

No Time to Waste:

European governments behind
schedule on aid quantity and quality



CONCORD

• About this report



This is the third year that development NGOs from all 27 EU countries have come together through the AidWatch Initiative to produce this report, under the umbrella of CONCORD, the European NGO Confederation for Relief and Development.



CONCORD is the European confederation of 20 international networks and 22 national associations, representing more than 1600 European development NGOs. CONCORD members are listed on the back page of the report.



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• European AidWatch Initiative

This report is part of a broader range of work being undertaken by European development NGOs, to monitor and advocate on European aid under the aegis of the CONCORD AidWatch Initiative. AidWatch activities include lobbying and advocacy in Brussels and in European Union (EU) member states, an annual policy seminar, capacity building for NGOs and ongoing research on all EU aid.

AidWatch is also supported by GCAP, the Global Call to Action against Poverty. GCAP is a worldwide campaign committed to influencing world leaders to live up to their promises, and to make a breakthrough on poverty. National coalitions in more than 100 countries (31 in Europe) together represent millions of people and thousands of organizations including NGOs, women's organisations, trade unions, community groups, faith groups, charities engaged in the fight in the against poverty and inequality : www.whiteband.org

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Executive Summary

European Union (EU) governments provide over half of the world's aid and have pledged to increase this further. In 2005, the EU explained: "combating global poverty is not only a moral obligation; it will also help to build a more stable, peaceful, prosperous and equitable world, reflecting the interdependency of its richer and poorer countries". The EU has also committed to improve both the way aid is delivered, and other development finance policies, to ensure better outcomes for millions of impoverished people. It is crucial that these promises on aid are respected if the Millennium Development Goals (MDGs) are to be met.

European NGOs welcome the EU's commitments on aid and its intention to continue leading the world. The latest aid figures show, however, that many countries are not yet pulling their weight and that the EU is not on track to meet its own targets. Effort is required from each and every government to increase the quantity of their aid, and to meet aid targets with genuine aid money rather than with non-aid items. All Member States must also guarantee that their aid is effective in reducing poverty and inequality, and that it reaches poor people on the ground. Furthermore, the aid must be delivered in ways that put recipient countries in the driving seat to control their own development; this ownership is essential to ensure aid is effective.

The latest aid figures released in April 2008 make grim reading for European aid optimists. There has been a slight decline in the amount of European Official Development Assistance (ODA) and in ODA as a proportion of Europe's economic output. 2007 should instead have been a year of significant increases to meet the official targets. The human cost of Europe not meeting its aid promises to developing countries is enormous. This missing aid could and should be saving lives. When quality aid is given, it works, as the 2 million people now on free treatment for HIV/AIDS will attest. It can pay for millions of desperately needed teachers, nurses and medicines. It can help provide fertiliser and seeds to help countries crippled by food price increases. It is a lifeline for millions worldwide.

Nine EU governments increased their ODA as a percentage of economic output between 2006 and 2007. These are Austria, Bulgaria, Denmark, Estonia, Germany, Lithuania, Luxembourg, Romania and Spain. But a clear majority of Member States – 18 out of 27 – failed to increase their ODA levels between 2006 and 2007. Of the old Member States (or EU 15) who have the longest history of aid provision, there were some spectacular falls – with Belgian, French and British ODA levels all dropping by over 10%. Greece, Italy and Portugal still languish below their 2006 targets.

There is also a mixed picture amongst new EU Member States. Cyprus and Hungary reduced their ODA levels between 2006 and 2007 while Estonia and Lithuania made increases. Many old and new Member States are off track to meet their 2010 targets according

to official projections. Only nine EU governments have respected the commitment they agreed last year in the European Council that they should introduce public timetables for annual aid increases. This situation is clearly unacceptable for a region that claims to lead the world on aid.

The warnings from NGOs and others that figures provided in recent years were distorted and over-flattering have been borne out. The official figures still fail to provide citizens with a true picture of their government's contribution. Both governments with apparent increases and those with announced reductions are continuing to include in their ODA reports items which do not result in new transfers of resources to developing countries. In 2007 European countries spent almost €8 billion on these non-aid items, making up 17% of all European ODA. One year on, European governments are still missing their collective target of 0.39% set for 2006. EU governments must stop inflating their ODA numbers, give citizens a true picture of their contributions, and concentrate on genuine, timetabled, transparent spending increases. On current trends the EU will have given €75 billion less between 2005 and 2010 than was promised.

At the same time as boosting aid volumes, European governments must continue to improve how their aid is delivered, so that it makes the greatest possible difference to people living in poverty. At summits in 2002 and 2005 European governments agreed some important principles and targets for the reform of aid. These are helpful, though incomplete. The Paris Declaration on Aid Effectiveness set targets to streamline mechanisms, respect recipient country decision-making, and ensure that aid is predictable and poverty-focussed. This report shows that while some governments are gradually changing how their aid is allocated and spent, there is not enough urgency in reform efforts. European governments must all do far more to respect democratic ownership, enhance transparency, phase out economic policy conditionality, increase predictability, align technical assistance to national priorities, and evaluate aid independently. Other measures which need urgent attention include untying aid so that it does not have to be spent on European goods and services and ensuring that European aid supports progress towards gender equality and women's empowerment.

2008 will see a series of international meetings where the quantity and quality of development finance will be discussed. The Accra High-level Summit on Aid Effectiveness in September where the Paris Declaration will be reviewed, and the December Doha Financing for Development Summit for the review of the Monterrey Consensus are crucial opportunities for Europe to prove its commitment to increasing and improving aid. Civil society groups will scrutinise governments' positions and the final outcomes. European governments must renew and extend their commitments, and take the lead in international discussions on developing additional aid

targets. There is still time for the EU to demonstrate that it is serious about implementing its pledges. But time to get back on track is running out fast, and a redoubling of effort is now required if the world is not to be disappointed.

This report provides the views of NGOs from all across the EU on their government's performance and on the region as a whole. Their verdict is clear – the Union is failing to deliver on its promises and time is running out to do so. If 2008 – a year of major aid and development finance summits – does not see a big upswing in genuine aid levels then it may be too late.

The 1,600 European NGOs represented by CONCORD demand that European governments:

1. Increase the delivery of genuine aid resources to meet their 2010 and 2015 targets.
2. Agree binding year on year timetables to achieve the agreed targets with real aid resources and ensure that steady increases in their aid budgets allow them to reach the targets by the agreed deadlines.
3. Stop counting refugee costs, student costs and debt relief as official development assistance. Resist the temptation of further inflating their figures in the coming years by counting other non-aid items, such as migration or security related expenditures.
4. Step up efforts to deliver more effective aid and set additional targets that go beyond the minimum international standards. To improve the effectiveness of aid, and respect real democratic ownership of developing countries:
 - radically improve accountability, both to European citizens and to citizens in developing countries;
 - agree ambitious targets to reduce and eliminate economic policy conditionality attached to EU aid;
 - untie all EU aid to all countries, including food aid and technical assistance, and respect the recipients' right to maintain preferences for locally produced goods and services;
 - ensure that all technical assistance is demand-driven and aligned to national strategies; and respect the right of recipient countries to contract according to their needs;
 - make multi-year aid commitments based on clear and transparent criteria agreed with partner countries, and deliver those commitments on schedule.

5. Commit to openness and transparency of aid. This should include timely dissemination of information, particularly during aid negotiations; detailed and timely disclosure of information about disbursements; and the adoption of a policy of automatic disclosure of all documents, with a strictly limited regime of exceptions. EU governments must demonstrate how they will implement these improvements through monitorable targets. They must also improve the collection and reporting of ODA data, including gender disaggregated data.

6. Make evaluation of aid truly independent, including supporting country-led independent bodies in partner countries and developing a complaints mechanism open to those affected by EU aid.

7. Deliver on their international and regional commitments towards gender equality and women's empowerment, by putting these issues at the centre of the development agenda. Make available the necessary human and financial resources to implement these commitments and support the participation of gender advocates and women's rights organisations in the development process.



Part I : European governments behind schedule on aid levels and quality

1. The need for aid

Today 1 billion people barely survive on less than US\$1 (€0.65) a day and 2.6 billion – 40 percent of the world's population – live on less than US\$2 (€1.30) a day. The richest 20 percent of people account for three-quarters of world income.ⁱ Wealth is extremely unevenly distributed, and poorer people, in particular women and children, bear the heaviest burden. The world's poorest countries often face unemployment rates higher than 20 per cent. This is worsened by high numbers of working poor, more than 60 per cent of which are women, and the lack of social safety nets and essential services. A person dies of starvation every 3.6 seconds. More than 800 million people go to bed hungry every day, of which 300 million are children. More than one billion people still use unsafe sources of drinking water. Every minute a woman dies in pregnancy or childbirth.ⁱⁱ

In 2008 many European citizens are concerned about rising food and fuel prices. In other regions citizens have ongoing difficulties making ends meet. Poor people in poor countries are at greater risk at times of financial and economic crises. Their limited economies and exposure to volatile financial flows make developing countries vulnerable. This adds to their burden of raising and retaining domestic resources. Poor people in many developing countries are highly reliant on foreign financial flows to have access to essential goods and services such as health, education or water. According to United Nations estimates, aid volumes need to increase from the current US\$100 billion per year to US\$180 billion (€63 billion to €113 billion) by 2015 in order to reach the MDGs.ⁱⁱⁱ Predictable aid is even more vital in the context of food price rises, for example the doubling of the cost of wheat in the last three years.

Aid volumes urgently need scaling up to help close the financing gap that hampers poor countries' ability to meet the basic needs of their citizens. European governments have the responsibility to provide aid as matter of justice. They must provide aid transparently, effectively and in a way that they can be held to account in Europe and in developing countries.

• Aid works for poverty reduction

Aid flows help lift countries out of poverty. Within the EU, wealth redistribution through Structural and Cohesion Funds has successfully boosted economic and human development in Europe's historically least developed countries, such as Ireland, Greece or Spain. European aid has also helped reduce poverty in other regions.

Since the MDGs were agreed in 2000, 3 million more children survive

every year; there are 41 million more children in school; and 2 million lives are saved every year by immunization. In Mozambique, where aid accounted for US\$1.2 billion (€877 million) in 2007, almost half of the state's budget, the number of Mozambicans living on less than one dollar a day has reduced from 70 percent to about 50 percent over the last ten years; 2 million more children go to school today; and child mortality has declined by 35 percentage points since 1990. European aid has been a major contributor to this progress.

Box 1 : Aid works for poverty reduction

If you were a woman from Kenema, a rural area in Sierra Leone, you would have 1 chance in 16 of dying during pregnancy or birth delivery. You would probably be illiterate. You would have to walk six kilometres a day to fetch water, and one of your five children would have died before the age of five. Aid is not a panacea. But, if you were her, aid could provide you much-needed resources to improve your access to essential services, such as education or health. Aid could make the difference between dying or staying alive. This is what aid could do for you.

For these success stories to continue, wealthy countries must live up to their commitments and increase their aid substantially. But this will not be enough. To make aid work for poverty reduction, it needs to be delivered effectively. High quality aid must be directed on the basis of need, it must contribute to reduce poverty and inequality, and help developing countries meet international human rights standards. Unfortunately, all too often aid is used to promote the geopolitical or commercial interests of donor countries instead of strengthening recipient countries' efforts towards poverty reduction. Moreover vast quantities are lost in costly transactions between donors and recipients. Or more simply, promised aid does not arrive. Zambian President Levy Mwanawasa warns that, "economic gains (in Zambia) have not translated into significant decline in the incidence of poverty, which stands at 68 percent. Despite steady progress to meet the MDG targets by 2015 (...), reducing hunger and poverty will remain an elusive goal if our cooperating partners do not fulfil their commitments."^{iv}

Aware of this situation, donor and recipient countries committed in 2005 in Paris to increase the effectiveness of aid by reforming some aspects of its delivery and management. The Paris Declaration reforms are intended to "increase the impact of aid in reducing poverty and inequality, increasing growth, building capacity and accelerating the achievement of the MDGs".^v The Declaration's

signatories, which include most EU governments, pledge to: increase ownership, introduce mutual accountability, harmonise aid delivery, align aid to recipient countries' plans, and introduce management for results. Unfortunately, the Paris Declaration is limited in its scope, avoiding critical issues like aid allocation, policy conditionality and transparency, and setting unambitious targets in others such as ownership, mutual accountability and aid untying. Moreover it pays scant attention to gender equality and has no indicator on this crucial issue.

Box 2 : Paris Declaration on Aid Effectiveness

The Declaration outlines five principles which should shape aid delivery:

OWNERSHIP

Developing countries will exercise effective leadership over their development policies and strategies, and will coordinate development actions.

ALIGNMENT

Donor countries will base their overall support on recipient countries' national development strategies, institutions, and procedures.

HARMONISATION

Donor countries will work so that their actions are more harmonised, transparent, and collectively effective.

MANAGING FOR RESULTS

All countries will manage resources and improve decision-making for results.

MUTUAL ACCOUNTABILITY

Donor and developing countries pledge that they will be mutually accountable for development results.

For aid to be effective, it must recognise and support country leadership over the development process, and true democratic ownership – recognising the vital role of civil society and parliamentarians in policy choices and financial decisions to make aid work for poverty reduction. It needs to be more aligned to recipient country needs and plans, it needs to tackle gender inequality and it needs to be more transparent and accountable to citizens in the North and in the South.

In September this year, governments will meet in Ghana to review progress against the commitments made in 2005 in Paris. The High Level Forum in Ghana must agree further action to be taken by donors and partner countries to improve their aid. And donors need to ensure that the aid effectiveness agenda is focussed on the objectives of reducing poverty, promoting equality and guaranteeing human rights. For the one billion people still living on less than \$1 a day; half of the developing world lacking basic sanitation; and

over half a million women still dying each year from treatable and preventable complications of pregnancy and childbirth; there is no time to waste.

• Aid and beyond

Gross asymmetries in global wealth distribution justify North-South transfers. As stated in the Maastricht Treaty, the EU development cooperation policy "shall foster the sustainable economic and social development of the developing countries, and more particularly the most disadvantaged among them, (and) the campaign against poverty in the developing countries".^{vi} However, aid is only part of the answer. A comprehensive analysis of global financial flows shows that money is in fact flowing the other way. In 2006, an estimated €524 billion flowed from Southern to Northern countries in the form of debt interest payments, profit remittances, and investments compared to €83 billion ODA disbursements by OECD/DAC members.^{vii} As a matter of coherence and a matter of justice, European governments must introduce policies that will allow developing countries to retain and use to the maximum their financial resources.

In 2002, donor and recipient governments assembled at a summit meeting in Monterrey, Mexico, made a first attempt to comprehensively address global finance for development. They committed to increase aid flows and cancel debt, mobilise additional domestic and international financial resources for development, and enhance the coherence and consistency of the international monetary, financial and trading systems in support of development. In the lead up to the Monterrey summit, the EU took the lead on global development finance and agreed to scale up ODA volumes; increase the quality of aid and make aid more predictable; and further reform the international financial system. In late 2008, governments will meet again in Doha under the auspices of the United Nations to review progress made on the so-called Monterrey Consensus.

If Europe wants to claim to be a leading player in the fight against global poverty, EU governments should renew their commitment to development and agree a comprehensive set of additional targets for improving aid and taking actions beyond aid to promote a "global economic system based on the principles of justice, equity and democracy".^{viii} Aid can pay for poverty reduction, but needs to increase substantially and to improve in quality. Aid is crucial, but not sufficient. It must be accompanied by bold measures on debt cancellation, trade, security, migration, energy, agriculture, financial regulation and other policies. Progress on these fronts is required to introduce a coherent and conducive climate for development.

Europe should deliver on each and every commitment. NGOs across the EU plan to redouble their efforts to scrutinise and compare EU government performance on aid and broader development finance issues.

2. Europe's commitments

In the lead up to the Monterrey summit in March 2002, the EU moved boldly to exert leadership in global aid efforts. The Union announced eight commitments on the quantity and quality of aid. European governments agreed to increase their development assistance from an average of 0.33% of their Gross National Income (GNI) in 2002 to 0.39% in 2006, as an intermediate step towards achieving by 2015 the 0.7% that governments agreed in the framework of the United Nations General Assembly in 1970. Two years before that, in the Millennium Declaration, the world's governments had agreed to halve poverty by 2015.

In 2005 the EU committed to additional aid targets. Each of the EU 15 countries agreed to reach at least 0.51% of their GNI by 2010. As a few countries were already beyond this target, the collective average for the EU 15 was set at 0.56% of GNI. Some countries – Belgium, Ireland, Spain and the UK – have made individual commitments to reach the 0.7% target before 2015. However, the slow pace in scaling up aid in the EU 15 calls into question the feasibility of hitting the aid targets set by 2010 and 2015. In 2002, only four EU countries (Denmark, Luxembourg, The Netherlands and Sweden) had reached the universally agreed 0.7% target, no others have yet joined them.

The twelve countries that joined the EU after 2002 committed to reach 0.17% by 2010 and 0.33% in 2015.

Table 1 : Summary of EU commitments

	Target (ODA as % of GNI)	When
EU-15 average target	0.56%	2010
	0.7%	2015
EU-15 individual target (applies to all EU 15)	0.51%	2010
Countries that have set more ambitious individual targets / timetables		
Belgium	0.7%	2010
Denmark	0.8%	2010
Ireland	0.7%	2012
Luxembourg	1%	2010
Netherlands	0.8%	2010
Spain	0.7%	2012
Sweden	1%	2010
United Kingdom	0.7%	2013
EU-12 Target	0.17%	2010
	0.33%	2015

Source: European Commission and national platforms.

Besides quantitative targets, European governments have also signed up to the principles laid out by the Paris Declaration on Aid Effectiveness. In light of the limitations of the Paris Declaration, the EU decided to set itself higher standards on predictability of aid, alignment to national systems and priorities, untying of aid and enhancing coordination among European donors (see box 3). The EU has also committed to make the aid provided via the European Commission more effective.

Box 3 : EU commitments to improve aid quality

In 2005, the European Union made several additional commitments on aid effectiveness, going beyond the Paris Declaration. These are:

Make EU aid more predictable :

"...the EU will develop new, more predictable and less volatile aid mechanisms. Such mechanisms could consist in the provision of a minimum level of budgetary aid secured in a medium term perspective..."^{ix}

Make EU aid better coordinated :

"The EU is committed to promote better donor coordination and complementarity by working towards joint multi-annual programming, based on partner countries' poverty reduction or equivalent strategies and countries' own budget processes, common implementation mechanisms including shared analysis, joint donor wide missions, and the use of co-financing arrangements."^x The EU commits "to reduce the number of uncoordinated missions by 50%."^{xi}

Align EU aid with partner countries' plans and systems :

The EU commits "to channel 50% of government-to-government assistance through country systems, including by increasing the percentage of our assistance provided through budget support or sector-wide approaches"^{xii}

The EU commits "to avoid the establishment of any new project implementation units."^{xiii}

Untie EU aid :

"The EU will promote further untying of aid going beyond existing OECD recommendations, especially for food aid."^{xiv}

The Council will address "the challenge of untying of aid by adopting as soon as possible a regulation on the access to EC external assistance; the EU will support ongoing debates at the international level on further untying of aid beyond existing OECD/DAC recommendations."^{xv}

Reform EU Technical Assistance :

"To provide all capacity building assistance through coordinated programmes with an increasing use of multi-donor arrangements."^{xvi}

In 2007 the EU's twenty-seven Member States provided almost 60% of the world's aid. According to OECD forecasts, this share will increase to over 65% in 2010. As a key player in the global aid architecture, Europe should continue leading global efforts to deliver more and better aid and set itself additional targets that go beyond the minimum international standards. In doing so the EU recognises specific challenges to ensure that the aid which flows from its multiple donor agencies is streamlined and well-allocated so that it

burdens recipient governments as little as possible. Efforts made so far to harmonise and better coordinate aid programming through the adoption of an EU code of conduct on division of labour are essential, but will not dramatically influence aid effectiveness unless they are accompanied by concrete actions at field level including decisive steps in favour of democratic ownership, accountability and better aid quality. Words alone will not do. It is time for Europe to practice what it preaches.

3. Promises go up, aid goes down

Two years away from 2010, the pressure is mounting on European governments to meet their collective and individual targets. European governments should hurry to introduce binding timetables to ensure that promises will be fulfilled. The year 2007 – the midpoint to reach the Millennium Development Goals – may be remembered as a slow-down on the way towards 2015 or, more sadly, as the year when Europe missed their historic opportunity to reach the 0.7% aid target.

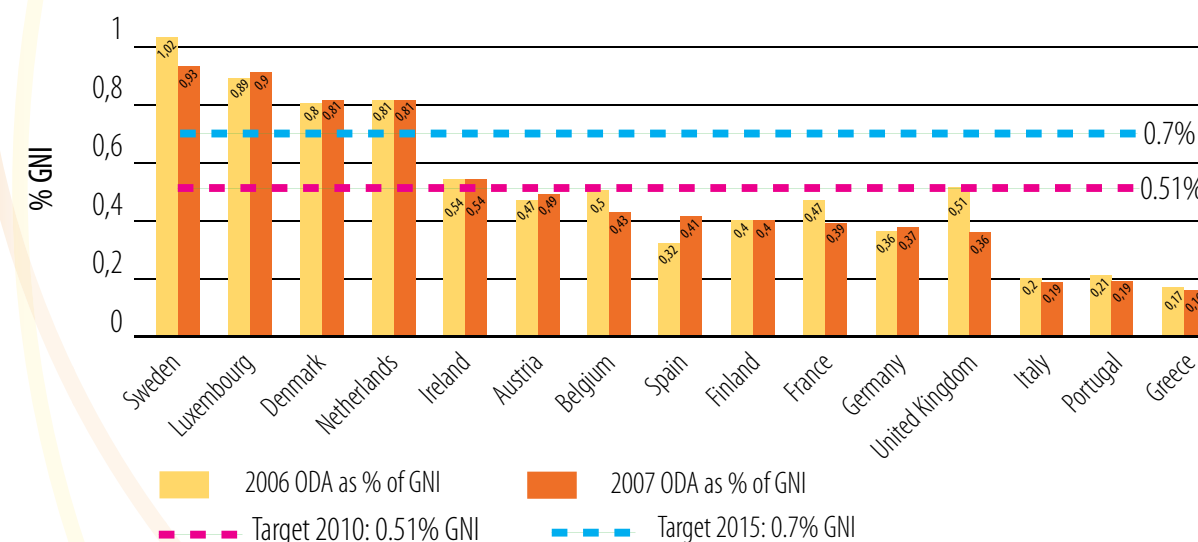
After years of sustained year on year increases, and for the first time in this decade, Europe's officially reported contribution to global development aid went down in 2007. The latest figures released in April 2008 by the Organisation for Economic Cooperation and Development (OECD) and the European Commission show that European ODA dropped from 0.41% of GNI in 2006 to 0.38% in 2007. The total amount that European Member States spent on ODA also declined from €47.5 billion in 2006 to €46 billion in 2007.

