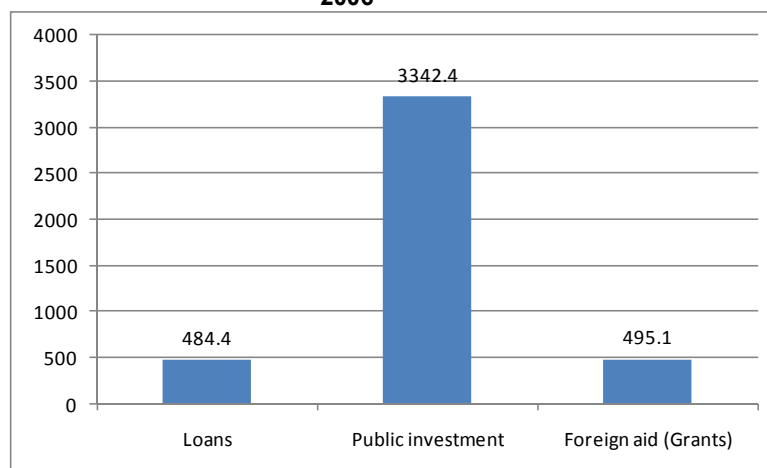
Figure 8
Amount of foreign aid (grants) by country and type of source, \$ million 2006



Source: (Apci 2006,Mef 2008).

The amount of foreign aid received by Peru does not tell much by itself. However, it is interesting to compare it with other variables to appreciate its real dimension. For instance, this amount represents 0.6% of Peruvian GDP. According this low ratio, Peru is not an aid-dependent country. However, although this amount is very small in terms of GDP, its importance increases compared to other variables. For instance, this amount represents 14.5% of public investment and 2.5% of national budget (Mef 2008).

Figure 9
Peru: Comparison among development aid, loans and public investment, \$ million 2006



Source: (Apci 2006,Mef 2008).

The low amount of aid resources in terms of Peruvian GDP, but significative in terms of other variables such public investment has different implications. On the one hand, for many sectors, there is no incentive for Peruvian government to coordinate activities with non-state actors because of the low amount involved in terms of GDP do not justify the external

intervention in public policies. On the other hand, for other sectors especially CSOs, this amount is highly significative in a country that has many budget rigidities and cannot deliver basic public services to the poorest populations. In addition, the potential of foreign aid can be boosted if it is taking into account its complementary contribution to sensible issues such human rights, advocacy, accountability or governance that have been neglected by the government which is generally focused in short-run and physical achievements.

Peru, as a Middle-Income Country, faces the challenge of reducing high inequality levels and increases the effectiveness of development aid under a context of decreasing aid flows.

The aid channels

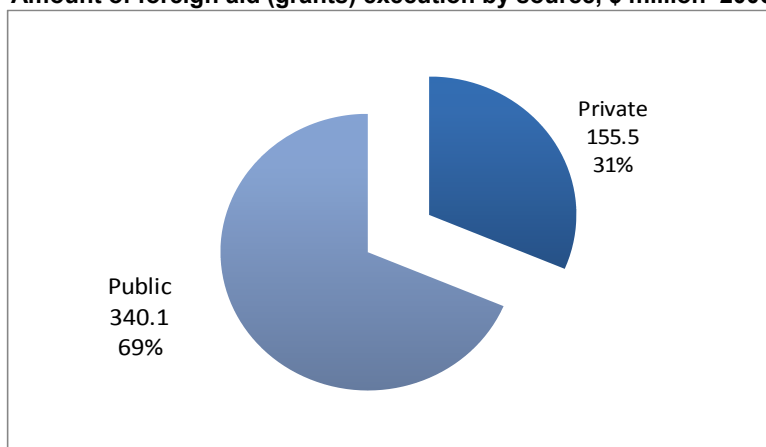
In general terms, foreign aid resources flow to Peru through two types of aid: official and private. Official aid comes from government agencies, multilateral institutions and autonomous governments in the North to their counterparts, whereas private aid flows comes from NGOs in the North to NGOs in the South. This is an extreme simplification because it is difficult to separate foreign aid flows in independent categories since the interaction among all actors, sources and recipients of aid flows can be multiple.

Table 4
Peru: Foreign aid by type of channel

Type	Channel	Description
Official	Bilateral	Aid channeled from government to government through official aid agencies.
	Multilateral	Aid channeled through multilateral development banks and institutions such as World Bank, Interamerican Development Bank or United Nations System.
	Decentralized	Aid channeled through autonomous or regional and local governments in the North to their counterparts in the South.
Private		Aid channeled through civil society organizations in the North, mainly NGOs, to their counterparts in the South.

Comparing foreign aid received between private and official sources, we can appreciate the importance of private aid in terms of aid resource execution. According official statistics, the amount of aid executed by private organisations represented 31% of foreign aid channelled towards Peru in 2006.

Figure 10
Amount of foreign aid (grants) execution by source, \$ million 2006



Source: (Apci 2006)

In Peru, **private** aid is basically channelled by 3 kinds of organisations: (a) non-governmental development organisations (ONGD in their Spanish initials), international technical cooperation foreign bodies and institutions based abroad (ENIEX, or international ONGD), and private nonprofits institutions receiving welfare or educational donations (IPREDA). According to APCI (2008), in 2007 there were 1387 registered private organizations that manage foreign aid resources and are implementing 3289 projects.

Table 5
Peru: Number of private organizations that manage foreign aid resources 2007

Institution	Number	Projects
ONGD	874	2417
ENIEX	124	872
IPREDA	389	
Total	1387	3289

Source: (Apci 2008)

According to Peruvian International Technical Cooperation Law (Legislative Decree No. 719), the term NGO refers to an organization with non-profit purposes which (a) carry out programs or projects for development purposes, and (b) channel technical international cooperation (cooperative sources). The reason of this law was to define the administrative characteristics of these organizations in order to enable them to receive international cooperation resources and tax exceptions. As a result, not all types of nonprofit entities constituted in Peru have this status, only organizations that are eligible according to Peruvian law. All NGOs which receive international cooperation resources from abroad have to be registered in the APCI. This condition is valid for two years. Registration is renewable by presenting pertinent information on the activities that the organization has carried out.

