

AID WE CAN - INVEST MORE IN GLOBAL DEVELOPMENT



- "achieved" countries that have met or even exceeded the commitment of 0.7% (EU 15) or 0.33% (EU 12) in 2011
- "on track" countries that have met the level of 0.55% (EU 15) or 0.20% (EU 12) in 2011, demonstrating that they are gradually increasing their aid to meet 0.7% or 0.33% in 2015
- "progress" countries that have exceeded the interim target of 0.51% (0.17%) for 2010, but have not advanced much further. Countries in this category are above 0.51 (0.17%), but below 0.55% (0.20%)
- "off track" countries have not even met their 2010 targets

WHAT DOES THE COLOUR CODING ON THE COVER PAGE MEAN?

► The map shows whether EU Member States have achieved the EU commitments for Official Development Assistance in 2011 or not.

“achieved” The country has met or even exceeded the commitment of 0.7% (EU 15) or 0.33% (EU 12) in 2011. Four countries are in this category: Sweden, Luxembourg, Denmark and the Netherlands.

“progress” The country has exceeded the interim target of 0.51% (0.17%) for 2010, but has not advanced much further. Countries in this category are above 0.51 (0.17%), but below 0.55% (0.20%). Three countries form part of this category: Belgium, Finland and Ireland.

“on track”, The country is making progress and has exceeded the EU target for 2010. They are demonstrating that they are gradually increasing their aid to meet 0.7% or 0.33% in 2015. In 2011, EU Member States should have met a level of 0.55% (EU 15) or 0.20% (EU 12), steadily moving towards this goal. Two countries are in this category: United Kingdom and Malta.

The country is **“off-track”** to meet the 2015 target (colour code: dull grey). They have not even met the 2010 targets. 18 countries are off-track: Austria, Bulgaria, Cyprus, Czech Republic, Estonia, France, Germany, Greece, Hungary, Italy, Latvia, Lithuania, Poland, Portugal, Romania, Slovak Republic, Slovenia and Spain.

AidWatch

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For further interactive graphs and links to detailed information on aid quantity and quality for all 27 EU member states and the European institutions please visit our report web site: aidwatch.concordeurope.org

► About this report

Since 2005 the development NGOs from all 27 EU countries have come together through the AidWatch initiative to produce this report, under the umbrella of CONCORD. CONCORD is the European NGO confederation for Relief and Development. Its 26 national associations, 18 international networks and 1 associate member represent 1,800 NGOs which are supported by millions of citizens across Europe. CONCORD leads reflection and political actions and regularly engages in dialogue with the European institutions and other civil society organisations. At global level, CONCORD is actively involved in the Open Forum for CSO Development effectiveness, the Beyond 2015 campaign, BetterAid and the International Forum of NGO platforms. More on www.concordeurope.org.

► European AidWatch Initiative

AidWatch is a pan-European advocacy and campaigns network of NGOs to monitor and advocate on the quality and the quantity of aid provided by EU member states and the EC since 2005. The network carries out ongoing advocacy, research, media and campaigns activities on a wide range of aid-related issues throughout the year. More on aidwatch.concordeurope.org.

► Acknowledgements

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This report has been made possible by the efforts of NGO coalitions across the EU, listed on the 27 country pages and on the back page of this report.

The AidWatch groups and task forces have provided overall guidance and substantial inputs to the report writing. These groups and task forces included: Joanna Rea, Pauliina Saares, Caroline Kroeker-Falconi, Luca de Fraia, Catherine Olier, Jeroen Kwakkenbos, Evelin Andrespok, Peter Sörbom, Flore Tixier, Liz Steele, Gideon Rabinowitz, Fotis Vlachos, Angela Corbalan, Rachel Rank, Ieva Snikersproge, Karine Sohet, Lonnie Poissonnier, Marc Woodall, Wiske Jult, Adriana Zaharia, Robert Hodosi and Mark Brough.

The following organisations have written sub-sections of the report: Ukan (Introduction chapter) and CONCORD Denmark (chapter on climate change financing).

The country pages have been produced by AidWatch focal points in the national platforms with the support of Zuzana Sladkova, Katja Albrecht, Gideon Rabinowitz and Daniel Puglisi.

The aidwatch.concordeurope.org website has been built by arccomms.co.uk (in 2011) and in 2012 managed by Daniel Puglisi.

Design and layout by: everything.be.

Cover image by everythink.be.

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EXECUTIVE SUMMARY

The deadline to meet the Millennium Development Goals (MDGs) draws near and critical global objectives of poverty eradication are still to be met. In 2005 the EU and its Member States committed to collectively provide 0,7% of their Gross National Income in aid by 2015 to support the achievement of the Millennium Development Goals. The EU remains the world's aid champion, but in 2011 the EU delivered significantly less aid than in 2010 and it also lowered the proportion of its aid that was spent on development activities. This situation threatens to undermine the EU's status as the largest provider of aid.

The AidWatch initiative warned in last year's report - "Challenging Self-Interest" - about the threat that the EU's growing focus on its own problems posed for efforts to achieve the EU's aid promises. Unfortunately, these concerns were well founded. In 2011, Official Development Assistance (ODA, later in the text also referred to as aid/aid budgets) from EU Member States fell for this first time since 2007 in GNI terms and was equivalent to 0.42% ODA/GNI in 2011, only 0.01 percentage point higher than in 2005 when they made their historic aid promises.ⁱ The total ODA of the EU's original 15 Member States reached the slightly higher level of 0.45% in 2011, while the total ODA of the 12 new EU Member States remained at its 2010 level of 0.1% in 2011.

Amongst individual EU Member States, 11 cut their ODA budgets in 2011, up from 9 in 2010. Of these 11, 5 reduced their ODA by more than 10%: Greece (-39%), Spain (-33%), Cyprus (-28%), Austria (-14%) and Belgium (-13%). In absolute terms, the cuts made by France (-€544 million) and the Netherlands (-€307 million)ⁱⁱ were also significant and total EU ODA was € 490 million lower than in 2010.

In 2011, only 6 EU Member States delivered at least 0.55% (0.2%)ⁱⁱⁱ of their GNI as ODA, a level that would demonstrate they were steadily increasing their aid to meet their targets in 2015. These countries were Luxembourg, Sweden, Denmark, the Netherlands, United Kingdom and Malta (the only EU 12 country that achieved this standard). Belgium (0.53%), Ireland (0.52%) and Finland (0.52%) came close to meeting this target, despite reducing their ODA in 2011. If EU Member States had provided the full amount of their ODA commitments plus additional climate finance, they would have delivered at least € 15.4 billion more. With this amount, lives could have been saved, families and communities could have risen out of poverty, they could have enjoyed wellbeing and the realisation of their rights.

Projecting forward to 2015 based on current ODA levels and available budget figures for the coming years, the best estimates available suggest that the ODA of EU Member States will reach only 0.44% in 2015. Without urgent efforts to address these trends EU Member States will miss their 2015 ODA promises by an astonishing margin.

In recent years AidWatch has highlighted a growing and worrying trend of EU Member States increasingly focusing their ODA programmes on their own security and economic interests. There are signs that this trend has accelerated in 2011 – EU Member States shifted aid from Sub-Saharan Africa to North Africa and other countries of security interest and their ODA spending on refugees in their own countries increased by €720 million compared to 2010.

We also calculate that in 2011 at least € 7.35 billion (or 14%) of EU ODA was not invested in developing countries.

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This ODA consisted of the share spent on refugee and student costs (which is spent in donor countries), debt relief (all too often an accounting transaction with little impact of resource flows), an amount lost from the inefficiencies of tied aid and cancelled out by interest payments developing countries make on ODA loans from the EU^{iv}. EU donors are not doing enough to invest the ODA they are providing on development and poverty reduction activities in developing countries. At least €2.34 billion (or 4,4 %) of EU ODA was delivered through contributions to the Fast Track Climate Finance initiative, which EU member states continue to count towards their ODA spending despite the fact that developing countries have called for such contributions to be additional to their ODA commitments.

These worrying trends in EU ODA in 2011 threaten to undermine the EU's status as an aid champion when, with huge efforts still to be made to reach the MDGs by their rapidly approaching 2015 deadline, the EU needs to play this role more urgently than ever. In a year in which the fourth High Level Forum on Aid Effectiveness (HLF4) focussed attention on improving the impact of aid, this performance raises questions about the EU's commitment to put results for the poorest people at the heart of its aid programmes. Public polling repeatedly confirms that EU citizens are holding firm to their support for aid to be increased, recognising that these promises need to be kept in good and bad times. EU Governments need to match the inspiring vision of their citizens and prove that they are serious development partners.



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RECOMMENDATIONS

The 1,800 organisations represented by CONCORD, the European NGO Confederation for Relief and Development, call upon EU governments to take responsibility for leading the global call to increase aid quantity and quality through:

1. Agreeing on realistic and binding actions by the EU and its Member States to reach collectively the aid target of 0.7% ODA/GNI by 2015 and be held accountable for meeting this commitment through an Annual Report to the European Council.
2. Ensuring that the EU provides genuine resources for development which are available to partner countries to invest in development and poverty reduction by:
 - Ending inflation of aid budgets with refugee costs, imputed student costs and debt relief;
 - Ensuring that climate finance is additional to ODA and primarily supports vulnerable countries' and populations' urgent adaptation needs.
3. Urgent implementation of the EU's development effectiveness commitments through:
 - Fully untying EU ODA, in order to allow developing countries to procure the most suitable and competitive goods and services available and to support increased procurement in developing countries.
 - End the linking of ODA allocations to EU security and economic interests and ensure ODA is demand-driven and fully responds to developing country strategies and priorities, thereby improving its long-term impact.
 - Ensuring that all of their ODA is invested in development and poverty reduction activities in developing countries.
 - More transparency throughout the process, through inter alia, publishing information on their aid programmes in line with the common, open standard based on IATI.
4. Firmly integrating a human rights-based approach to development in their cooperation strategies, concentrating aid on the poorest and most marginalised groups and supporting their empowerment, participation in decision-making processes and efforts to demand their human rights are respected.
5. Adopting a clearer and more holistic approach to "differentiation" amongst recipients of EC aid programmes, based on criteria relating to the multi-dimensional causes of poverty and inequality and setting-out clear strategies for phasing out ODA programmes.
6. Ensuring that the current definition of ODA is retained until 2015 and show strong leadership in the preparations for agreeing the post-2015 global development agenda that will build on the MDGs.

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1 | INTRODUCTION

This report, the first of two^v the AidWatch initiative will be producing in 2012, focuses on aid disbursements of the 27 EU Member States in 2011 and explores trends compared to 2010 and across Member States. This analysis also includes an assessment of the progress these Governments have made against their historic 2005 aid commitments and the shortfalls that still remain in meeting their promises in 2015.

In addition to analysing aid trends across Europe, the report also attempts to scrutinise what proportion of this aid can be judged as genuine aid, i.e. delivering a real transfer of resources to developing countries to be spent on development activities. This involves addressing questions such as: what proportion of EU aid was spent in donor countries; focussed on the poorest countries; or based on artificial inflation of the figures?

A final theme of this report is an assessment of progress in the ongoing policy, financial and institutional reviews that aim to guide changes to the aid policies of the European institutions and European Member States, by 2015 and beyond. This assessment will include a presentation of Concord's views on where the outcome of these processes may fall short in maximising the future development impact of the EC's aid. Recommendations are formulated for what outcome will help to deliver these goals.

These issues will be explored in two main sections; i) an overview of trends in aid across EU Member States; ii) country pages, that present analysis of the aid performance of individual EU Member States and the EU institutions.

► Aid remains vital for the Poor

2011 provided many stark reminders of what is at stake from EU Member States delivering on their aid promises.

Aid was critical to responding to the devastating food shortages in the Horn of Africa during 2011, which were estimated to have left 13 million people facing food insecurity and 4 million people facing famine in Somalia alone^{vi}. Aid was vital in assisting more than one million refugees who were vulnerable to a multitude of threats^{vii}. It remains critical in order to find longer-term solutions to the recurring problems of drought, hunger and conflict.

Importantly there were also stark warnings in 2011 about the challenges still to be met in achieving the MDGs by their rapidly approaching 2015 deadline. The 2011 Millennium Development Report^{viii} found that important progress has been made in reducing income poverty, increasing primary school enrolment, improving access to clean drinking water and improving the treatment of diseases such as HIV/AIDs, tuberculosis and malaria.

However, limited progress has been made in reaching the target of halving the proportion of people suffering from hunger and malnutrition and reducing the under-five and maternal mortality rate. Regional differences are also noticeable, with progress being significantly slower in Sub-Saharan Africa and South Asia and limited progress being achieved amongst the poorest and most marginalised groups. Inequalities are increasing worldwide and the MDG results lag behind in all fragile states.

Given the urgent development needs that aid can address and the significant development impacts we are increasingly aware aid is achieving (see box 1 below)^{ix}, the EU's efforts to deliver on their aid promises can save many lives and help build a better future for millions of people.

► Worsening EU aid is slowing down the positive development achievements of past years

Despite these urgent needs and the vast opportunities for EU aid to make a difference, in 2011 EU Member States not only delivered less aid than in 2010, a lower proportion of its aid was spent on development activities. However, efforts to reshape the EC's aid programmes to the benefit of economic and security interests also gained momentum.

EU aid falls in 2011; aid promises further away than ever

- In 2011 total aid from EU Member States fell from € 53.5 billion to € 53 billion (0.42% of GNI), up only 0.1 percentage points from the level of 2005 in terms of % of GNI. In order to meet the 0.7% target in 2015 through a gradual scale-up in its aid EU Member States should have been at around 0.55% of GNI in 2011, equivalent to € 15.4 billion missing from the EU.
- In 2011, 11 of the EU-15 decreased their aid levels, 5 of them by more than 10%. 7 Member States provided less than 50% of their commitment (Austria, Bulgaria, Greece, Italy, Latvia, Romania and Slovak Republic).

Further reductions in EU aid expected in 2012

- At least nine Member States are planning on reducing their aid further in 2012, with reductions of 53% expected in Spain and 38% in Italy.

- If these reductions and disappointing future budget plans are not addressed, then most EU Member States will struggle and some will fail to reach even their 2010 aid targets in 2015.

A smaller share of EU aid was invested in development activities

- In 2011 € 5.86 billion or 11.1% of EU aid consisted of spending on developing country refugees and students in donor countries as well as debt relief, compared with € 5.2 billion in 2010 or 9.7% of EU aid. Refugee costs reported as ODA in 2011 were € 720 million higher than in 2010.
- An additional € 1.53 billion of the EU's aid made little contribution to development given it was lost in over-expensive tied aid and cancelled out by interest payments on aid loans.
- EU Member States counted at least € 2.34 billion provided to the Fast Start Climate Finance initiative towards their aid targets, when such financing should have been additional to long-standing aid promises.
- National security and migration concerns influenced continued large allocations to Afghanistan and increased allocations to North African countries.

It is hard to view the EU's 2011 aid performance as being a fully committed development partner. This situation risks to undermine the EU's status as a global aid champion.

Box 1

AID VITAL TO PROGRESS ON THE MDGS IN RWANDA

Over the last 5-6 years international aid has contributed around 50% of Rwanda's public spending, helping to deliver vital investments in human and economic development. Between 2006 and 2011 these investments made an invaluable contribution to a reduction in the poverty rate from 57% to 45% (equivalent to 1 million people moving out of poverty), child mortality falling by 41%, maternal mortality falling by 35%, primary school enrolment increasing to over 90% and the number of secondary school children doubling. Of course important development challenges remain, including in relation to weaknesses in governance and democratic accountability. However, these changes show what sustained investments from international aid can do to help achieve the MDGs.

Source: Rwanda Household Living Conditions Survey, 2011

Of course EU Member States continue to face economic and financial problems, but these should not be used as an excuse to ignore aid promises that are defined as a proportion of EU wealth. Development cooperation budgets represent only a very small amount of states' budgets. Cutting them to reduce deficits looks like cutting hair to lose weight.

European countries are demonstrating a lack of global development solidarity just three years from the deadline to meet the Millennium Development Goals. The important progress achieved in recent years is now being put at risk by a failure to deliver aid promises. This makes it increasingly difficult to be on track for the MDG targets..

► **EU citizens continue to support meeting aid promises**

The aid performance of EU Member States in 2011 was also in stark contrast to the views of EU citizens, who continue to hold firm to their support for EU aid to increase to meet long-standing aid promises despite the economic challenges they face.