In previous years, European governments have inflated their ODA figures by including spending on debt relief, educating foreign students and refugees in Europe. As NGOs across Europe have

repeatedly warned, flattering official figures in recent years were due to the inflation of ODA by counting debt relief as aid. NGOs demanded real efforts to sustain increases in genuine aid – new money which is transferred out of Europe to impoverished countries. This year's official figures show that, now the major recent debt cancellations are done, ODA figures are reduced again almost to 2005 levels.

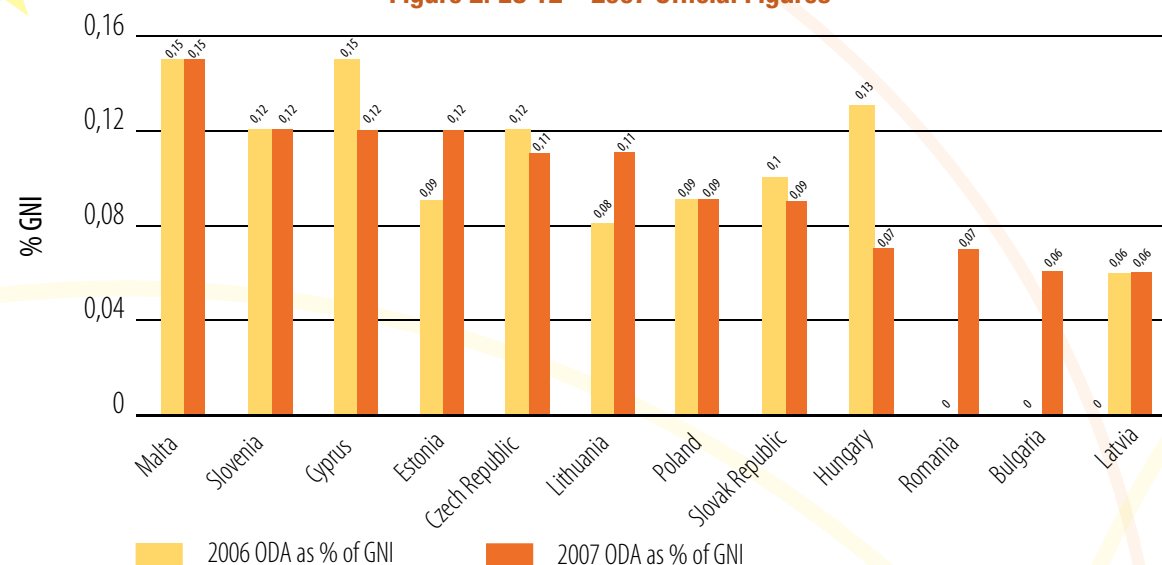
Eighteen out of twenty-seven EU Member States either decreased or maintained their levels of ODA as a percentage of GNI. These are Belgium, Cyprus, the Czech Republic, Finland, France, Greece, Hungary, Ireland, Italy, Latvia, Malta, the Netherlands, Poland, Portugal, the Slovak Republic, Slovenia, Sweden and the United Kingdom. France's ODA fell by 16%, Belgium's by 11%, and the UK's by almost 30%. These countries had been inflating their ODA by counting large amounts of debt relief in their figures. As this report and official documents have warned previously, these countries are now paying the price for having exaggerated their ODA figures.^{xvii} Only five governments in the EU 15 (Austria, Denmark, Germany, Luxembourg and Spain) increased their ODA/GNI between 2006 and 2007. And yet among the increasers, Germany and Austria are still counting in 2007 large sums of debt relief as ODA.

Figure 1: EU 15 – 2007 Official Figures



Source: OECD CRS and OECD (2008).

Figure 2: EU 12 – 2007 Official Figures



Source: OECD CRS, OECD (2008) and European Commission (2008).

They should take this year's bad official figures in countries such as France and the UK as a warning: unless they make real efforts to increase genuine aid, today's positive figures will bounce back to make tomorrow's look worse. Inflating aid can only temporarily hide donors' failure to increase spending and fulfil their responsibilities in the fight against poverty.

In the EU 12, Cyprus' ODA fell by 14%, and Hungary was the worst performer, with its ODA decreasing to almost half its previous level. Estonia and Lithuania moved in the opposite direction by substantially increasing their ODA in a sustained effort to reach the 0.17% target by 2010.

Even on the official ODA measure, Greece, Italy and Portugal still failed to meet in 2007 the 0.33% individual country target that they should have met in 2006. Spain, though, just below the 0.33% threshold in 2006, sharply increased its ODA up to 0.41% in 2007.

The official figures paint an extremely worrying picture as they seriously question the willingness and ability of European countries to reach the targets they have agreed for 2010. According to OECD and EC estimates, Greece will not hit the 0.51% individual target agreed

for 2010. Out of the EU 12, Cyprus, the Czech Republic, Estonia, and Latvia will also miss the 0.17% target that new Member States have committed to. These estimates are based on the timetables pledged by countries themselves. If assessed against the actual rate of increase of their ODA in previous years, the picture is gloomier still. Among the EU 15, Italy and Portugal would have to more than double their aid to hit the 0.51% target. In the EU 12, five countries – Bulgaria, Hungary, Latvia, Romania and the Slovak Republic – would have to double, or even triple, their aid within the next two years to reach 0.17% in 2010. Instead, Hungary and the Slovak Republic decreased their aid percentages in 2007.

Aid increases in the next years are seriously compromised by the lack of binding timetables that lock in European government commitments. In 2007 the European Council urged all Member States to introduce year on year increase targets, but only nine have done so – Belgium, Cyprus, Estonia, Finland, Italy, Romania, Slovenia, Spain and the UK.^{xviii} But even among some of these countries, such as Slovenia or Romania, NGOs are concerned that these are purely formal documents which are not being translated into practice. Further increases are thus at the mercy of yearly government decisions that are often highly volatile.

4. Not learning the lesson: European governments still inflating their aid

The reality of European aid may, however, be even worse than the headline official figures imply. Far from learning from the past, European governments continue distorting their aid figures by counting spending on debt relief, educating foreign students and refugees in Europe. In 2007 European countries spent almost €8 billion on these non-aid items, making up 17% of all European ODA. Debt cancellation is still the majority of the inflated aid with €5 billion spent in 2007. When non-aid items are excluded, the EU 15 countries provided collectively 0.33% of GNI as aid in 2007.

One year on, European governments are still missing their collective target of 0.39% set for 2006.

Compared to previous years, the share of inflated aid has declined dramatically. This is largely because the ODA figures contain less debt relief than before. European governments have not yet committed to improve how they account for their aid. Not one EU government has explicitly committed to stop inflating its aid figures. There are some partial good examples, however. The UK does not

include refugee costs in its aid accounting. The Spanish government has agreed to exclude debt cancellation from its ODA figures, but disappointingly only when it reaches the 0.7% level. The lack of firm commitments to stop inflating aid may become a worse problem in future – governments may be tempted to inflate their figures further with expenditures on issues such as migration, security or climate change. For example, the UK recently announced an £800 million (€1169) environmental transformation fund, a significant proportion of which would be spent over three years in middle-income countries to mitigate climate change. Unfortunately, this funding line is not additional to previous UK ODA pledges and the announcement further clouds reporting and diverts money from other poverty reduction priorities.

European governments need to stop inflating their aid. As we have witnessed this year, massaging today's figures only postpones for tomorrow the urgency of stepping up increases in genuine aid. But tomorrow may be too late. It is highly unlikely that Europe will be able to meet the targets set for 2010 and 2015 unless governments plan a steady increase in the few years they have left. This year, genuine aid increased by only €4 billion. This is still far below the trend that European governments should be following if they are to deliver the €67 billion needed to reach the 2010 target, as shown in Figure 3. On current trends the EU will have given €75 billion less between 2005 and 2010 than was promised.

Table 2 : Snapshot of genuine and inflated aid

Country	Total ODA	Inflated aid 2007	Genuine aid 2007	Genuine aid as % of GNI	Will they meet their commitments without inflating their aid?
Austria	1313	760	553	0.20%	No
Belgium	1427	210	1217	0.37%	Unlikely
Denmark	1872	117	1755	0.77%	Likely
Finland	711	13	698	0.39%	No
France	7261	2424	4837	0.25%	Unlikely
Germany	8961	2904	6057	0.25%	Unlikely
Greece	366	50	316	0.14%	Unlikely
Ireland	869	4	865	0.54%	Likely
Italy	2870	416	2454	0.16%	No
Luxembourg	266	0	266	0.90%	Likely
Netherlands	4540	358	4182	0.75%	Yes
Portugal	294	20	274	0.18%	Unlikely
Spain	4196	229	3967	0.39%	Likely
Sweden	3166	244	2922	0.86%	Unlikely
United Kingdom	7247	51	7196	0.36%	Unlikely

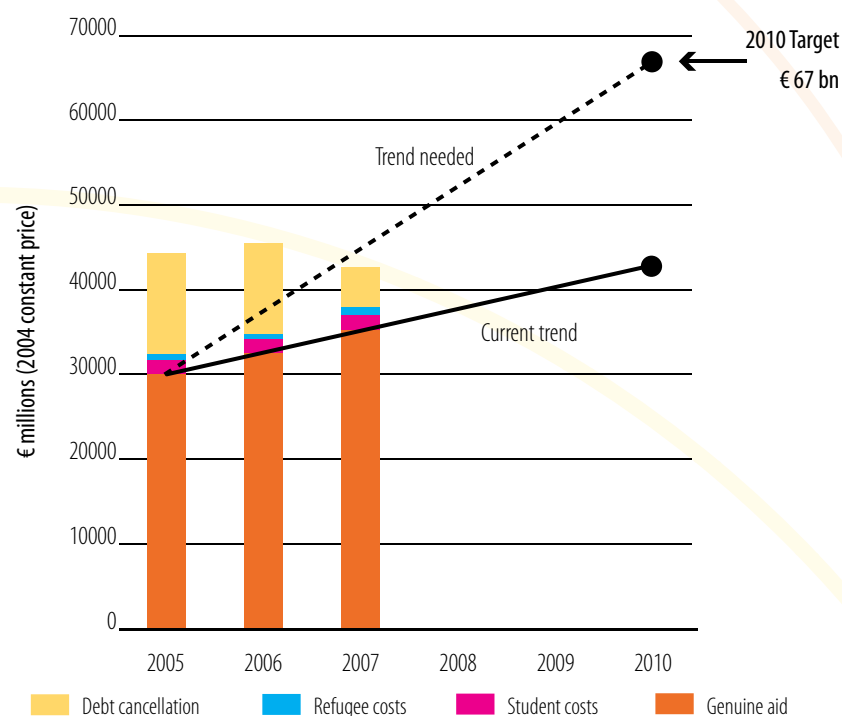
Source: Eurodad calculations based on OECD CRS and OECD (2008). Figures in € million.

Table 3 : EU 12 - Snapshot of ODA

Country	Total ODA 2007	ODA as % of GNI	Are they on track to meet their commitments? (see table 1)
Bulgaria	16	0.06%	No
Cyprus	18	0.12%	Unlikely
Czech Republic	131	0.11%	No
Estonia	17	0.12%	Unlikely
Hungary	66	0.07%	Unlikely
Latvia	12	0.06%	No
Lithuania	34	0.11%	Likely
Malta	8	0.15%	Unlikely
Poland	260	0.09%	Unlikely
Romania	80	0.07%	Unlikely
Slovak Republic	49	0.09%	Unlikely
Slovenia	40	0.12%	Unlikely

Source: OECD CRS, OECD (2008) and EC (2008). Figures in € million.

Figure 3: Trends of EU 15 genuine aid. Will they meet their 2010 targets?



Source: Eurodad calculations based on OECD CRS and OECD (2008).

Sweden, Luxembourg, Denmark and the Netherlands are again at the top of the class as they all reached the 0.7% target even after deducting inflated aid from their ODA. However, even the best performers should step up their efforts to further increase genuine aid, if they are to meet the more ambitious targets set for themselves. In 2007, increases of real aid were marginal in Luxembourg – moving up from 0.87% to 0.88% – and the Netherlands – which increased from 0.74% to 0.75%. The Netherlands still missed its individual target of 0.8% when inflated aid is deducted. In Sweden, real aid levels dropped slightly from 0.93% to 0.88% thus increasing the distance to the 1% 2010 target.

In 2007 Spain joined the group of EU 15 countries that meet the individual 0.33% target without inflating their aid. With almost a 50% increase in its real aid, Spain is an encouraging example of how aid levels can rapidly scale up. Ireland, Finland, Belgium and the UK are the other four countries which also meet this target by providing real aid. Unfortunately, some of these governments have not redoubled efforts to increase their real aid: Belgium and the UK slightly decreased their genuine aid. Both these countries have committed to meet the 0.7% target in 2010 and 2013 respectively. If they are to keep their promises, they will have to almost double their aid in the next few years.

However, six of the EU 15 countries are still below the 2006 target of 0.33% if only genuine aid resources are counted. Germany and France stand at 0.25% of GNI, with a third of their total ODA resources being inflated aid. France is the worst culprit in terms of inflating its aid with student and refugee costs. And Germany continues to inflate its aid with large sums of debt cancellation. In this regard, Austria performs even worse as almost 50% of its reported ODA was actually debt relief.

Portugal, Italy and Greece are painfully lagging behind with less than 0.2% of their GNI of genuine aid resources.

With regard to the EU 12, the lack of a common source of data prevents accurate calculations on how they are inflating their aid, which has serious implications for overall transparency issues. However, some figures on debt cancellation, refugees and students costs have been made available by EU 12 governments to national NGOs. Based on these figures, NGOs from Cyprus, the Czech Republic, Hungary, Malta, Poland, Romania, the Slovak Republic and Slovenia estimate that an important share of officially reported ODA was spent on debt relief, refugee costs incurred in donor countries, and imputed student costs.

The credibility of European governments is at stake. If Europe is to take a leading role in the global fight against poverty, it will have to deliver more and better aid. Increasing real aid and ending the practice of masking aid levels with inflated aid items is a crucial first step.

• Debt cancellation

Debt cancellation is still the biggest portion of inflated aid. In 2007, the EU 15 spent more than €5 billion on debt cancellation. Even though this figure is less than half of the amount provided in 2006, it continues to distort the official ODA picture given by EU 15 countries.

Debt relief is essential to foster development, as it clarifies countries financial positions and can free up much needed resources in developing countries. In 2005, the United Nations Secretary General said that to reach the Millennium Development Goals “will require significantly more debt reduction than has yet been on offer.”^{xix} Debt relief is an issue of justice as donors share responsibility for flawed lending and borrowing decisions in the past which have resulted in

present debts. European NGOs welcome the cancellation of debts to poor countries and will continue to push for further debt cancellation.

However, debt relief should not be counted as a part of donors' aid claims. When debt is counted as ODA it is substituting for genuine new aid resources which should be channelled to developing countries. This creates the paradoxical situation that impoverished people in poor countries – the ultimate beneficiaries of aid – end up paying for the debts contracted by governments in the North and the South by receiving less aid than was promised to them.

Some European countries, such as the Netherlands and Spain, continue counting cancellation of export credit debts as ODA. These credits provide a governmental guarantee to European companies investing in developing countries which should cover all costs in case of default by the developing country counterpart. In case of default, the Export Credit Agency (ECA) from a European country pays the costs to the investing company but often tries to recover the payment from developing country governments, transferring the risk of domestic private companies to developing country governments. Thus, the practice of counting cancellation of export credit debts as ODA is particularly unfair as the money insures European companies from the risks of entering developing country markets – with projects which are highly lucrative but all too often have no guaranteed development purposes.

European governments should live up to their commitments made at the Monterrey Consensus, where governments agreed to make efforts so “debt relief does not detract from ODA resources intended to be available for developing countries”.^{xx} Debt cancellation should be additional to aid resources. Only fresh money provided to fighting poverty and inequality in developing countries should be counted towards donors' progress in meeting the aid targets that they have committed to. European governments should report debt relief separately from ODA, and they should only report the real value of the debts cancelled to poor countries.

• Refugee costs in Europe

According to the OECD, “temporary assistance to refugees from developing countries arriving in donor countries is reportable as ODA during the first 12 months of stay, and all costs associated with eventual repatriation to a developing country, are also reportable (as ODA).”^{xxi} Spending on refugees in donor countries is part of European governments' human rights obligations to shelter and feed refugees upon arrival in their territories. However, this spending does not contribute to development in their countries of origin. Thus it should not be counted as aid. This view has also been supported by Fritz Meijndert, former chair of the working party on statistics in the OECD, who pleaded for the abolition of this practice.^{xxii}

Countries like Belgium, Spain and Sweden count as ODA the costs incurred in repatriating refugees to their home country. Even if the OECD allows counting “expenditures for voluntary resettlement of refugees in a developing country... (but no) deportation or other forcible measures”, it is difficult to assess how voluntary are

measures like filling airplanes with refugees exhausted after miles of painful cruises towards European shores and weeks of internment in refugee shelters. When the average European citizen thinks of how their tax money is spent on development, they do not think of such “resettlements”.

Statistical predictions based on the refugee costs reported to the OECD for the last six years estimate that in 2007 around €850 million spent on refugees in donor countries were reported as ODA.^{xxiii}

The figures vary significantly among countries. Some European governments, such as the UK, consider that refugee costs cannot be counted as ODA and do not report refugee spending on this basis. In other countries refugee costs represent a significant share of their total ODA. This is the case, for instance, of France (6.7%), Belgium (4.7%) and Sweden (3.8%).

• Student costs

Several European countries also inflate their ODA by reporting their spending on educating foreign students within their borders. These are “indirect” costs – or the costs borne by the government for hosting developing country students in educational systems where fees do not cover the cost of tuition.

However, there is a very weak link between these expenditures and their stated developmental purpose. Having international students enrolled at the universities has an added value which is not accounted for. Moreover, these students often join the workforce of the country where they have studied – thus contributing to the economy and the society of the European country rather than their country of origin. When students do not return to their countries, developing countries are in fact subsidising richer ones, as they are giving up a precious workforce that they have contributed to educate for a number of years. This is the brain-drain phenomenon, which consistently undermines developing countries' capacities and provision of essential services – for example education and health.

Richard Manning, the outgoing Chair of the OECD DAC, has recently supported the view that student costs should not be counted in ODA reporting as “the bulk of increased flows should involve genuine transfer of resources into the economies of developing countries.” He has also been instrumental in pushing forward a proposal that the DAC Secretariat is currently developing and that will result in “a metric which excludes from ODA bilateral humanitarian aid, debt relief, administration costs, in-donor country refugee costs and imputed student costs.”^{xxiv}

Using the data available from the OECD for recent years we estimate that in 2007 EU countries spent more than €1,800 million on educating foreign students in their own territory. This figure represents more than 3% of total EU ODA and an even higher proportion in France (12%), Germany (9%), Portugal (6.6%) and Austria (4.2%).

5. Aid effectiveness

Increasing aid volumes is fundamental to make the necessary resources available for developing countries and step up efforts to provide essential goods and services to the world's poor in line with international human rights standards. But increasing aid volumes will not be enough.

Aid quality must also improve so it contributes more to reduce poverty and inequality in poor countries. As poverty is unevenly distributed, effective aid must also pay special attention to the poorest and most marginalised groups. Seventy percent of those living in poverty are women, so effective aid must actively tackle gender equality and women's rights issues.^{xv}

Aware that aid has not always worked effectively to reduce world poverty, aid donors and recipients signed in 2005 a set of commitments, the Paris Declaration on Aid Effectiveness. The Declaration is intended to reform some aspects of aid delivery and management in order to improve its effectiveness. Civil society organisations welcome many of its principles and targets, but have been critical of both the process of preparing the Paris Declaration, which was heavily donor-dominated, and the limited content of the Declaration.

In September 2008, government performance will be closely scrutinised at a high level forum taking place in Ghana. On this occasion, governments must make new commitments on aid effectiveness and speed up implementation of the Paris Declaration. They must also ensure that the aid effectiveness agenda is focussed on the objectives of reducing poverty, promoting equality and guaranteeing human rights.

The EU has committed to taking a leading role in implementing the Paris Declaration, and has set more ambitious EU-specific targets to improve aid. These include making EU aid more predictable, better coordinated and aligned to country systems, untying EU aid

and reforming European technical assistance. This is a progressive step, but NGOs are concerned that these targets are not being met and that the EU neglected to make more ambitious additional commitments on promoting ownership and accountability.

European NGOs are deeply concerned the Paris Declaration does not fully address core issues which are critical to development effectiveness. The following section highlights key issues for the effectiveness of aid which must be addressed by the EU in 2008, and in Accra in particular. European NGOs urge the EU to demonstrate global leadership in making aid more effective, by implementing the existing principles and extending them to these other areas.

• Ownership and mutual accountability

Ownership and mutual accountability are the bedrock of aid effectiveness. These principles are crucial to ensure aid responds to the development priorities of poor countries and to enable citizens to hold their governments to account for delivering results in the fight against poverty and inequality. When donors and recipients are unaccountable to their citizens, aid is likely to be less effective and money may go astray. When donors impose their priorities and policies in developing countries, they bypass crucial national democratic mechanisms and undermine poorer people's ability to scrutinise their governments' use of resources. But most importantly, when donors push their own priorities and continue attaching externally devised conditions to their development finance, they undermine the emergence of effective and healthy democratic states, which are the pre-condition for sustainable poverty reduction.

However, ownership and mutual accountability are not easy to monitor in practice and definitions are debated. All too often donors define ownership as recipient governments "owning" policies devised in the North rather than developing countries taking leadership in defining their own policies and priorities. The implementation of these principles is burdened by structural power imbalances which dominate current aid debates and which the Paris Declaration fails to address. Furthermore, power imbalances within countries also undermine the ability of all citizens to inform and scrutinise donor and government policies. Genuine democratic ownership must give space to citizens, including poor people and women, to participate in decision-making.

Recent case study research carried out by Eurodad and other NGOs finds that donors are still imposing their priorities, thus limiting the space available for recipient countries to take the lead in their own development policies. The report expresses concerns about the limited scope of the ownership principle as understood within the framework of the Paris Declaration and points out that "democratic ownership requires recognition of the vital role that civil society has in the policy process. Real public debates (including in parliament) are required on policy choices and financial decisions." It warns

that "donors should recognise that heavy-handed engagement by them may undermine fragile democratic development and deter the creation of new institutions."^{xxvi}

Box 5 : Donors distract national planners in Mali

A Malian CSO representative complained about the lack of harmonisation and alignment in education funding in his country. "The donors do not support one plan – they keep bringing their own innovations which drag the planners and implementers in all different directions. If you look at the Decade for Development of Education, which all donors pledged to support, you can easily see that the content and execution keep changing to suit these donor projects... The government needs to choose one path and stick to it: whatever donors come should follow that path."