3.4 NGOs and Peruvian government: partners or rivals?

Tensions between Peruvian government and NGOs are not new. There is a kind of cyclical phenomenon in the relationships between government and NGOs. The history of attempts to exert control over NGOs and civil society organizations goes back almost since NGOs appearance in Peru more than 40 years ago. Toche (2003) provides a complete history of these attempts. The change in the NGOs' role from basic services providers to advocacy and human rights protection is the main reason that can explain tensions between governments and NGOs (Llona 2008: 134). This change is in the same direction than a research made by Biekart (2005) that analyzes the trends of European NGOs policies in Latin America that points out:

The overall trend in the newly developed Latin America policies is one away from the delivery of basic social services towards national advocacy campaigns to commit the state to take responsibility for these social services. This is not to suggest that social service-delivery is no longer important, but it seems that it becomes more integrated with macro developments and with national policy-making (Biekart 2005: 13).

In 2006, a landmark in the historical tensions between governments and NGOs has been produced, paradoxically, under a democratic regime. In that year, unlike in the past, the tension was materialized in a law⁵ that attempt to restrict the freedom of association, establish strict control over resources managed by Peruvian NGOs and set up severe sanctions for organizations that promotes activities which affect public order or damage public or private Llona (2008). In public debate, NGOs representatives pointed out that this law violates constitutional rights such as freedom of association and freedom of contracting by private organizations. They not consider necessary to put more controls to this organization because this organizations have several accountability mechanisms included in cooperation agreements with donor sources such as periodic disbursements subject to render of account, accountable management of separate accounts, rules to ensure that funds are applied to the designated activities, and clauses of resolution and reversion of the donation, among others. (Parodi 2005: 12). This part of the document brings a historical sketch about the moments of tension between government and NGOs and provides some elements to understand the possible implications of Paris Declaration over this breakpoint in this relationship.

In order to understand the current scenario, it is useful provide a brief historical overview of this relationship since the military regime of Juan Velasco in 1968 to nowadays. During this period Peru had 2 military regimes: Velas-

⁵ Law 28925 that establish strict mechanism of control on foreign aid resources and monopolize the reception of aid disbursements according to national development strategy.

co (1968-1975), Morales-Bermúdez (1975-1980); 4 democratic governments: Belaúnde (1980-1985), García (1985-1990), Toledo (2001-2006), García (2006-2011) and one authoritarian regime led by Fujimori (1990-2001).

The 70s: Bongs and dictatorship

In 1968, Juan Velasco seized power in a coup d'état. Velasco was a military dictator influenced by left-wing ideology. During the first stage of his military regime, he started several and deep reforms such as the land reform and the promotion of government participation in several economic sectors. In addition, the promotion of development was designed and executed exclusively by the government and there was not a big room for initiatives from non-state actors. As a result, during that time, NGOs had to subordinate to government policies (Toche 2003). However, during the last years of the 70s, the increasing economic and financial difficulties reduced the government capacity to distribute resources and promote development. In addition, other elements such as the availability of foreign aid resources in the North and the big number of professionals with development skills available increased NGOs' role in development promotion (Toche, 2003).

The 80s: good bye dictatorship, welcome terrorism

This decade was crucial because many transcendental events occurred at this period. First, in 1980, Peru returned to democracy after 12 years of military regimes. Second, after several years of failed economic experiments, the life conditions of wide population sectors worsened. Third, in 1980 one of the most dangerous terrorist groups in the world, Shining Path, started a bloodiest chapter in Peruvian history. The terrorist activities in the poorest regions located in Peruvian highlands and the indiscriminate military reaction of the government increased the role of NGOs that worked in human rights. At the same time, because of the debt crisis, the government had no enough resources for providing social services and productive infrastructure, as a result, many NGOs filled the gap through projects aimed to increase productivity (Toche 2003).

The government of Belaúnde (1980-1985) realized that the projects of NGOs were competitors with projects supported by state. In addition, because the difficulty showed by the government to identify and neutralize terrorist cells, the hypothesis regarding NGOs were "refuges for terrorists" raised from government spheres which suspected that NGOs were the financial channels for terrorist activities (Toche 2003). In 1983, Belaúnde proclaimed his complete rejection "to who come from other countries to discredit our country and to seed the ryegrass in our town, on behalf of foundations and institutions supposedly interested in helping Peru". After this declaration, Belaúnde pointed out that there was a relationship between NGOs and drug trafficking and terrorism. As a result, Belaúnde ordered to start an exhaustive inspection

of financial resources received by NGOs. This campaign was supported by the mass media.

From 1985 to 1990, Garcia started his period at office. During those years, the “suspect” that NGOs collaborated with terrorist movements increased. The Peruvian Congress ordered to initiate an investigation of resources received by NGOs. In 1986, the member of Parliament, Romulo León, reported that left-wing political parties were receiving financial resources from abroad with the aim to destabilize the government. As a result, León promoted an investigation committee in the Parliament. Although there were no irregular findings, it was a pretext to create the NGOs register within the Foreign Affairs Ministry in order to control NGO.

90s: Neopopulism and NGOs

In 1990 Alberto Fujimori, a complete political outsider won the presidential elections. Fujimori inherited an economic and social disaster left by Garcia. In 1990, Peru had one of the biggest inflation rates in the world, negative international reserves and severe terrorism. Because Fujimori had no enough political, technical and managerial support, he adopted the Washington Consensus neoliberal recipe supported by multilateral institutions such as World Bank and Interamerican Development Bank. After the self coup d'état, Fujimori started an authoritarian and Neopopulist⁶ regime. This period imprinted the relationships between developments actors in terms of poverty alleviation strategies. With the aim of reducing the poverty levels, Fujimori created powerful machinery⁷ focused on the country's poorest regions in order to improve nutrition, health, irrigation, potable water, electrification, road and trail building, and reforestation. The budget allocated to these institutions was \$500 million in 1998, equivalent to 5 percent of all government expenditures. (Palmer 2000: 64). In addition, NGOs, which had spread since the mid-1980s were supported by Fujimori's government, especially during the first half of his government. In 1997, according government statistics there

⁶ Neopopulism can be defined as the political phenomenon in which a leader attempts to build personalistic ties to the impoverished masses while pursuing neoliberal economic policies. (Barr 2003). Neopopulism needs financial resources provided by fiscal constraints, international financial institutions and economic growth provided by neoliberal policies to spend on impoverished masses to get support from wide number of people. Neopopulists do not like strong electoral movements or high levels of institutionalization because they are afraid of political opposition. As a result, they attempt to 'de-institutionalize' politics by bypassing other representative or intermediary institutions.(Barr 2003)

⁷ This machinery includes such as the Fund for Social Compensation and Development (Foncodes), the Resettlement Support Program (PAR), the National Food Assistance Project (Pronaa), and the National Project for Water and Soil Conservation Management (Pronamachs).

were about 1,650 NGOs in Peru working in development promotion (Palmer 2000: 65) . As a result, at the beginning of 90s, the role of NGOs increased especially in the provision of health and food supply. After that, NGOs became in co-implementers of social programs supported by the state. As a result, NGOs were responsible of 18% of financial resources provided by Government to promote development activities (Toche, 2003).