The Eurobarometer survey "Making a difference in the world: Europeans and the future of development aid" of the European Commission found that of the 11 EU Member States that reduced their aid in 2011 the majority of citizens polled supported increasing aid as promised despite the economic challenges they have been facing. i Even where the lowest results were obtained 3 out of 4 people supported helping people in developing countries. Overall 62% of Europeans are in favour of increasing aid.

National opinion polls carried out in Germany^{xi} and France^{xii} supported the Eurobarometer findings, with 72.4% of Germans polled supporting reaching 0.7% and 63% of French citizens supporting aid increases. These are levels of support that are generally much higher than those enjoyed by

EU Governments at elections or in opinion polls.

EU Member States urgently need to match the inspiring engagement of their citizens and act to meet their aid promises in bad times as well as good.

► **Uncertainty over the EU's commitment to aid effectiveness in 2011**

The fourth High Level Forum on Aid Effectiveness (HLF4) held in Busan South Korea in Nov/Dec 2011 helped to ensure that the focus of the global aid community was firmly on the challenges for improving the effectiveness of aid in 2011.

Although AidWatch members judge that the agreement endorsed at HLF4 – the Busan Partnership for Effective Development Cooperation (BPEDC)^{xiii} – fell somewhat short of fully addressing all the urgent challenges to be faced in improving the effectiveness of aid, it did reaffirm existing aid effectiveness commitments made in Paris and Accra and included some important new commitments (see box 2 below). Above all else donors were keen to focus attention on maximising the development results achieved by aid.

Putting the inadequacies of the BPEDC aside, if political commitment is mobilised to fully implement the Busan commitments, it could lead to important improvements in the impact of development aid.

However, the recent EU policies are moving in the wrong direction to drive ambitious implementation of the BPEDC and need to urgently change course towards a genuine commitment to put development goals and ambitions firmly at the heart of aid.

Box 2

DON'T BELIEVE THE HYPE; WEAK DONOR AMBITIONS LIMIT PROGRESS IN BUSAN

The rhetoric ahead of the HLF4 in Busan was ambitious, with talk of a radical agreement being reached to address significant shortfalls in implementing the Paris and Accra commitments; focus attention on a wide range of new reform areas; bring developing country donors into a process for improving their effectiveness; and put in place an accountability process for commitments made.

In the end, the Busan Partnership for Effective Development Cooperation (BPEDC) did not deliver on this promise, with weak donor ambitions – including from EU Member States - limiting the progress achieved to the following:

- the Paris and Accra commitments were reaffirmed, despite some donor resistance
- important new commitments on improving aid transparency were agreed, although more ambitious proposals were rejected by a number of donors
- new general commitments were made in relation to the enabling environment for CSOs, democratic ownership and gender, although Government and donors still need to elaborate how they will implement these commitments

Important opportunities for progress were missed, with the most notable including:

- no new commitments on untying aid and local procurement, with donors resisting calls to meet clear partner country Government and CSO demands in these areas
- developing country donors signing on to the BPEDC on an explicitly voluntary basis
- the failure to focus attention on how aid can support growth and the private sector in ways that serve development goals as opposed to ends in themselves
- the failure to focus sufficient attention on human rights based approaches to development cooperation
- the failure to emphasise sufficiently the support for the realisation of women's` rights, the right to development and the consideration of environmental justice

In addition, it was agreed that arrangements for governance and monitoring the implementation of the BPEDC would only be agreed by June 2012. An ambitious outcome from the process to design a monitoring framework and follow-up process will likely determine whether the legacy of the BPEDC is genuine progress in the effectiveness of aid or business as usual. Developing country donors must also set out their plans to implement the BPEDC engage in a process of monitoring their implementation efforts.

Box 3

POSITIVE DEVELOPMENTS ON AID QUALITY IN 2011

Belgium advanced on using the systems of their partner countries. Guidelines were sent out to all bilateral cooperation representations. The guidelines stressed that the Belgian Development Cooperation gives priority to country systems for financial and procurement management. The Netherlands may be commended for its efforts in publishing data on its aid activities already in September 2011 – and at high quality. Equally, Sweden launched its Open Aid Initiative which publishes data according to IATI standards. The new Finnish Development Programme acknowledges the human rights-based approach to development. The Czech Foreign Ministry took steps towards improving the transparency of its data, confirmed its support for the Accra Agenda of Action and advanced project evaluations. Italy appointed its first ever Minister for Development Cooperation and held an inter-institutional roundtable on the future vision on Italian development cooperation.

A number of EU 12 countries made progress towards developing legal frameworks for Development Cooperation: Bulgaria, Latvia, Lithuania and Poland. The Hungarian civil society successfully pushed their Parliament to adopt a resolution which paves the way for drafting the long-awaited strategy paper for its development cooperation. The Czech Republic endorsed its National Strategy on Development Education and Czech CSOs succeeded in pressing their government to no longer report military missions as ODA. The Slovak Republic commissioned some external evaluations of their projects and adopted their National Global Education Strategy. Bulgaria initiated awareness raising projects on education in development

► Some EU member states show that the economic crisis need not be an excuse for broken aid promises

During 2011 a number of EU Member States took steps to deliver on their aid quantity promises, with the following examples most notable:

- Sweden reaffirmed its commitment to deliver 1% of GNI as ODA and increased its aid to 1.02% of GNI in 2011.
- Although their aid fell in GNI terms Luxembourg (0.99% of GNI) and Denmark (0.86% of GNI) have committed to deliver 1% of GNI as aid; Denmark is also using its Presidency of the EU to push other EU Member States to reach 0.7%.
- Although the UK's aid fell in GNI terms in 2011 the UK Government reaffirmed its existing budget that will allow it to achieve 0.7% by 2013.

- Germany increased its aid by €648m, although it remains 0.11 percentage points below its 2010 target; more than half of its parliamentarians signed up to a campaign for 0.7% to be reached.
- Amongst the EU-12 Malta (+44%), Lithuania (+37%), Romania (+37%) and Estonia (+26%) increased their aid significantly, although remain some way from meeting their targets.

In addition, a number of Member States took a range of other important steps to improve the development and poverty focus of their aid, as illustrated in table 3 below^{xiv}.

These positive trends clearly show that EU Governments ultimately make a political decision to deliver or not deliver on their aid promises and that challenging economic and political circumstances are not to be obstacle to taking such decisions. Such examples show that EU Governments who claim that the challenges they face leave them no choice but to ignore their aid promises are absolving themselves of their responsibility to the world's poorest people and exposing themselves as fair weather development partners.

POLICY CHANGES AT EUROPEAN LEVEL

In 2011 the EU found itself at crossroads, trying to refocus its development policy, while, at the same time discussing the new EU budget and preferred aid modalities that should support the implementation of its policy priorities. The EU institutions are an important actor as they are managing almost 20% of the EU's aid budgets.

► Agenda for change (AfC)

During 2011 the European Commission (EC) undertook a process of developing a new strategic policy statement to guide the development policy of the European institutions as they respond to evolving and new global development challenges.

This led to the launch of the EC's Communication on 'Increasing the impact of EU Development Policy: an Agenda for Change' on 13th October 2011. This Communication will need to be pursued in a manner that is consistent with the EU Consensus on Development, which remains the EU's binding framework to guide development policy.

The AfC focuses welcome attention on issues such as the promotion of human rights, democracy and good governance (one of two core policy priorities), social inclusion and human development, agriculture (an element of the second priority), responding to global shocks and improving the coordination and effectiveness of the EU's aid.

However, the AfC also places emphasis on policy issues which will be challenging to pursue in a way that helps to maximise the development impact of the EC's aid. These issues include:

- Growth and promotion of the private sector – such a priority must be pursued in a way that best support development outcomes, including focussing on inclusive approaches, on small and medium enterprises of developing countries, on sectors that are of most significance for the poor and safeguarding social and environmental sustainability

- Leveraging and blending loans and grants at a time of budgetary constraints, EU Member States are looking for the private sector to fill the gap, including by using aid to attract private finance and blending it with loans; such approaches need to be debated further to identify development-oriented approaches, be pursued transparently and in partnership with civil society and ensure that they don't lead to unsustainable debt burdens

► Multi-annual financial framework (2014-2020)

On 7 December 2011, the EC and EEAS launched their proposals on the external action budget and instruments for the period from 2014-2020 to be adopted by the Council and Parliament. They propose a welcomed increase for the whole EU's External Action and Development budget by 17% (in constant prices), with this heading of the EU budget increasing from 5.8% of its total to 6.8%. The European Development Fund (EDF) will remain outside of the EU budget for the period 2014-2020, so the proposed increase of the 11th EDF to € 34.276 billion is additional to the figures of the EU budget and is also welcome.

It is vital that proposals of this sort of ambition are agreed so that the limited share of the EU budget focussed on external action can be increased to support the EU to be an active player in tackling global development challenges and to help EU Member States to reach their ODA targets.

Despite the welcome budget increases, it needs to be pointed out that the EU will continue to prioritise its neighbouring countries under the next Multiannual Financial Framework. About 33% of the external budget of the EU will be allocated to the European Neighbourhood Instrument (ENI) and the Instrument for Pre-Accession (IPA). Proportionally the countries eligible under those two

instruments will receive a significantly higher share, considering that there are only 16 countries that will benefit from the ENI and 4 from the IPA, while there will be 124 benefitting from development funding under the EDF and the DCI.

A new element of the proposed MFF is the European Commission's proposal to take a differentiated approach to the provision of EC development assistance, by focussing grant aid on the poorest countries and moving towards non-grant cooperation instruments with 19 upper middle income countries and countries representing more than 1% of global GDP. Nineteen Latin American and Asian countries fall into this category, including Colombia, India, Peru and Indonesia, home to a significant proportion of the world's poorest people.

This proposal to cut grant aid - as abruptly as 2014 - to partner countries mainly on the basis of GDP is of major concern to Concord and its partners. This approach risks weakening the focus of EC development cooperation on poverty reduction and human development by taking the focus away from the poorest people wherever they may live. In addition, excluding countries based on GDP ignores the fact that in most of the countries where the EC plans to phase out grant provision, growth has had a limited impact on the poorest people. Extreme inequalities remain a significant obstacle to the poorest people benefitting from growth. Such approaches may undermine the European Consensus on Development, which remains the EU's primary development strategy.

► Joint programming

One of the two main aid effectiveness priorities of Commissioner Piebalgs reflected both in the Agenda for Change and in the EU common position for the HLF-4 in Busan is joint programming. Based on the EU Code of Conduct on Complementarity and Division of Labour in Development

Policy (2007) and the Operational Framework on Aid Effectiveness (consolidated, 2011), the EU and MS want to increase harmonization and alignment and reduce aid fragmentation.

In this regard, the EC and EEAS have tentatively selected 5 pilot countries (Ethiopia, Ghana, Guatemala, Laos and Rwanda) for the upcoming country programming of the 2014-2020 geographic instruments (DCI and EDF), of which many are fragile states or countries in transition. However, very little information is publicly available on progress and it is unclear how it will address past and recent EU promises.

Such a move forward could represent a real improvement in the coordination, division of labour and effectiveness of EU donors provided key conditions are respected in its implementation. These include respecting partner countries' leadership and alignment to their development strategies, promoting democratic ownership and participation of concerned populations in decisions relating to aid and improving aid transparency and mutual accountability. All these conditions need to be carefully addressed in dialogue with the partner country before joint programming initiatives take off. A strong evaluation and learning approach must also be taken to improve practice continuously.

2 | 2011 AID QUANTITY ANALYSIS

► Aid levels in 2011

In 2011, European Union Member States disbursed €52.97 billion compared to €53.46 billion in 2010, a fall of €490 million. As a proportion of EU gross national income (GNI) EU ODA was 0.42% for the EU 27, or 0.45% for the EU 15 and 0.1% for the EU12.

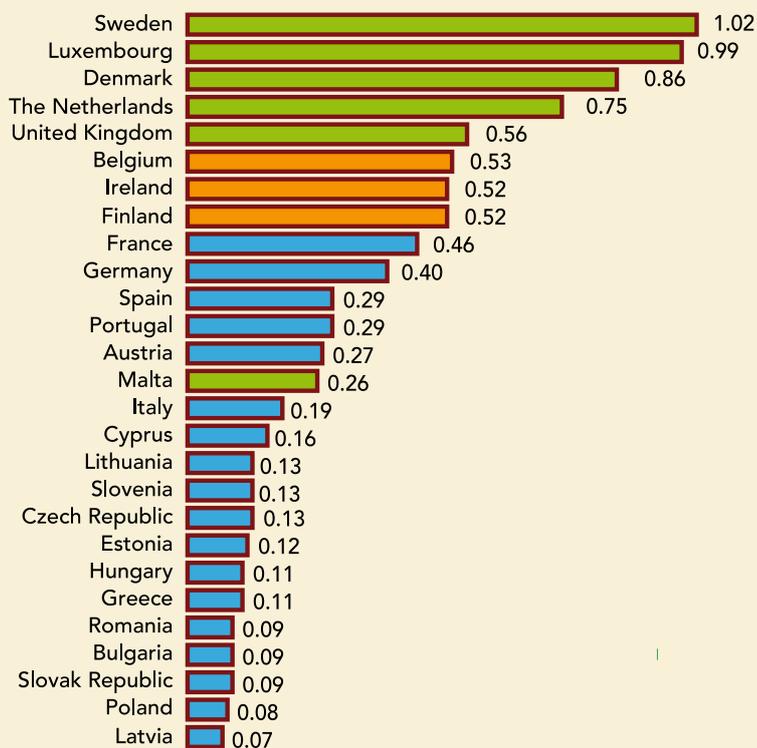
The three biggest donors of the European Union in absolute terms are Germany (with net disbursements of about € 10.5 billion), followed by the United Kingdom with € 9.9 billion and France with € 9.3 billion.

2011 AID QUANTITY ANALYSIS

In 2011:

- 11 European Member States cut their budgets.
- 9 European Member States exceeded their 2010 target (0.51% of GNI for the EU-15; 0.17% of GNI for the EU-12).
- Amongst the 9, 6 European Member States reached an aid level required to gradually scale up their aid towards 0.7% in 2015 (0.55% of GNI for the EU-15; 0.20% of GNI for the EU-12).

Graph 1 OFFICIAL DEVELOPMENT ASSISTANCE OF EU MEMBER STATES IN 2011 (% OF GNI)



Source: OECD and EC (Green graph: 2011 expected aid level was exceeded, orange graph: 2010 aid targets were exceeded; Blue graph: 2010 aid targets and 2011 expected aid levels were not met)

However, as a proportion of their GNI the largest donors are Sweden (1.02% of GNI), Luxembourg (0.99% of GNI) and Denmark (0.86%), all of whom have committed to deliver 1% of their GNI as ODA. These Member States are followed by the Netherlands (0.75%), United Kingdom (0.56%), Belgium (0.53%), Finland (0.52%) and Ireland (0.52%), all of whom in 2011 exceeded the 0.51% target the original 15 members of the EU (the EU-15) committed to deliver in 2010. The only member of the group of 12 new EU Member States (the EU-12) that in 2011 exceeded the 0.17% target they committed to reach in 2010 is Malta (0.26%). Cyprus got close to the 2010 target in 2011 by delivering 0.16% of its GNI as ODA. Italy and Greece who are members of the EU-15 delivered less ODA than some EU-12 countries, namely at 0.19% and 0.11% respectively.^{xv}

Amongst the 27 EU countries 11 cut their ODA levels in 2011 as compared to 2010; 5 of these cut their ODA by more than 10% - Greece by 38% (or € 145 million), Cyprus by 37.5% (or 11 million), Spain by 32% (or €1.44 billion), Austria by 13% (€116 million) and Belgium by 11% (€254 million). The reductions made by France and the Netherlands were significant in absolute terms: €406 million and €251 million respectively.

On the positive side, a few EU Member States increased

their aid meaningfully in 2011 compared to 2010, including Germany (by €648 million) and Sweden (by €609 million). Italy also increased its aid spending by € 788 million, although most of this was due to increased debt relief and higher spending on developing country refugees in Italy.

The combined aid levels of the EU-12 reached €958 million in 2011 or 1.8% of total EU aid. Almost all EU 12 countries increased their aid between 2010 and 2011, in large part because they made their first contribution to the European Development Fund in 2011. A significant increase was achieved by Malta (+44%), Lithuania (+37%), Romania (+37%) and Estonia (+26%).

► WHAT WERE THE SHORT-FALLS IN EU AID IN 2011?

In 2005 EU Member States collectively agreed on two key sets of targets on aid quantity, as a part of their urgent effort to help reach the MDGs and other development goals. The first set related to the EU's collective performance and included a target of 0.56% of GNI for 2010 and 0.7% of GNI for 2015. The second set of targets relates to EU Member States individually with separate targets for the EU-15 and EU-12, as presented in table 1 below.