• Conditionality

The practice of attaching policy conditions to development finance is a major barrier to implementing the ownership principle. Conditions mean that aid is disbursed only if recipient governments implement particular policies. This denies governments and citizens in developing countries the right freely to choose the policies best suited to their economic, political and social situation. Conditionality takes policy decisions away from sovereign governments and places them in the hands of unelected donor officials. This makes recipient governments accountable to donors instead of their citizens. Conditionality also imposes huge transaction costs on often already over-burdened government administrations.

European governments claim they are fully committed to the principles of ownership and mutual accountability, but in reality they are still attaching many conditions to their aid. There are no international targets on reducing policy conditionalities and only very few EU countries have guidelines on their use. In 2005 the UK became the only exception by committing to end its use of economic policy conditions. British NGOs, though, express concerns about the difficulty of assessing to which extent this policy has been implemented. The European Commission has also agreed a similar policy, and in recent years has phased out some of its policy-based conditions. The EC is now shifting partially to outcome-based conditions – which link disbursement to poverty reduction performance, rather than policy reforms. The Dutch, Danish and Swedish governments are moving very gradually to reduce conditionality, using policy dialogue and the existence of a sound national development strategy as the framework for disbursing their aid.

France in general attaches a low number of conditions to its development finance and Ireland none. However, when they take part in joint budget support groups – which gather all budget support donors at country level – they tend to end up endorsing the conditions agreed by the group, which often lead to much longer lists. This is also the case for some of the donors with the most progressive conditionality policies such as the Netherlands.

Many European countries tend to link their disbursement decisions to overall assessments of recipient countries' performance rather than imposing particular economic policy conditions. However, almost all the countries in the EU 15 follow very closely economic policy conditions prescribed by the World Bank and the International Monetary Fund (IMF). There is no country in the EU 15 which has completely de-linked its disbursements from World Bank or IMF conditionality. Belgium even requires as an eligibility condition for their budget support that the recipient country reaches a certain threshold in the World Bank Country Performance and Institutional Assessments. But even the most progressive donors, such as Sweden or the European Commission, put the condition that the recipient must be on-track with an IMF programme or assessment.

The problem for conditionality here is that donor harmonisation can reduce rather than increase policy space for recipients if it leads to donors aligning their aid to policy reforms demanded by the World Bank and IMF rather than national plans. Developing countries have already expressed their concerns about this risk. This seems to be the case in Nicaragua, where Mauricio Gomez, former Secretary for External Cooperation complained "harmonisation of donor conditions) has created a 'collage' of conditionality that we do not manage to reduce or minimise".^{xxvii}

Box 6 : IMF conditions increasing aid volatility in Sierra Leone

In Sierra Leone donors linked their budget support disbursements to IMF conditions despite being considered by many observers as unrealistic. In 2007, the IMF targets were not being met and, as a result, the World Bank, the EC and DFID froze their payments, which concurrently decreased sharply the funds for poverty reduction of the government. Soon after, the donors acknowledged that "expenditures may need to be compressed beyond the level required for adequate delivery of services and maintenance of security in a fragile period prior to the elections. In this context, it may be prudent to revisit, together with the IMF, the feasibility of agreed IMF targets".

It is important to emphasise that conditionality is different from the proper use of responsible financing standards – such as respect for international human rights agreements, environmental and social standards and women's rights – aimed at ensuring that aid is spent for the purposes intended. The need for responsible frameworks in development finance should not be an excuse for pushing forward policy conditions which are often aimed at responding to particular donors' concerns such as security and migration. Instead, aid relationships should be regulated by fair and balanced contractual agreements between donors and recipients which guarantee due-process obligations – such as transparency and fiduciary concerns – and internationally recognised human rights standards.

Box 4 : Limited ownership: the Niger Poverty Reduction Strategy Paper (PRSP)

In March 2007, following a request from the Niger PRSP secretariat for help from donors, fifteen Niger government representatives flew to Washington DC where they met World Bank, UNDP, EC, Belgian and IMF officials for a working session to draft their second PRSP. This was considered a cheaper option than flying World Bank consultants to Niamey. Following this, the World Bank contacted a Senegalese consultant who had worked on his country's PRSP to support the Nigeriens to complete their strategy document. This consultant was brought to Niger and financed by UNDP to finish drafting the strategy. Despite their level of involvement, donors then criticised the document for being "unrealistic", "not operational" and for not having enough "long-term vision".

• Transparency

Transparency is a pre-condition for democratic ownership and essential for making aid more effective, but aid is rarely transparent. Access to relevant information on aid allocation and disbursement is necessary for real ownership by recipient governments. It is also crucial to enable citizens and parliamentarians in the North and the South to hold their governments accountable for the use of development aid. Unfortunately, many European donors rarely make sufficient information available in time for parliamentarians and civil society to be able to engage their governments. NGOs in Austria and Belgium, for example, report delays in the publication of key documents. But even when information is made available, it is often found in formats which are extremely difficult for Southern citizens to access. This seriously constrains their ability to monitor their governments' use of development aid.

The conditions attached to aid and the findings from evaluation reports are rarely made public. Aid negotiations with recipient countries mostly take place behind closed doors. Decisions on aid flows are made in a non transparent manner and they are often unpredictable, making it difficult for recipient governments to set budgets and plan ahead.

Based on the experience of NGOs in all Member States of the EU, table 4 assesses European countries' performance in two key areas: how good access to information is, and whether the country has independent evaluation mechanisms for assessing development aid. All too often key documents on aid disbursements and country or regional strategies are inaccessible, outdated or buried in development agencies' websites. This is the case in several new Member States, such as Hungary, Poland or Lithuania. Some countries in the EU 15, such as Italy or Luxembourg, lack a formal policy on disclosure of information. This makes decisions about the release of information highly arbitrary and up to the current officials in place. In Luxembourg, for instance, a significant amount of information is provided by officials only on a discretionary basis. In addition, documents are usually available in the donor's language – or occasionally in English – which limits both access and understanding of these documents by many affected communities. In some countries with reasonably good levels of access to information such as Ireland, NGOs still report that the type and level of data made available is often insufficient.

If civil society groups in European countries often find it difficult to access relevant information on development aid, the situation in recipient countries is even worse. Although, under the Paris Declaration, donors have said that they will “provide timely, transparent and comprehensive information on aid flows so as to enable partner authorities to present comprehensive budget reports to their legislatures and citizens”,^{xxviii} several Southern government officials interviewed in a recent CSO study on aid effectiveness^{xxix} expressed frustration about the lack of information available from donors. Southern parliamentarians and civil society have even more difficulties accessing information and they are often in the dark about the amounts or types of aid coming into the country.

Increased transparency from EU donors would not only make them

more accountable, it would also support the efforts of Southern parliaments, watchdogs and civil society to scrutinise budgets – of which aid can form a significant part – and therefore hold their own governments to account. If – as European governments say – this is a major priority, then they should redouble their efforts to increase transparency of their aid flows both at home and in recipient countries.

Transparency of aid flows is also a crucial dimension of predictability. European governments are still failing to provide detailed and timely information to their aid recipients, thus undermining recipient governments' ability to plan their budgets ahead and limiting the possibility for parliamentarians and civil society to scrutinise the use of aid money.

• Evaluation

The existence of independent evaluation bodies is another key means to make aid more transparent and accountable to citizens. Governments should put in place the necessary mechanisms to ensure their aid is independently assessed. Independent evaluation is almost non-existent in EU 12 countries. This is to a large extent due to the infancy of their aid systems – as the Romanian CSO platform says “there is still little to evaluate, as aid volumes are very tiny.” Most EU 15 countries have some sort of evaluation mechanism in place. However, they face multiple shortcomings. In Italy, the evaluation unit lacks the appropriate human and financial resources to conduct their work. And several CSO national platforms, such as in Denmark and France, call into question how independent evaluation units are. The independence of the Independent Advisory Committee on Development Impact has also been questioned in the UK, given that its members are appointed by the Development Minister and its scope is limited to overseeing the work done by the Development Department's own evaluation team.

Evaluation results are very often not made public, nor discussed with civil society, parliamentarians and recipient governments. There is also a lack of willingness to engage in debates on how governments deliver development aid. Development NGOs in Austria state that “there is not enough public debate about the results of the evaluation and it is not obvious how the evaluations are contributing to the improvement of programmes and projects.”

• Gender equality

Women are more likely to live in poverty because of their social position. In many countries around the world women are systematically denied their rights and as a result have less power, less access to money, land, protection from violence, healthcare or education. Gender equality and women's empowerment are pre-requisites for development and must be placed centre stage if poverty is to be eradicated. Aid cannot be deemed effective unless it tackles this central issue. More than 180 governments worldwide, including members of the EU, have signed the UN's Convention on the Elimination of All Forms of Discrimination against Women, the Beijing Platform for Action, as well as the Millennium Development Goals and have therefore committed themselves to tackling this issue. Unfortunately, according to NGOs across Europe, governments

Table 4 : Transparent and evaluation: NGO perceptions

Country	Access to information	Independent evaluation
Austria	OK, some gaps	Needs improvement
Belgium	Average	Needs improvement
Denmark	Average	Not fully independent
Finland	OK, declining	Needs improvement
France	Limited, but improving	Needs improvement
Germany	Poor	Good, room for improvement
Greece	Poor	Non-existent
Ireland	Improving	Room for improvement
Italy	Poor but improving	Needs improvement
Luxembourg	Poor	Needs improvement
Netherlands	Good	Adequate
Portugal	Poor	Needs improvement
Spain	OK, some gaps	Limited, needs improvement
Sweden	Good, but declining	Good
United Kingdom	OK, some gaps	Needs improvement
Bulgaria	Poor but improving	Non-existent
Czech Republic	Poor	Recently reformed
Cyprus	Poor	Non-existent
Estonia	Poor	Non-existent
Hungary	Poor, slightly improving	Non-existent
Latvia	OK, some gaps	Non-existent
Lithuania	Poor	Non-existent
Malta	Poor	Non-existent
Poland	Poor	Undergoing reforms
Romania	Poor	Non-existent
Slovakia	Poor	Undergoing reforms
Slovenia	Poor but improving	Non-existent

Source: national development NGO platform questionnaire responses, March 2008.

are failing to deliver on their commitments to these international human rights frameworks and key agreements.

Research at country level shows that women's rights and gender equality have been poorly incorporated into Poverty Reduction Strategies and Sector Wide Approaches. The MDG framework has led to more awareness of gender issues but its narrow definition of gender equality risks undermining real measures to improve women's rights. Where gender matters, for example in the health and education sectors, it should be made part of the other MDGs.^{xxx} Initiatives such as gender budgeting, which have raised awareness of the absence of gender and women's participation in policy-making, can only be effective if they are linked to a wider macroeconomic analysis of poverty. Moreover, it is important that the appropriate monitoring indicators are in place to carry out proper gender-based initiatives.

European CSOs contributing to this report consider that only seven countries (Austria, Belgium, France, Ireland Spain, Sweden and the UK) have a serious and meaningful gender strategy in place for their development cooperation. In most cases there is a lack of specific funds – only Ireland, Italy, the Netherlands, Spain and Sweden earmark funding for gender equality. A number of European countries emphasise the need to build capacity at headquarters and country levels, as well as improving gender monitoring and evaluation mechanisms. The situation is more critical in new EU Member States where the issue of gender equality and women's empowerment is “a secondary element for the moment” (Romania) or “non-existent in the development aid agenda” (Latvia). The use of the OECD DAC “gender marker” is hardly mentioned among the responses provided.

If aid is to effectively tackle poverty and inequality, the EU must consistently integrate gender equality and women's empowerment in all phases of its external development actions, and more aid assistance must be directed towards this critical issue. The current aid environment and its processes, many of them linked to the principles established in the Paris Declaration, all remain gender-blind. There are fundamental risks if development effectiveness does not adopt a gender equality perspective. These include the likelihood that women will not benefit equitably from expanded budgets; which will contribute to the continuation of the current gap between policy commitments and implementation.

Both recipient and donor governments must ensure democratic ownership through the meaningful participation of gender equality advocates and women's rights organisations in political processes, policy development and aid programming in developing countries and internationally. They can also increase mutual accountability by strengthening women's initiatives to monitor the impacts of public policy, budget allocation and expenditure on gender equality and women's empowerment. Aid effectiveness should be measured on its results for gender equality.

• Predictability

Aid must be predictable if it is to be effective. However, aid flows are all too often highly volatile: many donors make commitments for just one year and deliver aid late, if they deliver it at all. Without reliable multi-year commitments, recipient governments cannot make long-term and sustainable investments for poverty reduction. Aware of this, the EU has agreed that predictability is an area where Europe should demonstrate global leadership to increase the quality of aid.

However, many civil society groups identify predictability as a weak point. Several NGO platforms from across the EU 27, including Finland, Italy, Latvia and Poland, expressed their concern that this is "one of the major problems" of their government's aid. Despite UK commitments to improve their predictability, British NGOs highlighted that the UK "failed to meet its targets on timely budget support disbursement."

Despite European governments' stated concerns, there is little and low quality data available to measure predictability and assess donors' performance in this area. The Paris Monitoring Survey of the OECD DAC measures predictability by comparing aid disbursements scheduled by donors and disbursements recorded by recipient governments in a given financial year. However, civil society is doubtful about the reliability of this data. A comparison of donors' commitments and disbursements could potentially provide an approximate measure for predictability. However, there is no common source of data available which disaggregates year on year commitments, thus making a comparison between the amounts of aid donors commit and disburse in a given financial year impossible. To bridge this gap, donors should increase the quality and quantity of data available.

European donors also show a weak performance with regard to long-term commitments. Recipient governments need reliable information and predictions on aid flows in order to carry out effective budget planning. A number of European countries, such as Finland, Greece,

and Portugal, tend to approve aid funds annually rather than make multi-year commitments, which has serious implications for predictability.

Other countries, such as Austria, Belgium, Denmark and Italy, make some multi-year commitments, but they are indicative rather than firm. In light of the importance of predictability in enhancing the effectiveness of aid, a number of European countries that used to have poor track records on predictability, such as France, Germany or Spain, are making efforts to move towards longer-term commitments.^{xxxii} However, in some cases doubts remain on how these efforts will translate into practice. Recent Eurodad research on aid effectiveness showed that in general the European Commission and the UK tend to take on longer term commitments. In order to ensure longer-term predictability, the European Commission is currently developing an instrument which seeks to guarantee funding commitments for six years.

Predictability is also heavily influenced by the role of the International Financial Institutions, especially the IMF. EU countries tend to link their disbursements, especially those in the form of budget support, to the condition that recipient countries are on track with an IMF program. This means that if recipient countries go off-track according to the IMF, development aid is suddenly stopped (see Box 7).

Box 7 : Malawi paying the price of not meeting IMF conditions

Malawi went off track with the IMF in 2001 due to its government's lack of fiscal discipline. This led to a suspension of a significant portion of budget support, which in turn "set up a vicious cycle of greater recourse to domestic borrowing, rising interest rates and widening fiscal deficits". These trends were exacerbated in 2002 by a food crisis that required the importation of maize and fertilisers that added some 4.5% of GDP to government spending and halved external reserves. By the end of 2003/4 interest payments on domestic debt took up one quarter of the government budget.^{xxxiii}

Source: *Turning the tables: aid and accountability under the Paris framework. Eurodad (2008).*

• Untying aid

Tied aid is the practice of offering money to recipient countries on the basis that this money be used to buy goods and services from the donor country. As goods and services are usually more expensive in donor countries and there is no international competition to find the best price, tying aid can inflate these costs by up to 20%. This means that tying aid reduces the purchasing power of ODA by well over \$15 billion (€9 billion).^{xxxiv} The primary beneficiaries of this practice are firms and consultants in donor countries. In addition, tied aid does not allow for the development of local expertise and services, and makes coordination amongst donors much more difficult. These impacts further reduce the real value of this type of aid and are not accounted for in the figure provided above.

It is difficult to assess what amounts of aid donors tie to the procurement of their goods and services. The OECD DAC statistical reporting directives

remain ambiguous in several ways. Some donors may not be reporting the share of tied aid in areas such as technical assistance and food aid, where tying is a common practice. There are no specific rules in the OECD reporting directives stating what would be tied or untied aid in relation to spending on refugees in the donor country either. Since the directives do not mandate disaggregated reporting in this area it is extremely difficult to assess what each donor is including as tied aid in its reporting.

Data for 2006 – the latest currently available (Figure 5 below) – show an increasing number of European countries (Ireland, the UK, Sweden, Luxembourg and the Netherlands) which commendably do not tie their aid. According to OECD figures, Greece is the worst culprit, tying more than 60% of its aid to procurement of Greek goods and services. Italian, Portuguese and Spanish tied aid accounts for roughly one fifth of these countries' ODA.

However, the share of real tied aid – the percentage of genuine aid which is tied to procurement of donor goods and services – is higher than the official figures suggest. Unfortunately, we can only provide approximate figures since most countries do not specify whether they include refugee costs in their tied aid reporting. Italy (71%) and Austria (39%) are the worst performers when tied aid is calculated as a percentage of their genuine aid. Germany, France and Spain also have substantially higher percentages of real tied aid than those reported to the OECD DAC.

Addressing this problem is critical for European aid effectiveness. While donors have made some effort to reform, they have often excluded key areas such as food aid and technical assistance, and in practice continue to heavily direct their aid budgets to firms from their own countries. Moreover, European governments should improve the ways in which they report their tied aid by being more transparent and disaggregating the concepts included in their reporting.

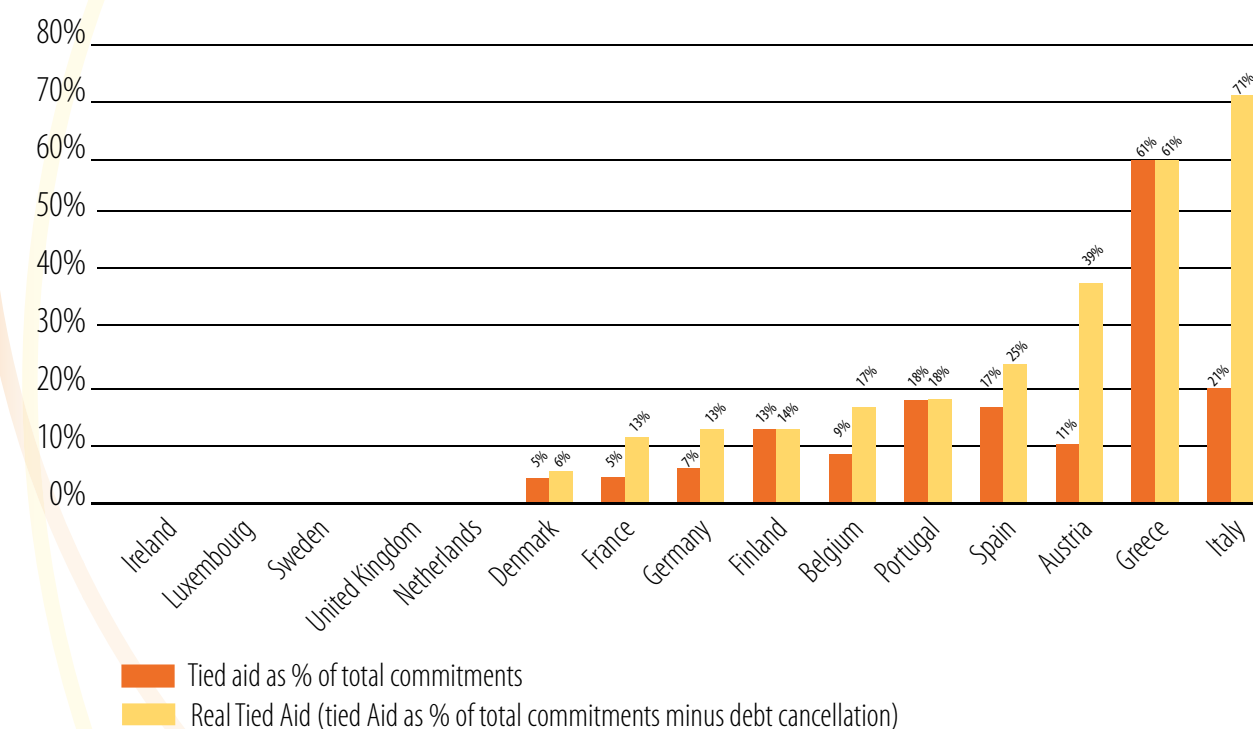
The Paris Declaration is also weak in this area – mandating only "continued progress over time" with no specific indicators. In 2005 the European Council recognised that this issue needed to be addressed. Since then, however, little has been done.

• Technical assistance

Technical assistance – donor spending on consultants, training, and research – is a long criticised area of development aid with a very poor track record. Yet the amount of technical assistance has remained high for the last 25 years. OECD statistics suggest that around 36-40 % of ODA is provided as technical assistance.^{xxxv} Because governments use different reporting standards, it is very difficult to get exact comparable figures for technical assistance as a share of overall aid. Efforts are currently being made by the OECD to disaggregate the elements contained in their measurement of technical assistance. However, little progress has been made so far.

Technical assistance has been largely ineffective, overpriced and donor-driven.^{xxxvi} The high cost of technical assistance is mainly the result of it being heavily tied, either in policy or in practice, as donors tend to reward their own national experts and firms. The UK, for example, fully untied its aid in 2001 and yet still awards 80% of its technical assistance contracts to British firms.^{xxxvii} All too often technical assistance uses Northern consultants and resources and fails to recognise or build capacity at local level. Moreover, technical assistance is often provided as a condition for obtaining development funds, particularly in the case of budget support. Technical assistance is a means to exert 'soft' influence through research and analysis carried out by donors and the use of donor-friendly technical advisors. Sometimes this advice is needed and fills key gaps. However policy influence through technical assistance is in many ways even more

Figure 4: Many European governments continue to tie aid



Source: Eurodad calculations based on OECD CRS and the Austrian national platform

problematic than “hard” influence through conditions attached to grants and loans. It gives unelected, often foreign, advisors substantial influence over recipient policy choices, and is much less transparent than formal conditionality.

In the official 2006 survey assessing progress on the Paris Declaration, technical assistance emerged as one of “six major priority areas that need policy makers’ attention right now”.^{xxxvii} In the lead up to the third High Level Forum on Aid Effectiveness in September 2008, technical assistance reform is becoming increasingly important, as the donor community looks for ways to improve this deeply problematic aid instrument. This is one of the areas where the EU has made additional commitments to those agreed in the Paris Declaration by agreeing to increase from 50% to 100% the share of coordinated technical assistance.

6. Conclusions and Demands

2008 is a crucial year in the fight against global poverty and inequality. Governments from across the world will meet in September in Ghana to assess whether aid is playing an effective role for poverty and inequality reduction and in delivering human rights for all. Before the end of the year they will assemble again in Doha to discuss the financing for development agenda, of which aid is a part, but which is more broadly intended to enhance consistency of the international monetary, financial and trading systems in support of development.