However, during the last stage of Fujimori's government, the authoritarian practices increased in order to promote a third illegal period in office. Several NGOs denounced cases of human rights violations such as a students murdered in 1992 by military forces. During this period, the government body responsible of regulate non profit institutions was the International Technical Cooperation Secretariat (SECTI) which was a "sort of board of those bodies involved in project approval, in which aid was handled without transparency, and subordinated to political, electoral and patronage based criteria" (Valderrama 2002 quoted in (Alasino 2008: 49)). As a result, because of this negative political scenario, important donors like European Union decided to suspend their programmes in Peru.

2000: the democratic spring

After the illegal third Fujimori's re-election, civil society organizations, students and people in general started to protest against the authoritarian regime. In 2000, after a severe economic crisis, massive protests on the streets and corruption scandals, Fujimori resigned from his post as president.

After Fujimori's fall in 2001, there was a "democratic spring" with the Transition Government led by Valentin Paniagua. During this period, NGOs saw their role increased in several political aspects. Many members of government came from NGOs. In addition, this was the time when several and important reforms were initiated, the most important was the anti-corruption system that enabled the conditions and mechanisms for fighting corruption and promoting transparency in the public institutions.

In 2002, Alejandro Toledo won the presidential elections. During the first half of his period in office, president Toledo was opened to NGOs participation in his government. Indeed, many high-level political responsibilities were in charge of recognized members from NGOs and during this period, the creation of Peruvian International Cooperation (APCI) was approved. APCI, a governmental institution was one important advance in order to promote professional and efficient development aid management in continuous dialogue with CSOs. However, during the second half, the government began to feel the pressure of citizenship disapproval. As a result, the Toledo decided to politicize the management of social programs in charge of his followers which the purpose of increasing Toledo's approval level. Most of social programs in health, education and poverty reduction were managed under political criteria. Some NGOs and CSOs began to feel the government

pressure. This pressure was reflected in a draft law promoted by Toledo's parliamentary group in order to create a government body to "supervise and control" NGOs activities. Fortunately, another draft law addressed to create the Peruvian International Cooperation Agency won the election in the Congress.

Garcia's second round: The regulatory backlash

In 2006, after Toledo's government, the breakpoint in relationships between Peruvian government and NGOs reached one of maximum levels during Garcia second period in office (2006 – 2011). Garcia governs Peru with an informal alliance between his own political party (APRA) and Fujimori's political party in the Congress. Traditionally, APRA is defined such a left-centre political party. After 2006, the "perfect storm" for NGOs was created. In political terms NGOs, faced several battle fronts:

- First, the Human Rights issue. Several NGOs were promoting campaigns against human rights violations committed during Garcia's first time in office and during Fujimori's regime. The Peruvian Truth and Reconciliation Commission (CVR in its Spanish initials) was created in 2001 in order to examine atrocities committed in the 1980s and 1990s, during the internal conflict in Peru. This commission was formed by prominent members of NGOs. In its final report, the CVR pointed at Shining Path as the major responsible of human rights violations, with the military and police forces in second place. The CVR had also criticized by some politicians, military commanders, and members of the congress, all of them pointed out a supposed leftist bias.
- Second, members of NGOs who occupied important political charges during Paniagua's Transition Government started one of the biggest anti-corruption process that put in prison several members of Fujimori regime, including the powerful former presidential advisor Vladimiro Montesinos and numerous high level officials of military and Police forces.
- Third, during Toledo's government NGOs were involved in campaigns against Free Trade Agreement with United States. In addition, some NGOs were accused by the government of supporting protests against mining companies.
- Fourth, some NGOs were promoting anticorruption and transparency campaigns in the Parliament and Judiciary in order to improve citizen control in those institutions.

On this basis, in 2006, moves were made in order to alter development aid legal framework with the purpose of increase the control over


resources handled by NGOs as well their activities. In the next chapter a complete analysis about the implications of this law will be provided.

This regulatory backlash seem to be common in many countries recently. Moore (2006) provides several cases of actions from governments that attempted to restrict CSOs activities in different countries, from Russia to Venezuela and Equatorial Guinea. Indeed, the author points out that “these are not isolated events and they are part of a growing regulatory backlash against NGOs in many parts of the world” (Moore 2006: 3). Furthermore, Moore concludes that this current regulatory backlash can be explained because NGOs and CSOs are perceived as threatening actors to authoritarian regimes and even in democratic countries there is always, a risk of backsliding in terms of restriction of freedom, expression an association Finally, he provides several cases around the world that show the fact that more than twenty countries have introducing regulations in order to restrict civil society rights. Although the political circumstances vary from one country to another, the “reasons” provided by Moore include curbing NGO abuse, counterterrorism and national security. As a result, most cases analyzed show that the coercive legal barriers adopted by those governments can be summarized in these common elements: (Moore 2006: 4)

- Prohibition of informal groups (Mandatory registration)
- Barriers to establishing NGOs (Restrictions against foreigners)
- Barriers to registration
- Re-registration requirements
- Restrictions on speech and advocacy
- Discretionary suspension and termination
- Criminal sanctions

However, form some scholars, in the case of Peru this law is part of a “wide process of struggle between a democratic project from civil society and an authoritarian project which now is expressed in the government and supported by the economic groups and some mass media” (Llona 2008: 152).