Table 1
EU ODA QUANTITY COMMITMENTS

	Target (ODA in % of GNI)	Deadline
EU collective target	0.56%	2010
	0.7%	2015
EU-15 individual target	0.51%	2010
	0.7%	2015
EU-12 individual target	0.17%	2010
	0.33%	2010

Source: Council Conclusions, 24 May 2005 (doc. 9266/05)

In this section we calculate the volume of aid that EU Member States would be expected to deliver in 2011 were they on course to meet their 2015 targets, and compare this to their actual 2011 aid figures to identify the spending gap. We make this calculation on the basis of an ideal scenario whereby EU Member States scale up their aid in at least equal shares in GNI terms as they move from their 2010 to 2015 targets. Such a scenario would therefore require the EU-15 and EU-12 to reach aid levels of 0.55% and 0.2% of GNI respectively in 2011.

In calculating the aid missing from EU Member States in 2011, we add the amount that was provided to the Fast Start Climate Finance initiative and included in their ODA figures to the amount that is missing towards their ODA commitments. We do this because developing countries have demanded that assistance to adapt to mitigate the impacts of climate change be additional to ODA commitments which pre-exist international climate change talks and aim to address a wide range of other development challenges. Concord therefore believes international assistance related to climate change should not displace funding for traditional development projects. To facilitate monitoring of climate finance and avoid double counting, we also demand that EU Member States establish a separate accounting system for climate finance.

Box 4

EU COMMITMENTS ON CLIMATE FINANCE

The European Union has committed to provide €7.2 billion in fast start finance over the period 2010-2012.

Source: Copenhagen Accord, FCCC/CP/2009/L.7 18 December 2009

In 2011 the volume of funding EU Member States delivered to the Fast Start Climate Finance initiative equals an average of 0.01% of their GNI. The EU Member States that delivered more than average levels included Sweden, the United Kingdom, Denmark, Finland, Ireland and France.

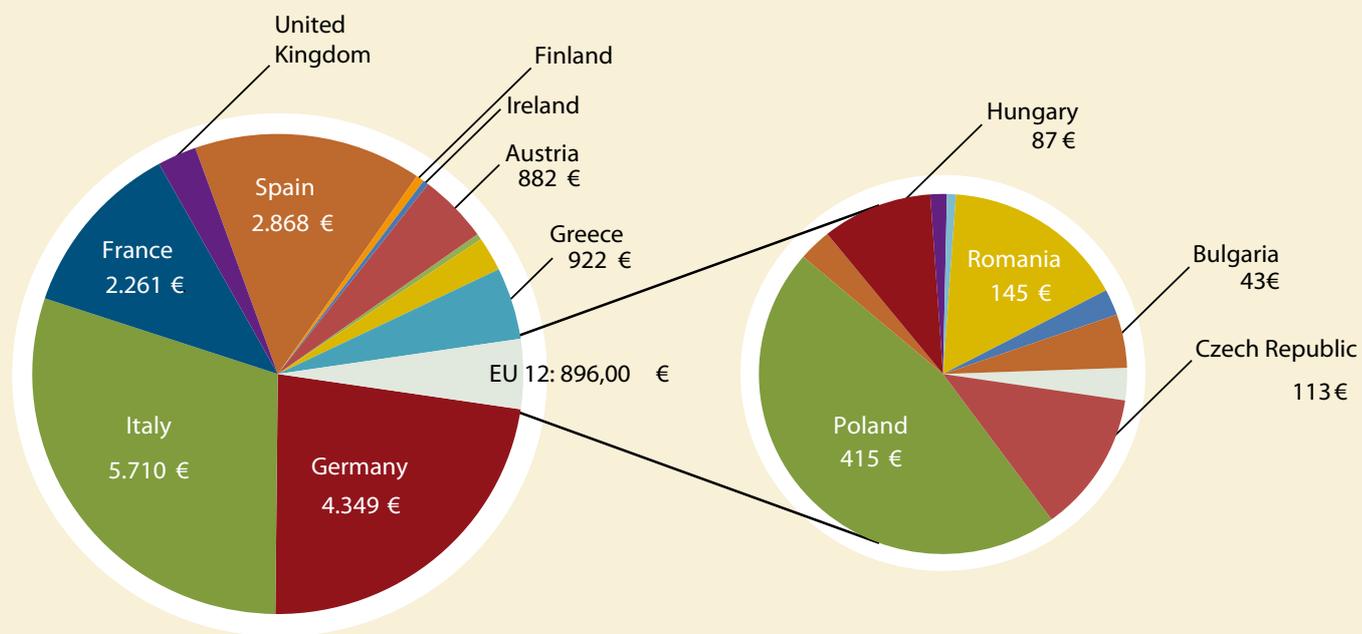
Based on calculating the gap between expected and actual ODA levels in 2011 (using the methodology above) and adding the Fast Start Climate Finance commitments, EU Member States were collectively responsible for a short-fall of € 15.4 billion in aid. This was €15.4 billion that was not available to help transform the lives of many thousands of people through addressing hunger, improving health and education and building livelihoods. Failing to deliver on their commitments, Member States missed an opportunity to create a better future for many thousands of people.

Amongst EU Member States, Italy was the largest contributor to this figure of €15.4 billion, falling short by €5.71 billion, followed by Germany (€4.35 billion) and Spain (€2.87 billion). The EU-12 collectively failed to provide €900 million more for development and climate finance. Amongst this group, Poland was the biggest contributor, falling short by €415 million, followed by Romania, which fell short by €145 million, and the Czech Republic, which fell short by €114 million.^{xvi}

The countries that were farthest from meeting their expected 2011 targets in proportional terms were Greece (which met only 21% of its expected target), Italy meeting (35%), Poland (42%), Romania and Bulgaria (both 45%), Slovak Republic (46%) and Austria (48%).

The gap created would have been as high as €19 billion if a number of EU Member States had not delivered more aid than was expected in 2011. The countries that delivered a higher amount included Sweden (€1.6 billion more), the Netherlands (€1.13 billion), Denmark (€780 million) and Luxembourg (€132 million). This helped to reduce the overall funding gap of EU Member States from €19 billion down to €15.4 billion.

Graph 2
 SHORTFALL TO THE EXPECTED FUNDING LEVEL IN
 2011 INCLUDING CLIMATE FINANCE COMMITMENTS
 (IN MILLION €)



Source: OECD, EC and information provided by the national platforms

Unfortunately, the trend of cutting aid budgets will hardly be reversed in 2012. Aid budgets for 2012 are expected to be cut (compared to 2011) in at least nine EU countries, including Spain (planning cuts of 53%), Italy (38%) and Portugal (2%).

Encouragingly the UK Government is planning to increase its aid by €1.48 billion in 2012, with France also planning increases of € 1.1 billion, although most of this is likely to be consisting of debt relief. Austria is planning to increase its aid by 84.5% in 2012, although given the large cuts it undertook to its aid in 2011 and the Austrian Government's recent announcement that it will not be meeting its aid commitment of 0.7% in 2015, this figure comes as a surprise. It is likely that much of this increase will consist of debt relief, which may reach €582 million in the coming years.

► Aid to LDCs and Sub-Saharan Africa

The Group of Least Developed Countries (LDCs) received €19.9 billion in aid from all OECD DAC countries in 2011, equivalent to a fall in net bilateral ODA flows of almost 9% in real terms. EU DAC members (excluding Germany, as data was not yet recorded) provided €7.8 billion of this aid or a little more than 40% of all OECD bilateral aid to LDCs. € 7.8 billion equals only a little more than a seventh of the total EU aid provided or 0.06% of the EU collective GNI. This is well below the collective target to provide 0.15 to 0.20 % to LDCs (see below). The EU 15 countries that provided the largest proportion of their aid to LDCs were Belgium (50%), Italy (47%), Denmark, UK (both 39%) and Finland (36%).

Box 5

EU COMMITMENTS TO AFRICA AND LDCS

"The EU will increase its financial assistance for Sub-Saharan Africa and will provide collectively at least 50% of the agreed increase of ODA resources to the continent while fully respecting individual Member States priorities' in development assistance.

The EU is willing, in the context of the above mentioned overall ODA commitments, to meet collectively the target to provide 0.15% to 0.20 % GNP to LDCs"

Source: Council Conclusions, 24 May 2005 (doc. 9266/05) and 10 and 11 November 2008 (doc. 15480/08)

Overall aid of OECD DAC donors to Sub-Saharan Africa experienced a decrease of 0.9% in 2011 while total aid to Africa increased by 0.9%.^{xviii} This is because donors provided more aid to North Africa after the revolutions in the region. European DAC donors provided about half of the DAC's total aid to Sub-Saharan Africa in 2011; €10.2 billion out of a total of €20.1 billion.

The European Member States that concentrated their aid most heavily on the Sub-Saharan region, include Portugal (with 86.8% of its bilateral aid spending), Ireland (67.3%), Belgium (57.3%), Italy (45.3%) and Luxembourg (41.2%). However, around 56% of Italy's assistance to Sub-Saharan Africa consists of debt relief. Debt relief constituted 13% of Sweden's bilateral aid to the region and 14% of Belgium's bilateral aid.^{xix}

1. <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/243>

3 | GENUINE AID METHODOLOGY

This next section focuses in detail on what types of aid EU Member States are delivering and how much of it can be considered genuine aid – a genuine transfer of resources to developing countries to be used for development activities.

► Imputed student costs

According to existing OECD rules on what types of spending can be counted as aid, donors may include in their figures public resources they spend on students from developing countries studying in their own country. It is problematic to categorise this as aid as there is no guarantee that students supported will return to their countries and contribute to the country's development process. It therefore does not represent a transfer of resources to a developing country and is first and foremost a subsidy to the education sector of the donor country. In addition, donors calculate these figures using very questionable methodologies and there is very limited transparency on how they calculate and report on these figures.

► Refugee costs

Similarly, aid rules allow donors to include in their aid figures resources spent in the donor country on supporting refugees from developing countries during the first twelve months of their stay. This may include payments for the refugees' transport to the host country, as well as temporary sustenance (food, shelter and training). Such spending therefore does not contribute to development activities in developing countries.

Like imputed student costs there are also significant problems with the way donors calculate and report on such figures, with methodologies varying widely across donors. Some donors take into account a full year regardless of the actual stay of the refugee; some count in expenditures for

police, interpretation or counselling; and Austria, Belgium, the Netherlands and the UK count costs for returning failed refugee applicants to their home country. As a result of these practices differences in the costs per refugee accounted for differ widely across donors, from US\$337 in the case of Japan to US\$32,596 for Belgium.

► Debt relief

Aid rules also allow donors to count debt relief to developing countries towards their aid figures. Although debt relief is hugely important to developing countries we do not count this element of aid as genuine aid for a number of reasons. Firstly, it is not an accurate indicator of the resources made available to developing countries, as in many cases the debt was not being paid or was unlikely to be paid, and therefore does not free up resources in the countries' budget to spend on development. Likewise, in the year in which they provide the debt relief they can count towards their aid not only the principle of the debt, but also all future interest that would have been paid. Secondly, donors can report relief of debts that did not have a developmental purpose, e.g. export credits, and debts contracted for illegitimate means by unaccountable leaders. Finally, donors have committed (most significantly in the 2002 Monterrey Consensus) to ensure that debt relief will be provided in addition to aid and not as a substitute for it.

► Tied aid

Aid is considered tied when the donor requires it to be spent on goods and services from the donor country or a specific group of countries. Donors use this form of aid to promote the business activities of their companies and ensure aid resources flow back into their economies. This way, aid is channelled to developing countries only on the

books, whereas in reality the funds never leave the donor country. As a result, this aid leads to low investment in developing countries and limits the ability of developing countries to procure the goods and services that best meet their needs. It is also estimated that it makes goods and services procured 15% to 40% more expensive, due to the restrictions on competitive procurement that it imposes.^{xx}

The OECD monitors flows of tied aid through the use of two categories, fully tied aid and partially tied aid. Based on the above estimate of the degree to which tied aid reduces the purchasing power of aid, our genuine aid methodology applies a discount of 30% to the fully tied aid each EU Member State provides and 15% to their partially tied aid. Our estimates are based on the average percentage of tied and partially tied aid of the years 2009 and 2010.

Unfortunately, these figures do not fully reflect the value of aid lost through tying, as the figures monitored by the OECD exclude technical cooperation (around ¼ of total aid) and food aid and donors still informally tie aid by biasing supposedly competitive procurement processes

in favour of their own companies, who win an estimated 60% of formally untied aid contracts.^{xxi} Such practices are in contravention of the commitments donors have made under the Paris, Accra and Busan aid effectiveness agreements to deepen the ownership of aid by using developing country systems for the delivery of aid as a default option.

► Interest on Loans

Under the OECD's aid rules, the repayments developing countries make on the principle of aid loans are discounted from gross aid flows to calculate net aid flows, the figure which is officially reported. However, interest payments made by developing countries on these loans are not discounted in this calculation, even though those payments are a result of the aid loan and reduce the level of resources available to developing countries to spend on development activities. We therefore categorise such interest payments as inflated aid and discount them fully from the aid of EU Member States in calculating their genuine aid. However, because the OECD's data on these payments for 2011 is not yet available, we estimate the figure for 2011 based on payments made in the previous two years.

Box 6

TIED AID OF THE EU 15

OECD DAC Members have not delivered on their commitment taken in 2005 to further untying their aid. About 20% of aid is still formally tied. After Busan, France even stated that it would not untie more than 85% of its aid due to domestic economic interests. Instead, France requests reciprocity from emerging economies. Examples of French tied aid are the planning and maintenance of the tramway in Casablanca, Morocco. Contracts were almost exclusively in the hands of French companies.

Germany's government announced that about 80% of its aid is untied. Its financial and food aid are indeed to almost 100% untied. However, its free-standing technical cooperation is to only 48% channeled through local procurement procedures. Germany's development minister expressed right at the beginning of his term that he would like to strengthen cooperation with the private sector. Procurement carried out in partner countries should be announced to German chambers of commerce in partner countries to open business opportunities to them.

One of Luxembourg's projects recently gained attention as it is strongly linked to Luxembourgish commercial interests. Two companies are to provide satellite technologies to improve the rapid response capacity in humanitarian settings. Examples of Italy's tied aid are a € 39 million loan programme to support Small and Medium Enterprises. In addition, the construction of a Hospital in the Philippines was fully tied.

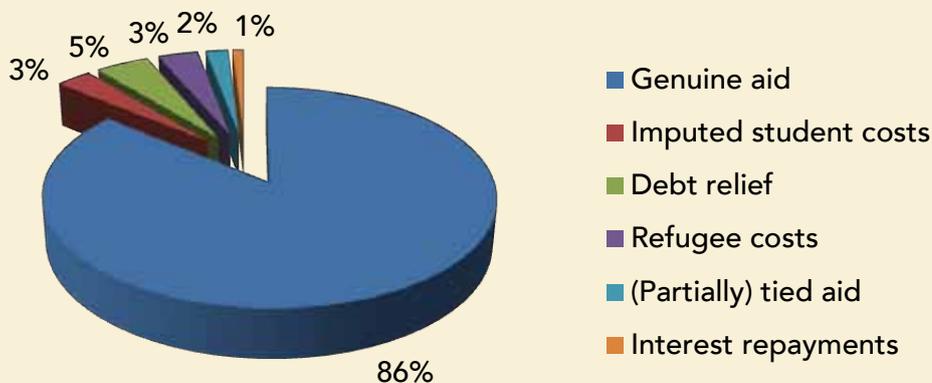
RESULTS: Genuine aid in 2011

► Inflated aid elements

Applying AidWatch's Genuine Aid methodology to the EU Member States, it results in € 7.35 billion or 14% of the EU's aid.^{xxii} This amount fails to provide a real transfer of resources to developing countries to spend on development activities. If we were only focusing on the elements imputed student costs, refugee costs and debt relief addressed by previous AidWatch reports - total inflated aid would be € 5.86 billion compared to 5.2 billion in 2010. Aid inflation increased by another € 660 million.

Graph 3

ELEMENTS OF INFLATED AID EU 27 IN 2011



Source: OECD and EC

At least € 7.35 billion (14%) of EU aid was inflated aid in 2011. Of this total €2.43 billion was debt relief, € 1.82 billion was refugee costs, €1.61 billion was imputed student costs account, €0.98 billion was due to the tying of aid and interest repayments on aid loans totalled €0.51 billion.