In 2007 the EU provided almost 60% of the world’s aid. This share should increase to over 65% in 2010. As a key player in the global aid architecture, Europe has the moral obligation to fulfil its promises to increase resources for poor countries and ensure that its aid is spent effectively. Europe has to continue leading global efforts to deliver more and better aid and show leadership in the international arena by promoting much-needed reforms to aid practices, so that aid can play an effective role in the fight against global poverty and inequality.

European NGOs are concerned that their governments are not scaling up aid resources at the necessary pace to meet their 2010 and 2015 commitments. The slow-down in 2007 ODA levels shows that, as NGOs across Europe have repeatedly warned, flattering official figures in recent years were due to the inflation of ODA by counting debt relief as aid and have disguised limited progress on genuine aid volumes. European governments must stop inflating their aid figures and redouble their efforts to deliver more and better aid. In 2008 Europe has the challenge and the opportunity to continue leading global efforts to deliver more and better aid and set for itself additional targets that go beyond the minimum international standards.

Halfway to 2015, the current trend of increasing genuine aid resources is not enough to reach 0.7%. Europe is in danger of missing this historic opportunity. But neither Europe nor the world’s poor can afford such failure. European governments must act now, before it is too late.

This report calls on European governments to:

1. Increase the delivery of genuine aid resources to meet their 2010 and 2015 targets.
2. Agree binding year on year timetables to achieve the agreed targets with real aid resources and ensure that steady increases in their aid budgets allow them to reach the targets by the agreed deadlines.

A recent assessment of technical assistance programmes provided by the European Commission concludes that two thirds of the technical assistance projects evaluated experienced either some or significant problems and achieved either none or part of the stated objectives. The report also emphasises that although donor harmonisation varies from country to country, technical assistance projects are still largely uncoordinated.^{xxxviii} As the EC is currently working on a new strategy in the area of technical assistance which is to be finished by mid 2008, it is crucial that it takes these into account.

Technical assistance can be effective when it is demand driven, cost effective, country-led and fully untied – both in policy and practice. EU donors need to make sure that their technical assistance is aligned to national strategies and focused on building local capacities to better equip countries to fight against poverty.

3. Stop counting refugee costs, student costs and debt relief as official development assistance. Resist the temptation of further inflating their figures in the coming years by counting other non-aid items, such as migration or security related expenditures.
4. Step up efforts to deliver more effective aid and set additional targets that go beyond the minimum international standards. To improve the effectiveness of aid, and respect real democratic ownership of developing countries:
 - radically improve accountability, both to European citizens and to citizens in developing countries;
 - agree ambitious targets to reduce and eliminate economic policy conditionality attached to EU aid;
 - untie all EU aid to all countries, including food aid and technical assistance, and respect the recipients’ right to maintain preferences for locally produced goods and services;
 - ensure that all technical assistance is demand-driven and aligned to national strategies; and respect the right of recipient countries to contract according to their needs;
 - make multi-year aid commitments based on clear and transparent criteria agreed with partner countries, and deliver those commitments on schedule.
5. Commit to openness and transparency of aid. This should include timely dissemination of information, particularly during aid negotiations; detailed and timely disclosure of information about disbursements; and the adoption of a policy of automatic disclosure of all documents, with a strictly limited regime of exceptions. EU governments must demonstrate how they will implement these improvements through monitorable targets. They must also improve the collection and reporting of ODA data, including gender disaggregated data.
6. Make evaluation of aid truly independent, including supporting country-led independent bodies in partner countries and developing a complaints mechanism open to those affected by EU aid.
7. Deliver on their international and regional commitments towards gender equality and women’s empowerment, by putting gender equality and women’s empowerment at the centre of the development agenda. Make available the necessary human and financial resources to implement these commitments and support the participation of gender advocates and women’s rights organisations in the development process.

Part II : Country Profiles

European Commission



The 2007 OECD/DAC Peer review of European Commission (EC) aid clearly demonstrated significant progress made by the EC in improving effective delivery of aid since 2000. However, there are obviously areas where real improvement is still needed. Civil society believes the most significant challenge for the EC is to improve accountability and transparency of the aid programming and delivery cycle, ensuring that aid is targeted effectively at addressing poverty and delivering rights.

Transparency of EC aid is compromised by the lack of detailed public information on expenditures and implementation reviews. This situation prevents parliamentarians and civil society in Europe and developing countries from undertaking any serious monitoring of aid delivery. It is also deplorable that the European Development Fund, which allocated almost €23 billion to the African, Caribbean and Pacific states for the period 2008-2013, still escapes European Parliament scrutiny.

The EC is increasing its use of budget support to reach 44% of the total programmable resources under the 10th EDF and working on new modalities that aim to provide more long-term and predictable aid focused on MDG results, the so-called MDG contracts. If the EC wants to maximise the potential benefits of this, it must reinforce its efforts to guarantee transparency, domestic accountability and genuine ownership.

NGOs welcome the launch of the EC’s 2007 “Strategy for Gender Equality and Women’s Empowerment in Development Cooperation.” However, in order for this strategy to be effective it must be backed up by real political will and leadership, especially given that significant evidence shows that EU policy commitments to gender equality and women’s empowerment very often evaporate in the process of implementation. As pointed out by the 2007 OECD Peer Review of the EC Development Co-operation, gender issues were not

consistently addressed in programme implementation or highlighted as a key indicator when measuring programme performance.

The European Commission, as one of the main providers of technical assistance is currently working on its first ever strategy for technical assistance. This needs to take into account past experiences with ineffective donor driven technical assistance – as pointed by the Special Report 6/2007 of the European Court of Auditors on Effectiveness of technical assistance in the context of capacity development. Its new strategy and its implementation must be an important step forward on those issues and a progressive example for Europe as a whole.

The ratification of the Lisbon Treaty over the coming months could prove significant in improving the accountability and transparency of EC decision making on development cooperation. However negotiations on the implementation of the Treaty must ensure that development cooperation remains autonomous and does not become subordinated to other external relations policies.

European NGOs call upon the European Commission to:

- guarantee the democratic scrutiny of ODA managed by the EC by improving accountability and transparency and including the active engagement of Parliaments and civil society;
- ensure an open and transparent policy dialogue around the delivery of budget support;
- scale up its efforts to put gender equality at the centre of its development cooperation strategies to make aid deliver in eradicating poverty and inequalities.

“We have to be honest and admit that our 2007 aid volume performance is simply not good enough ...If we want to remain credible, we have to deliver on our promises.”
 Jose Manuel Barroso, President of the European Commission,
 April 2008.

Organisations consulted: ActionAid, Aprove, Eurostep, Oxfam, WIDE.

"Austria will spend 0.5% of the GNI on official development assistance – that's more than the EU (0.33%) called for – this is a visible expression of the Austrian commitment fighting worldwide poverty."

Ursula Plassnik, Austrian Minister for Foreign Affairs,
December 2007.



Austria

Has Austria established a timetable to reach the target of 0.51% by 2010? NO
Will Austria meet the 0.51% target without inflating its aid? NGO prediction: NO

In 2007 Austria reported €1,313 million as ODA or 0.49% ODA/GNI. Out of the total ODA, €671 million were spent on debt cancellation. Another €33 million were spent on supporting refugees and €56 million on foreign student costs in Austria. If these amounts are excluded, in fact Austria only spent 0.20% of GNI on real aid. This means that more than half of Austria's ODA is actually inflated aid (58%). Debt cancellations, which are the lion's share of Austria's inflated aid, are expected to end in 2009. Unless Austria makes serious efforts to increase its real aid, it will not be able to meet the 0.51% target in 2010.

• Aid quality

Inflation of aid through debt cancellation, poor predictability and insufficient transparency remain the main problems of Austrian aid.

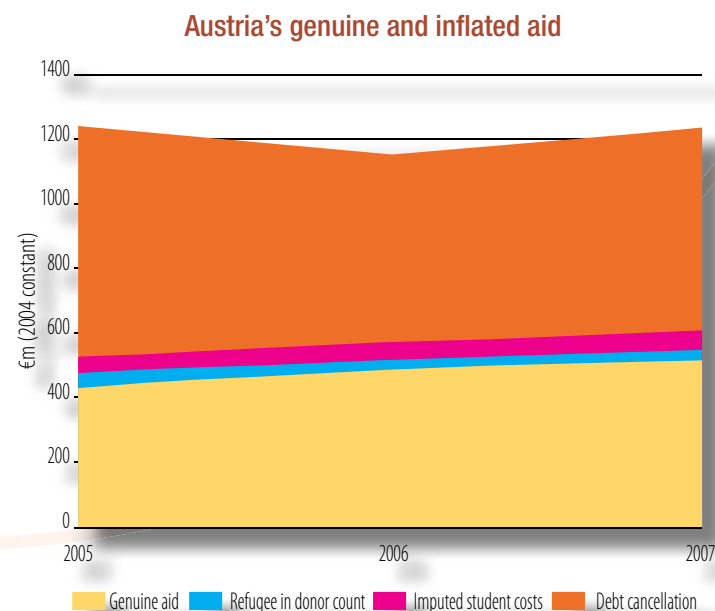
Aid predictability of the core budget has increased since the Austrian Development Agency was created in 2004. However, due to high levels of aid inflation, predictability remains a significant problem. The government announced that it would draw up a timetable to secure ODA increases to reach its 2010 and 2015 target. But unfortunately, no progress has been made so far. Multi-year funding commitments – which would contribute to increase predictability – have also been limited due to budgetary and political constraints. More efforts are needed to increase the transparency and

accountability of Austrian aid. Disclosure of key information, such as strategy and policy papers or financial agreements with recipient countries, is limited and not always done in a timely manner. The government is sometimes more concerned with presenting a glossy picture of its core activities, rather than increasing funding or improving transparency of their ODA.

Although Austria has committed to address gender equality in its development cooperation, commitments are not always implemented. Funds allocated to gender issues account for only 5% of Austrian ODA. Additionally, there are few gender experts and the government fails to ensure that their project partners include gender analysis and specific gender indicators in the project and programme design and implementation.

Austrian NGOs call on the Austrian government to:

- agree upon a binding budgetary ODA timetable to reach the EU commitments, and reduce inflated aid;
- increase the core budget for development aid;
- increase transparency of Austrian aid;
- make sure that gender equality is properly integrated in development cooperation by systematically promoting the use of gender indicators; increasing the capacity of officials to address gender issues.



Organisations consulted: Global Responsibility - Austrian Platform for Development and Humanitarian Aid, KOO - Co-ordination Office of the Austrian Episcopal Conference for international Development and Mission, WIDE Austria.

"In 2005, the OECD/DAC made a promising balance of our development cooperation policy. The DAC congratulated Belgium for its commitment to reach the 0.7% ODA/GNI by 2010; on its geographical concentration; and on its increasing aid figures. Despite a difficult budgetary context, Belgium will stick to its promise to reach 0.7% by 2010."

Former Prime Minister Guy Verhofstadt, speech to the Belgian Technical Cooperation,
February 2007.



Belgium

Has Belgium established a timetable to reach the target of 0.7% by 2010? YES
Will Belgium meet its target of 0.7% of GNI by 2010 without inflating its aid? NGO prediction: UNLIKELY

Belgium's ODA dropped from 0.53% in 2005, to 0.5% in 2006, to a mere 0.43% in 2007. Decreasing official figures can be partly explained by the fact in 2007 debt cancellations were smaller than they had been in previous years. However, the main reason is the lack of political will. The government has recently made new promises to meet 0.5% ODA/GNI in 2008. However, NGOs are concerned that end of the year budget cuts may come again into play in 2008, limiting the government's ability to fulfill its promises. It is also a great concern for Belgian NGOs that genuine aid has stagnated at 0.38% of GNI since 2003. The Belgian government would have to increase real aid by €1 billion to reach the 0.7% target by 2010.

• Aid quality

One challenge facing Belgian aid is the lack of coordination among different ministries responsible for international policy which has an impact on developing countries – such as trade, development and finance. All too often decisions taken in some of these ministries actually undermine other actions taken towards achieving internationally agreed development goals. Belgian aid also suffers from a lack of coordination between the federal and regional institutions – which is paradoxical when efforts are being made internationally to further coordinate and harmonise the actions of different donors.

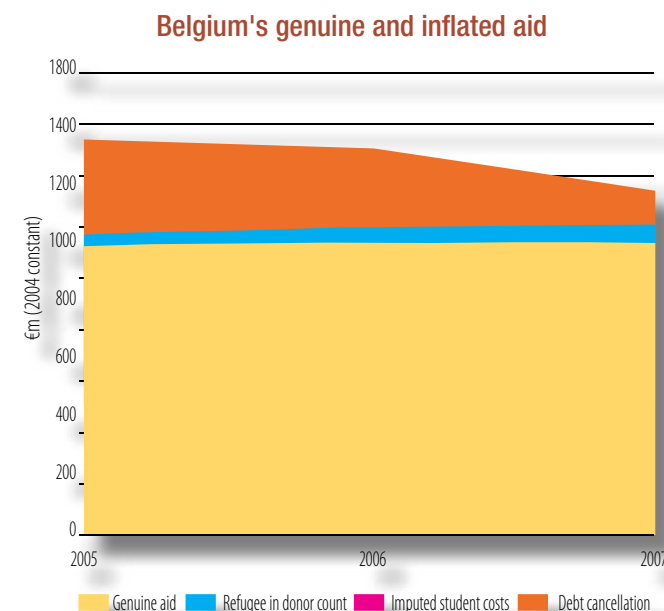
Aid should not be used to pursue Belgian interests abroad. In this regard, NGOs welcome the government's decision to officially

untie all its aid to least developed countries in 2002. However, aid channelled through the Ministry of Finance, as well as technical assistance, is not yet untied. Official OECD DAC figures show that the amount of Belgian tied aid has increased significantly and tied aid as a percentage of real aid is now 18% of total bilateral ODA. Recent analysis of Belgian aid to Ecuador shows that all loans were tied to the purchase of Belgian goods and services.

Gender equality is also another area where the Belgian government is not living up to its commitments. Although a gender strategy was approved in 2002, there is very limited progress in practice. Project and program managers are not usually trained on gender issues and only 51% of projects are evaluated against gender indicators.

Belgian NGOs call on the Belgian government to:

- step up efforts to increase genuine aid so as to reach the 0.7% target in 2010;
- increase coherence among all policies and policy levels with an impact on international cooperation and focus on development goals;
- enhance transparency of development aid, and further engage NGOs and parliamentarians in debates on development cooperation;
- untie all its aid – even beyond the OECD DAC criteria;
- increase the amount of ODA earmarked for gender equality.



Organisations consulted: 11.11.11 and CNCDD: Flemish and French-speaking Platforms of development NGO's, Monde selon les femmes, Nederlandstalige Vrouwenraad, Commission Femmes et développement.



"Denmark has a long tradition for engaging in development cooperation. And we will increase the official development assistance over the coming years. Our aim is that two-thirds of our bilateral assistance will be directed to Africa."

Anders Fogh Rasmussen, Prime Minister,
April 2008.

Denmark

Has Denmark established a timetable to reach the target of 0.8% by 2010? YES

Will Denmark meet the EU target of 0.8% of GNI in 2010 without inflating its aid? NGO prediction: LIKELY

Denmark is one of only five countries in the world that has already reached its 0.7% target. In 2007, Denmark spent 0.81% ODA/GNI, slightly increasing from 0.8% in 2006. The government has committed not to let ODA drop below 0.8%. However, further increases in annual budgets are being blocked by the Danish People's Party, which is the main supporter of the governing party.

Out of all Danish ODA, almost €90 million (5%) were spent on debt relief and, according to our estimations, €27.5 million on refugee costs. This means that 7% of Danish ODA was inflated aid. Since most of the debt owed to Denmark has now been cancelled, NGOs expect that Denmark would be able to meet its 0.8% of GNI target in 2010 without major aid inflation. However, the government's increasing focus and spending on climate change and development – Denmark is hosting the Conference of the Parties under the United Nations' Climate Change Convention (COP15) in 2009 – could potentially lead to future increases in inflation of Danish aid.

• Aid quality

Denmark was evaluated by the OECD DAC in 2007 and was generally praised for its effective aid delivery. However, reductions in administrative costs by 25% in the past few years might negatively affect the quality of aid in future. Some already argue that these reductions have affected the ministry's ability to adapt to new aid modalities

Denmark has generally improved its transparency by putting stronger

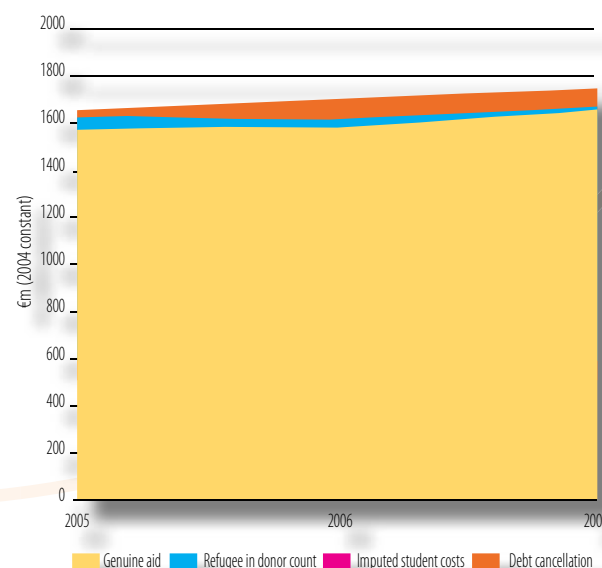
emphasis on its annual aid reporting. However, more coherent and transparent aid figures are needed in order to compare progress made in different sectors across financial years.

Gender equality in development is a key priority for the Danish Government. Gender equality analysis is mandatory for new programmes and country strategies and Denmark combines mainstreaming and specific programme interventions in its bilateral aid. The government actively supports a stronger focus on gender equality and has recently launched an international MDG3 campaign aiming at promote women's rights and women's economic empowerment. Denmark has also taken the lead in the OECD DAC to improve gender reporting indicators.

Danish NGOs call on the Danish government to recognise that:

- in light of declining ODA levels in Europe, it is even more important that Denmark takes a lead in increasing ODA levels by setting the ambitious goal of 1% of GNI in 2010. NGOs believe that this bold move would be widely endorsed by the Danish citizens;
- as the host for the COP15 conference in 2009, Denmark has a special obligation to ensure that increases in climate funding are additional to ODA budgets. Spending on climate change should not be reported as ODA as this would further increase the inflation of Danish aid.

Denmark's genuine and inflated aid



Organisations consulted: DanChurchAid, Danish EU-NGO Platform

"We face an emergency – a development emergency – and we need to take immediate action if we are to meet the goals we have set. This year is indeed a critical year for development. After reaching the halfway point towards the MDGs it is clear that we must inject new momentum into the process."

Prime Minister Matti Vanhanen, statement at a UN General Assembly Special Session,
April 2008.



Finland

Has Finland established a timetable to reach the target of 0.51% by 2010? YES

Will Finland meet the 0.51% target in 2010 without inflating its aid? NGO prediction: NO

The Finnish government has recently reaffirmed its commitment to reach the EU targets of 0.51% by 2010 and 0.7 % by 2015 in its development policy programme ratified in 2007. A timetable has been approved to increase Finnish ODA by €251 million between 2007 and 2010. However, this is not enough to keep Finland on track towards 0.7 %.

In 2007, Finland reported €711 million as ODA. As a percentage of GNI, Finland only reached 0.40% – the same as in the previous year.

Finland counts debt relief and refugee costs as part of its ODA figures. Although student costs have not been included so far, NGOs fear that this might change due to new regulations approved in 2008. In 2007, Finland inflated its aid by 2%. Real aid was 0.39% of GNI. Although aid inflation is not high in Finland, NGOs urge the government stop inflating its aid and refrain from reporting military related costs as part of Finnish ODA.

• Aid quality

The current Finnish development policy programme lacks a coherent implementation strategy and concrete targets. This makes it difficult to evaluate progress and to have a reliable overall picture of how the programme is being implemented at country level. Finland is currently elaborating the first ever country strategies for its priority partners. Finnish NGOs are concerned that this process, as well as

the overall implementation, suffers from a lack of transparency and civil society engagement.

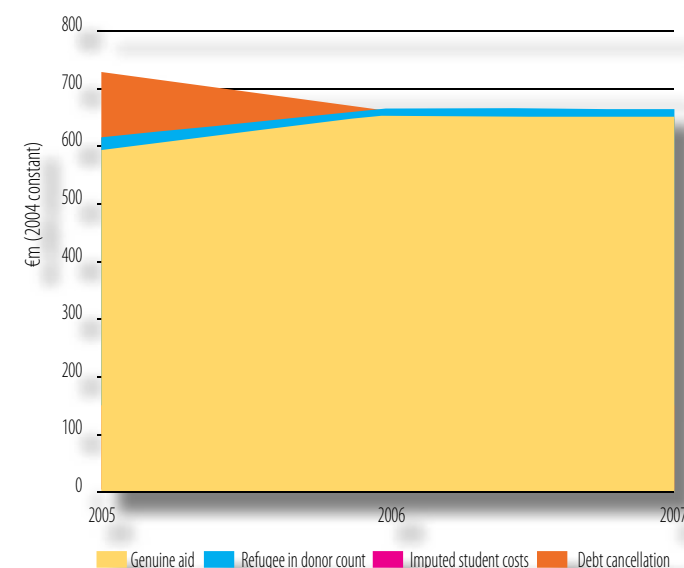
Low predictability is a major weakness of Finnish aid. Although Finland has a four year budget framework, the government has resisted moving to multi-year funding commitments. Moreover, too often committed aid flows are not disbursed in a timely manner.

Finnish NGOs are also concerned that the new emphasis on climate change and sustainable development could endanger the ultimate goal of poverty eradication in development aid. NGOs are worried that the ownership of Southern countries could be overridden by the Northern approach on these issues.

Finnish NGOs urge the Finnish government to:

- fulfil the commitment to reach the 0.7% target by 2015, with steady annual increases in the development cooperation funds;
- continue not to count student costs as ODA; stop other aid inflation; and refrain from further inflating Finnish assistance in other ways;
- make debt cancellation – particularly of illegitimate bilateral debts owed to Finland – additional to aid resources;
- increase the predictability and transparency of Finnish aid by formulating long-term, inclusive and comprehensive implementation strategies together with partner countries.

Finland's genuine and inflated aid



Organisations consulted: Service Centre for Development Cooperation (KEPA) and The Finnish NGDO Platform to the EU (Kehys).

"We agreed that this was a critical year for development. At the halfway point towards the MDGs it is clear that we need to do more. We are committed to the development of Africa and will renew our efforts towards achievement of the MDGs"

Joint UK-France Summit, March 2008.