For some scholars this regulatory backlash is a new chapter in the long history of tensions between governments and NGOs. . According to Llona (2008), this is part of an authoritarian strategy in the long run that undermines civil society capacity to channelize people’s claims (Llona 2008: 154) with the purpose of perpetuate a neoliberal model “that requires a state focused in the promotion of investments and free market enabling conditions instead of the promotion of people’s rights”(Llona 2008: 154). In addition, behind this new attack against NGOs there are multiple interests such mining companies worried about environmental regulations and social conflict, former politicians who are facing charges for human rights violations and corruption in the past. In addition, Ballón points out another interesting reason: some political parties that are near to extinction are looking for a scapegoat “responsible “of the



divorce between political institutions and citizens, and NGOs are the perfect candidates for that.

However, in 2006 the level of tensions has gone one step forward boosted since the Peruvian adhesion to Paris Declaration in June of 2006. The next chapter analyze the how a misunderstanding of Paris declaration principles can use them like additional arguments to support an authoritarian attempt to take control over NGOs activities.

Chapter 4: Paris Declaration: implications, advances and obstacles

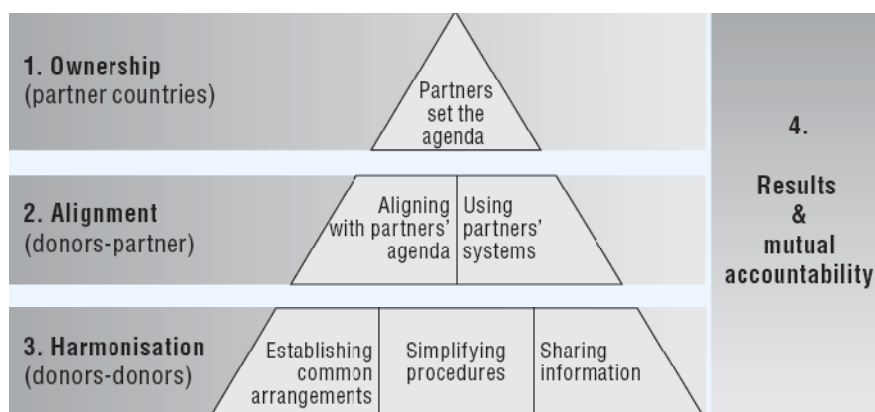
The purpose of this chapter is to provide a brief explanation about the Paris Declaration guidelines and their connection with the Accra Agenda for Action held in 2008. In addition, it will analyse: First, to what extent Paris Declaration can encourage or restrict the relationship among Peruvian government and NGOs? Second, to examine what are the main advances and obstacles for implementing the Paris Declaration principles in Peru.

4.1 The Paris Declaration on aid effectiveness

The document, signed in 2005 by 122 countries, aid agencies, international financial institutions and civil society organizations “was unprecedented and reflected a progressive widening of the range of voices in the aid effectiveness debate, defines a number of commitments on the side of donors and partner countries and a set of indicators in order to “increase the impact that the aid has in reducing poverty and inequality, increasing growth, building capacity and accelerating achievement of the Millennium Development Goals”.(High Level Forum 2005: 1).

The Paris Declaration is supported by 5 principles: ownership, harmonization, alignment, management for results and mutual accountability. The following pyramid synthesizes the meaning of each principle.

Figure 11
Paris Declaration pyramid



Source: (Oecd 2006b).

Ownership: A key condition for a successful development intervention is the effective leadership of partners' countries over their own development policies and strategies. component is addressed to promote the “partner countries effective leadership over their development policies, strategies and co-ordinate

development actions”(High Level Forum 2005: 3). In addition, partner countries have to “take the lead in co-coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector” (High Level Forum 2005: 3).

Alignment, a core issue in the Paris Declaration is related to the assumption that “donors base their overall support on partner countries’ national development strategies, institutions and procedures”(High Level Forum 2005: 4).

Harmonization is more focused on the donor side and includes establishing common arrangements, simplifying procedures and sharing information in order to avoid efforts duplications and reduce transaction costs. This component includes “common arrangements implementation at country level for planning, funding, disbursement, monitoring, evaluating and reporting to government on donor activities and aid flows. Increased use of programmed-based aid modalities can contribute to this effort”(High Level Forum 2005).

Managing for results means to focus aid management and implementations towards concrete and measurable results using reliable information to improve decision –making process.

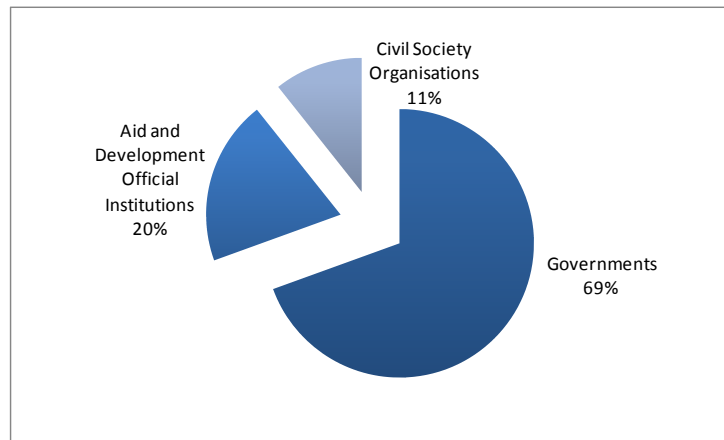
Mutual accountability and enhance transparency in the use of development resources is a priority in Paris Declaration in order to strengthen public support for national policies and development assistance. Paris Declaration supports the idea that aid is more effective when donors and beneficiaries governments are not only accountable to their respective citizens for the use of resources to achieve development results, but are also accountable to each other for better management of aid (Oecd 2007).

The Paris Declaration “comprises five principles, bringing together various streams that had developed over the previous years and summarizing key policy developments, many of which had already been mentioned in the 1996 DAC report” (Fride 2008: 3)

4.2 From Paris to Accra the CSOs role in aid effectiveness agenda

In general terms, the Paris Declaration is mostly an agreement between the official aid of agencies and recipients. Figure 12 provides a graphic view about the participation in the Paris Declaration High Level Forum held in 2005. Most of the participants (89%) came from official sector (governments, aid agencies and international financial institutions) only 11% of the participants came from civil society.