All EU 27 Member States together delivered a total of **€2.43 billion of debt relief in 2011**, which is slightly lower than the 2010 level. Amongst individual Member States, France reported the highest levels of debt relief (€ 1.13 billion), followed by Italy (€435 million) and Germany (€ 326 million). Debt relief constituted 14% of Italy's ODA and 12% of France's ODA. Ireland, which contributed €116 million to the Heavily Indebted Poor Countries Initiative and the Multilateral Debt Relief Initiative did not report these payments as ODA.

EU Member States spent a total of **€ 1.82 billion on refugees** in their own countries in 2011 which represents an **increase of €720 million** on the 2010 level. All countries, except for Bulgaria, Luxembourg and Romania included refugee costs in their aid figures. The EU Member States reporting the largest absolute levels in this category included Italy (€ 362 million; 11,8% of ODA), closely followed by the Netherlands (€ 357 million; 7,8% of ODA), Sweden (€ 350 million; 8,7%) and France (€ 314 million; 3,4%). In proportional terms the largest reporter was Cyprus 35,7% of its ODA (an estimated €10 million) and probably Malta (an estimated 20%) although Malta's figures were not officially disclosed by the Maltese Government. Refugee costs also represented 11,2% of Greek aid.

EU Member States counted a total of **€ 1.61 billion of imputed student costs** towards their ODA in 2011. Amongst individual Member States the largest volume reported in

this category was France (€ 697 million) and Germany (€ 674million). Imputed student costs constituted 22% of Greece's aid, 9,8% of Romania's aid and 8,6% of Austria's aid. In total 16 EU countries report imputed student costs in 2011. While a number of other EU Member States included scholarships in their reporting (this category is not included in our genuine aid methodology), only six countries reported neither of these forms of aid spending: Denmark, Finland, Ireland, Luxembourg, the Netherlands and Sweden. Sweden however announced that it will start to report imputed student costs from 2012 onwards.

We estimate that the total value of aid lost from EU Member States in 2011 through **the tying of their aid was €0.98 billion**, based on the fact that they fully tied aid € 3.03 billion of their aid and partially tied €181 million in 2009/2010. Amongst individual EU Member States, Portugal fully tied the highest proportion of its aid in 2009/2010, namely an average of 64% (e.g. concessional loans for public work contracts are tied to Portuguese construction companies), followed by Greece (55%), Austria (45%) and Italy (45%). A significant share of Spain's, Greece's and Italy's aid was also reported as partially tied.

Overall, the interest **payments for ODA loans** EU Member States received in 2011 are estimated at € 510 million. France and Germany recorded the highest receipts in 2009/10, on average € 267 million and € 194 million respectively.

Box 7

TIED AID IN THE EU 12

Little information is available on the exact shares of tied aid of the EU 12 countries. The bilateral share is by far lower than the multilateral contribution, about 26% on average. Little is known about concrete efforts to improve access of foreign entities to bilateral funding. It appears that funds of Romania and Lithuania are formally available to foreign entities. A formal requirement to provide funding only to national companies does not exist and information is available in English on the Foreign Ministries' websites.

In other countries, such as the Slovak Republic, the Czech Republic or Hungary, funding is only available to national entities and the information is only available in the national language. The embassies of Bulgaria, Poland, Estonia, the Slovak Republic and Latvia are running small grant programmes in the country they are based in. However, it is not always obvious who may apply for such grants. Moreover, for example in the case of Estonia, potential applicants under the microfinance projects are pre-selected by the Ministry of Foreign Affairs and subsequently invited by letter. This is certainly not an open and competitive process.

Table 2

GENUINE AND INFLATED AID (IN MILLIONS €, IN CURRENT PRICES)

Country	Genuine aid % of GNI	Total aid % GNI	2011 Total aid	Inflated aid % of total aid	2011 genuine aid (new methodology)	2011 genuine aid (old methodology)	2010 genuine aid	On track to meet the 2015 target?
Luxembourg	0.99	0.99	297.31	0.08	297.06	297.31	301.00	yes
Sweden	0.89	1.02	4,032.01	12.03	3,547.13	3,552.98	3,148.00	yes
Denmark	0.80	0.86	2,143.60	7.88	1,974.78	2,004.80	2,081.00	yes
The Netherlands	0.66	0.75	4,548.33	12.61	3,974.76	4,096.83	4,179.00	yes
United Kingdom	0.55	0.56	9,881.10	1.64	9,718.70	9,718.70	10,224.00	yes
Ireland	0.52	0.52	650.16	0.02	650.01	650.01	676.00	Possibly
Finland	0.50	0.52	1,013.34	4.71	965.59	988.07	969.00	Possibly
Belgium	0.47	0.53	2,013.65	11.87	1,774.66	1,791.53	1,755.00	Possibly
Germany	0.34	0.40	10,453.39	14.67	8,918.59	9,383.65	8,760.00	no
France	0.33	0.46	9,345.21	27.30	6,793.90	7,205.81	7,915.00	no
Spain	0.25	0.29	3,066.79	6.82	2,857.52	2,983.07	4,171.00	no
Portugal	0.26	0.29	481.02	9.66	434.27	459.75	462.00	no
Austria	0.21	0.27	796.08	22.20	619.33	666.29	696.00	no
Malta	0.19	0.26	15.00	27.73	10.23	11.97	n/a	Possibly
Italy	0.13	0.19	3,050.05	30.80	2,110.76	2,252.38	2,176.00	no
Slovenia	0.12	0.13	45.31	10.35	40.62	44.72	44.00	no
Lithuania	0.12	0.13	38.00	2.11	34.55	36.81	28.00	no
Estonia	0.11	0.12	17.81	5.05	16.91	17.72	14.00	no
Czech Republic	0.11	0.13	184.12	14.33	157.74	173.43	150.00	no
Cyprus	0.10	0.16	28.00	35.71	18.00	18.00	20.00	no
Hungary	0.09	0.11	100.69	18.27	82.29	92.25	85.00	no
Bulgaria	0.08	0.09	35.00	10.29	31.40	35.00	n/a	no
Slovak Republic	0.08	0.09	62.57	9.96	56.35	60.97	52.00	no
Romania	0.08	0.09	118.00	15.10	102.16	106.28	75.00	no
Poland	0.07	0.08	299.91	11.16	266.55	286.60	n/a	no
Latvia	0.07	0.07	14.00	2.14	13.70	13.68	11.00	no
Greece	0.07	0.11	237.87	36.25	151.64	158.77	320.00	no

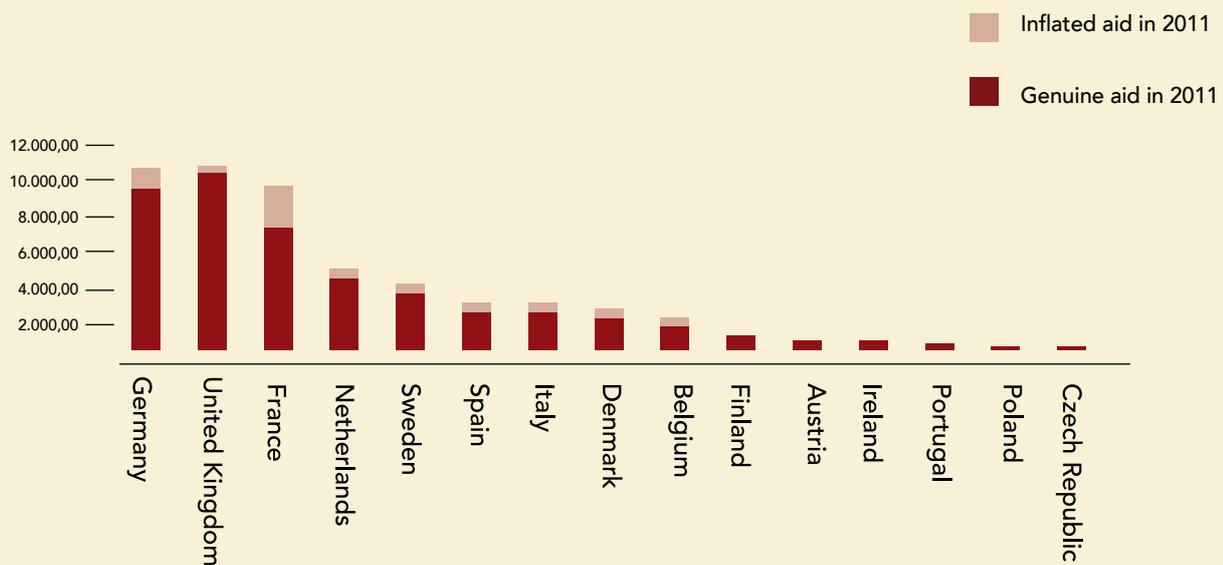
Source: OECD and EC (methodology of counting genuine/inflated aid is explained in the previous section or in the Methodological note)

► Which EU Member States inflate their aid the most?

Overall, the largest inflators of aid in proportional terms are Greece (36%), Italy (31%), Malta (28%), France (27%) and Austria (22%). France's inflated aid was due to high levels of debt relief, imputed student costs and refugee costs, as well as some receipts of interest on ODA loans.

Graph 4

SHARE OF INFLATED AID IN 2011 EU 27, PART I (IN MILLION €)



Source: OECD and EC

Greece's inflated aid is mainly made up of student and refugee costs, as well as the impact of tying 55% of its aid. Italy's aid is inflated mainly by debt, increased refugee costs and a large volume of tied aid. Austria's inflated aid is due to high levels of imputed student costs and the fact that it ties a large share of its aid.

The inflated aid proportion of EU 12 countries tends to be lower because the level of aid delivered bilaterally equals on average only 25,5% of total aid disbursements.

► Which EU member States deliver the highest levels of genuine aid?

In stark comparison, **the UK, Luxembourg and Ireland** inflate only very small proportions of their aid. The UK reports small amounts of debt relief and in 2009 started to report refugee costs. A small proportion of Luxembourg's aid is tied and Ireland includes a small amount of refugee costs.

Graph 5

SHARE OF INFLATED AID IN 2011 EU 27, PART II (IN MILLION €)



Source: OECD and EC

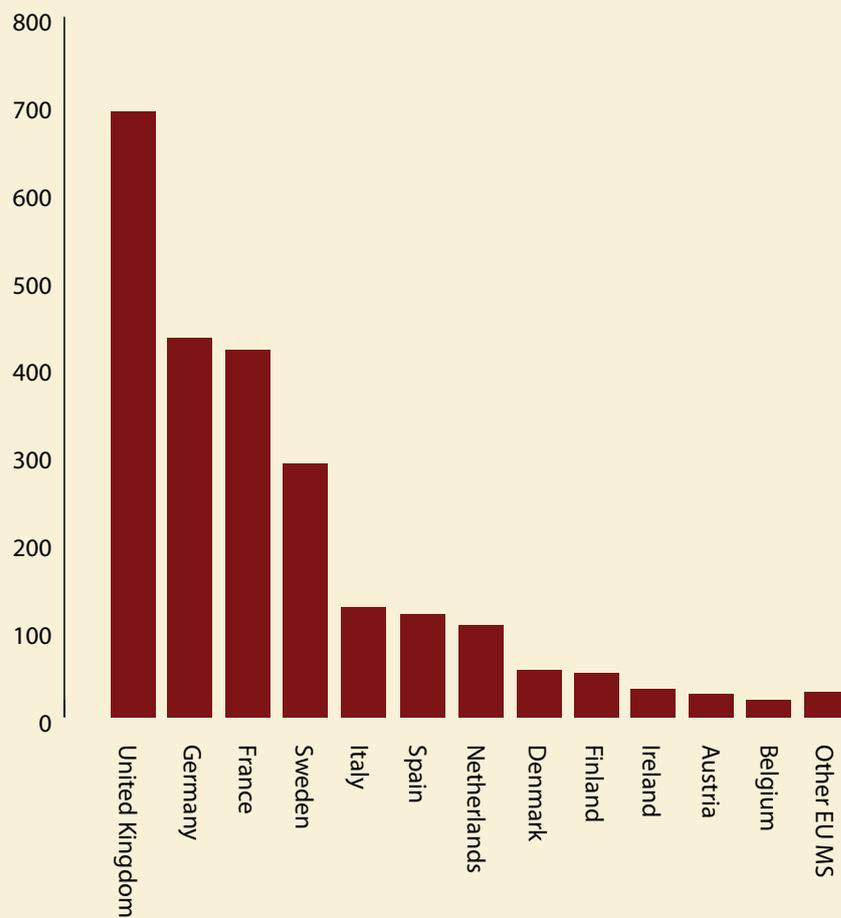
► Current Fast Start Climate Finance

At the UNFCCC's Conference of Parties in Copenhagen in 2009, developed countries agreed to provide USD 30

billion in so called Fast Start Climate Financing in the period 2010-2012 to help the poorest and most vulnerable to adapt and cope with the effects of climate change. Of this total, it is expected that the EU will contribute €7.2 billion, with € 2.34 billion estimated to have been disbursed in 2011.

Graph 6

FAST START CLIMATE FINANCE COMMITMENTS IN 2011 (IN MILLION €)



Source: DG Climate Action and faststartfinance.org

Apart from Luxembourg and Cyprus, all EU Member States included their contributions to the Fast Track Climate Finance Initiative in their reported ODA figures. This is hugely problematic, as developing countries have demanded that assistance to adapt to and mitigate the impacts of climate change be additional to ODA commitments. ODA commitments pre-exist international climate change talks, aim to address a wide range of other development challenges and are fundamentally distinct from climate finance, which should be viewed as compensation from developed countries based on their historical responsibility for causing climate change. Without such an approach there is a danger that climate finance will “squeeze out” traditional aid spending, which is even more of a concern in the current context of many EU Member States cutting their aid.

Donors should therefore explore new sources to finance their climate contributions, such as emission revenues and financial transaction taxes. EU Member States have begun to experiment with some of these approaches although progress has been faltering. Germany had initially funded contributions to the “International Climate Initiative” by emission revenues, but currently seems to have abandoned these efforts. France has been planning to establish a separate fund of € 150 million, financed by the sale of the sale of Assigned Amount Units to deliver dedicated climate change projects. However, this fund has not yet to receive more funding.

Sweden and Denmark consider funding above 0,7% and 0,8%, respectively, to be “new and additional”. Ireland reported €10 million in 2011 in new and additional funds for the climate through its Department of Environment. Five European countries have exceeded the expected ODA levels of 0,55% (0.2%) in 2011, even when deducing climate finance contributions: Denmark, Luxembourg, Malta, the Netherlands and Sweden. In these cases, we can assume that climate finance did not divert resources from other development sectors.

► Which countries and sectors did the Fast Start Climate Finance Initiative target?

Official climate finance statistics of the EU show that of the Fast Start Finance disbursed in 2011, 45% went to mitigation and 33% to adaption, with the remaining funds going to the REDD+ initiative or it was not specified.^{xxiii} These statistics show that loans constituted 34% of total climate financing, although France (80%), Spain (64%), Italy (more than 50% as loans/debt swaps) delivered most of their climate finance as loans. Czech Republic, Estonia, Ireland, Luxembourg, the Netherlands and Sweden provide 100% grants.^{xxiv}

Developing country concerns with these trends in climate finance are growing. At the May 2012 UN Climate Change Negotiations in Bonn the Least Developed Countries expressed that *“the lives of our people will be increasingly endangered and we will have to abandon any prospect of sustainable development and escaping poverty”*² due to the failure of developed countries to provide additional climate funding that addresses their most urgent needs.

Developing countries have also raised concerns about the slow disbursement of climate finance commitments and have noted that donors are choosing to support their own programmes rather than the National Adaption Programmes of Action and Nationally Appropriate Mitigation Action Plans devised for this purpose. This poses an obstacle to partner governments and civil society in tracking climate finance.

► Climate Finance after 2012

According to the Copenhagen Accord, climate finance should further increase to US\$ 100 billion a year by

2.<http://ldclimate.wordpress.com/2012/05/11/press-release-climate-finance-promises-being-broken-ldcs-warn-of-increased-poverty-as-result/>

3.The European Commission proposed a number of sources of funding, including the auction revenues under the Emission Trading Scheme, carbon taxes, maritime and aviation transport, as well as a tax on financial transactions.

2020. The European Commission in its Staff Working Document “Scaling up international climate finance after 2012” assumes that about a third of this amount will be covered by the European Union, which is equivalent to around € 23,8 billion a year.