France

Has France established a timetable to reach the target of 0.51% by 2010? NO
Will France meet its target of 0.51% by 2010 without inflating its aid? NGO prediction: UNLIKELY

France's aid has decreased in 2007 by 16% in real terms, according to DAC figures released early April. This is due to the decline in debt relief – total debt cancellations accounted for 55% less than in 2006. If only debt relief is discounted, figures would still show a slight increase in French ODA. However, once refugee costs (€434 million or 16% increase since 2006), imputed student costs (€891 million or 7% increase) and spending to French overseas territories (€345 million) are deducted, French genuine aid has decreased from 0.24% of GNI in 2006 to 0.23% in 2007.

• Aid quality

French aid remains highly unpredictable. A new programming law for 2009-2011 is expected to be passed by the Parliament in July 2008. French NGOs hope that the government will take this opportunity to adopt a binding timetable with annual targets to increase ODA levels to 0.7% of the GNI by 2015.

A new law adopted in 2006 slightly increased transparency of French aid. Further progress was recently made when outstanding debts owed by poor countries were disclosed to public scrutiny. However, information sent to the Parliament on ODA issues is still very limited and reporting to the OECD DAC should be made more transparent.

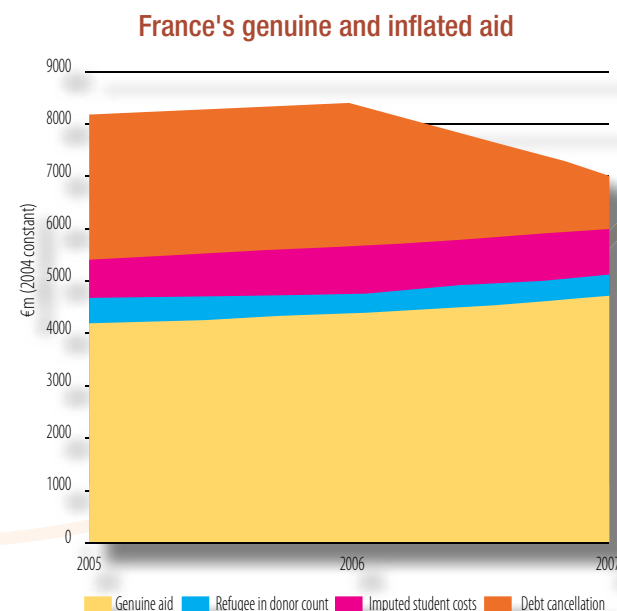
NGOs are also concerned that France is increasingly politicising its aid spending. Evidence of this is given by the creation, in 2007, of

a new Ministry on equitable development, which merged migration, integration, national identity and development issues. Despite the opposition of French NGOs, this Ministry wants to orientate development policy towards the fight against migration and to use part of the ODA budget for this purpose.

Gender issues also remain a main challenge to improve the quality of French development aid. Although the government recently approved a set of strategic guidelines on gender and development, the Ministry of Foreign Affairs has neither drawn up an action plan nor allocated financial and human resources for the implementation of this strategy. So far, only limited progress has been made.

French NGOs urge their government to:

- adopt a binding timetable setting yearly milestones to increase genuine aid in order to meet the 0.7% target by 2015 at the latest;
- increase transparency and parliamentary scrutiny over development policy;
- allocate specific funding for the implementation of the gender guidelines;
- de-link government policy on migration and development;
- focus all development cooperation programs towards the fight against poverty and inequality.



Organisations consulted: Coordination SUD.

"We still have a long way to go",

Development Minister Heidemarie Wiecek-Zeul in a press release to present the preliminary OECD figures for 2007, April 2008.



Germany

Has Germany established a timetable to reach the target of 0.51% by 2010? NO
Will Germany meet the EU target of 0.51% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

According to the latest OECD figures for 2007, Germany's ODA/GNI increased from 0.36% in 2006 to 0.37% in 2007. Germany increased its ODA in 2007 by 6% and is now the second largest donor by volume of ODA (providing €9 billion). However, if we take a closer look, Germany ranks much lower in terms of its ODA/GNI, and for the third consecutive year the lion's share of Germany's ODA increase is due to debt cancelled to Iraq and Nigeria. The share of debt relief in 2007 alone makes up 23% of German ODA. Once debt relief and student costs are deducted we see that Germany spent only about 0.25 % of its GNI on genuine aid in 2007.

• Aid quality

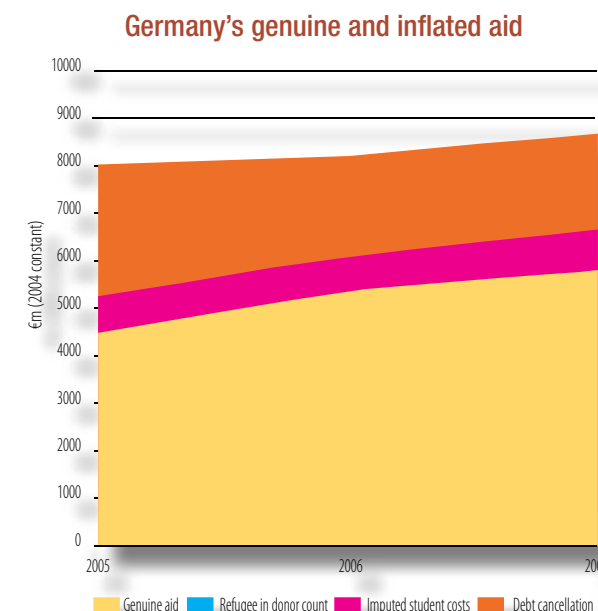
In the last few years the debate in Germany has focused on the challenge of increasing the quantity rather than the quality of aid. In the framework of the Paris Declaration on Aid Effectiveness and the EU Code of Conduct on Complementarity and the Division of Labour in Development Policy, Germany has committed to increase the effectiveness of its aid, by supporting partner country efforts to strengthen governance and improving donor coordination. NGOs are keen to deepen the debates around aid effectiveness, so that concerns of all stakeholders in the development process are properly addressed. It remains to be seen how the Paris Declaration commitments will translate into practice – and to which extent NGOs will be included in these debates. So far, not much progress has been made on the ongoing political dialogue on donor harmonisation

between German NGOs and the Ministry for Economic Cooperation and Development.

Further action should also be taken on gender equality, a crucial aspect of aid effectiveness. The German strategy on gender and development is based on a twin-track approach which includes gender mainstreaming as a cross cutting issue, as well as specific actions to promote women's empowerment. Strikingly, financial resources earmarked for gender issues do not match the political commitments: between 2002 and 2006 only 3% of German bilateral ODA was specifically allocated for gender equality and empowerment of women.

German NGOs call on the German government to:

- approve a binding timetable to raise German ODA as a percentage of GNI in line with EU and national aid targets;
- massively increase development budgets for 2009 and 2010, and include additional innovative financing instruments – such as airline and currency transaction taxes;
- continue adjusting international policies in order to strengthen the poverty focus and improve the quality of German aid;
- enhance gender equality and women's rights in German development cooperation and allocate the necessary resources to translate political commitments into reality.



Organisations consulted: VENRO (National Platform), Welthungerhilfe, Evangelischer Entwicklungsdienst, Germanwatch, terre des hommes Deutschland, Erlassjahr.de, Oxfam Deutschland



"According to our commitments in the following years we will increase significantly the amount of Greek ODA. We have committed to increase Greek ODA to 0.51% of our GDP till 2010. Moreover, apart from the quantitative increase we have also the obligation to increase the range and the effectiveness of our ODA."

Minister of Foreign Affairs, Theodora Bakoyianni during her speech at the Sixth Forum of the World Alliance of Cities Against Poverty in Athens, March 2008.

Greece

Has Greece established a timetable to reach the target of 0.51% by 2010? NO

Will Greece meet the EU target of 0.51% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

Greek NGOs remain highly concerned about the low ODA levels delivered by their government. According to official figures, Greek ODA stands at 0.16% of GNI (€366 million). Despite the restated government commitment to reach the 0.51% target in 2010, in 2007 Greek ODA actually dropped by 0.01%. Moreover, no clear timetable to increase Greek aid has been agreed, which seriously puts in doubt the government's political will to achieve the 0.51% target.

According to the Greek Ministry of Foreign Affairs, in 2007 Greece spent €9 million on refugee costs and €41 million on educating foreign students. Although the government did not confirm whether they reported imputed students costs as ODA in 2007, NGOs are concerned that this continues to be the government's practice – in line with previous years' reporting. This would mean that this year Greek aid was inflated by 15%.

• Aid quality

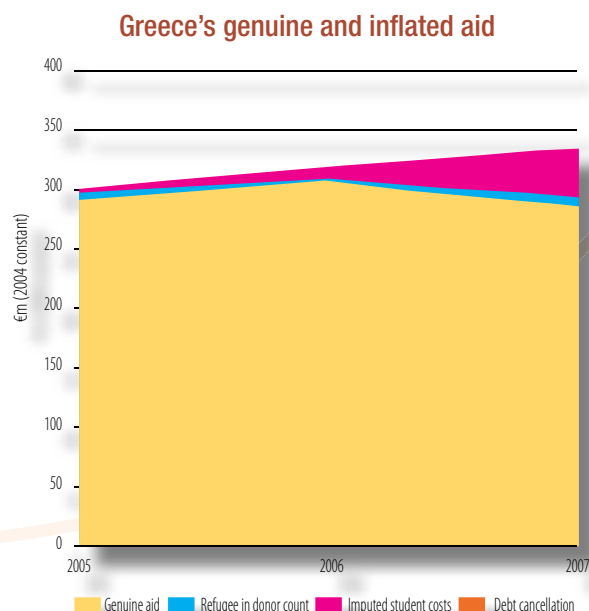
Greek NGOs are concerned that aid spending is all too often politically motivated. In 2007, the top recipient countries of Greek ODA were Serbia and Albania, followed by Afghanistan and Bosnia-Herzegovina. Among recipients of Greek aid, only one country was a Least Developed Country, while lower-middle income countries received the rest of Greece's bilateral aid. Moreover, in 2006 Greece

had a strikingly high percentage of tied aid (61%), the highest of all EU 15 countries. In light of this evidence, Greek NGOs are worried that the government is not making enough efforts to focus on poverty reduction rather than using development aid to pursue national political interests.

Greece has very low levels of transparency on its development policies and it does not evaluate the impact of its aid. This seriously compromises NGOs' ability to monitor Greek development aid.

Greek NGOs call on the Greek government to:

- establish a transparent year-on-year timetable to reach the 0.51% target in 2010;
- stop counting student and refugee costs as ODA;
- increase the poverty focus of Greek aid by allocating more and better aid to the poorest countries instead of using aid to pursue geopolitical and commercial interests;
- take immediate steps to untie all bilateral aid, including technical assistance;
- increase transparency of Greek aid and development policies and carry out independent evaluations.



Organisations consulted: Hellenic Committee of Non Governmental Development Organisations (Greek National Platform), Coalition Against Poverty (Greek national GCAP coalition).

"It is clear that the international commitment to development must be stepped up if we are to reach the MDGs. Ireland is doing its part by scaling up our aid volume and by focusing on the social sectors which have most impact on poverty. But we will also advocate for greater international engagement for development and lend our support to any new initiatives to re-build momentum including within the EU."

Minister of State for Overseas Development, Michael Kitt, April 2008.



Ireland

Has Ireland established a timetable to reach the target of 0.7% by 2012? YES

Will Ireland meet the UN target of 0.7% of GNI in 2012 without inflating its aid? NGO prediction: LIKELY

In 2007, Ireland spent 0.54% of GNI on ODA, ahead of the target for the year (0.5%) and maintaining progress towards its 2010 and 2012 commitments of 0.6% and 0.7% respectively. Irish overseas aid had jumped significantly from 2005 to 2006 to reach 0.54%, including a one-off contribution of €58.6 million towards multilateral debt relief: Ireland's recorded €869 million spend in 2007 maintained that 0.54% without the inclusion of any sizeable debt figure, suggesting that Ireland is on track to reach its 2010 target.

• Aid quality

Ireland's aid continues to focus on poverty reduction and is primarily directed towards Least Developed Countries. Irish Aid capacity issues are currently subject to a management review: it is hoped that this will provide the resources needed to manage the expanding programme. In 2007, Ireland established a new inter-departmental committee to enhance Policy Coherence for Development.

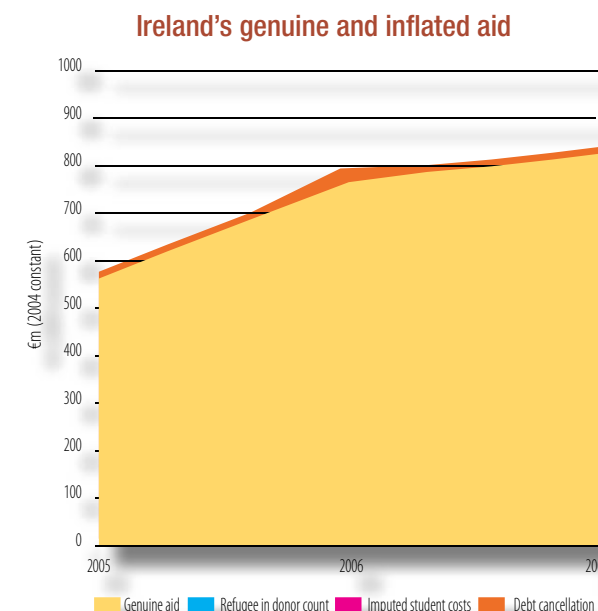
Transparency of Irish government aid is generally good: annual reports are widely available and certain evaluation reports are posted on the internet, along with Country Strategy Papers. Some documents can also be accessed in a new public information centre in Dublin. There is scope, however, for greater detail and transparency of data reporting, as well as improved reporting on impact.

Ireland's position on conditionality is ambiguous: Irish Aid does not apply economic policy conditionality in its development programme countries, but supports it through its funding for International Financial Institutions, which do impose economic policy conditionality.

Irish Aid has developed a gender strategy in development cooperation, gender equality has been mainstreamed as one of four priority cross-cutting issues, and dedicated staff are now in place. Irish Aid has also been active in promoting gender as a key area of concern within the Paris Declaration process and in addressing gender-based violence. However, data are not readily available about the volume of funds for gender programming or their impact. Figures made available for this report, but not captured in annual reports, suggest that approximately €7 million was spent on specific gender equality initiatives in 2007, though the actual amount spent is likely to be higher.

Irish NGOs urge their government to:

- legislate for a minimum of 0.7% ODA/GNI in 2012 and thereafter. Funding provided for debt cancellation should be additional to the 0.7%;
- improve its reporting on the scale, approach and impact of the Irish development cooperation programme, including in relation to gender equality;
- provide sufficient resources, especially staff levels, to sustain the quality of Irish development cooperation; and proactively enhance Policy Coherence for Development;
- ensure that Ireland does not support economic policy conditionality;
- play a strong role at EU level in defence of principled development policies and practices.



Organisations consulted: The 37 Dóchas members (see www.dochas.ie), Debt and Development Coalition Ireland and Banúlacht (Women in Ireland for Development).

"The Government approved a road map to scale up aid allocations to meet the 0.51% target. During last year we did commit €1 billion beyond the budget cycle appropriation. There is a long-term quantitative deficit to be filled but we are on the right direction to revive our cooperation and to have a legitimate role on development issues during our G8 Presidency. The re-launch of our cooperation has started and must not be stopped."

Romano Prodi, Prime Minister, May 2008.



Has Italy established a timetable to reach the target of 0.51% by 2010? YES

Will Italy meet the EU target of 0.51% of GNI in 2010 without inflating its aid? NGO prediction: NO

In 2007, Italian ODA dropped by 3.6%. Yet, genuine aid increased around 40% from 2006 levels. Italy paid 2006 arrears to the United Nations and disbursed in advance contributions to the Global Fund to fight AIDS, Tuberculosis and Malaria. As debt relief is expected to decrease in the following years, Italy will face additional challenges to meet the 2010 targets. In 2008 Italian ODA is expected to rise due to additional funds made available at the end of 2007. The 2009 G8 Italy presidency can provide the political pressure to continue scaling up financial resources up to a 40% increase each year.

Despite having failed to meet the 0.33% target in 2006, a timetable for scaling up Italian aid was approved in 2007 to reach the 0.51% target in 2010. However, if the current trend continues, Italy will fail to meet the 2010 target. In addition, Italian NGOs are concerned the much-needed steep increase in ODA may be burdened by national financial constraints, exhaustion of debt cancellations and limited staff capacity.

• Aid quality

According to the OECD DAC survey on aid effectiveness, Italian bilateral cooperation scores well below DAC members' average. NGOs are concerned about the high levels of tied aid, which remain one of the main weaknesses of Italian aid. The Italian ODA law compels the tying of all aid provided through concessional loans, unless a specific waiver is approved. During the last years, Italian aid has frequently supported tied aid practices, such as granting ODA contracts to Italian companies to conduct works on the Angolan telecommunication network or to set up water systems in Vietnam.

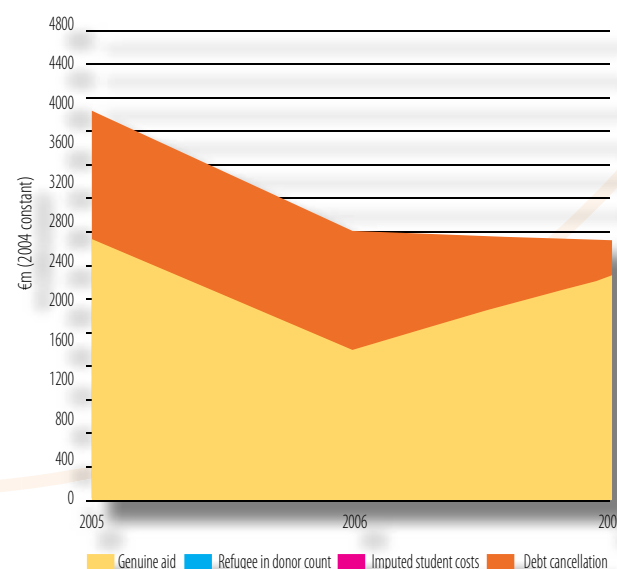
Predictability is another main area of concern for Italian NGOs. Although Italy generally approves three year aid commitments, actual disbursement mainly depends on allocations within the budget law. Italy ranked the third worst EU donor to disburse on time the resources that were committed between 2000 and 2006.

On the positive side, NGOs welcome efforts made by the government to increase transparency. Information is increasingly disclosed and civil society is now consulted more often. However, these improvements risk being linked only to previous political contingencies. The government should step up efforts to improve the evaluation of Italian aid. The evaluation unit, placed within the Development Cooperation Department, it is understaffed and under-funded, which undermines its ability to work independently from any political pressures. Furthermore, the evaluation unit plays just an advisory role and ex-post impact evaluations have not been conducted for the last seven years.

Italian NGOs call on the Italian government to:

- set up a credible strategy for resource mobilization – and particularly in the wake of debt relief exhaustion;
- untie all concessional loans;
- approve an open information policy allowing public access to information on firms granted ODA contracts, country strategies and financial agreements;
- develop an independent evaluation office and streamline evaluation work.

Italy's genuine and inflated aid



Organisations consulted: ACTIONAID and Associazione ONG.

"It is time for development assistance to stop being a budget "after-thought". Rather development needs to be in the front-line of national budgets: a sector both citizens and politicians can be proud of. We must stick to our promises."

Jean-Louis Schlitz, Luxembourg Minister for Development Cooperation, April 2008.



Luxembourg

Has Luxembourg established a timetable to reach the target of 1% by 2010? NO

Will Luxembourg meet its target of 1% of GNI by 2010 without inflating its aid? NGO prediction: LIKELY

In 2007, Luxembourg continued to be part of the exclusive group of countries that have already reached the 0.7% target ODA/GNI. In 2007, Luxembourg contributed 0.9% of its GNI as ODA, with a 13% increase from 2006 levels. Moreover, Luxembourg no longer inflates its aid, so all ODA resources provided are real aid. NGOs in Luxembourg are pleased with such excellent performance – which is an example that meeting the 0.7% target without inflating ODA figures is possible when the right political will is in place.

However, NGOs are concerned that these excellent figures may hide structural problems in Luxembourg's aid. Lack of coherence among different government policies with an impact on international development – such as trade and finance – remain a major problem to make development cooperation work for poverty eradication. The government still has a long way to go to make its international policies fully coherent and respectful with the objective of fighting against poverty. Unfortunately, in this area, the government lacks the political will.

• Aid quality

In general, NGOs in Luxembourg are satisfied with the quality of their government's aid, which is highly predictable, virtually untied, and it does not come with economic policy conditions attached.

However, NGOs are concerned that aid is not as transparent as it should be, as several crucial documents related to Luxembourg's ODA, such as financial agreements with developing countries or evaluations of Luxembourg's aid, are not systematically made available. When

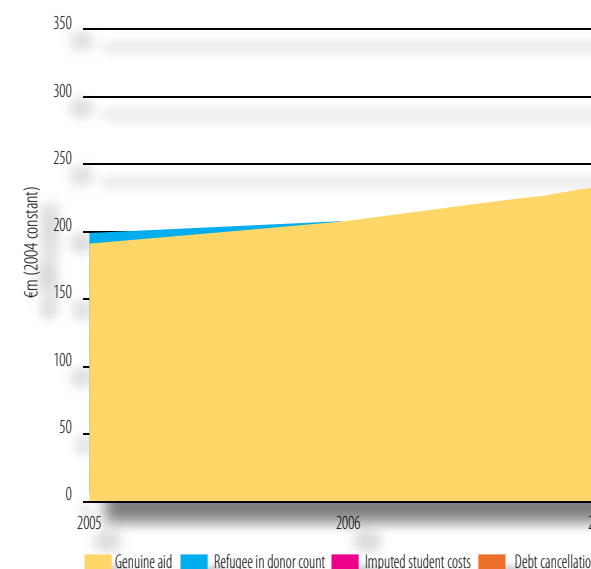
information is disclosed, it is not always done in a timely manner that allows a meaningful engagement of NGOs in discussions with their government. "In general, there is no consultation with NGOs on issues that have an impact on the quality of aid", NGOs say.

Gender is another key area of concern for NGOs. Gender is fully mainstreamed in Luxembourg's development cooperation – which means that in practice there is no formal gender strategy nor there are funds earmarked for gender issues. According to NGOs, evaluations tend to show that little attention is paid to this cross-cutting issue. Beyond this the main challenge for Luxembourg's aid is still the lack of coherence between development cooperation and other government policies which have a strong impact on sustainable development – such as trade, agriculture or finance.

Luxembourg NGOs call on the Luxembourg government to:

- meet the 1% aid target by 2009;
- table at the Inter-ministerial Committee for Development Cooperation the issue of policy coherence across government policies with an impact on international development;
- establish a stakeholders' forum to engage NGOs in the debate on policy coherence;
- approve a policy on disclosure of information affecting all relevant ODA reports and statistics;
- draft sectoral strategies, including a strategy for gender in development cooperation;
- conduct evaluations to assess the impact of development projects.

Luxembourg's genuine and inflated aid



Organisations consulted: Cercle de Coopération, CARITAS.