Figure 12
Number of representatives in Paris Declaration Forum by category



Source: (High Level Forum 2005)

CSOs were not completely satisfied with the Paris Declaration because it ignores the role of CSOs in aid delivery and management and their contribution to the aid effectiveness agenda (Tujan 2008: 4). In general terms, although the Paris Declaration is an important step in terms of making the effort to improve coordination between donor and partner governments, the real fact is that the Paris agenda is biased towards a technical process for managing aid flows and lowering transaction costs, while the link with stakeholders and CSOs is missing.

Analyzing CSOs role in Paris declaration, the document only mentions their role in a marginal way. First, regarding to the **ownership** component, there is a mention that the partner countries commit to “take the lead in coordinating aid at all levels in conjunction with other development resources in dialogue with donors and encouraging the participation of civil society and the private sector” (High Level Forum 2005: 3). Second, the **harmonization** principle points out the partner countries commitment in order to “encourage a broad range of national actors participation participation in setting development priorities” (High Level Forum 2005: 7). Finally, **mutual accountability** part shows that donors commit to “provide timely, transparent and comprehensive information about aid flows in order to enable partner authorities to present comprehensive budget reports to their legislatures and citizens” (High Level Forum 2005: 8). In addition, analyzing the indicators of progress in the Paris Declaration there is no indication about the role of CSO. In sum, the presence of CSOs in Paris Declaration is vague and marginal and it is only mentioned in an indirect way.

On sep 4th of 2008, in Accra, Ministers of developing and donor countries and heads of multilateral and bilateral development agencies endorsed the **Accra Agenda for Action (AAA)** in order to accelerate progress and strength some of the language. “Hardly revolutionary, but not the failure it looked like it might have been. Below is an assessment of some of the major issues in terms of the role of CSOs” (Eurodad 2008). Furthermore, we can mention as im-

portant progresses achieved in Accra in terms of CSOs role in aid effectiveness:

Broadening ownership

In comparison to Paris Declaration, AAA shows a stronger language – albeit there are no indicators or concrete actions – recognising the role of other actors in development. The document mentions the partner countries commitment in order to “work more closely with parliaments and local authorities in preparing, implementing and monitoring national development policies and plans” and to “engage with civil society organisations”(Third High Level Forum on Aid Effectiveness 2008: 2). There is a call from donor’s side for supporting the capacity of these actors to “take an active role in dialogue on development policy”. (Third High Level Forum on Aid Effectiveness 2008: 2). Furthermore, AAA mentions, in a specific way, the role of CSOs and a commitment to engage with them. This includes welcoming the CSOs’ proposal to lead a multi-stakeholder process to improve their development effectiveness.

Building a more effective and inclusive partnership for development

The main advance under of CSOs perspective, in comparison with Paris Declaration, is the commitment to deepen the engagement with civil society organisations “as independent development actors in their own right whose efforts complement those of governments and the private sector. We share an interest in ensuring that CSO contributions to development reach their full potential” (Third High Level Forum on Aid Effectiveness 2008: 4). To carry out this commitment AAA: (a) Invites CSOs to reflect on how they can apply the Paris principles of aid effectiveness from a CSO perspective. (b) Welcomes the CSOs’ proposal to engage with them in a CSO-led multistakeholder process to promote CSO development effectiveness. In addition, AAA mentions that it will seek to improve co-ordination of CSO efforts with government programs, enhance CSO accountability for results, and will improve information on CSOs activities. Finally, the document shows the need of providing an enabling environment that maximizes CSO’s contributions to development.

The final result is not revolutionary. However, the combination of consistent pressure from civil society organizations inside and outside the official process, organized inputs from developing country governments and last minute coordinated political impetus in particular from European governments has resulted in a small step forwards in agreement to improve aid delivery. The proof will be in the pudding, or in what donors in particular actually put into practice. Civil society organizations will continue to advocate for change and will be keenly monitoring progress over the next months and beyond (Eurodad 2008).

4.3 NGOs-government relationships under Paris Declaration

As described in chapter 2, the movement of NGO from the “supply side”(services provision) to the “demand side” (empowerment, advocacy, human rights) can exacerbate this relationship depending on the type of regime (liberal democracy, state single party or authoritarian regime). For many scholars, the legal backlash against Peruvian NGOs deployed recently is a new chapter in the long history of tensions between governments and NGOs. According to the model used in the theoretical framework developed by Tandon (1991, quoted in Clark 1995, 593), Clark (1995) and taken by Campbell (1996), two variables are used in order to analyze the type of relationship between government and NGOs: (a) **NGOs’ function** (welfare provision, grassroots development and advocacy and human rights) and (b) **the type of regime** (liberal democracy, single party state and authoritarian regime). Combining these two variables we can get different scenarios which range from the best prospect for this relationship to a high hostility scenario. As a result, in the light of the facts, we realize that the key variable is the type of NGO. As explained before, NGOs involved in welfare provision services can work with an “acceptable” environment in all kind of regimes, whereas NGOs involved in human rights and advocacy usually face difficult environment⁸ not only in authoritarian regimes, but also in democratic governments.

Paris Declaration: do not let me be misunderstood

One of the most important purposes of this section is to analyze to what extent Paris Declaration can encourage or restrict the relationship among Peruvian government and NGOs. The central discussion point of this section is the law 28925⁹ approved by Peruvian Congress in December 2006. It is possible to define this law as the last government attempt to exert strict control, not only over resources but also over the activities made by NGOs. The most controversial points of the law are:

- The law gives to APCI an enormous power in order to prioritize and monitor all kind of foreign aid resources, according to the national development interests. In an unclear way, the law suggests that all development aid resources received by Peru have to be channeled through state bodies exclusively. To some people interviewed, this regulation represents an attempt to redirect the aid funds currently received by NGOs through state.

⁸ In fact, government had used several mechanisms in order to investigate 3 NGOs: Institute of Legal Defense (IDL), Pro Human Rights Association (Aprodeh) and the National Confederation of Peruvian Communities Affected by Mining Activity (Conacami). Both IDL and Aprodeh are working in researchers and reports about human rights violations committed by military forces during the governments of García y Fujimori.

⁹ Law that modifies the creation Law of Peruvian International Cooperation Agency.