Fast Start climate Finance was meant to prepare developing countries for receiving larger volumes of climate finance after 2012, with funding steadily increasing to reach US\$ 100 billion in 2020 and not imply starting at this level in 2020. While EU Member States reconfirmed their commitment to provide funding for the period 2013 to 2020, to date no clear plans are known. Only three countries have so far agreed to cover the running costs of the Green Climate Fund from 2013 onwards: Denmark, Germany and the UK. It is therefore unclear what role private financing will play, which innovative financing mechanisms³ will be used and how the burden will be shared among global actors.

Given this picture AidWatch members fear that EU Member States are expecting that private financing will provide the majority of funding, an outcome hinted at in the 15th May 2012 ECOFIN Council Conclusions.^{xxv}

These referred to the essential role of private finance and multilateral development banks. Such an approach is problematic as private financing is less likely than public financing to address the needs of the poorest and is also less transparent and open to accountability. The involvement of a diversity of private actors will turn coordination and the orientation towards shared goals and objectives difficult. It will be challenging to define which funding may be counted as part of the international finance commitments and which will not.⁴

Public finance should continue to play a huge role in the post-2012 landscape in order to meet the specific (adaptation) needs of the vulnerable populations and countries. Donors should take serious steps to make available alternative financing sources, such as emission revenues, taxes on aviation and financial transactions. At the same time, it is necessary to establish a clear international registration and monitoring system for all climate finance funds to allow tracking these resources. Latest research confirms that climate change threats are rapidly increasing and that we will lose time to win the battle against climate change if we continue with business as usual.

4. See http://eurodad.org/wp-content/uploads/2012/04/CF-report_final_web.pdf

4 | WAY FORWARD

Will EU member states reach their 2015 aid commitments?

Current trends of the EU Member States show a decrease of the aid budgets which resulted in a reduction of the overall EU aid from 0.44% of GNI in 2010 to 0.42% of GNI in 2011. The EU 15 reached a slightly higher proportion of 0.45% and the EU 12 stayed at a mere 0.1% against the expected 0.17% of GNI. Will EU member states fill the gap in only THREE YEARS?

► Few governments will keep their promises

Amongst the 27 Member States only a small number are likely to achieve their ODA target in 2015. Sweden (currently at 1.02% of GNI), Luxembourg (0.99%) and Denmark (0.86%) who have committed to reach 1.0% of GNI, the Netherlands (0.75% after reducing its aid level from 0.8% in 2010 will unfortunately scale back to 0.7% in 2012) and the United Kingdom (at 0.56% currently and planning to reach 0.7% in 2013) are the most credible ones.

The United Kingdom promised to introduce legislation in the near future to meet the 0.7% target in 2013 and a budget remains in place to support such legislation.

► Gloomy prospects for the rest of Europe's major donors – between small increases and stagnation

Most European Member States remain publicly committed to the 0.7% target in 2015, although in most cases they are neglecting to take concrete and credible steps towards this goal. Two of the major donors, Germany and France, will increase their aid budgets in 2012, but not sufficiently. Both continue to state their commitment to 0.7%, but are many billions of euros from reaching their targets. Germany stated that its target may only be met

with the help of innovative financing instruments. Spain has also retained its public commitment to 0.7%, but the recent drastic cuts to its aid budget suggest it is highly unlikely that Spain will come close to reaching this target by 2015.

It is possible that Ireland reaches its 0.7% target, even though in recent communications the Irish Government has failed to reference any date for achieving it. Finland endorsed the 0.7% goal for 2015 in its recently announced government programme, although it has frozen its aid to 2012 levels for 2013 and 2014 and may even reduce it by € 30 million in 2015. Belgium has frozen its budget at current levels for the next three years, but has stated it remains committed to the 0.7% target in the long run. It seems that the atmosphere at European level has led even these countries who had made significant progress in recent years to increasingly disregard their commitments.

► The majority of EU donors will remain just below their 2010 target in 2015

Austria, Greece, the Czech Republic and Italy have publicly dropped their aid commitments, justifying this step on the basis of the impact of the financial crisis on their public budgets.

Italy will need to increase its aid by about € 9 billion between now and 2015 in order to reach its aid target. Estonia states that it aims to reach the 0.17% target in 2015.

All the EU 12 countries, with the exception of Hungary, plan to increase their budgets in 2012 significantly. The largest increase in percentage terms are expected from Estonia (+18%), followed by Latvia (+14%), Slovenia (+13%) and Lithuania (+13%). Nevertheless, all EU 12 countries are unlikely to even meet their 2010 targets in

2015. To reach their 2015 target the EU 12 will need to increase their aid by around € 2.7 billion between now and 2015. Of this total, Poland will have to increase its aid by more than € 1 billion, Romania by € 420 million and the Czech Republic by € 349 million.

► Meeting the 0.7% level by opening up aid definitions?

In view of the challenges to meet the aid targets in 2015, several countries have requested the OECD to investigate the inclusion of other forms of development finance, such

as peacekeeping operations, the provision of loans at market conditions, private finance leveraged by official support and contingent liabilities. Other ideas were related to the advance market commitments, tax deductions on private donations and private sector funding by foundations and NGOs. Several donors would support such a broader the “whole of country approach” which would record all types of financial flows to recipient countries, watering down current aid definitions. AidWatch does not agree to the ad-hoc inclusion of further elements. A discussion on aid definitions needs to rely on broad stakeholder participation and not be applied to ODA reporting before the end of 2015.

► Official Development Assistance remains vital for the poor even beyond 2015

The trends in the two preceding years proved that donors are trying to use development budgets to advance their own commercial interests and to deny the benefits public money can bring to development. European countries are worried by the Eurozone’s financial problems have tended to forget that developing countries have been hit equally hard by the financial and economic crisis, with weaker capacities to find a way out of their crisis.

In recent years we have seen accelerated progress in fighting poverty. The shared objectives, benchmarks and targets fixed in the Millennium Development Goals helped donors and development partners to reach improved outcomes in terms of poverty eradication.

However, progress has been less promising with regard to the target of halving the proportion of people suffering from hunger and malnutrition and reducing the under-five and maternal mortality rates. Regional differences are noticeable with progress being significantly slower in

Sub-Saharan Africa and South Asia. Furthermore, little has been achieved for the poorest groups in society and for people in fragile states.

While economic development accelerated mainly in many parts of Asia and Latin America, inequalities increased. In many regions, development opportunities are particularly missing in rural areas, leading to increased migration to urban areas where there are insufficient employment opportunities and social services for the incoming population.

Based on the recognition of uneven development benefits and increasing inequalities, AidWatch members call for the human rights-based approach to development. This focus is based on the recognition that the main obstacles to development are the marginalisation of people and a lack of respect for human rights. People are marginalised when they cannot participate in decision-making processes or when they do not have access to suitable organisations to represent their interests. For example, without access to

the justice system, people cannot claim their rights. Without participation in accountability, they cannot address corruption and other inefficiencies.

With only three and a half years left to the deadline to meet the MDGs, urgent efforts are needed to invest in better living conditions of the poorest people in the world and to strengthen their rights. EU Member States that are off track in moving towards their aid targets must therefore urgently mobilise the political will to get back on track in delivering the required increases in aid. In doing so, they should be inspired by the example of those Member States who have already achieved their goals or are on track to do so, and who have clearly demonstrated

that the economic and political challenges they face are no obstacle to meeting their aid promises to the world's poorest people.

The fast approaching deadline also raises questions about what should come after the MDGs and how the EU should continue to reflect its legally binding Lisbon Treaty (article 208) commitment to ensure that its development assistance has as its "primary objective the reduction and, in the long term, the eradication of poverty". In order to effectively reach poverty reduction goals it will also be critical to work towards more coherence of EU policies with development objectives, notably in the areas of trade, agriculture, fisheries and energy.^{xvii}

■ The EU should demonstrate strong leadership in the formulation of the new and comprehensive global development framework to succeed the MDGs in 2015. This framework must not only address crucial policy areas such as development, human rights, trade, finance, security, energy, agriculture, environment, consumption and production patterns, but also the inter-linkages between them. A revision or an extension of the MDGs will not suffice.

The process must address previous barriers and unmet promises and not ignore them. The process for its formulation must also be open, inclusive, participatory and responsive to the people most affected by poverty and injustice.

EU INSTITUTIONS PAGE

► European institutions

The EU institutions are unique in the way that they provide direct development assistance to developing countries and play a “federating role” vis-à-vis the 27 MS - coordinating them for better development impact, and preparing common positions to strengthen the EU voice in global debates. They are a major trading and investment actor, maintaining a political and policy dialogue with a wide range of partner countries.

The European Commission (EC) is the world’s third largest provider of development assistance with aid disbursements in 2011 of € 9.081 billion. The European institutions are committed to poverty reduction and to realizing the MDGs and have an obligation to achieve Policy Coherence for Development. Their size, their weight and the presence of 136 EU delegations around the world allow the EU to implement development programmes on a scale many MS alone cannot match, and in places they do not prioritise. This is part of the real value added of the EC.

► System of development cooperation

The development policy of the EU was made both explicit and legally binding with the enactment of the Lisbon Treaty. According to the treaty, development policy is an area of EU policy in its own right, with the eradication of poverty as the primary objective. Equally, development objectives need to be considered when setting all other policies with repercussions for developing countries. This complements the already existing European Consensus on Development as signed off by the EU in 2005 and the Cotonou Agreement of 2000.

The Commissioner for Development, A. Piebalgs is in charge of development policy and its implementation. The High Representative (HR), C. Ashton, is responsible for the

EU’s external affairs and security policies. Besides being the HR based in the Council, she is the Vice-President of the Commission, Chair of the Foreign Affairs Council (FAC) and the Development FAC and head of the European External Action Service (EEAS). This latter service includes all 136 EU Delegations, is in charge of the political dialogue with 3rd countries and has a responsibility to defend development objectives in the EU’s external activities.

The EEAS was introduced by the Treaty to help conduct the EU’s foreign affairs and security policy. The EEAS has put an end to the geographical division between the Commission’s DG Development for ACP countries and DG Relex for all other non-European countries. In the meantime the EC has undergone major changes, bringing its policy and implementing services together in the Directorate General for Development and Cooperation – EuropeAid (DEVCO) - led by the Development Commissioner.

In practice a compromise was agreed on development cooperation: strategic programming of funds (country and regional and sector spending) went to the EEAS, under close collaboration with DG DEVCO. Development policy and implementation remain squarely with the EC, but with a stronger role by the EU delegations. This makes development programming more complex and runs the risk of aid being politicised and development not being considered as a de-prioritised compared to other foreign affairs policies. However, the EEAS also provides an opportunity to improve the coherence and consistency of the EU external relation agenda in promoting development objectives.

► European institutions peer review

In April 2012, the OECD published the findings of its peer review on the European Union. It commended the European institutions for significant efforts made to increase their efficiency and impact on development over the past five years. The review highlighted the strong impact of the European Commission's provision of humanitarian assistance linked to its strong field presence and good understanding of operational realities. This finding is pleasant. These are encouraging findings given that about 40% (€ 1.2 billion) of the EU 15 countries' funding of € 3.1 billion is channeled via the EC's Directorate for Humanitarian Aid and Civil Protection.

Nevertheless, it has been identified that EU development programmes are suffering from poor institutional coordination – mainly as a consequence of the formation of the new EEAS (see above). The division of labour between the EEAS and the EC still needs to be better operationalised. The EEAS has a long way to go before it is effectively coordinating its activities with the EC, fully integrating its poverty focused development policy work into its service and maximising its support to policy coherence for development.

AidWatch members welcome the improvements the EC has made in its aid management, in particular by developing closer relations with partner countries and common principles across the EU 27. However, we deeply regret that the EU is only weakly delivering on its responsibility to promote policy coherence for development, a legal obligation under the Lisbon Treaty. Here, the reform processes of its trade, agriculture, fisheries and energy policies need to be urgently addressed. Without developing more equitable and just relationships between developing partners and the EU in these thematic areas, the successes of development policy are being seriously undermined. One

way that PCD could be better addressed is to ensure that impact assessments are – as a rule – undertaken before any external policy is approved.

► Budget Support

In addition to the launch of the Agenda for Change (see section 2. "Policy changes at EU level" in the overview chapter), the EC released on 13 October 2011 its Communication on "the future approach to EU budget support to third countries". CONCORD is encouraged to see that the Communication puts a strong emphasis on contractual partnership and mutual commitment to fundamental values of human rights, democracy and rule of law, as essential components for the establishment of any partnership between the EU and third countries.

To take forward the objective of improving the EC's preferred aid modality, the communication distinguishes between three types of budget support for the future:

- Good governance contracts (formerly general budget support) with the objective to strengthen core government systems, such as public finance management and public administration;
- Sector reform contracts (formerly sector budget support) aiming at promoting service delivery or reforms in a specific sector;
- State building contracts, budget support for fragile contexts to ensure vital state functions, support the transition towards development and to deliver basic services to the populations.

In addition to the three existing eligibility criteria (stable macro-economic framework, national/sector policies and reforms and public financial management) CONCORD welcomes the creation of a fourth criterion on transparency and oversight of the budget, to grant budget support to

countries disclosing their budgetary information (or making rapid progress to do so).

- However, despite some welcome wording on the importance of more participatory approaches and strengthening support to oversight bodies and CSOs, the Communication does not emphasise the importance of concrete actions to promote inclusive processes around budget support through involving actors such as Parliamentarians, local governments, CSOs, audit institutions and media. It is important that the EC takes such action by earmarking a fixed percentage of budget support envelopes to finance capacity-building of all stakeholders. It is only with this kind of financial commitment to ensuring proper oversight that we will see the necessary improvements in the record of budget support as an aid modality.

Following the Council conclusions in May 2012 endorsing this Communication, CONCORD expects EU Member States and the Commission to increase the use of this aid modality when deciding the EU's development priorities for the next EU budget (2014-2020).

► Aid for Trade

In 2005, the EU and its MSs made a commitment to increase their Trade Related Assistance (TRA) to € 2 billion annually by 2013 and a joint 'EU Aid for Trade strategy' was adopted in October 2007.

Aid for Trade (AfT) - which has a broader focus than TRA - represents about a fifth of total EU ODA since 2005 and reached 22% in 2009 (€7.15 billion from EU MSs and € 3.35 billion from the European Commission).

Despite the apparent trade-related needs of LDCs, the EU and its MSs allocate only about 22% of their total AfT to LDCs, while 7 of the top 10 recipients of EU AfT are Middle Income Countries, including China and India. This seems to be in contradiction with the EC's proposal adopted in 2011

for the new General System of Preferences (GSP). One of the key elements of the proposal that will enter into force in 2014 is to apply a drastic cut in the number of countries eligible for the GSP, which will in turn lead to an increase in EU tariffs on all imports from UMICs that do not have a free trade agreement with the EU and on some imports from certain LMICs and LICs.

We fear that the graduation formula applied will mainly benefit richer states and populations that already have the capacity to make the best use of AfT while having an adverse effect on poor and small producers in UMICs. CONCORD is concerned that AfT will have little impact on fighting poverty and inequality in developing countries as long as incoherence between EU trade and development objectives are not seriously addressed.

► EU working with CSOs

The year 2011 saw the culmination of a 15 month process of dialogue and consensus building between the EU institutions, CSOs and local authorities through the the Structured Dialogue (SD) on the involvement of CSOs and local authorities in EC development cooperation.

Through the SD process, important principles have been reaffirmed by all stakeholders; in particular the rights based approach, democratic ownership and the right of initiative of civil society and the Open Forum Istanbul principles. The Final Statement of the Structured Dialogue constitutes a firm multi-stakeholder commitment to cooperate for an effective partnership in development, in full respect of each actor's prerogatives, roles and mandates.

► **Some concrete outcomes of the SD process are:**

The EC will produce a new Civil Society Communication reflecting the consensus reached during the SD. Clear support and commitment by EU institutions in favour of an enabling environment for civil society's multiple roles in line with a rights-based approach to development.

Establishment of a multi-stakeholder institutionalized dialogue in Brussels and most importantly at country and regional level, involving local civil society actors.

The EC intends to use a broader range of delivery mechanisms for supporting civil society and is committed to increasing the share of its geographic programmes allocated to and delivered through civil society.

► **Aid Quantity - Disbursements by the European institutions in 2011**

In 2011, the European institutions disbursed € 9.081 billion which represents a decrease of € 491 million compared to 2010 aid levels. The budget of the European institutions is counted towards ODA through the bilateral contributions of its member states.. The amount of € 9.081 billion covers both disbursements through the EU budget and the EDF (the financial instrument dedicated to the African, Caribbean and Pacific countries).

In 2011, out of the € 53 billion of total ODA from EU Member States 54% was delivered through their own bilateral channels and 46% was delivered through multilateral channels, of which 19.7% (€10.4 billion) was received by the EU institutions.