"More resources are needed to achieve the Millennium Development Goals and donors will have to contribute. If they were to devote 0.7% of their GDP to ODA, activities could be scaled up and achievement of the Millennium Development Goals would be much closer than is currently the case."

Bert Koenders, Statement to the Development Committee, Spring Meetings of the World Bank and the International Monetary Fund, April 2007.



Has the Netherlands established a timetable to reach the target of 0.8% by 2010? YES

Will the Netherlands meet its target of 0.8% of GNI by 2010 without inflating its aid? NGO prediction: YES

In 2007, the Dutch government spent €4.5 billion on ODA, up from €4.3 billion in 2006. With an ODA level of 0.8% of GNI, the Dutch is among the few countries that reaches the international goal of 0.7% ODA/GNI.

While this is positive, it is disappointing that the Dutch government is not also taking a lead by no longer inflating its aid. In 2007 the Netherlands inflated its aid by almost €360 million. The biggest share, €286 million according to OECD DAC figures, is debt cancellation (however, due to differences in the financial year used by the Dutch government, the figure reported by the Dutch Ministry of Foreign Affairs in 2007 goes up to €343 million spent in debt cancellation). Refugee costs have been estimated to inflate Dutch aid by a further €72 million. A recent independent evaluation of Dutch assistance to Africa, commissioned by the Dutch government, found that between 1998 and 2006, out of €5.8 billion of Dutch bilateral assistance to Africa, one billion was spent on export debt cancellation. Between 2007 and 2012, an estimated €1 billion will be spent on export credit debt cancellation, mainly for Sub-Saharan Africa.

• Aid quality

The quality of Dutch bilateral aid is reasonably high when measured by its high standards of transparency and its commitment to gender and sexual and reproductive health and rights. In addition, the percentage of tied aid is small (2%) and the government does not tend to attach economic policy conditions in exchange for the aid granted to poor countries.

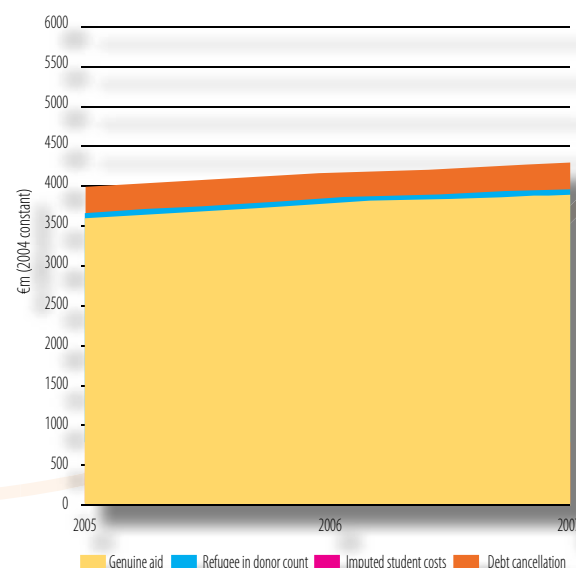
However, Dutch NGOs are concerned that the renewed government commitment to step up efforts to ensure gender equality as an integral goal of development cooperation is not matched by a similar financial commitment, as resources earmarked for gender issues remain a modest percentage of total ODA and aid channelled through multilateral agencies is not screened against the Gender Equality Policy Marker (an OECD DAC standard).

Equally, NGOs are concerned that the Dutch government is still reluctant to take a strong stance on economic policy conditionality. While the Dutch position is somewhat critical of old-fashioned economic policy conditions, and is pushing for increasing the use of Poverty and Social Impact Analyses to assess the impact of specific economic policy recommendations on development, the government has not taken steps to explicitly refuse the use of economic policy conditions in aid.

Dutch NGOs call on their government to:

- stop financing export credit debt cancellation from the ODA budget;
- ensure that gender equality is a key theme in all aid modalities; that it is included in all policy dialogues and planning; and that enough funding is provided to properly address gender issues;
- allow no backtracking but pursue progress on women's right language, notably in relation to sexual and reproductive rights and property and inheritance rights;
- explicitly call for an end to all economic policy conditions.

the Netherlands's genuine and inflated aid



Organisations consulted: Oxfam Novib, WPF, Hivos on behalf of Partos.

"The contribution of Portugal to the achievement of the Millennium Development Goals, (...) requires a coherent, systematic approach with the ability to enhance the potential of Portuguese Development Cooperation in the best possible way (...) Portugal certainly will not fail to play its part in this important international task."

João Gomes Cravinho, Secretary of State for Foreign Affairs and Co-operation, A Strategic Vision for Portuguese Development Cooperation, 2006.



Portugal

Has Portugal established a timetable to reach the target of 0.51% by 2010? NO

Will Portugal meet the EU target of 0.51% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

A year on from 2006, Portugal still has not fulfilled the promise to meet the 0.33% ODA/GNI target. And, for the second consecutive year, ODA levels decreased - from 0.21% in 2006 to 0.19% in 2007 - the worst level since Portugal gained membership of the OECD DAC. Furthermore, the 2008 budget does not suggest that this trend is going to be reversed, exposing the lack of political will by the Portuguese government to achieve the 0.51% target in 2010.

• Aid quality

In the last two years progress has been made to improve Portuguese aid in line with internationally agreed standards. The development cooperation budget is now part of the annual state budget and, increasingly, there is more aid-related information available.

However, some important challenges remain. Portuguese aid is still very fragmented, with weak transparency, lack of predictability and poor evaluation.

The few multi-year commitments which exist are more political than financial in their nature. Furthermore, detailed information on aid processes is still lacking and evaluation mechanisms are not applied to all aid resources and departments in charge of development cooperation. This is mainly due to a poorly integrated aid architecture, where the coordinating entity has not been given the means and resources to effectively achieve its mandate and ensure coherence

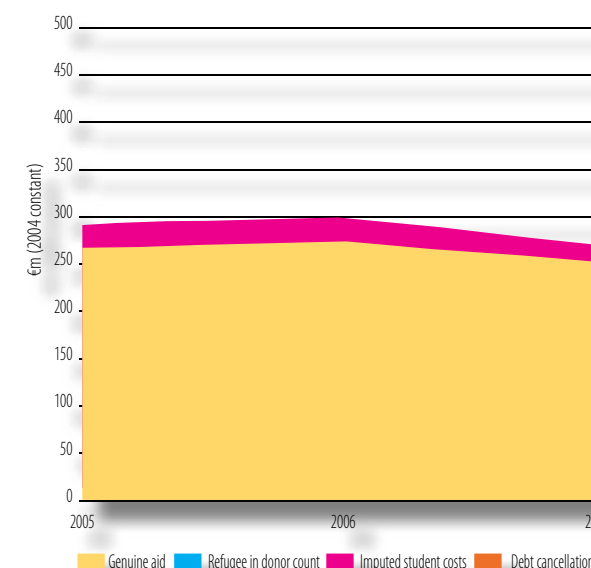
in the Portuguese aid architecture. Overall, the government and the parliament need to redouble efforts to ensure that development cooperation is given the necessary political priority.

To ensure that both quantitative and qualitative aid targets are met, Portuguese NGOs consider that the government should further engage a range of actors involved in development cooperation - including civil society, Members of Parliament, universities and municipalities.

Portuguese NGOs urge their government to:

- establish a binding timetable to ensure that aid commitments will be met by 2010 and 2015;
- increase the political profile of development cooperation within the government and strengthen coordination of the Portuguese aid system;
- implement multi-annual development cooperation budgets, programmes and procedures to improve the effectiveness of the Portuguese aid;
- improve transparency and information disclosure in order to allow development stakeholders to constructively engage the government in aid related debates;
- ensure NGO participation in the process of designing development aid strategies;
- conduct results-based evaluations for all agencies involved in development cooperation and all aid resources.

Portugal's genuine and inflated aid



Organisations consulted: Portuguese Aid Watch working-group of the Portuguese Platform: IMVF-Instituto Marques de Valle Flor, ACEP-Associação para a Cooperação entre os Povos, OIKOS-Cooperação e Desenvolvimento, TESE-Associação para o Desenvolvimento, MDMP-Médicos do Mundo Portugal, ADRA - Associação Adventista para o Desenvolvimento, Recursos e Assistência.

"We do not only aim at increasing ODA volumes, but also at enhancing the quality and sustainability of the Spanish aid. This is what civil society working on development cooperation is striving for."

Leire Pajín, Secretary of State for Development Cooperation,
March 2007.



Spain

Has Spain established a timetable to reach the target of 0.7% by 2012? YES

Will Spain meet the EU target of 0.7% of GNI in 2012 without inflating its aid? NGO prediction: LIKELY

We encourage the Spanish government to pursue its efforts in terms of quantity of aid. In 2007, Spanish aid increased by almost 34% reaching 0.41% ODA/GNI. The government has further committed to reach 0.52% of GNI in 2008. A general consensus reached in December 2007 by all political parties in Spain, the State Agreement for the Fight Against Poverty, set the goal of achieving 0.7% of GNI by 2012. Spanish NGOs welcome the government's efforts to increase the amount of ODA. However, in 2007, 14% of ODA was still spent on debt cancellation. So far, no commitments have been made to exclude debt relief from ODA reporting. Spain needs to redouble its efforts if it is to meet the 0.7% target by 2012 without inflating its aid.

• Aid quality

Despite welcome efforts by the government to increase aid volumes, Spain is still behind in making progress towards increasing the quality of its aid. Spanish ODA spending is still strongly politically motivated, driven both by commercial interests and migration policies. In 2007, only 46.5% of Spanish ODA went to the priority countries specified in the Master Plan. Instead, a big share of Spanish aid was channelled to middle-income countries, such as China or Turkey. Tied aid in 2006, according to the Ministry of Foreign Affairs, accounted for 13.8% of all ODA – mainly channelled through export credits managed by the Fund for Development Aid (FAD loans), which are tied to the acquisition of Spanish goods and services. This is an increase when compared to previous years.

Moreover, Spanish aid is highly fragmented, across both countries and sectors, thus hampering donor coordination. On a positive note,

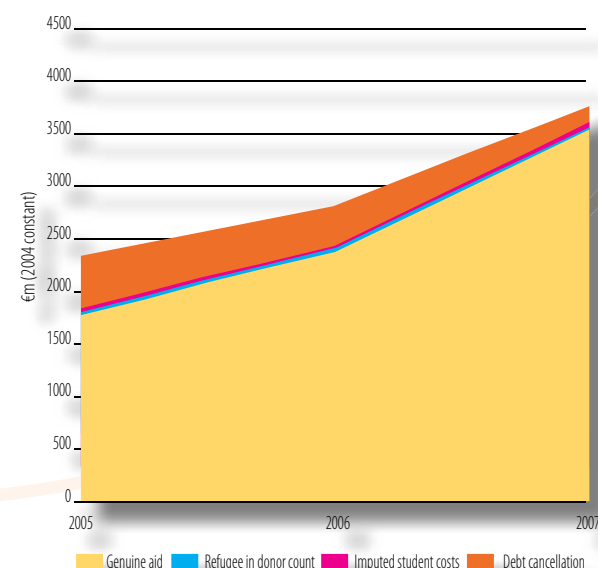
a strategy on gender in development has been recently adopted and aid funds have been earmarked to enable its implementation. Other key documents, such as the Multilateral Cooperation Strategy and the Private Sector and Development Strategy, have also been approved.

However, Spain still suffers institutional capacity deficits, which burden the implementation of new development approaches and policies recently adopted. Thus, in order to translate new policies into reality, it is urgent that the government takes forward the approved reform of the Spanish Development Agency (AECI).

Spanish NGOs urge their government to:

- stop inflating aid by counting debt cancellation and refugee costs as ODA – and particularly stop counting export credit loans (FAD loans) as ODA;
- untie all Spanish aid and, particularly, undertake a thorough reform of highly tied export credit loans used to internationalise the Spanish private sector;
- allocate aid resources on the basis of poverty reduction and according to the priorities established in the Master Plan;
- concentrate bilateral and multilateral aid in priority sectors and countries in the new Master Plan for 2009 to 2012 and the Multilateral Strategy, which are to be designed throughout 2008. Focus resources limiting the number of project and program units;
- proceed to reform the operational and management capacities of Spanish cooperation, with a focus on reforming the Spanish Development Agency;
- redouble efforts to enhance policy coherence for development including aid, trade, investment, migration and security policies.

Spain's genuine and inflated aid



Organisations consulted: Spanish NGO Platform, Intermón Oxfam.

"We are now approaching 2015, the year when the target of halving the proportion of poor people in the world is to be reached. I am convinced it's a realistic target – if the right measures are taken."

Gunilla Carlsson, Minister for Development Cooperation,
May 2007.



Sweden

Has Sweden established a timetable to reach the target of 1% by 2010? YES

Will Sweden meet its target of 1% of GNI by 2010 without inflating its aid? NGO prediction: UNLIKELY

In 2007, Sweden spent €3,166 million on ODA or 0.93% of ODA/GNI, which is a decrease from the 1.02% provided in 2006. Sweden continues to include debt cancellations and refugee spending in ODA reporting. This year, €55 million was spent on debt cancellation. Sweden also budgeted approximately €100 million for debt cancellation to DRC and Liberia, which partly explains the decrease in reported ODA. NGOs fear that this amount will contribute to inflate Swedish ODA reported when these debt cancellations come into effect. €189 million of ODA was used for costs on housing refugees, which is an increase of €60 million from last year.

In 2007 Sweden was the only EU country that tried to broaden DAC criteria on ODA eligibility, allowing for certain military or security related expenditures to be reported as ODA. Swedish NGOs call upon the Swedish government not to take further actions in this direction. And while the Swedish government should provide increased resources to support developing countries to adapt to the negative consequences of climate change, these resources must be additional to those allocated for ODA.

• Aid quality

NGOs in Sweden welcome the leading role of their government in pushing forward the Paris Declaration on Aid Effectiveness and, particularly, in advocating increased ownership of recipient countries in

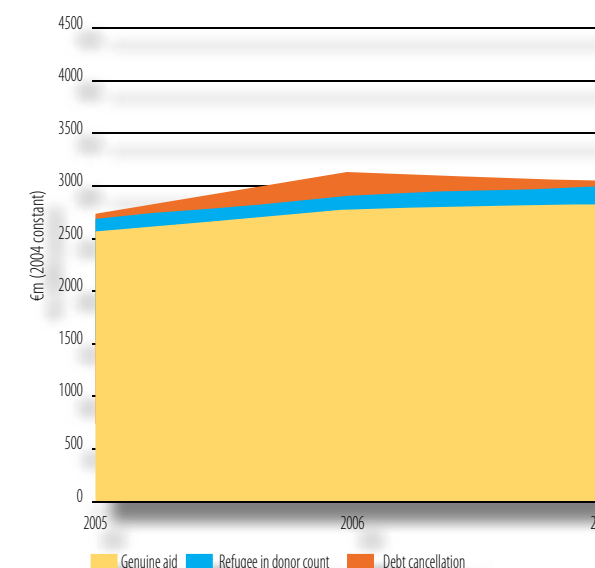
defining development policies and priorities. However, the government's unwillingness to stop using economic policy conditions and to fully respect the principle of country ownership remains a key challenge in terms of the principles agreed in the Paris Declaration. According to the government, Sweden "cannot exclude certain policy conditions such as privatisation and trade liberalisation on a general level as this could pre-empt developing countries' own policy formulation." Swedish NGOs believe that this is a contradiction in terms.

Sweden's ODA is generally transparent and adequately evaluated. However, according to NGOs, some initiatives leading to new development aid policies and strategies have been less transparent than in the past. This has been the case with the recent major reform of concentrating aid allocation to fewer countries.

Swedish NGOs call on their government to:

- stop counting debt cancellation and refugees costs as ODA;
- refrain from advocating for the inclusion of additional security related expenditures within the definition of ODA;
- adopt a position to phase out the use of economic policy conditionality;
- fully respect country ownership and strengthening poverty reduction as the core principle for aid allocation, in line with the principles of the Paris Declaration and Sweden's Policy for Global Development.

Sweden's genuine and inflated aid



Organisations consulted: ActionAid Sweden, Church of Sweden, Diakonia, Forum Syd, CONCORD Sweden.

"We cannot allow our promises that became pledges to descend into just aspirations, and then wishful thinking, and then only words that symbolise broken promises."

Gordon Brown,
July 2007



United Kingdom

Has the UK established a timetable to reach the target of 0.51% by 2010? YES

Will the UK meet its target of 0.7% of GNI by 2013 without inflating its aid? NGO prediction: UNLIKELY

According to the DAC figures, UK ODA fell by 29.1% to € 7,247million (£4,957 million) in 2007. This fall was mainly due to the counting of major debt cancellations as ODA in 2006; but aid excluding debt relief also fell, by over 2% - down from 0.38% of GNI to 0.36% in 2007. The 2007 Comprehensive Spending Review re-affirmed the government's commitment to give 0.7% of GNI as aid by 2013, but the 2007 figures confirm that the UK is putting off meeting this commitment. The UK continues to count debt relief as ODA (although there was very little debt relief to count in 2007) but has taken a progressive stance by deciding not to count foreign students and refugee costs as ODA. However, UK NGOs believe there is a risk that the poverty focus of UK aid will be weakened over time as the government seeks to meet a wider range of objectives (including security and climate change) from within existing aid commitments. Although tackling climate change is essential for poverty reduction, real additional resources above and beyond 0.7% are needed to tackle this issue.

• Aid quality

The UK has made welcome progress on aid effectiveness, and has put in place a number of progressive policies, including on conditionality. The challenge now is to ensure that these policies are implemented effectively on the ground. The UK needs to make further commitments to increase transparency and predictability and improve the delivery of technical assistance (TA). Although the UK is promoting mutual accountability in international negotiations, this has yet to be fully reflected in DFID's own operations. Transparency is the first step in

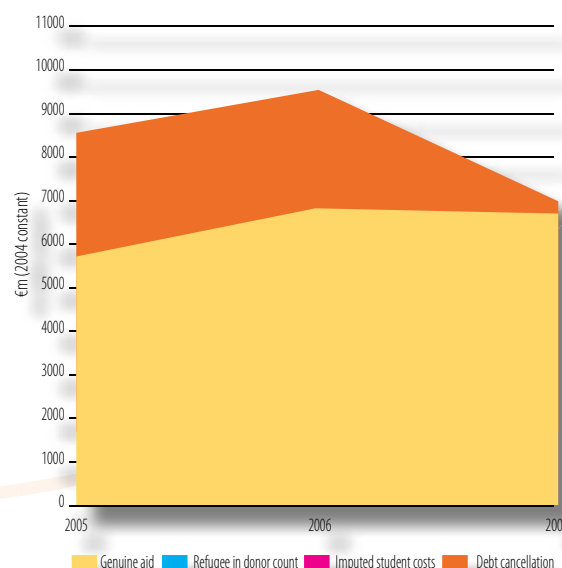
this process – DFID must improve the ways in which it communicates its policies, decisions, disbursements and impacts to recipient governments, and to parliaments and civil society. The UK Government has recognised the importance of predictable aid. DFID is able to make multi-year commitments of three years, and has also agreed ten-year aid compacts in some countries. However, much more progress is needed, to ensure both that more UK aid is committed for at least three years, and that all UK is disbursed on time.

Despite commitments made by the Government in its 2006 White Paper that TA should be demand-driven and recipient country-led, UK TA is still not properly aligned with national country systems, needs and priorities. Up to 80% of centrally-procured TA contracts still go to UK firms.

UK development NGOs call on the UK government to:

- commit to a year-by-year timetable setting out how the UK will meet the 0.7% target by 2013, and stop counting debt relief towards the 0.7% target;
- adopt best practice transparency policies including a presumption of disclosure of all data and documents; and ensure the independence of the newly established Independent Advisory Committee on Development Impact;
- improve the predictability of aid by increasing the proportion of aid which is firmly committed for at least three years, and disbursing all aid on schedule; and
- ensure that all TA truly reflects national priorities, is aligned to country systems and is procured locally wherever possible.

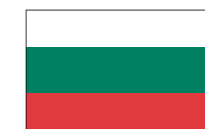
United Kingdom's genuine and inflated aid



Organisations consulted: UK Aid Network (UKAN). The following UKAN members have contributed to and endorsed this analysis: ActionAid UK, BOND, Concern Worldwide, Oxfam GB, Progressio, World Vision UK.

"Bulgaria's development assistance will be targeted at poverty eradication and tackling economic underdevelopment in partner countries as well as at assistance and exchange of experience with regard to good governance and combating major social problems."

Ivailo Kalfin, Minister of Foreign Affairs, Bulgaria's Policy in International Development Cooperation, July 2007.



Bulgaria

Has Bulgaria established a timetable to reach the target of 0.17% by 2010? NO

Will Bulgaria meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: NO

Bulgaria is one of the worst performers on ODA disbursements among the EU 12 countries. In 2007 Bulgaria provided €16 million in ODA, which represents just 0.06% of its GNI. Given the current figures, it seems very unlikely that Bulgaria will meet its commitments for 2010 and 2015.

Additionally, consultations with the Ministry of Foreign Affairs carried out by national organisations have revealed that the government intends to report debt cancellation as part of its ODA in the near future. Currently, the main countries benefiting from debt cancellations are Cuba, Iraq and Libya.

• Aid quality

Transparency is a major concern of Bulgarian CSOs. Bulgaria's history as a donor is very short and most of these problems are due to the lack of capacity within the institutions. The unit working on ODA is communicative, but there is no general framework for development aid. This problem translates into poor coordination and reporting. In general, information is not made automatically available. However, in favour of the Bulgarian Government, CSOs have not found it impossible to obtain information when they have requested it.

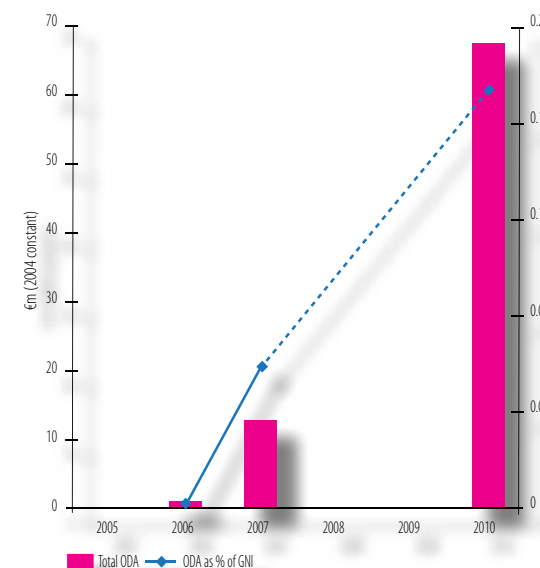
The lack of a clear strategy also hampers aid allocation. Bulgarian aid is strongly politically motivated and lacks a poverty reduction focus. On the one hand, Bulgaria provides aid to neighbouring countries, especially

those with significant Bulgarian minorities such as Macedonia. On the other hand, Bulgaria still supports countries with historical links from previous regimes (such as Cuba, Angola or Libya), as well as countries in which it carries out military operations (Iraq and Afghanistan).