- The law stipulates sanctions for NGOs that “orientate technical cooperation resources towards those activities that affect public order or damage public or private property”(Sousa 2006). The sanctions range from simple written admonish to a definitive closure of NGO. In addition, the law establishes that the directors of a closed NGO cannot work directly or indirectly in those institutions that channelize foreign aid resources.
- The power of the APCI to monitor resource management in aid agreements between private donors and contractors. (Alasino 2008: 25)

In short, it is possible to summarize the purpose of the law in a threat against “inconvenient” NGOs which “break the rules” can be excluded from the APCI register, and thus forbidden from requesting tax exemptions, receiving foreign funds, or even operating within the law.

As explained in chapters two and three, tensions between NGOs and governments are no new as they are part of a continuous balance of power between state and civil society. In addition, this kind of conflict has a long history in Peru and is common in many countries around the world. However, analyzing the Peruvian case, it is possible to identify a sort of connection between this legal backlash and the Paris Declaration.

Paris Declaration was issued in 2005, Peruvian government formally signed up the document Paris Declaration in July 2006, after that, in December 2006, Peruvian Congress approved the controversial law 28295. Analyzing the law, it is possible to identify that government has made its **own interpretation of local ownership and alignment** principles. First, the law mentions that the APCI is the public body in charge of foreign aid resources and introduce several duties such as the prioritization and management of foreign aid (public and private sources) channelized through the state according national policies. It is clear that under the pretext of ownership, “the government has hardened its grip on the aid funding” (Alasino 2008: 20). This statement is in the same line that Ballón (2007), who suggests that government uses the concept of **accountability** and **transparency** in order to justify interventions in NGOs activities and resources. However, the underlying element to attack against NGOs is the need of taking control over NGOs resources in order to avoid the use of this funds to opposite interests to the government agenda. “Governments never were interested in the contribution of foreign aid to issues such as development promotion, citizen capacity building, human rights, knowledge improvement or democracy building. Governments were always concerned about NGOs independence from the government and their capacity to criticize and challenge governments. In other words, it was a continuous struggle between two models: a democratic, liberal and progressive model; and another authoritarian and controlist” (Ballón 2006: 84). Furthermore, another consequence of the own government’s interpretation of ownership principle is “the use of Paris Declaration to uphold a centralist and nationalist agenda which only the central government defines from Lima the international

cooperation and development policy with no intervention of CSOs, NGOs and sub national governments” (Valderrama 2008: 10).

Finally, a respondent, who works for a NGO, suggested that the concept of **mutual accountability** has been replaced by unilateral control from the government to NGOs. In order to undermine NGOs legitimacy and freedom in the use of foreign aid resources, government points out that because of many NGOs have no control over their resources, they can be using them to promote activities that are not connected to the national development priorities.

Alignment: undermining NGOs support

Development aid plays a key role in democratisation process through its support to CSOs. Given a context characterized by continuous tensions between government and NGOs, the direct application of Paris Declaration principles -whose purpose is to achieve results over the short run - can undermine NGOs strategies in the long run. One public official interviewed pointed out that alignment in Peru can produce a crowding-out effect with aid resources directed towards NGOs. At the moment, there is a sort of basket funds that force NGOs to compete for resources applying for projects which can have no relationship with their institutional mission of social change. As a result, the application of alignment principles of Paris Declaration could reduce the support for NGOs, undermining their ability of playing a major role in the Peruvian political agenda (Alasino 2008: 25).

Government influence over NGOs

As described in chapter two, the state has several mechanisms for enabling environment, like policies and regulations. In the case of NGOs taxation is a key element. First, because of according their non-profit status, they have no obligation to pay income taxes (30%). Second, they can apply for value-added taxes devolution for the goods and equipment (18%). As a result, if NGOs would have to pay these taxes, the budget of the projects would be increased significantly. Law 28925 use both taxation, and regulatory framework in order to take control over NGOs activities. The law “excludes” from its scope those organisations that do not receive any tax exemption or do not work with aid resources that come from bilateral or multilateral donors. According to one interviewee, this is a core issue. Government gives a “escape route” from the scope of the law, but organizations have to renounce their non-profit condition.

4.4 The progress and limitations for Paris Declaration and aid effectiveness in Peru

This section shows the recent efforts made by the Peruvian government as well as the main limitations in order to improve aid management and effectiveness in Peru.

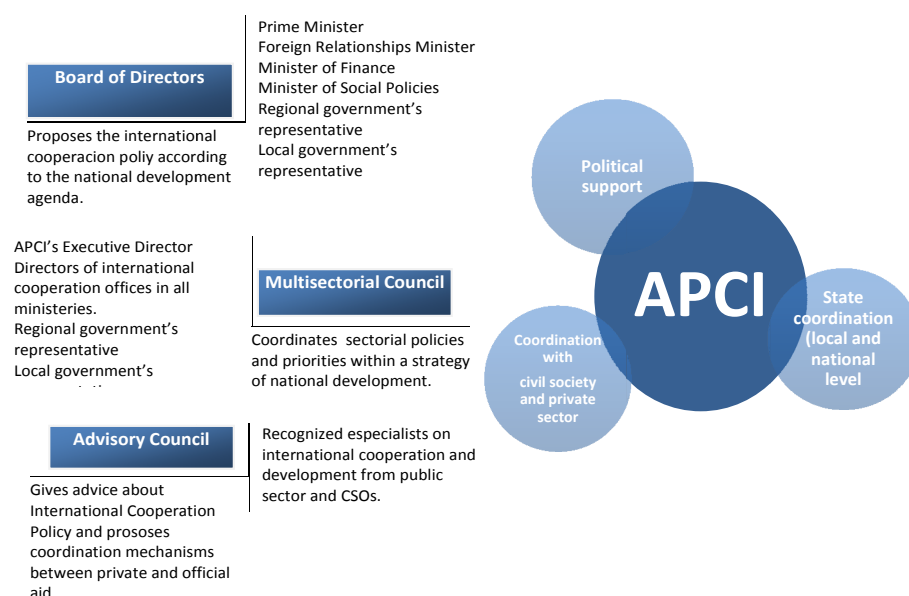
The International Cooperation Peruvian Agency: Strategic and participatory approach