The 27 EU Member States had agreed to contribute about € 1.91 billion to the EDF in 2011. This included the first

contribution by the EU12 to the European Development Fund, amounting to a total of € 45 million. While it is not yet clear what the actual level of disbursements was for 2011, we assume that a similar level of payments was executed as in 2009 and 2010: about € 3.23 billion.

► **Are the EU institutions providing genuine aid?**

The share of inflated aid of the European institutions is minimal. Elements which Member States include in their reports, such as refugee costs or imputed student costs are not relevant. The figures reported by the OECD for the European institutions do not contain any loan payments; therefore repayments for interest on loans do not apply. Only the €12.14 million it provided in debt relief is relevant in 2011.

The majority of European institution funding is formally untied and efforts have been taken to use country systems. However, aid delivered through the EU budget and, in particular under the EDF, is partially tied. Procurement under the EDF is open to all DAC members and to the group of ACP countries, but not to other developing countries. The Development Cooperation Instrument provides access to more countries: it is open to all Member States, all candidate countries, members of the EEA, DAC members for co-operation in LDCs and 47 beneficiary countries (145 beneficiary countries for thematic programmes). The EU is advancing efforts to open up its external funds to further countries, based on the principle of reciprocity

We regret however that in practice a high share of EU aid is still informally tied. The vast majority of contracts are won by donor countries' companies. ACP country providers still find it difficult to compete with EU providers in this set up, which means there is a real endemic power imbalance in competition for aid contracts. If we look at some of the main

recipient countries of EC aid contracts in 2010 we can see that a minor share were won by companies from countries such as Afghanistan (6 contracts), Democratic Republic of Congo (28 contracts), Haiti (13 contracts), Mozambique (3 contracts). In comparison, the number of contracts won by European countries was substantially higher: Belgium (864 contracts), UK (415 contracts), France (331 contracts) and Germany (186 contracts).

► Climate Finance

The EC committed to provide € 150 million in Fast Start Climate Finance over the period 2010-2012. 19 regional and national programmes (in Benin, Bhutan, Ethiopia, Lao PDR, Nepal, Samoa and the Gambia) have benefitted so far from such funding from the EC. This funding has been grant payments, 50% of which have been focused on building climate resilience in LDCs and small island developing states, in many cases through the Global Climate Change Alliance (GCCA). It is positive to note that the share of the EC's climate funding that goes to adaptation is higher than the average across all donors (32%) and that all of this funding is provided in the form of grants.

Some doubt remains however as to whether international organisations, such as the World Bank and UNDP who are also benefiting from this funds, are capable of responding swiftly to the immediate needs of vulnerable populations. Moreover, we wonder whether the resources provided are additional to the Commission's development finance. If existing interventions have been simply labelled as "Fast Start Climate Finance" then this funding could not be judged to be additional. However, if climate finance commitments have led to additional contributions through the EU budget, e.g., through the budget of DG Climate Action, then this funding could be considered additional.

► Recipient countries and sectors of EU aid

Disaggregated data on countries and sectors receiving EU aid in 2011 was not yet available at the time of writing this report. This section therefore explores trends in the allocations of EU aid for 2010. In 2010, LDCs, LMICs and Other Low Income Countries (68%) were the main recipients of aid of the EU institutions. Sub-Saharan Africa was the main targeted region, receiving 33% of disbursements. The top 3 recipient countries were however the Occupied Palestinian Territory (€ 333 million), the Democratic Republic of Congo (€ 275 million) and Turkey (€ 223 million). We are encouraged to see that amongst the top 6 recipients there were 4 LDCs (Afghanistan, DRC, Haiti and Sudan). However, Turkey which is an Upper Middle Income Country takes a large share of the EU's development finance.

In terms of the sectoral focus of EC aid, we note that there was a slight increase in 2010 in ODA disbursements for health, education and population and productive health to 12.1%. Nevertheless, it is still far less than the 20% benchmark which the Commission committed to achieve during the current financial perspective. Regrettably, the EC is proposing that in the next financial perspectives (covering the period 2013-2020) it will count contributions to social protection towards efforts to achieve this 20% target. Concord believes that the EU institutions need to stick to their existing commitments and reach this target through increases in funding for health and basic education.

During 2010 sectors such as agriculture, forestry and fishing received a mere 4.7% or € 446.6 million of the EC's the allocated resources. We look forward to seeing stronger support to these areas in the future, particularly to smallholder farmers, as set out in the EU Food Security Framework.

► **Concord recommends:**

1) The EC must urgently implement its development effectiveness commitments and be more transparent. It should allocate more resources through budget support and to the joint monitoring and evaluation of policies and programmes, involving partner countries and other donors, to improve sharing and learning processes.

2) The EU should take action to further improve the accessibility of its external funds to partner country providers of goods and services, as well as grants applicants from partner countries.

3) The EEAS and DEVCO should complete and make public the Memorandum of Understanding on how they will divide tasks and responsibilities for development. The MoU should cover both the approach to the programming of funds, as well as PCD, cooperation in-country, joint programming and in-country consultation processes.

4) The positive outcome of the Structured Dialogue needs to be translated into tangible improvements in the enabling environment for civil society, including through responsive and flexible funding mechanisms and in the way non-state actors are involved in political and policy dialogue and resource management at country level and with the EU institutions, including the EEAS.

5) The European Commission should honour its commitment to dedicate 20% of its external funds to health and basic education. This 20% benchmark should be applied across geographic, intra-ACP and thematic programmes, in line with its international commitments.

AUSTRIA

Country page prepared by Global Responsibility – Austrian Platform for Development and Humanitarian Aid, Austrian Research Foundation for International Development – ÖFSE and KOO-Koordinierungsstelle der Österreichischen Bischofskonferenz für internationale Entwicklung und Mission- Co-ordination office of the Austrian Episcopal Conference for International Development and Mission.

0,21%
Genuine aid/GNI

0,27%
ODA/ GNI

2011 CHANGES

Due to less debt reduction and the reduction of the core budget of the Austrian Development Agency, in 2011 Austrian ODA dropped to € 796 million (0,27% of GNI). The government has tried to justify the decline with the financial crisis and consecutive budgetary constraints. A proportion of bilateral ODA declined, multilateral contributions – especially to the International Financial Institutions- increased due to multilateral obligations. Overall, there are no significant changes compared to 2010. Inflation of aid automatically happens to be lower due to less debt relief.

Government expressed regrets about the budgetary cuts and emphasized the intention to fulfil the Austrian commitments at a later stage. Austria emphasizes the importance of the new Busan partnership agreement and is in favour of the promotion of private sector partnerships.

The preliminary total ODA of Austria is far less (€ 796 million) than the forecast for 2011 (€ 842 million), published by the Ministry for Foreign and European Affairs (MFA). The reductions amount to -€ 116 million (-14,3%) compared to 2010.

AID QUANTITY

SYSTEM

Political responsibility for Development Policy rests with the MFA. Since 2011, a Secretary of State is in charge of Development Policy and Development Cooperation. The implementation of Austrian development cooperation is managed by the Austrian Development Agency (ADA) –which is a governmental Agency. However, ADA's budget covers only approximately 10% of total ODA. Some seven other ministries report activities and contributions that are regularly included in the Austrian ODA. The most important ministry is the Ministry of Finance, which was responsible for approx. 65% of the total ODA in 2010. In terms of implementing developmental principles and internationally agreed objectives only the ADA budget is of interest. This is reflected by the very low amount of country programmable aid (CPA) from Austria. A coherent and binding strategy for development cooperation that includes all governmental actors is missing.

Due to the low proportion of country programmable aid these statistics usually do not reflect the strategic focus of Austrian development cooperation.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

- Strengthening development cooperation and development policy as a political issue in Austria.
- Securing public resources for development cooperation at times of fiscal consolidation, with further pending budget cuts.
- Countering tendencies to instrumentalize aid for other interests such as for business or migration.
- Including development policy and development cooperation in the next government agenda (elections to be held in 2013).

RECOMMENDATIONS

- Develop a coherent government strategy and implement it.
- Make sure that geographical allocation of ODA is guided only by the objectives of the Austrian development policy.
- Provide legal provisions which guarantee a core budget for development cooperation.
- Significantly increase the amount of country programmable aid.
- Make sure that climate financing is based on binding international agreements additional to ODA commitments.

0.47%
Genuine aid/GNI

0.53%
ODA/ GNI

BELGIUM

Country page prepared by CNCD and 11.11.11.

2011

CHANGES

Belgium has been facing a major political crisis since June 2010, which impacted on the quality of Belgian cooperation in 2011. At the High Level Forum on aid effectiveness (HLF4) in Busan, Belgium was only represented at the level of the head of cooperation.

This prevented Belgium from proactively promoting EU commitments on issues such as the differentiated approach towards Fragile States and Division of Labour, which it had actively promoted in previous years.

In 2011, one of the main challenges for Belgian cooperation was building an institutional framework that promoted greater policy coherence for development, an issue the new Belgian government identified as a priority challenge. The Government has promised to organize an inter-ministerial conference on policy coherence for development, a statement that was repeated in the political program of the Minister for development cooperation.

AID

QUANTITY

Belgian ODA decreased from € 2.268 billion in 2010 to € 2.011 billion in 2011, equivalent to a fall in its ODA as a share of GNI from 0.64% to 0.53%. This fall was mainly due to lower levels of debt cancellation in 2011. As a result Belgium's genuine aid level increased slightly to € 1.79 billion, up from € 1.74 billion in 2010. The political crisis was also a determining factor for the decrease in aid, as it led to budgetary constraints for the Belgian Development Administration/DGD. Although Belgium has failed to deliver on its commitment to provide 0.7% of GNI from 2010 onwards, it declared that it remains committed to this target "in the long run". However, the recent reductions in aid suggest that there is little hope that it will be able to keep this commitment.

SYSTEM

The Belgian development cooperation policy is led by a dedicated Minister. However, it forms part of the "Ministry of Foreign Affairs, Foreign Trade and Development cooperation", which shows the intricate connections between these different policy areas and interests. More than 60% of ODA is delivered through a specific development cooperation budget, with other ministries contributing, including: the Ministries for Finance, Foreign Affairs, Internal Affairs and the Regions. This fragmentation of ODA management turns promoting policy coherence for development difficult.

COUNTRIES & SECTORS

Currently, Belgium has signed a multi-annual 'indicative cooperation agreements' with 18 partner countries. Belgian bilateral cooperation focuses on a range of sectors (food security and agricultural development, governance and decentralisation, health care and AIDS/HIV, social economy, education and water and sanitation) and attempts to 'mainstream' issues, such as gender equality and climate change. By law, sustainable human development and poverty eradication are the guiding principles of those agreements. Belgium cooperates with additional countries via NGO programmes, multilateral cooperation and humanitarian aid.

CHALLENGES IN 2012 AND BEYOND

The development cooperation budget will be frozen in 2012 and 2013, as part of the efforts being made to limit public deficits. As a result this budget will be a maximum of € 1.478 billion in and the 0.7% will not be reached in the two coming years. The Belgian cooperation is undergoing a significant restructuring and a new law on international cooperation is expected to be adopted. It is important that these changes are discussed with all relevant stakeholders. Through these processes the fundamental objectives of Belgian cooperation need to be updated (looking beyond the MDGs), and promote

consistency across all intervention areas of Belgian official cooperation (technical cooperation/CRB-BTC, humanitarian aid, aid to private sector). To support this process the Minister has ordered an evaluation of the Belgian Investment Company for Developing Countries (BIO), following severe criticism from different sides, and notably an evaluation by the Flemish coalition of NGO's 11.11.11.

The overarching challenge for Belgian cooperation in the coming years will be the establishment of an effective institutional mechanism for promoting PCD.

RECOMMENDATIONS

- Maintain political and financial commitments to aid for development - The financial crisis in Europe is putting great pressure on areas such as international cooperation. It is the responsibility of the Belgian government, and particularly the cooperation Minister to ensure that existing aid commitments are re-confirmed and delivered.
- Ensure that the future Belgian cooperation architecture, to be defined in the new Law on International cooperation, becomes more coherent and consistent across its different delivery channels: official technical cooperation, humanitarian aid, and support to the private sector.
- Seize the opportunity of the governmental consensus on the need for an inter-ministerial conference on PCD; adopt a permanent mechanism to ensure PCD in Belgian policies.

BULGARIA

Country page prepared by Bulgarian Platform for International Development (BPID).

0,08%
Genuine aid/GNI

0,09%
ODA/ GNI

2011 CHANGES

In the second half of 2011, the government adopted a legal framework for Bulgarian international development cooperation, which was one of the key recommendations of the Bulgarian Platform for International Development (BPID). This act outlines the goals, structure and main procedures for active participation in development. As such the document traces further opportunities for collaboration with CSOs.

In 2011 Bulgarian ODA slightly increased from € 31 million in 2010 to € 35 million in 2011. However, this increase did not make any change in the relative level of ODA against GNI, which remains at 0.09%.

AID QUANTITY

SYSTEM

The key ministry for the setting and implementation of development policies is the Ministry of Foreign Affairs (MFA). The MFA chairs the Council for international development which is an inter-ministerial body. This Council approves the priorities and mid-term programs in development cooperation as well as evaluation of the undertaken actions. The MFA is supported in its activities by the working group "Development policies" and the members are part of the Council for International Development as well as other relevant structures.

The mid-term programs for Bulgarian development cooperation are key documents. They define the overall objectives of the policy, concrete areas and sectors for interventions, geographical distribution and quantity of the aid. In the elaboration of the mid-term programs partnership with CSOs is foreseen.

The Bulgarian ODA is implemented on an ad-hoc basis. However there is list of priority countries that includes Armenia, Georgia, Serbia, Kosovo, Moldova and Macedonia. There are indications that in 2012 the list will be changed.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

The main challenge for Bulgarian ODA is the financial restrictions due to economic crisis which results in high proportion of tied aid. Among other challenges is the insufficient involvement of CSOs in decision making process and the lack of sufficient public support for development.

RECOMMENDATIONS

- Clearly identify thematic areas and geographical locations for Bulgarian ODA based on the needs of the recipient countries.
- Elaboration of mid-term program with the engagement of the CSOs.
- Faster development of relevant units/staff within MFA with clear responsibilities.
- Increasing transparency of ODA.

0,1%
Genuine aid/GNI

0,16%
ODA/ GNI

CYPRUS

Country page prepared by INDEX Research and Dialogue on behalf of the Development Platform.

2011

CHANGES

Cyprus's performance in 2011 is primarily characterized by the substantial decrease in ODA contribution from 0.23% to 0.16% GNI. In absolute terms this change amounted to € 6.5 million which represents a 19% decrease in Cyprus' ODA. There has been no change in the poverty focus. Rather, the large decrease has occurred in inflated aid figures. Relationships with NGOs have not improved remaining few and far between. Establishing communication channels with NGOs in recipient countries has not progressed either. Furthermore, Cyprus' approach to the distribution of its bilateral ODA remains that of 'delegated responsibility', therefore this is mostly mediated through the bodies/NGOs that are implementing projects supported by other member states.

The significant decrease of Cyprus' ODA was partly predictable as a substantial percentage of ODA consisted of expenditure on asylum seekers. This was close to 50% of total ODA, which gave Cyprus the highest level of inflated aid amongst the member states. In the past 18 months the benefits approach of the state came under scrutiny and the response of the government was to rationalize the benefits and to speed up the examination of asylum seeker's applications. Consequently the amount spent on asylum seekers was reduced, representing an 8.6 decrease or a 45% decrease in inflated aid.

AID QUANTITY

SYSTEM

The highest decision making body is the Coordination Body headed by the Minister of Foreign Affairs (MFA). In addition to the Minister of Finance and the Permanent Secretary of the Planning Bureau. The Planning Bureau has policy preparation, administrative and implementation functions for the decisions.

A Consultative Body tasked with discussing and submitting suggestions to the Coordination Body is said to consist of the Permanent Secretary of the MFA and Representatives of the Ministries of Finance, Commerce, Industry and Tourism, Agriculture Natural Resources and Environment, Labour and Social Insurance, Education and Culture, the Planning Bureau and Non-Governmental Organisations (NGOs). The Platform of NGOs has never been called to participate in these meetings.

ODA is distributed to projects already initiated through the ODA of other member states. The projects are selected by the Coordinating Body according to location and sectoral priorities.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

The main challenge is to challenge more ODA to overseas poverty eradication. Cyprus needs to generate funds to increase ODA, yet legitimizing this to taxpayers may be difficult since it is not a well-known budget item.