Bulgarian NGOs call on the Bulgarian government to:

- scale up its ODA and agree on a clear timetable for delivering ODA according to its commitments for 2010 and 2015;
- establish a clear national development strategy, putting forward the implementation plan and objectives of development aid;
- increase transparency at institutional level and put in place mechanisms to make information accessible to Bulgarian citizens and CSOs;
- increase capacity and awareness within the government and among Bulgarian NGOs.

Bulgaria total ODA and % ODA/GNI



Organisations consulted: CARE Bulgaria.

"In a world in which over a billion people, specially in Africa, live in extreme poverty (...) we need to pass from rhetoric to actions; we need to honour our previous commitments and take specific measures for the realisation of the Millennium Development Goals".

Tassos Papadopoulos, President of Cyprus, UN Millennium Review Summit, September 2005.



Cyprus

Has Cyprus established a timetable to reach the target of 0.17% by 2010? YES

Will Cyprus meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

According to the latest figures released by the European Commission, in 2007 Cyprus spent €18 million or 0.12% of its GNI. This is a decrease from the 0.15% level provided in 2006. Although Cyprus has agreed upon a timetable to steadily increase its ODA levels, the drop witnessed this year calls into question the governments' willingness to scale up aid and meet the 0.17% target in 2010.

NGOs are concerned that a substantial amount of Cypriot ODA was actually spent on the cost of subsistence of refugees from ODA-eligible countries for the first twelve months of their stay in Cyprus and on debt cancellation. Although this may have inflated Cypriot ODA, NGOs were unable to estimate the exact amount because of the lack of data spent on these items.

• Aid quality

The government is making genuine efforts to adhere to OECD and European Union principles concerning development assistance. However, the shortage of staff in Cypriot development cooperation hinders comprehensive consultation with NGOs and holds back further improvements in the effectiveness of Cypriot aid. Current lack of capacity has also compelled the government to channel aid through other EU Member States (delegated cooperation) or through multilateral institutions.

Efforts have also been made by the government to increase transparency of its aid. Government strategies are made available through regular consultations. Engagement with NGOs is steadily

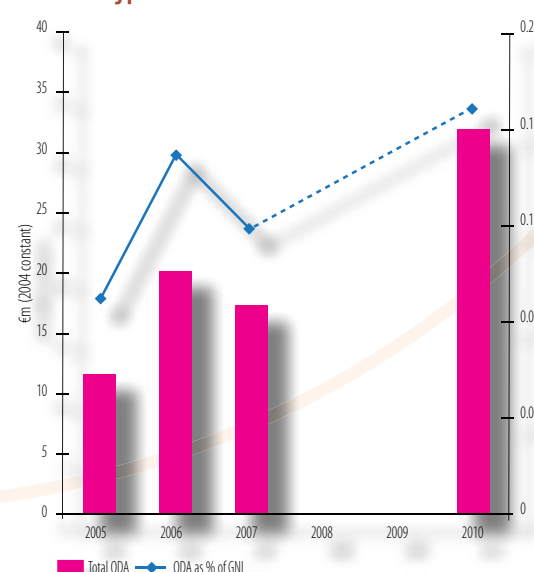
improving and government and NGOs are engaged in an open consultation to establish a framework for a more systematic participation of NGOs in Cypriot development cooperation.

The government does not have an official strategy on gender equality in development but it has made some efforts to include the gender equality criterion in the selection of projects to be financed.

Cypriot NGOs call on the Cypriot government to:

- develop a strategy to direct the contribution of Cyprus' aid to achieve the Millennium Development Goals;
- approve a strategy on gender equality in development cooperation;
- increase the transparency of Cypriot aid by setting up a website to disclose relevant information;
- effectively involve the development NGO platform in drafting the future medium term strategy for Cyprus' aid.

Cyprus total ODA and % ODA/GNI



Organisations consulted: Cyprus Family Planning Association and Future World Center.

"The Czech Republic wants to maintain the existing level of foreign development aid, roughly 0.12 percent of its GDP annually."

Jan Kohout, Deputy Foreign Minister, April 2008.



Czech Republic

Has the Czech Republic established a timetable to reach the target of 0.17% by 2010? NO

Will the Czech Republic meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: NO

ODA as a percentage of GNI in the Czech Republic has not increased over the past four years. In 2007 the Czech Republic spent 0.11% of its GNI on ODA, a volume of €131 million. This figure is 0.01% less than in 2006. At this pace, it is highly unlikely that the government will reach the 0.17% target by 2010. Instead, aid is allocated in low absolute sums without any relation to the growing Czech GNI. The projected Czech ODA levels are far behind the agreed international commitments for 2010 and 2015.

It is estimated that debt cancellation, refugee and student costs represented 15% of total ODA in 2007. Debt cancellation, refugee costs and student costs will be certainly included in future aid reporting. Bilateral and multilateral ODA accounted for 46% and 54% respectively. South East Europe received the largest proportion of Czech bilateral ODA.

• Aid quality

The Czech Official Development Assistance system has begun its transformation in 2007 with the aim to centralize the system under the Ministry of Foreign Affairs (MFA). As a first step, the Czech Development Agency was established in January 2008. The agency will gradually take on the administration and monitoring of development projects from all ministries. The process should be finalized in 2010. Also the Czech council on ODA was established as an inter-ministerial coordination body and advisory body for the MFA.

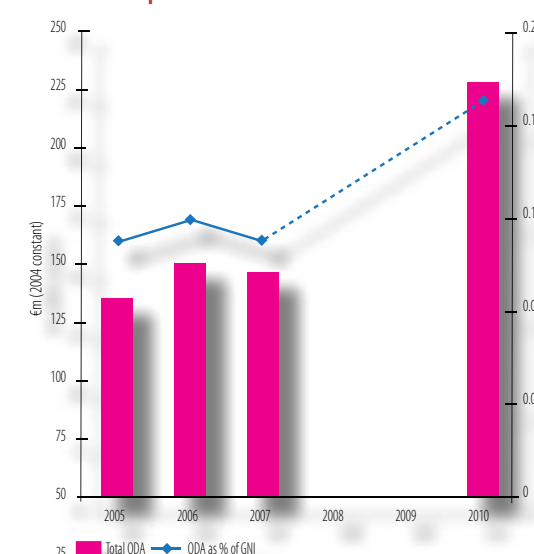
The Czech NGOs consider these to be very positive steps towards the improvement of the Czech ODA. However, the appropriate procedures are still to be developed and tested. Information on multilateral financial flows is not easily accessible and some data on issues such as debt relief is not publicly available. The new system should provide a promising perspective for improvements of both transparency and the evaluation of Czech ODA which are still insufficient.

The Czech NGOs are alarmed by the relative decrease in bilateral ODA expenditures and the low predictability of spending. The government has not set any clear political agreement for multi-year aid commitments. There is no specific gender strategy in development cooperation nor is there earmarked funding for gender issues.

Czech NGOs call on the Czech government to:

- ensure substantial increases in bilateral ODA and set clear political commitments and binding time-frame to reach the agreed overall ODA targets by 2015.
- strengthen the poverty focus of Czech ODA in programming for sectoral and geographical priorities.
- improve the institutional capacities of Czech aid administration structures including embassies in partner countries.
- ensure results-based approach and make use of the results of evaluations in programming.
- increase better predictability of aid flows and provide multi-year funding.

Czech Republic total ODA and % ODA/GNI



Organisations consulted: FoRS – the Czech NGDO Platform, People in Need, ARPOK, Glropolis.

"Estonia's development co-operation is directed towards ensuring peace, democracy, the observance of human rights, economic and social stability and the eradication of poverty in the world in accordance with internationally approved principles of sustainable development."

Principles of Estonian development co-operation,
January 2003.



Estonia

Has Estonia established a timetable to reach the target of 0.17% by 2010? NO

Will Estonia meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

According to data reported to the European Commission, Estonia's ODA increased to 0.12% of GNI in 2007 (a total of €17 million) from 0.09% in 2006. Estonia – as all other Baltic States – has been spending below 0.1 % of GNI, but has now gone above this level. In 2007 – in adopting the European Union aid commitments for 2007-2011 – the Estonian government committed to raise its ODA to 0.17% of GNI by 2011.

Aid inflation is currently a minor problem in Estonia, as the government does not provide debt relief, and refugee and student costs are marginal.

• Aid quality

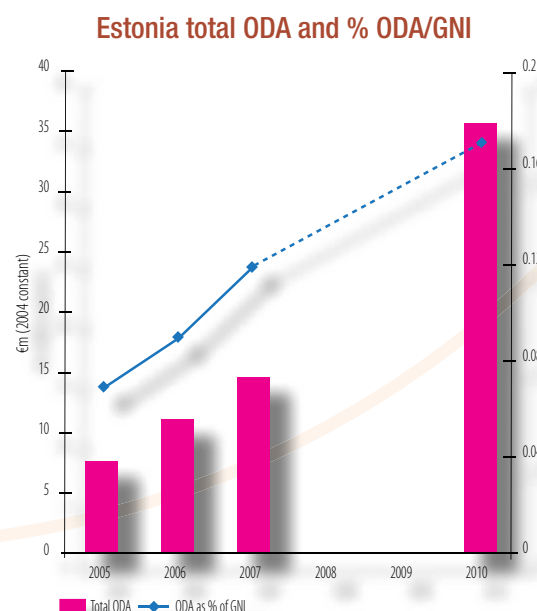
Estonian CSOs are however concerned about how aid is allocated, its purpose, and how effective it is. Transparency is low and it is very difficult to get accurate figures on ODA. It is hard to say, for example, how much of the reported ODA is made up of genuine resources as no detailed data is made public. Moreover, Estonian NGOs consider that there is not enough information available about other ministries' ODA spending as well as the country strategies and the firms that are awarded development contracts. Transparency problems might be partially explained by the lack of personnel working at the development division of the Ministry of Foreign Affairs and other ministries involved.

Most of the government's ODA (approximately 80%) was channelled through the Ministry of Finance, as contributions to the EU, UN and other multilaterals. Only 14% of Estonian ODA was directly channelled by the Ministry of Foreign Affairs to priority countries, or as voluntary contributions to international organisations and development education activities in Estonia.

Out of the small amount of ODA that is directly channelled by the MFA, the biggest share is provided as technical assistance, a modality of development aid which suffers from being ineffective and largely donor-driven. Estonian development aid is too often more concerned about sector policies and domestic interests rather than poverty impact to help reach the internationally agreed Millennium Development Goals.

Estonian NGOs call on the Estonian government to:

- continue increasing aid budgets to reach their commitment of spending 0.17 % ODA/GNI by 2010;
- implement procedures to improve transparency and aid effectiveness as well as international and national coordination of the Estonian aid;
- provide transparent, structured and easily available data on all aid processes;
- increase government and NGO capacity and raise awareness among the Estonian public on the need for development aid.



Organisations consulted: Estonian Roundtable for Development Cooperation.

"In spite of all its difficulties at national level, Hungary has to join the international community's efforts if we really want to be considered as reliable, equal partner."

László Várkonyi, Secretary of State for Hungarian International Development Cooperation, from an article published in "Népszava", April 2008.



Hungary

Has Hungary established a timetable to reach the target of 0.17% by 2010? NO

Will Hungary meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

The Hungarian government is still officially committed to reach 0.17% ODA/GNI in 2010. However, Hungary has not set a year on year timetable to progressively increase their aid to meet the 2010 and 2015 targets.

In 2007, the Hungarian government reported its ODA levels to the OECD DAC and substantial data were still missing when official figures had to be sent. Whereas preliminary OECD figures show a sharp decrease in ODA spending, this is due to the fact that data had still not been properly collected. According to recent NGO contacts with the government, the Ministry of Foreign Affairs is positive that final ODA for Hungary will reach, at least, 0.1% of GNI. Still, this would be a decrease from 2006 levels, when ODA reached 0.13% of GNI.

But even if latest MFA predictions are accurate, Hungarian NGOs are concerned that debt cancellation reported as ODA (mostly to Mozambique) will certainly contribute to the inflation of final official figures. If debt relief is excluded from the total ODA amounts, it seems highly unlikely that Hungary will be able to reach the 0.17% target in three years time – let alone by providing genuine, not inflated aid resources.

• Aid quality

As a new donor, Hungary faces common challenges, such as low levels of ODA, lack of transparency and evaluation mechanisms, and low predictability of ODA spending.

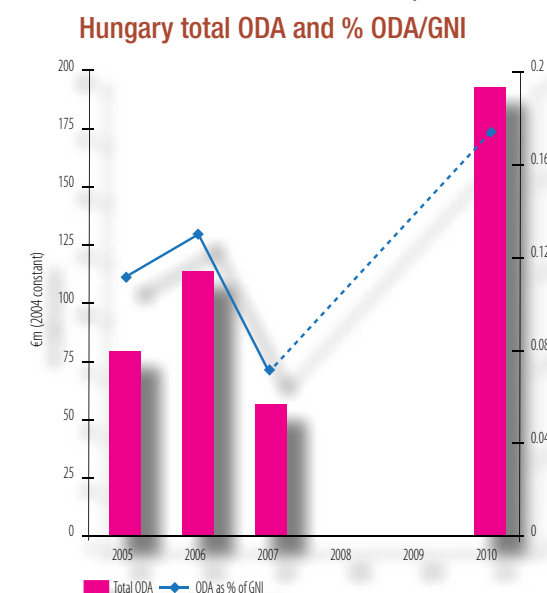
Despite recent efforts by the Ministry of Foreign Affairs, transparency of the Hungarian aid is still very limited. Crucial information is either not disclosed or simply made available too late. Evaluations are seldom carried out and, when available, they are not conducted independently.

Despite the lack of figures on tied aid, Hungarian NGOs are worried that tied aid is an increasing problem in Hungarian ODA, as a good share of ODA funding – particularly government to government projects – is restricted to Hungarian companies.

Low predictability is also an area of concern for Hungarian NGOs. The government does not make multi-year commitments. And sometimes even the Ministry of Foreign Affairs does not have a firm budget allocated until the fiscal year is well advanced. This means that disbursements of Hungarian aid are all too often behind the committed schedules.

The Hungarian NGDO Platform urges the Hungarian government to:

- establish a timetable to increase ODA spending by 2010 and 2015;
- improve transparency of Hungarian aid by making all reports and data available;
- create an independent evaluation framework;
- commit to gradually untie all Hungarian aid;
- increase predictability of aid spending and make disbursements in a timely manner.



Organisations consulted: Hungarian NGDO Platform (HAND).

"We have to remember that by providing aid to our cooperation partners our society becomes enriched."

Artis Pabriks, Minister of Foreign Affairs,
November 2006.



Latvia

Has Latvia established a timetable to reach the target of 0.17% by 2010? NO

Will Latvia meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: NO

Latvia's aid is in its infancy. Moreover, progress is slow due to the low priority attached by the Latvian government to development cooperation and weak public support for development aid. The government has not agreed on a binding timetable to increase ODA sufficiently, which makes it highly unlikely that Latvia will be able to meet its commitment to reach 0.17% ODA/GNI in 2010.

According to data released by the OECD, in 2007 Latvia spent almost €12 million (8 million LVL) on ODA, €2 million more than the previous year. However, the increase in the total amounts did not translate into equal increases in ODA/GNI because of the rapid increase of the Latvian GNI. Thus, Latvian ODA/GNI in 2007 remained at 0.06% – the same percentage as in 2006.

• Aid quality

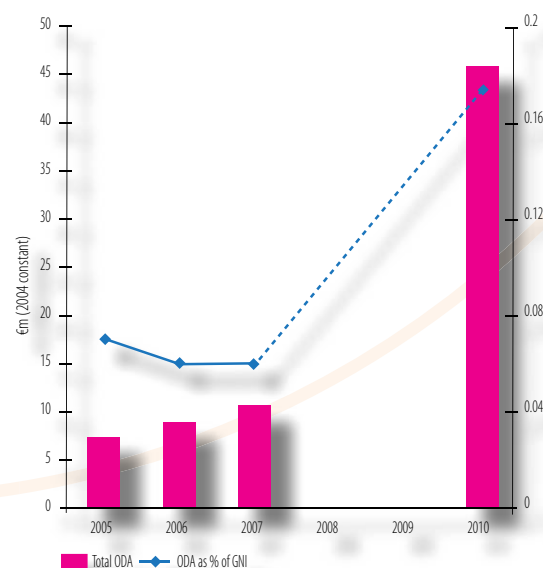
One of the main problems affecting the quality of Latvian aid is the low predictability of the government's spending. Although Latvia is starting to commit funds for three year periods, the budget is still approved on an annual basis. When the government decides to put in place austere budgets – as it was the case in 2007, in an attempt to curb inflationary pressures – development aid may be one of the sectors particularly affected by budget cuts, thus giving place to high aid volatility.

While 90% of Latvia's ODA in 2007 was channelled through multilateral organisations, Latvian bilateral aid (the remaining 10%) is still tied, and some aid contracts are restricted to Latvian companies and NGOs. While Latvian NGOs recognise that tied aid should be phased out in line with international commitments made in the Paris Declaration on Aid Effectiveness, they are concerned that marginalisation of Latvian NGOs from national development cooperation will result in even lower public support. Measures should be taken at the European level to promote NGO involvement in development cooperation, especially in the new EU Member States.

Latvian NGOs call on the Latvian government to:

- maintain their international aid commitments and increase ODA volumes;
- make further efforts to raise awareness among Latvian public opinion on the importance of development aid. This is a crucial move to consolidate and strengthen Latvian aid budgets;
- improve the institutional framework for managing development aid bearing in mind the necessity to manage considerably larger amount of aid in conformity with international commitments.

Latvia total ODA and % ODA/GNI



Organisations consulted: Latvian NGO Platform (LAPAS).

"Lithuania is proud to follow up on these commitments. As a new donor country, we know that it will take time to measure up to the high expectations in the field. We are providing advice and assistance in an increasing amount and geography. Over the past year alone, our development aid has grown by 60 per cent. We are determined to further increase our aid and diversify its geography. We remember what it means to receive help when we needed it. And we know and accept the responsibility to help others in our turn." Speech by the President of Lithuania Valdas Adamkus at the United Nations General Assembly, September 2006.



Lithuania

Has Lithuania established a timetable to reach the target of 0.17% by 2010? NO

Will Lithuania meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: LIKELY

Lithuania spent more than €34 million in 2007, almost doubling in a year the total amount of its ODA. In terms of ODA/GNI, Lithuania also made a sharp increase and currently provides 0.11% of its GNI as ODA. Lithuanian NGOs welcome this upward trend and encourage the government to continue increasing its ODA levels to make sure that it reaches, by 2010, the 0.17% target.

• Aid quality

However, the trend of improving ODA figures needs to be coupled with government efforts to improve the quality of its aid. Lithuanian NGOs are still worried that their government's aid allocation continues to be highly driven by national commercial interests and security reasons. In 2007 the government tripled the aid allocated to Afghanistan, which now constitutes almost half of the aid budget. Moreover, the Development Cooperation Policy Guidelines explicitly state that one of the main drivers of development cooperation should be "strengthening Lithuania's trade and economic relations with partner countries."

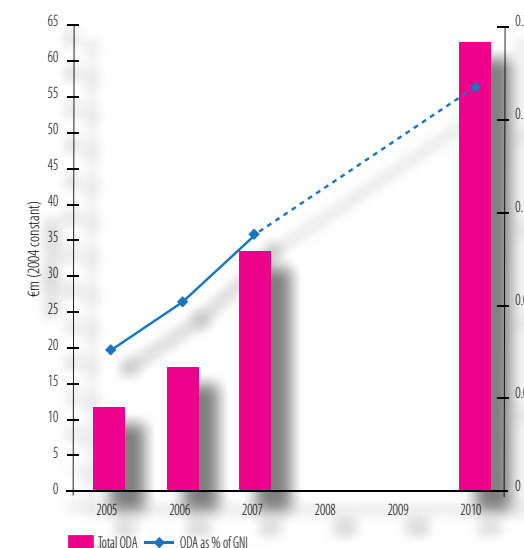
The lack of public awareness is one of the main challenges facing Lithuanian NGOs in their efforts to advocate for a strengthened poverty focus in development cooperation. Limited access to crucial information affects to an even greater extent the capacity of NGOs to monitor their government's performance and raise awareness among public opinion on what should be the goals of Lithuanian aid.

However, there are prospects for joint government and civil society cooperation aimed at improving information and awareness on development cooperation and increasing the profile of poverty reduction as the ultimate goal of development aid.

Lithuanian NGOs call on the Lithuanian government to:

- improve the transparency of Lithuanian aid;
- work with NGOs to increase the poverty focus of development cooperation.

Lithuania total ODA and % ODA/GNI



Organisations consulted: Institute of Social Ethics.

"Malta is committed to this objective. In 2002, Malta had an ODA expenditure of 0.12% of GNI that rose to 0.18% in the years 2003 and 2004. However Malta's ODA expenditure was of 0.15% of GNI in 2005. In line with EU commitments, Malta will strive to sustain its ODA efforts at or above this level."

Overseas Development Policy,
October 2007.



Malta

Has Malta established a timetable to reach the target of 0.17% by 2010? NO

Will Malta meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

Although Malta continued in 2007 to be the country among the EU 12 with highest ODA/GNI (0.15%), Maltese NGOs are concerned that a substantial share of reported ODA was spent on housing asylum seekers in their first year in Malta. In practice, this means that aid money is being spent on detention centres. NGOs are worried that aid is also inflated by including imputed student costs as part of the ODA.

• Aid quality

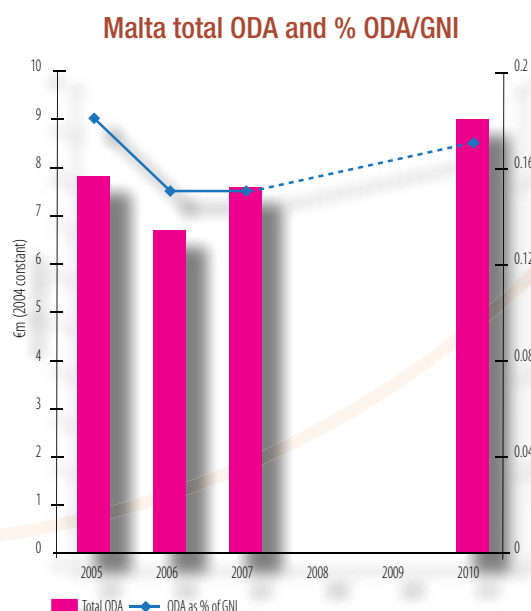
The government's newly published Overseas Development Policy (October 2007) identified five priority countries for Maltese development aid, four of which from Central and Eastern Africa: Somalia, Sudan, Eritrea and Ethiopia. Maltese NGOs believe this is a political choice since most migrants in Malta originate from these countries. Malta's immediate neighbourhood remains the Mediterranean region and Malta's development policy also includes a particular focus on the Middle East as a region and the Palestinian territories in particular.