In 2002, the Peruvian government decided to improve the development aid management of foreign aid. It was a democratic spring after 11 years of Fujimori's regime, where the foreign aid and social programs were used with political purposes in order to ensure political support of the poor population. As a result, during Toledo government, the International Cooperation Peruvian Agency (APCI) was created after a several consults with CSOs, ministries, universities and private sector. The purpose behind the creation was to replace the previous Executive Secretariat for International Technical Cooperation (SECTI), which was a "sort of bureaucratic board of those bodies involved in project approval, in which aid was handled without transparency, and subordinated to political, electoral and patronage based criteria" Valderrama (2002, quoted in Alasino 2008, 14). In addition, the APCI had the purpose of being an "efficient and transparent instrument of development aid management (Valderrama 2002: 5). This agency was a pioneer promoting principles of accountability, alignment and harmonisation. As a result, the agency would be in charge to carry out some central tasks:

- Laying the foundations of a strategic management of the foreign aid overcoming the prevailing welfare assistance scheme at previous times.
- Formulating a plan of international cooperation that articulates the demand of the diverse sectors, defining the priorities based on the sectorial strategies of development.
- Promoting a strategy based on programs overcoming the approach based on scattered projects.
- Improving the accountability in the aid programs providing better, reliable and accessible information to citizens, official agencies and civil society organizations.
- Promoting the dialogue between the government and the CSOs in order build synergy and improve coordination between official and private aid.
- Improving the decentralized management of the foreign aid under the decentralization framework with the sub national governments created recently.

The original structure of the APCI was shaped by a highly professional and executive state body that was able to organize the demand of aid through the coordination and dialogue among public sector, local governments, civil society and private sector. Furthermore, the APCI was designed in order to get the highest political support.

Figure 13 APCI structure



Unfortunately, after 4 years from its creation, the APCI was not able to be consolidated as a modern organization with leadership and management capacities. However, nowadays APCI is far from their original purpose, instead of being an efficient mechanism of management of public aid in coordination with private aid bodies, the agency is focused on controlling NGOs. As a result, important projects financed by official donors show low levels of execution (Negrón 2006: 154) (Negrón 2006: 154).

Donor Forum: Harmonisation efforts

In order to improve the harmonization between donors, the Donor Forum was created by APCI and conformed by the international cooperation agencies that work in Peru. At the beginning, during its creation in 2004, this Forum held monthly meetings with the purpose of constituting an instance of coordination and exchange of information. However, its recommendations have not taken the form of operative agreements. With the new Peruvian government, the Forum meetings have not the same frequency in comparison to the beginning. As a result, the presence of this Forum was gradually vanishing (Valderama 2008: 7).

In addition, the following programmes are currently working towards harmonisation principle: (a) Support to the Ombudsman¹⁰; (b) Local Management of Basic Quality Education Programmes; (c) Water Group; (d) Governance Group; (e) Green Board; (f) Gender Board; (g) National Multi-Sectoral Health Coordinator (Apci (2006, quoted in Alasino, 2008, 23).

However, the donors that are working in Peru are not satisfied with the Paris Declaration's principles. In the case of harmonization, there is a concern about the centralised nature of the harmonisation has no relation with the decentralised nature of poverty in Peru. Furthermore, this principle has the risk of politicisation in the use of resources if aid is limited to following government priorities. Finally, the current fragmentation of small projects could have negative effects in aid system, increasing transaction costs, reducing impact and preventing adequate control by supervisory bodies (Alasino 2008: 23).

National policy on international technical cooperation: state ownership or government ownership?

Peru, as Middle Income Country, has no PRSP or CDF as spaces of participation of CSOs in the formulation of poverty reduction and development strategies. In 2007, APCI issued National Policy on International Technical Cooperation (PNCTI) in order to give the guidelines for development aid management according Paris Declaration principles. In addition, PNCTI set up an array of development policy guideline such as “*Sierra exportadora*” and “*Agua para todos*” both programs were the flagship of election campaign and for some respondents, this document was made without consulting CSOs, is centralist and was guided for government electoral goals instead of considering an analysis that includes a broad perspective, not only from the central government in Lima, but also the perspective of CSOs and local governments. Whereas the development policy is centralized in Lima by Ministry of Finance, and APCI (in the case of PNCTI), the country has a decentralized political structure.

Weak political support

One of the most important reasons that explain why APCI was not able to become an efficient, modern and proactive institution according to the guidelines of its creation, was because of the political interests of the government were most important than national interests. As a result, APCI has neither the leadership nor the resources to be an effective mechanism which can improve aid management and coordination with public and private aid.

¹⁰ The support to the Ombudsman is a successful case of harmonization toward a joint effort made up of Belgium, SIDA, CIDA, AECI and USAID.

Lack of planning system

Harmonization and alignment principles requires an operational national development strategy (Alasino 2008: 15). Peru does not have neither a national development strategy nor a specific institution in charge of development planning, just an array of sector-specific and regional strategies that there are not well integrated. As a result, the APCI has to “undertake the task of interpretation, so as to decide on a framework of strategic development objectives covering all areas of development and identify a series of priorities for aid funding” (Alasino 2008: 15).

The last available information about Paris Declaration progress in Peru is in the OECD survey released in 2006 that mentions one of the biggest obstacles for the implementation of Paris Declaration in Peru: “Although there are numerous thematic, sectorial and regional plans, there is not strategy specifically aimed at the reduction of inequality and poverty” (Oecd 2006a: 26-22). Valderrama (2008) estimates more than 70 sectorial and regional dispersed plans that are not drawn together in a single National Development Plan. Furthermore, since the desactivation of National Planning Institute in 1991, there is no specialized institution in charge of strategic planning. This function has been assumed by The Direction of Multiannual Planning, a small task force that is in charge of evaluating the public investment projects. One consequence of this situation is the lack of articulation between the foreign aid (grants) in charge of APCI and financial loans in charge of the Ministry of Finance.

As a result, Peru is behind other countries in Latin America, where the management of the foreign aid is integrated to a national system of strategic planning that includes the initiatives of the diverse sectors, sub national government civil society and private sector initiatives. These are the cases of countries like Chile or Brazil, where there are Ministries of Planning that define a strategic vision of the country by means of the handling and allocation of the public investment, foreign aid and foreign direct investment (Valderrama 2008: 6).