- Cyprus must establish a democratic dialogue with local NGOs to address the poverty focus of aid distribution.
- Having substantially reduced the magnitude of inflated aid it must address how it gets back on course to meeting its commitments on ODA contributions.
- Cyprus must promote public dialogue on development priorities in order to raise awareness on development needs.
- Cyprus must ensure greater transparency on the way in which decisions in relation to its ODA are made and must regularly publish easy to access updated information on its ODA expenditure.

RECOMMENDATIONS

CZECH REPUBLIC

Country page prepared by FoRS – Czech Forum for Development Cooperation.

0,11%
Genuine aid/GNI

0,13%
ODA/ GNI

2011

CHANGES

The Czech Republic strives to keep the volume of bilateral ODA from the past years while increasing the amount of multilateral ODA. In 2011 the MFA confirmed the relevance of the aid effectiveness based on the Accra Agenda for Action and made the first steps towards endorsing the IATI standards. Country Strategy Papers for priority countries (Bosnia and Herzegovina, Ethiopia, Moldova and Mongolia) were prepared and endorsed (the preparation of the CSP for Afghanistan was postponed to 2012). Several external project evaluations were commissioned in cooperation with UNDP office in Bratislava and findings were presented to stakeholders. The MFA also commissioned two external evaluations on aid modalities (government scholarship programme and technical assistance). The MFA also started working on the Strategy for government scholarships and the Strategy on multilateral aid to be endorsed within 2012. The National Strategy on Development Education was endorsed in 2011.

According to the OECD preliminary data, the total amount of the Czech ODA in 2011 was approx. € 197 million. The ODA/GNI ratio was maintained around 0.13%. The share of bilateral ODA is decreasing in favour of increasing multilateral aid (multilateral ODA amounted to 65.12% of total ODA in 2010 and 71.59% in 2011). However, this is mainly due to the fact that in 2011, the Czech Republic began contributing to the European Development Fund.

AID

QUANTITY

SYSTEM

The Czech MFA (Department of Development Cooperation and Humanitarian Aid) is the central coordinating, managing and controlling body responsible for ODA policy and strategy making. The Czech Development Agency is responsible for the implementation of the bilateral ODA project cycle. There are a few exceptions for specific aid modalities: in the case of the Ministry of Education (responsible for scholarships), Ministry of Health (health insurance of foreign students), Ministry of Interior (migration and security), Industry (Aid for Trade) and Ministry of Finance (economic technical assistance), which is also the key actor to determine volumes of aid. In 2012, the centralisation under MFA/CZDA is likely to be reached in some of the above modalities. The Council for Development Cooperation serves as an inter-ministerial advisory body to the Minister of foreign affairs and ensures the coordination and policy coherence for development.

COUNTRIES
& SECTORS

In 2011 the Czech Republic pursued geographical focus defined by the Strategy of Development Cooperation of the Czech Republic as follows:

5 programme countries (Afghanistan, Bosnia and Herzegovina, Ethiopia, Moldova, Mongolia)

5 project countries (Cambodia, Georgia, Kosovo, Serbia, Palestinian Administered Areas)

Phase-out countries where Czech ODA is planned to end by 2014 (Yemen, Vietnam, Zambia)

Other countries where the Czech Republic provides scholarships, implements small local projects, transformation cooperation, projects aimed at refugees etc.

Although final ODA figures are not yet available, it can be assumed that Afghanistan was again the primary recipient of bilateral assistance, with approx. €8 million accounting for 14% of bilateral assistance in 2011.

According to its development strategy the Czech Republic has been mainly focusing on 5 sectors: environment, agriculture, social development, economic development, and support to democracy and human rights.

CHALLENGES IN 2012 AND BEYOND

- To keep development high enough on the political agenda to secure predictable public funding, especially in times of serious budgetary restrictions;
- To continue efforts of relevant ministries in the practical implementation of policy coherence for development especially in the selected thematic area of agriculture;
- To introduce concrete steps reflecting the commitments in the Busan Partnership for Effective Development Cooperation and the reaffirmed commitments from the Paris Declaration and the Accra Agenda for Action;
- To keep searching for innovative funding beyond aid, such as allocations of a small part of emission trading revenues for climate change projects in developing countries.

RECOMMENDATIONS

- To continue increasing Czech ODA effectiveness and strengthening multi-stakeholder partnerships for development effectiveness as agreed in Paris, Accra and Busan.
- To continue adopting concrete tools towards meeting the ODA transparency standards and signing the IATI.
- To continue commissioning project evaluations and incorporate the evaluation recommendations in the project cycle stages and in the next programming period.
- To support the involvement of the Czech non-state actors (non-profit as well as private) in the EU funded project/program schemes; including increasing their engagement in the EDF.
- To secure sufficient administrative capacities for the Czech ODA implementation, namely through having representatives of the Czech Development Agency in program countries.

0,8%
Genuine aid/GNI

0,86%
ODA/ GNI

DENMARK

Country page prepared by CONCORD Denmark.

2011

CHANGES

In 2011 Danish ODA fell by 2,4% to 0,86% of GNI. This was expected as ODA in 2010 rose due to front loading that is sometimes the result of the Danish accounting guidelines, despite government promises to keep it frozen. So a realignment of ODA was not surprising. The new Social Democrat government has promised to unfreeze and increase ODA until it reaches 1%, though no timetable for this goal has been given. It is still extremely problematic that such a large proportion of ODA continues to be used for housing and receiving refugees. Although Denmark is keeping its promises on fast start finance, it continues to count it towards its ODA targets and so the expected increase will further inflate Danish ODA. Denmark also continues to tie DKK 550 million in mixed credits and technical support to Danish businesses in 2011 while security priorities grow in prominence in the Danish foreign policy and development debate.

ODA fell from € 2.168 million. to € 2.144 million in 2011. Even with this decrease Denmark kept its ODA above the 0.7% target reaching 0.86% GNI. However after discounting the inflated aid components Denmark reached only 0.8% of genuine aid.

AID

QUANTITY

SYSTEM

Denmark has a Development Cooperation Minister who works out of the MFA, which fully administers development cooperation. Some Danish ODA is implemented through civil and military operations, and these funds are managed by e.g. the military. The MFA are generally credited with having a relatively high poverty eradication focus. The implementing agency is DANIDA which celebrated in March 2012 its 50th birthday.

In 2011 the main recipients (in terms of commitments) were Tanzania, Afghanistan, Kenya , Somalia and Uganda. Mozambique and Ghana are also major receivers, but are not registered for disbursements In 2011 though payment will continue from 2012 onwards. Information of sectoral focus of aid is as yet not available. Denmark has also pledged to double annual aid to Somalia, mainly for security reasons..

COUNTRIES
& SECTORS

CHALLENGES IN 2012 AND BEYOND

It seems that the government's goal of increasing ODA to 1% is substantially based on inflation of aid instead of genuine increases in effective, poverty focused aid. Expenditure for security, climate, refugees and tied aid to business are a large part of the Danish aid budget and risk undermining global support and legitimacy when and if Denmark finally reaches 1%. As a global leader of development, this will also open the door for other less ambitious donors to follow in Denmark's tracks and include as much different expenditure under the aid umbrella as possible in the hope of not suffering political embarrassment in 2015.

- Refrain from allowing the budget line for receiving refugees to inflate aid further.
- Work against the use of development aid for Danish security interests.
- Ensure additionality of climate finance.
- Continue to work for EU member states to live up to their aid commitments.
- Improve the poverty focus of development aid by increasing the size of the Poverty Framework relative to the Global Framework.

RECOMMENDATIONS

ESTONIA

Country page prepared by Estonian Roundtable for Development Cooperation (AKÜ).

0,11%
Genuine aid/GNI

0,12%
ODA/ GNI

2011 CHANGES

The past year has been positive for Estonia's development cooperation. Unlike most countries, Estonia managed to keep raising its ODA expenditure and demonstrate international solidarity with the most vulnerable. Furthermore, the MFA together with domestic and partner country stakeholders, drafted the first bilateral memorandum of understanding with Georgia, thereby increasing the focus and predictability of its ODA. NGO recommendations about paying more attention to women's empowerment are slowly but surely gaining ground in programming and implementation of activities. At the same time, Estonia still does not have a system for independent qualitative evaluation of the real impacts its assistance is making on the lives of the beneficiaries of its actions. In particular, the effectiveness of technical assistance, which makes up most of Estonia's bilateral cooperation, needs to be assessed. NGOs are increasingly more often invited to consult on national and international development-related policies, but the quality of inclusion can still be improved.

Estonia performed relatively well in terms of financing of ODA. The country is on track to reach the national 0,17%/GNI goal by 2015. Still, civil society is hoping that the government will seriously consider striving towards the original 0,33% commitment. Inflated aid is almost non-existent. There is some spending on scholarships to students from developing countries and on a refugee reception center, but these costs make up a marginal part of all ODA. Estonia does not participate in debt relief and does not provide tied aid.

AID QUANTITY

SYSTEM

The Ministry of Foreign Affairs coordinates Estonia's development cooperation programmes as well as funds allocated from the national budget for the development cooperation and humanitarian aid. The Ministry of Finance is responsible for the financial transfers to multilateral organisations. Other governmental agencies implement specific projects in the scope of their competence. The Ministry of Defense has also been outstandingly active in implementing development projects and somewhat smaller contributions come from the Ministries of Education and Research, Environment, Agriculture and Social Affairs. Other public institutions' role in financing development activities has been marginal.

Bilateral aid makes up a quarter of Estonia's aid, yet it is quite politicized. The strategic plan for Estonia's development cooperation identifies Afghanistan, Georgia, Moldova and Ukraine, and since 2011 also Armenia, Azerbaijan and Belarus, as the priority partners for its bilateral development assistance. The most favored partners are Afghanistan and Georgia, followed by Moldova and Ukraine. In 2010, Estonia spent merely 2% of its bilateral aid on African countries. Poverty reduction and contribution to the achievement of the MDGs are declared to be the highest priorities of Estonia's development policy. Six priority sectors and eleven concrete measures have been selected, but not all receive equal support. By far, the most funding goes to supporting peace, human rights and democracy, but also to advancing human development through access to education and health care services.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

Increased funding for improving the conditions of women and children living in poverty and improvements in aid transparency are great indicators that Estonia's development cooperation is advancing in a positive direction. However, Estonia is still a long way from meeting the 0,33 target by 2015 set by the EU, which implies that there is still low political will to deal with this topic.

There is also a dire need for improving aid effectiveness by starting qualitative evaluation of aid activities, improving the quality of technical assistance and preparation of the country strategy papers for the priority countries. For the best results, all domestic stakeholders need to work together in a coherent and constructive framework, because assisting the world's most vulnerable is a cross-sectorial task and requires innovative multi-faceted solutions.

RECOMMENDATIONS

- Develop and implement regular and systematic methods for evaluating the effectiveness of its aid.
- Actively work towards meeting the 0,33% ODA commitment by 2015.
- Strive towards signing bilateral agreements with all of its priority development partners and narrow the sectorial focus more.
- Give preference to longer-term projects over ad hoc initiatives.

0,5%
Genuine aid/GNI

0,52%
ODA/ GNI

FINLAND

Country page prepared by Kepa.

2011 CHANGES

2011 was a contradictory year regarding the quantity of Finland's ODA. On one hand the commitment to raise ODA to 0,7% by 2015 was renewed in Finland's new government program. On the other hand, Finland's ODA level dropped from 0,55% in 2010 to 0,52% in 2011. Finland is no longer on track to achieve the 0.7% target.

Finland's share of the EU climate finance promise in Copenhagen for the years 2010-2012 is €110 million. All of the fast start climate finance will come from the development cooperation funds and none is additional to the 0.7% target. It is vital that the long-term climate finance will not be part of the ODA budget and that Finland's plans for the necessary resources are made public. 2011 was also a year during which Finland got a new government and a new Development Policy Programme was drafted (endorsed in February 2012). Preparatory work on the Programme was very inclusive and thus provided CSOs and the MFA an opportunity for good dialogue. Many of CSOs' demands and views are reflected in the new Programme, including a strong shift towards a human rights-based approach to development.

In 2011 Finland's ODA flows amounted to €1013 million. The GNI percentage fell from 0,55% to 0,52% – meaning a -4,3% drop in real terms. The final disbursements were about €60 million less than the total aid budgeted for 2011.

AID QUANTITY

SYSTEM

Finland has a Minister for International Development as one of the three Ministers of the Ministry for Foreign Affairs. Development cooperation is managed by the MFA's Department for Development Policy which divides into several separate units. MFA's actions are guided by Finland's Development Policy Programme, and are thus in general well focused on reducing poverty.

Finland's long-term partner countries were Ethiopia, Kenya, Mozambique, Nepal, Nicaragua, Tanzania, Vietnam and Zambia. Partner countries and areas recovering from crises were Afghanistan, the Palestinian Territories, Sudan, South Sudan and Somalia. The main sectors of ODA are forestry, water, environment, energy, education and training, health and regional and rural development.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

The main challenge for aid quantity is the government's decisions to freeze the 2013-2014 ODA funds to 2012 euro level and to cut ODA by €30 million in 2015. These actions mean that Finland will most probably not achieve the 2015 target of 0,7%, even though it was stated in the 2012 March budget decision that funds from the upcoming European emission auction revenues will be channeled to ODA.

- Meet its commitments to raise its ODA level to 0.7% by 2015.
- Earmark a necessary share of the future European emission auction revenues for ODA.
- Make climate financing transparent and truly additional to its aid promises and the 0.7% target.
- Make public its plans on long-term climate finance sources.
- Direct a larger share of its aid to the long-term partner countries and the poorest countries.

RECOMMENDATIONS

FRANCE

Country page prepared by Coordination SUD.

0,33%
Genuine aid/GNI0,46%
ODA/ GNI

2011

CHANGES

French ODA is strongly oriented towards a security, utilitarian and instrumental approach.

The adoption of the Comprehensive Framework Document for France's development cooperation strategy in 2011 highlighted the rights-based approach and recognised the role of civil society. However, the draft budget plan for 2012 does not respond to these objectives and still reflects strong differences between the ODA budget and French ambitions. «France has the ambitions of the United States with the budget of Denmark,» say the senators themselves.

The stated priority to social sectors in poor countries is not reflected in the French budget effort, either. The strong growth of concessional loans to emerging countries results in a diminution of bilateral grant projects. The French Development Agency seeks to minimize state commitments and focuses on lending mainly to creditworthy countries. The poorest countries find themselves de facto excluded from this funding.

Debt cancellation will decrease and France will eventually start seeing repayments of loans incurred in previous years. If France has, by increasing loans, devoted 0.50% of GNI to ODA in 2010, French aid has dropped in 2011 down to 0.47%.

AID
QUANTITY

SYSTEM

The Ministry of Foreign and European Affairs (MAEE) is responsible for France's diplomatic relations, development initiatives and for developing sectoral strategies. It managed 12.2% of bilateral ODA in 2010, all of which was disbursed as grants. The Ministry of Economy, Finance and Industry (MINEFI) managed 30.2% of bilateral ODA 2010, of which 62% was debt relief.

Both ministries have diverging views on the nature and amount of French ODA: While the MAEE is in favor of an increase in its overseas presence and a reinforcement of its in-country services making its assistance more visible, the MINEFI would prefer a freeze or decrease of assistance. While the MAEE and MINEFI are key players in managing ODA, the French Inter-ministerial Committee for International Cooperation and Development (CICID) is the body that broadly defines the strategic and geographic priorities for France's development policy and coordinates all ministries. In 2010, AFD was responsible for 35.9% of the bilateral assistance budget. AFD has a dual status of a public agency and a development bank, is wholly owned by the French government, and overseen by the CICID. Despite the overarching French development cooperation strategy published in 2011, AFD and the MAEE continue to pursue separate strategies.

COUNTRIES
& SECTORS

The French government priority to support social sectors, Africa and the achievement of the Millennium Development Goals is far from being translated into the French budget. An increasing share of ODA is allocated to emerging countries through loans, following a logic that moves away from development cooperation and the fight against poverty. Only the consistent deployment of grants in social sectors ensures consistency of the instruments of official development assistance with the fight against inequality in LDCs.

Representing 87% of disbursements, loans have become the main instrument of intervention for the French Development Agency. ODA follows an instrumental logic, which leads to an increased use of loans to near-market conditions, and therefore at low cost to the State. With an objective to minimize the cost for the state, the AFD is encouraged to search for creditworthy borrowers. Therefore, its activities are primarily focused on emerging markets.