The lack of transparency and timely and independent evaluation of Maltese aid compromises NGOs' engagement on development cooperation issues. The government has promised NGOs that it will start issuing a clear break down of figures in ODA reporting, but this promise is yet to be fulfilled.

The government has also indicated that more aid funds will be allocated for technical assistance. NGOs are also concerned that in general technical assistance does not respond to the real needs of developing countries and suffers from low accountability. The Overseas Development Policy suggests that technical assistance in the area of Information and Communications Technologies will be one of the government's priorities. Maltese NGOs are concerned about this choice, knowing that this type of technical assistance is highly problematic and usually does not match the principle of country ownership. Maltese development NGOs will closely monitor the implementation of this government policy to ensure that Maltese technical assistance is demand-driven and based on the needs of recipient countries.

Maltese NGOs call on the Maltese Government to:

- stop inflating Maltese aid by including money spent on detention centres, repatriation of migrants and asylum seekers as ODA money;
- channel ODA solely towards poverty eradication in poor countries;
- contribute towards areas of development the targeting of which will coherently maximize aid effectiveness;
- provide clear, adequate and transparent reporting of Maltese aid;
- ensure that technical assistance is demand, rather than donor-driven.



Organisations consulted: Aid Watch Working Group, SKOP – The National Platform of Maltese NGOs.

"One of my priorities as a Minister of Foreign Affairs is promoting Poland, the strategic brand of Poland as a country which underwent effective transformation from dictatorship to democracy and economic progress. Delivering development and humanitarian aid, assisting least developed countries is a key instrument of strengthening its brand".

Radosław Sikorski, Minister of Foreign Affairs, at the Conference on Polish Aid,
February 2008.



Poland

Has Poland established a timetable to reach the target of 0.17% by 2010? YES

Will Poland meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

In 2007, Poland spent over €260 million on ODA, increasing by 4% the total ODA amount from 2006. However, no progress has been made in terms of the percentage of ODA/GNI, which did not increase since 2006 (0.09%).

Polish aid figures are still inflated by reporting debt relief as ODA. In 2007, Poland spent €22 million on debt cancellation for Nicaragua. The amount of debt cancellation decreased by 33% from 2006, but it still accounts for 8% of whole ODA reported. At this pace, Poland is highly unlikely to reach the promised level of GNI 0.17% in 2010.

• Aid quality

Low predictability, lack of transparency and poor evaluation are crucial problems of Polish ODA. NGOs welcome the government's attempts to set up an evaluation system for Polish aid during the course of 2008. However, implementation details are not yet available and NGOs fear that not enough efforts will be made to set up effective and independent evaluation.

Polish aid is quite unpredictable. Multi-year financial commitments are currently impossible due to legal constraints. Poland's aid priorities and allocations are announced on an annual basis. For instance, changes in priority countries have been recurrent in the past three years. NGOs hope that the Strategy of Polish Foreign Assistance for 2007-2013 will help improve predictability of Polish aid.

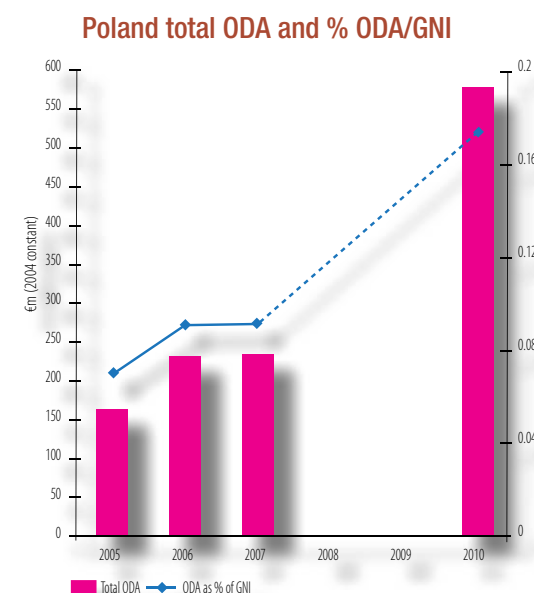
However, even though the strategy was prepared by the Ministry of Foreign Affairs in 2006, it has not yet been approved by the government.

Polish NGOs deem current levels of transparency and consultation with civil society clearly insufficient. Consultation with civil society from recipient countries is almost non-existent.

The government should step up efforts to approve a multi-year strategic plan for Polish development cooperation. Polish NGOs as well as governments and civil society from partner countries should be actively consulted during this process.

Polish NGOs call on the Polish government to:

- ensure that Poland reaches the 0.17% target by 2010;
- stop inflating aid by including debt relief in the Polish ODA;
- change the legal framework to allow for multi-year funding commitments;
- establish a multi-year, results-oriented plan in consultation with civil society to inform Poland's contribution towards achieving the MDGs;
- strengthen the focus on poverty reduction as the ultimate goal of Polish ODA.



Organisations consulted: Zagranica Group, Polish National Platform.

"Romania's membership to the European Union obliges the country to provide assistance. This is an obligation Romania has assumed, as the country is in its turn a recipient of assistance from other countries outside the European Union."

Traian Basescu, President of Romania, European Union - Africa Summit, Lisbon, December 2007.



Romania

Has Romania established a timetable to reach the target of 0.17% by 2010? NO

Will Romania meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

According to European Commission's latest figures, Romania contributed 0.07% of its GNI (€80 million) in 2007. The bulk of Romania's ODA was channelled through the EU budget and €5 million through other multilateral agencies and programmes. The 2008 elections may freeze any change in the ODA budget as ODA is not considered a national priority. Similarly, no substantial capacity improvement is to be expected. At this pace, it is unlikely that Romania will be able to meet its target by 2010.

Despite the Ministry of Foreign Affairs' announced intention not to count foreign debt cancellation as ODA, Romanian aid is likely to continue to be inflated by counting spending on foreign students in Romania. In 2007, the Romanian government launched a scholarship programme for African students studying in Romania. The €500,000 allocated in 2007 has been counted as ODA. During the EU-Africa Summit in Lisbon in December 2007, the Romanian President Traian Basescu announced that Romania will provide development assistance for education in Africa. For the moment, in the absence of any other concrete programme, this means that in 2008 another €1 million in scholarships will be again counted as ODA.

• Aid quality

The capacity of the Romanian Ministry of Foreign Affairs, which is responsible for development cooperation, is still very limited. The Ministry, with no visible support from the rest of the government, still struggles to define a clear strategy for Romania's development

aid. This makes it difficult to access information on Romania's ODA and has unintended effects on the overall transparency of Romanian aid.

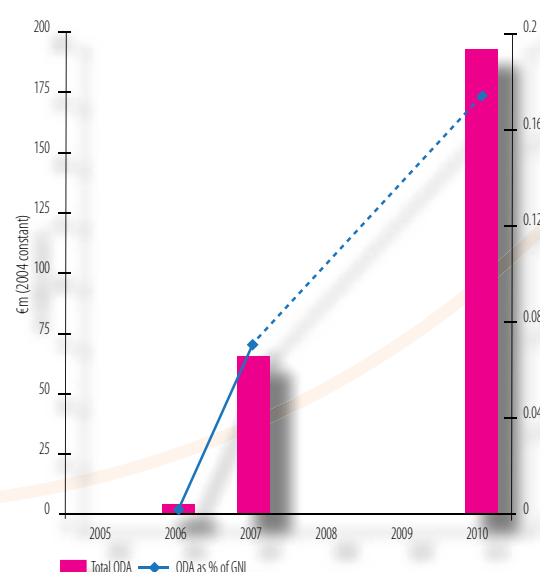
The lack of capacity is the main reason why most of Romania's ODA is channelled through multilateral institutions and programmes. United Nations agencies are the major recipients of Romanian ODA – particularly to UNDP programmes in Romania's priority countries, such as Moldova (€800,000), Serbia (€400,000) and Georgia (€300,000).

Romanian aid also lacks a clear mechanism for disbursement of bilateral aid, which seriously undermines predictability of aid flows. This is worsened by the fact that the government does not make multi-year funding commitments. And even one year programming is all too often unclear and uncertain.

Romanian NGOs call on the Romanian government to:

- strengthen the capacity and profile of development cooperation within the government, the Romanian parliament and within the Romanian Ministry of Foreign Affairs itself;
- establish a mechanism for disbursement of development assistance that will allow for multi-year funding commitments;
- produce coherent multi-year strategies for bilateral and multilateral development assistance;
- stop inflating Romanian ODA by counting debt relief and spending on foreign students.

Romania total ODA and % ODA/GNI



Organisations consulted: Civil Society Development Foundation.

"We are committed to make 2008, the halfway point towards the Millennium Development Goals, a turning point in the fight against global poverty. The EU can play a lead role in re-energising international efforts to fulfil the historic commitments to meet the Millennium Development Goals and provide a framework for action over the next seven years. We call on other Member States to agree an ambitious MDG action plan at the European Council in June." Joint statement by the UK and Slovak Prime ministers Gordon Brown and Robert Fico, Bilateral meeting in Brussels, March 2008.



Slovak Republic

Has the Slovak Republic established a timetable to reach the target of 0.17% by 2010? NO

Will the Slovak Republic meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

In 2007, the Slovak government reported €49 million as ODA, increasing by almost 1% the absolute amounts of Slovak ODA. However, ODA/GNI dropped from 0.1% in 2006 to 0.09% in 2007. This year's figures continue to show the lack of commitment by the Slovak government to seriously step up their efforts to increase Slovak ODA.

Slovak ODA was inflated by counting debt cancellation (€13.5 million) and foreign student costs (€0.83 million). This means that in 2007 almost 29% of Slovak ODA was inflated aid.

Slovak NGOs have repeatedly asked the Minister of Foreign Affairs and State Secretary responsible for Development Cooperation to increase the volume of bilateral ODA, especially in times of significant growth of the Slovak economy.

• Aid quality

Slovak NGOs are only partly satisfied with the transparency of their government's aid, and recognise that there is still room for improvement. The data released by the government in some areas does not include a breakdown of spending across different programmes or sectors.

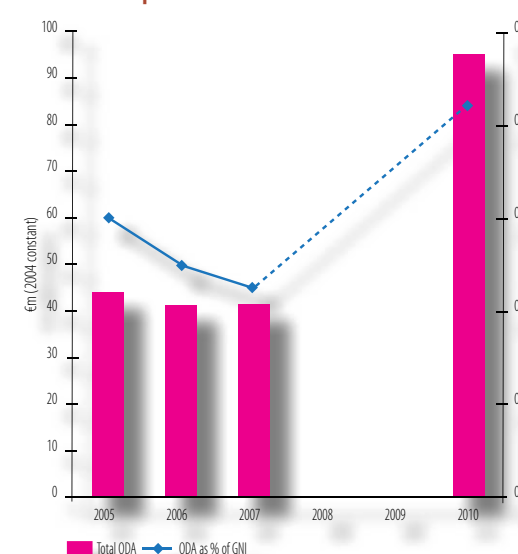
Low predictability and bureaucratic management of the Slovak aid are other areas of concern for Slovak NGOs. The new governmental agency for international development cooperation is not supporting

continuity and long-term sustainability of development projects and programmes funded by Slovak development aid.

Slovak NGOs call on the Slovak government to:

- increase bilateral ODA significantly and set up a timetable to reach ODA commitments by 2010 and 2015;
- strengthen the poverty eradication focus of Slovak aid;
- create a more detailed annual ODA report, providing accurate data about commitments and disbursements;
- ensure multi-annual programming of ODA and the continuity of development projects.

Slovak Republic total ODA and % ODA/GNI



Organisations consulted: Slovak NGO Platform.

"Fight against poverty and reaching the MDGs are one of the three main global priorities on which future of mankind depends."

Janez Janša, Slovenian Prime minister and current chair of the Council of the European Union, Interview at Television Slovenia, April 2008.



Slovenia

Has Slovenia established a timetable to reach the target of 0.17% by 2010? NO

Will Slovenia meet the EU target of 0.17% of GNI in 2010 without inflating its aid? NGO prediction: UNLIKELY

According to the latest data released by the European Commission and the Slovenian Ministry of Foreign Affairs, in 2007 Slovenia's ODA was €40 million or 0.12% of its GNI. This is exactly the same percentage as in 2006. The government of Slovenia has promised to greatly increase its ODA in the future and it is planning to start contributing to the European Development Fund in 2008. However, this year's stagnation casts doubts on whether the government will actually fulfill its promises on scaling up Slovenian ODA. Moreover, the timetable in the draft Slovenian ODA Strategy has not yet been approved by the government nor the parliament.

A further difficulty is that not all the ODA reported in 2007 was real aid. Slovenia inflated its ODA by counting refugee and foreign students costs (€4.3 million). This means that more than 10% of Slovenian ODA was actually inflated aid. Moreover, NGOs are concerned that the government does not even follow all OECD DAC rules on ODA reporting. NGOs welcome Slovenia's planned membership of the OECD which hopefully will improve the government's reporting practices.

• Aid quality

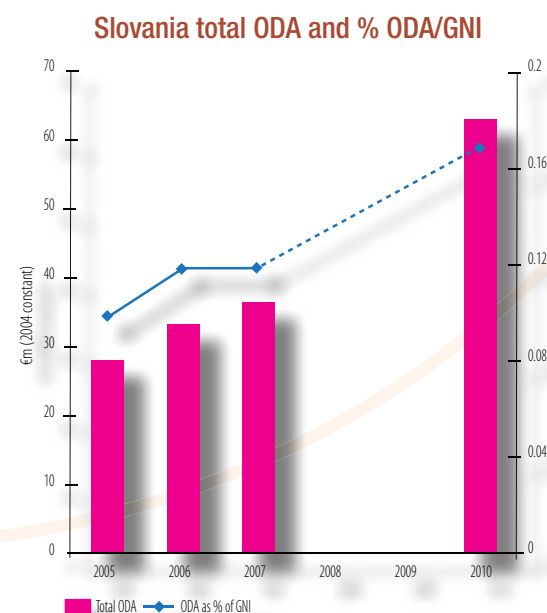
Slovenian ODA suffers from serious transparency deficits, as crucial information, such as that on companies granted ODA contracts or data sent to the European Commission, is not made public. The government is making some efforts to improve transparency of its aid, although at a very slow pace.

Most bilateral ODA is allocated on the basis of political interests mainly targeting Slovenia's neighboring countries. A more positive analysis should, however, appreciate that this aid is mostly geared to assist the accession of Western Balkan countries to the European Union.

Unfortunately, gender equality continues to be neglected, as this critical issue is dismissed in the current draft Slovenian ODA strategy, and no financial resources are allocated to gender issues.

Slovenian NGOs call on the Slovenian government to:

- increase transparency of its aid, and rationalise the aid system so as to facilitate NGO engagement in planning, implementation and evaluation of the Slovenian ODA;
- enhance the poverty focus of bilateral ODA and allocate a greater share of aid to least developed countries;
- make multi-year funding commitments;
- follow OECD DAC reporting rules;
- as the richest member of the new EU member states and future OECD member, commit to raise its ODA contributions above 0.33% GDP by 2015.



Organisations consulted: SLOGA.

Note on data sources

- All 2007 data for EU 15 countries (members of OECD/DAC) comes from Table 1 and Table 2 of the OECD press release on April 4th 2008 and the DAC reference statistical tables published on the same day. www.oecd.org/dac
- Refugees and student costs: Given that there is no detailed breakdown of spending on refugees in donor countries and student costs for 2007, 2007 figures were calculated based on trends for recent years. We took six year trends in the case of refugees and three to five year trends in the case of student costs depending on data available. We used constant 2005 prices to forecast the amount for 2007, and then inflated the figures to 2007 prices using the OECD deflators (see reference tables). In the case of Austria, France and Luxembourg we substituted our calculations with estimates from government sources of expenditures on refugee costs and/or imputed student costs.
- Data for 2005 and 2006 for EU 15 countries is taken from the OECD Development Database on Aid Activities: CRS online, Table DAC1A, www.oecd.org/dac/stats/idsonline. In order to compare across years, data was extracted in 2005 constant prices and transformed to 2004 prices using DAC deflators.
- Geographical information was extracted from Table DAC2A of the CRS online database
- Exchange rates: All data was extracted in US\$ and converted into Euros using the OECD annual exchange rate for given year (see DAC reference tables above).

We have used data from the same OECD sources for those EU 12 countries reporting to the DAC: Czech Republic, Hungary, Poland and the Slovak Republic. All other data for EU 12 countries was taken from the Commission staff working paper. SEC (2008) 432/2, published on April 9th 2008.

Endnotes

- ⁱ UNDP (2007/ 2008) Human Development Report.
- ⁱⁱ Millennium Project, Fast Facts on Poverty, http://www.unmillenniumproject.org/resources/fastfacts_e.htm
- ⁱⁱⁱ Millennium Project, <http://www.unmillenniumproject.org>
- ^{iv} Speech at the United Nations General Assembly, September 2007.
- ^v Paris Declaration on Aid Effectiveness, March 2005.
- ^{vi} Treaty of the European Union, Article 177.
- ^{vii} UN DESA (2007) World Economic Situation and Prospects.
- ^{viii} Monterrey Consensus, March 2002, Chapter I.
- ^{ix} EU External Relations Council, Brussels 24 May 2005, Council conclusions: Accelerating progress towards achieving the Millennium Development Goals, p 4 http://www.consilium.europa.eu/ueDocs/cms_Data/docs/pressData/en/gena/84945.pdf
- ^x European Council, 2005: "European Consensus" on Development Brussels, 22 November 2005 <http://www2.dfid.gov.uk/eupresidency2005/eu-consensus-development.pdf>
- ^{xi} Ibid, p 12.
- ^{xii} Ibid, p 12.
- ^{xiii} Ibid, p 12.
- ^{xiv} GAERC 24 May 2005 Council Conclusions.
- ^{xv} EU External Relations Council, Brussels 24 May 2005, Council conclusions: Accelerating progress towards achieving the Millennium Development Goals, p 5.
- ^{xvi} European Consensus, 2005, p 12.
- ^{xvii} CONCORD (2007) Hold the Applause! EU governments risk breaking aid promises; Joint European NGO report (2006) Genuine leadership or misleading figures; OECD (2007) Development Cooperation Report; European Commission Communication; COM (2007) 164.
- ^{xviii} According to the European Commission staff working paper SEC (2008) 432/2, published on April 9th 2008. The EC states that five other countries, Denmark, Ireland, Luxembourg, the Netherlands and Sweden are not concerned by the call for timetables as their aid is already at or above the 2010 individual minimum target. We still consider that countries planning to increase their aid above this minimum should publish a year on year timetable.
- ^{xix} Report of the Secretary General of the United Nations, In Larger Freedom, March 2005.
- ^{xx} Monterrey Consensus, March 2002, Chapter II <http://daccessdds.un.org/doc/UNDOC/GEN/N02/392/67/PDF/N0239267.pdf?OpenElement>
- ^{xxi} OECD (2007) Is it ODA? OECD Factsheet.
- ^{xxii} OECD (2006) Memorandum DCD/DAC/STAT(2006) 22.
- ^{xxiii} See endnote 1 on data sources.
- ^{xxiv} OECD (2007) Development Cooperation Report.
- ^{xxv} World Health Organisation, Gender, Health and Poverty Factsheet.
- ^{xxvi} Eurodad (2008) Turning the tables: aid and accountability under the Paris framework, p 53 http://www.eurodad.org/uploadedFiles/Whats_New/Reports/Turning_the_Tables.pdf
- ^{xxvii} See endnote xxvi, p. 21
- ^{xxviii} Paris Declaration on Aid Effectiveness, March 2005.
- ^{xxix} See endnote xxvi
- ^{xxx} Actionaid, Hit or Miss? Women's Rights and Millennium Development goals, March 2008.
- ^{xxxi} See endnote xxvi
- ^{xxxii} For more information, please check Eurodad (2008).
- ^{xxxiii} Roger C. Riddell, Does Foreign Aid really work? Oxford University Press 2007, p. 358.
- ^{xxxiv} See data in Roger Riddell, Does Foreign Aid really works, Oxford 2007, p. 202.
- ^{xxxv} See examples of the ineffectiveness of technical assistance in ActionAid International (2006), Real Aid 2. Making technical assistance work.
- ^{xxxvi} DFID Annual Report 2007, p. 121
- ^{xxxvii} Aid Effectiveness 2006 Survey on Monitoring the Paris Declaration; p52; OECD DAC.
- ^{xxxviii} European Court of Auditors, Special Report No 6/2007 on the effectiveness of technical assistance in the context of capacity development.



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European network	ActionAid International	www.actionaid.org
European network	ADRA - Adventist Development and Relief Agency	www.adra.org
European network	Aprodev	www.aprodev.net
Austrian national association	Global Responsibility - Austrian Platform for Development and Humanitarian Aid	www.eu-plattform.at
Belgium national association	Belgian Platform of NGOs for Relief and Development (11.11.11; ACODEV; CNCD/11.11.11; COPROGRAM)	www.11.be ; www.acodev.be ; www.cncd.be ; www.coprogram.be
European network	CARE international	www.care-international.org
European network	Caritas Europa	www.caritas-europa.org
European network	CBM International	www.cbm.org
European network	CIDSE	www.cidse.org
Czech Republic national association	FoRS - Czech Forum for Development Co-operation	www.fors.cz
Danish national association	Danish EU-NGO Platform	www.eu-ngo.dk
European network	EU-CORD	www.eu-cord.org
European network	Eurodad - European Network on Debt and Development	www.eurodad.org
European network	EuronAid - The operational NGO Food Security Network	www.euronaid.nl
European network	Eurostep - European Solidarity Towards Equal Participation of People	www.eurostep.org
Finnish national association	Kehys ry: The Finnish NGDO Platform to the EU	www.kehys.fi
European network	FORUM - International FORUM on Development Service	www.forum-ids.org
French national association	Coordination SUD	www.coordinationsud.org
German national association	VENRO - Association of German Development NGOs	www.venro.org
Greek national association	Hellenic Committee of NGOs	-
Hungarian national platform	HAND-Hungarian Association of NGOs for Development and Humanitarian Aid	www.hand.org.hu
European network	IPPF European Network	www.ippf.org
Irish national association	Dóchas- The Irish Association of Non-Governmental Development Organisations	www.dochas.ie
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Maltese national association	SKOP	www.skopmalta.org
the Netherlands national association	Partos	www.partos.nl
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European network	Plan Europe	www.plan-international.org
Polish national association	Grupa Zagranica	www.zagranica.org.pl
Portuguese national association	Plataforma Portuguesa das ONGD	www.plataformaongd.pt
European network	Save the Children	www.savethechildren.net
Slovakian national association	MVRO - The Non-governmental Development Organizations Platform	www.sloga-platform.org
Slovenian national association	SLOGA - Slovenian NGDO platform for development cooperation and humanitarian aid	www.mvro.sk
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