Lack of capacity

Implementing the Paris Declaration framework requires a reorganisation of development aid system, not only in the donor’s side, but also in the government and NGOs. This will entail new personal skills. APCI has been overtaken by its new responsibilities assigned by law 28925. As a result, not only new professional are required, but also new skills in order to apply new concepts, procedures, relationships and dialogue required by Paris Declaration.

On the theory

1. Tensions between government and NGOs are not new neither exclusive of Peruvian context. They respond to a continuous and complex balance between the realm of the politics of the force (domination) and the realm of the politics of the consent (hegemony). In order to answer how Paris Declaration can encourage or restrict the relationship among Peruvian government and NGOs, the document has built a theoretical framework on the basis of 3 components. First, a model developed by Tandon (1995), Clark (1992) and Campbell (1996) that combines two variables: the type of political regime (liberal democracy, single-part state, authoritarian regime) and the type of NGO function (welfare provision, grassroots development, advocacy/human rights). Given a regimen type, the relationship between government and NGOs can be improved or deteriorated according to the movement of NGOs activities from welfare provision to advocacy issues. Second, the model provided by the Advisory Group on Civil Society and Aid Effectiveness(2007) that shows different government's mechanisms that affect NGOs' work such as enabling environment (legal framework, taxation and regulation), working in partnership and police dialogue. Third, the Paris Declaration guidelines about aid effectiveness (ownership, alignment, harmonization, mutual accountability and management by results). Finally, the theoretical framework was combined with a temporal sketch that explains the evolution of aid effectiveness framework because neither NGOs-government relationships nor aid effectiveness framework are static.

On the Peruvian context

2. Analyzing the relationship between Peruvian government and NGOs it is possible to identify that there is a long history of tensions between this two realms. According to the theory, the two explanatory variables of the model that explains the type of relationship between government and NGOs are the type of regime and the NGO function. In the light of the facts, the research has identified that the most important variable is the NGO function. NGOs involved in welfare provision services have worked with military and democratic regimes with minimal tensions. Paradoxically, highest levels of tensions have been produced in democratic regimes. The document has provided cases of NGOs being persecuting by "democratic" government of Garcia and Belaunde. The underlying cause of the cyclical attacks against NGOs along history can be explained by the government's need of taking control over NGOs resources in order to avoid the use of these resources to opposite interests to the government agenda. In other words, it is a continuous struggle between a democratic, liberal and progressive model and another authoritarian and controlist. Government un-

derstands that the more control over international NGOs' resources the less capacitycapability of these organizations to have and independent stance from the government actions.

On the implications

4. Although here are underlying and structural factors that explain the tensions between Peruvian government and NGOs, it is possible to identify a sort of correlation between the Paris Declaration and the most recent legal backlash against Peruvian NGOs. First, there is a temporal connection. The Paris Declaration was signed up by Peruvian government in July 2006, after that, the controversial law 28295 was approved by the Congress in the same year. Second, the law has its own interpretation of ownership and alignment and accountability principles. These principles have been used as a formal justification to control not only the NGOs activities according the government agenda but also the resources of NGOs. Alignment the direct application of Paris Declaration principles like alignment-whose purpose is to achieve results over the short run-, can undermine NGOs strategies in the long run. As a result, alignment in Peru can produce a crowding-out effect with aid resources directed towards NGOs. In addition, accountability principle understood in one way instead of mutual as has been described in Paris Declaration can be used like a pretext in order to increase control over NGOs.
5. Peruvian government has many mechanisms that have some effects on NGOs work. The most important are taxation and enabling environment. The law 28925 mentions that organizations which do not want tax exemptions can be excluded of the scope of it. This could be the beginning of a new strategy the looks to change the non-profit scone of NGOs.

On the advances

6. One of the most important advances in terms of improving aid management and effectiveness in Peru was the creation of the APCI in 2002. The APCI was designed as an efficient and transparent instrument of development aid management promoting principles of accountability, alignment and harmonization. Unfortunately, after 4 years from its creation, the APCI was not able to be consolidate as a modern organization with leadership and management capacities. Instead of being an efficient mechanism of management and coordination of development aid, the APCI is focused on controlling NGOs.
7. In general terms, advances to put into practice Paris Declaration principles have been limited and focused on political and legal instruments addressed to increase the tensions between government and NGOs. Those instruments have been designed in Lima without participation of civil society and sub national governments. For people interviewed, there is not significant advance putting into practice Paris Deflation principles. However, some

advances have been made such as the Donor Forum creation, as a space for coordination and dialogue between the APCI and official donors. Another advance was the National Policy for International Technical Cooperation (PNCTI) approved in 2007, included many of Paris Declaration principles. Nevertheless, all this advances have been concentrated in Lima and was elaborated with minimal participation of civil society and local governments.

On the obstacles

8. The mayor obstacles for achieving Paris Declaration and improving aid effectiveness are mainly two. First, the low percentage of aid in terms of GDP reduces the incentives of Peruvian government for implementing Paris Declaration principles. As a result, initiatives addressed to improve aid effectiveness and civil society participation in aid programs has no political support. Second, harmonization and alignment principles require an operational national development strategy. However, there is not a national development strategy, just an array of sector-specific and regional strategies that there are not well integrated. It makes difficult any enterprise addressed to improve harmonization an alignment.

On the challenges and lessons

9. Paris Declaration has the legitimate purpose of improving aid effectiveness through the application of its five principles that are the result of decades of discussion in international for a about aid impact in terms of economic growth, poverty reduction and development. In the case of Peru there are important conditions that have to be built in order to fulfill Paris Declaration purposes: Political support is fundamental for producing the instructional changes for the successful implementation of Paris Declaration principles. Political support has to be complemented with a real partnership between all development actors (donors, governments and CSOs) under a common development strategy. In addition, new skills are necessary in order to understand and apply the concepts, procedures and goals of the new aid architecture.

On the research process

10. The most important difficulty was to build a theoretical framework that connects the aid effectiveness guidelines included in Paris Declaration and the relationship between NGOs and Peruvian government. Paris Declaration was mainly developed in terms of donor – recipient relationships, giving to CSOs and NGOs a secondary role.
11. Paris Declaration was issued in 2005; as a result, it was difficult to get information from traditional sources such as print books or libraries.

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