CHALLENGES
IN 2012 AND
BEYOND

France is losing its presence in the social sectors, mainly in Sub-Saharan Africa by a steady decline of grants since 2006. The major challenge for France in the coming years will be to rebalance loans and grants in order to achieve the MDGs by 2015, as recommended by the OECD. French ODA should also target countries with the greatest need (14 countries and LDCs, CICID priority) and improving its effectiveness.

RECOMMENDATIONS

- To pass a law ensuring that the commitment of providing 0.7% ODA of GNI will be fulfilled between 2012 and 2015.
- To ensure that the French government honours its multilateral and sectoral commitments in terms of official development assistance.
- To ensure consistency of the instruments of public development aid with the priority given to social sectors in poor countries. It is essential that substantial resources are deployed for the financing of grants for projects in the poorest countries to effectively fight inequality and poverty.
- To implement a French institutional structure for implementation and monitoring of policy coherence for development.
- To ensure that efforts are taken to raise additional ODA resources through innovative financing mechanisms.

0,34%
Genuine aid/GNI

0,4%
ODA/ GNI

GERMANY

Country page prepared by VENRO – Association of German development NGOs.

2011

CHANGES

At the beginning of 2011 the Deutsche Gesellschaft für Internationale Zusammenarbeit (German Organization for International Cooperation, GIZ) was formed through the merger of the three former implementing organizations (GTZ, DED, InWEnt). At the beginning of 2012 a new implementing agency responsible for development education and cooperation with civil society organizations, the so-called “Engagement Global – Services for development initiatives” was founded. At the same time, a new institute for development evaluation was set up. Besides the restructuring of the governmental implementing organizations, the German Ministry of Development Cooperation and Development (BMZ) came up with more than 12 new strategy papers on development. Particular was a new political strategy paper on development cooperation called “Minds for Change – Enhancing Opportunities”. This paper was drafted by a small group of political officials working with the Minister and was released for public comments. . However, the possibility for the public to openly comment on the paper was cancelled only a few weeks after the paper’s release. Some of the strategy papers may have an influence on the future of development policy. However, the results of this consultation were never made public, and the paper appears to have been more of a sound bite than a real strategy document.

In 2011 German ODA increased by 5.9 % to € 10.452 billion compared to 2010. Though Germany is now the largest EU donor in absolute numbers, German ODA-reaches only 0.4 % of GNI. Based on the 2015 predictions, the German government will not reach the 0.7% target by 2015. This is especially regrettable as in 2011 a group of German parliamentarians coming from all parties launched a “Call for a development consensus to achieve the 0.7% - target”. More than half of all German parliamentarians signed the call – though with a minimal impact.

AID

QUANTITY

SYSTEM

Germany has a complex and decentralized aid governance structure. The most important shareholder is the Federal Ministry for Economic Cooperation and Development (BMZ). The BMZ is responsible for around 60 percent of Germany’s ODA. Another large part is the German contribution EU budget. Besides that, there are several other actors that have ODA relevant expenditures, notably the Foreign Ministry, the Federal States or the Ministry for Environment, Nature Conservation and Nuclear Safety. The Ministries rarely implement the programs as the main part of the aid is managed through three implementing agencies: the KfW development bank, the German Organization for International Cooperation (GIZ) and Engagement Global (see also above).

China, India and Afghanistan have been high on the German aid agenda for years. The German government ceased bilateral development cooperation with China in 2010. The top recipient countries in 2011 were Afghanistan, Vietnam, Peru, Brazil and Serbia. General sectoral priorities of German development policies show that Democracy and public administration, energy and environmental issues are among the top priorities while education and food security still lack sufficient financial resources.

COUNTRIES
& SECTORS

CHALLENGES IN 2012 AND BEYOND

To reach the 0.7% target Germany will have to add an extra €2billion to the existing resources per annum. Current developments suggest that the Ministry responsible is trying to increase this number by whatever ploys possible, without means coming from the general budget. Germany is trying to push forward the debate on development related finance and the increased use of loans at market conditions.

German CSOs call on their Government to:

- Raise German ODA as a percentage of GNI in line with EU and national aid targets, starting with a significant budgetary increase of the Ministry for economic cooperation and development (BMZ) in 2012, followed by a corresponding adaption of the med-term financial planning to 2015;
- Include strong and meaningful CSO participation in all areas concerning civil society, especially with regard to Engagement Global and the Ministry’s general strategy of working with civil society;
- Agree to deliver climate finance on top of the 0.7 % target;
- Implement, in addition to existing commitments, innovative financing instruments – such as a financial transaction tax (FTT). At least a significant part of the revenues from such a tax should be used towards climate and development financing;
- Implement the national “Gender Action Plan” for development cooperation to its full extent and provide sufficient financial resources for activities related to gender equality;
- Increase transparency, especially on the aid budget cycle, aid flows and evaluation of aid projects and programmes and implement the agreed standards of the International Aid Transparency Initiative (IATI) to its full extent.

RECOMMENDATIONS

GREECE

Country page prepared by PLATEAU NGO.

0,07%
Genuine aid/GNI

0,11%
ODA/ GNI

2011

CHANGES

During 2011 Greek ODA was reduced significantly. The most important reasons were the financial crisis and difficulties the Greek economy faced due to the debt crisis and the national stabilization and reform programme.

Greece is highly unlikely to achieve the target of ODA 0.7% of GNI by 2015. It looks unfeasible given the fiscal restraints and austerity programme to follow. However, the focus is on maximizing aid effectiveness, as this was anticipated by a number of International Agreements since 2002 and recommended by the DAC Peer Reviews of Greece in 2006 and 2011.

According to preliminary data, overall aid quantity has been reduced in 2011 compared with 2010 by approximately 34,8%. ODA for 2011 reached 0.11% of GNI. The genuine aid consists of approximately 73% of total aid. According to the predictions of the Greek government, Greece will reach 0.08% of GNI by 2015.

AID QUANTITY

SYSTEM

The Ministry of Foreign Affairs and the respective Deputy Minister is responsible for the coordination of development cooperation. The Department of International Development Cooperation at the MFA (HELLENIC AID) manages the funds, tenders procedures, guidelines for the emergency and development aid delivery, monitoring, financial control and evaluation of aid delivery including the archives. This also includes the protocol of aid mechanisms for aid delivery applicable to NGOs, Institutes and Associations. However, the overall budget is a matter of parliamentary approval and the Ministry of Finance is responsible for the budgetary allocation as per the Governmental procedures.

Greek bilateral ODA is mainly oriented towards Albania, Serbia, Egypt, West Bank and Gaza Strip and Turkey (top five recipients in 2010). Sub Saharan Africa receives less than 10% of the bilateral ODA. Genuine aid composes only 0.07% of GNI which puts Greece at the bottom of ranking according the genuine aid in the EU 27. The main inflated aid components are: free-standing technical cooperation, imputed student costs and refugees costs.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

- Increase of lobby and advocacy mechanisms in all the European countries in order to affect Greek policy to increase the quantity assistance and in order to achieve the DAC declared aid target;
- Development effectiveness to become main priority of the Development cooperation policy;
- Finalization and launching of legislative, institutional and organizational framework of development-cooperation policy which will also promote transparency and accountability facilitating the parliamentary and tax payers concerns on development aid effectiveness;
- Adoption of DAC/OECD 3rd Peer Review suggestions and recommendations in order to achieve better quantity indicators on development co-operation policy.

RECOMMENDATIONS

- Launching of new legislation which will promote transparency and accountability in development aid;
- Focus on development aid effectiveness;
- Allocation of funds on development aid with emphasis to the achievement of 2012-2015 target;
- Strengthening Greek civil society role and Greek Networks / NP added values to the aid delivery process.

0,09%
Genuine aid/GNI

0,11%
ODA/ GNI

HUNGARY

Country page prepared by Hungarian Association of NGOs for Development and Humanitarian Aid (HAND).

2011

CHANGES

There were no major changes in the Hungarian ODA since last year. The overall level of ODA increased due to the fact that Hungary started to contribute to the European Development Fund. The most traumatic change is the shrinking quantity of bilateral aid.

There should be more transparency and efficiency in aid regarding the accessibility of data. For example it is difficult to find different documents in relation with development policy on the MFA website. Hungarian NGOs initiated last year the creation for a strategic framework for development policy, which will continue in 2012. In 2011, Hungarian NGOs managed to lobby for a parliamentary resolution proposal, which was successfully adopted by the Foreign Affairs Committee of the Parliament. Hopefully the parliament plenary will adopt it in the Spring hearing and later the MFA will create the long-awaited strategy paper until the end of 2012.

In 2011 Hungarian ODA increased from 0.09% in 2010 to 0.11% of its GNI, showing growth of 22%. Hungarian ODA still focuses on the contributions to multilateral agencies (mainly EU) that constitute more than 80% of its total ODA.

AID QUANTITY

SYSTEM

In Hungary, the Ministry of Foreign Affairs is the central institution for development cooperation policy making. Within the ministry structures, the Department for International Development Cooperation and Humanitarian Aid is dealing with policy issues. In general poverty focus is at the forefront of development activities, but it remains mostly rhetoric. Other ministries also have their own development cooperation projects. Their budget and project details are collected by the MFA and provided for the overall ODA statistics to DAC/OECD.

The number of recipient countries is overwhelmingly large compared to the size of the bilateral ODA budget. The MFA confirmed this would be a problematic issue in the future. However the MFA showed no sign to cut the no. of partner countries. There were approximately 80 partner countries in 2010. The Hungarian bilateral ODA focuses mainly on Afghanistan and neighboring countries. Very few of the least developed countries (apart from Afghanistan) were targeted in the last years. In terms of sectoral dissemination, the scope is also somewhat wide. The future strategic framework would help to pave the way to diminish the number of partner countries and help having more focused sectors.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

The biggest challenge is the shrinking budget for bilateral development cooperation, which inhibits the long-term goals of Hungarian bilateral ODA. There is little interest in the topic of international development at the political level, but the Hungarian NGO platform will continue to push forward the agenda to create a strategy for development cooperation. This strategy would contribute to a more planned, efficient and focused international development cooperation. The main challenge is to convince the political parties and the MFA to work on it.

RECOMMENDATIONS

- To prepare and endorse a strategic and legislative framework for development cooperation in Hungary.
- Decrease the number of partner countries to ensure the increase of the impacts of the bilateral Hungarian ODA.
- Introduce the monitoring and impact assessment system of Hungarian ODA.
- Sign up to IATI and respectively improve the statistical recording of the ODA flows in order to boost the transparency and effectiveness of aid.

IRELAND

Country page prepared by Dochas and Trocaire.

0,52%
Genuine aid/GNI

0,52%
ODA/ GNI

2011 CHANGES

Ireland has always had a poverty focused Aid programme. In 2011 while there was a cut in ODA contributions, given the national financial situation and significant other budget cuts, Ireland still managed to keep its contribution to ODA above 0.5% of GNI.

Ireland continues to be recognised for focusing its aid on least developed countries, not tying or inflating its aid. In 2011 Ireland committed a total of €659 million towards ODA.

AID QUANTITY

SYSTEM

Irish Aid continues to get reviewed favourably on addressing poverty reduction. Responsibility for Irish foreign policy, including assistance to developing countries (Irish Aid) lies primarily with the Minister for Foreign Affairs and Trade. However, particular responsibility for policy on Overseas Development Assistance is assigned to the Minister of State at the Department of Foreign Affairs Mr. Joe Costello, T.D. The Development Cooperation Directorate, a Division of the Department of Foreign Affairs, is responsible for administering the Irish Aid programme. It also has a coordinating role in relation to Overseas Development Assistance by other Government Departments.

In 2009, the Government established the Irish Aid High Level Steering Group which is chaired by the Secretary General of the Department of Foreign Affairs and Trade and includes the Heads of the Corporate Services, Political and Promoting Ireland Abroad Divisions, as well as the Director General and the deputy Director General of the Development Cooperation Directorate.

COUNTRIES & SECTORS

Since its inception in 1974, the Irish Aid programme has had a strong geographic focus on Sub-Saharan Africa. Approximately 80% of Ireland's Overseas Development Aid goes to Africa. Under the bilateral part of its programme, Irish Aid operates intensive and wide-ranging country programmes in seven countries in Africa, namely Lesotho, Malawi, Mozambique, Tanzania, Ethiopia, Zambia, and Uganda. Timor-Leste and Vietnam in Asia are Ireland's remaining programme countries. The Millennium Development Goals and their targets form the basis in which Irish Aid assigns its priority sectors. These include education, health, agriculture and food security, water and sanitation, infrastructure and roads, trade, and good governance. Each sector represents a means of addressing a core cause of poverty; however, as the causes of poverty are interwoven to such a degree that one cannot be tackled in isolation from the others, a comprehensive and cross-sectoral approach is crucial, if a real and sustainable reduction in poverty is to be effected. Recognising this, Irish Aid's programme incorporates cross-sectoral strategies on gender, governance, HIV/AIDS, and the environment into all of its development activities.

CHALLENGES IN 2012 AND BEYOND

Maintaining and making progress towards the 0.7% ODA target of GNI by 2015, given that Ireland continues to face significant fiscal difficulties and decisions.

RECOMMENDATIONS

- A percentage increase in ODA spending in the 2013 Budget, in line with progress towards 0.7% of GNI by 2015.
- The announcement by the government of a timetable of percentage increases in ODA in order to deliver 0.7% by 2015.
- The introduction and passage of framework legislation to underpin Ireland's commitment to the 0.7% target, including a timetable for future increases in ODA spending.

0,13%
Genuine aid/GNI

0,19%
ODA/ GNI

ITALY

Country page prepared by ActionAid Italy.

2011

CHANGES

The year 2011 will not pass unnoticed: Italy started with one of worst ODA performances among the DAC donors and ended up with a Development Minister in place for the first time ever (in line with the DAC peer review recommendations). Even though the Minister's remit comprises other agendas a focus on development cooperation marks a turning point. The Development Minister was appointed in the wake of a government change of guard. The new minister has appointed a team of experts from CSOs, which is another welcomed change.

Italian ODA observers were surprised when it appeared that Italian ODA had moved up from 0,15% to 0,19% in 2011. How could it be possible that Italian aid goes up when Berlusconi Ministers were so prone to cutting ODA and the Ministry of Foreign Affairs allocations plunged from about 700 ml euros in 2008 to nearly 90 million euro in 2011? The trick is not hard to explain: 30% of bilateral aid is refugees' costs, which increased by a factor of 100 due to the Arab spring refugee crisis. Another 36% comes in the shape of debt relief. Italian ODA is now heading for 0,12% of GDP in 2012 without new investments. This negative trend will not change and Italian ODA may reach 0,16% in 2015 according to the European Commission in the absence of a U turn.

AID

QUANTITY

SYSTEM

2011 is the beginning of a transition period. By the end of the year, a Minister in charge of development cooperation was appointed against all odds. It is a Minister without portfolio, which means that human and financial resources are still in the hands of the Ministry of Foreign Affairs and the Ministry of Finance, which have a pivotal role in many key areas including Italy's participation in the multilateral development banks. The budget of the MFA can be subject to reviews throughout the year to accommodate spending adjustments required by the Treasury. It may well happen that agreed expenditures will be suspended even in the face of the international commitments.

It is too early to get a real sense of geographical and sector allocations as the relevant information will be published later in the year according to the prevailing information system. This said bilateral allocations will have to be assessed against the increase in refugee costs that may bias the data.

COUNTRIES
& SECTORS

CHALLENGES IN 2012 AND BEYOND

Italy is in the midst of the Eurozone economic crisis.

Former Prime Minister Berlusconi's government between 2008 and 2011 was about to make severe cuts to Italian aid. The main challenge is now to give new credibility to Italy as a development actor. The appointment of a Development Minister is an encouraging start. In this regard, the most recent three-year financial perspectives document (april 2012) commits Italy to re-aligning with internationally agreed targets though in absence of a clearly indefinable timeline.

RECOMMENDATIONS

- The Italian government should operationalise the commitments recently stated in the "Documento di Economia e Finanza" (the three-year financial perspectives document) to re-aligning Italy's performance with "the international standards for development cooperation".
- The Italian Government should mobilize fresh resources to match the most urgent pending ODA pledges; disbursements to the Global Fund to fight AIDS, Tuberculosis and Malaria (a 260 million euro gap at the minimum) and the Convention on Food Aid (a 300 million gap). In the short term, these resources can be drawn from the fight against tax evasion as well as from a careful assessment of military spending.
- The Government should create a cabinet level committee for policy coherence in line with the most recent Prime Minister's directives which entrust the Development Minister with a lead role on this agenda.
- The Italian Parliament should support the creation of the cabinet post of Minister for Development cooperation. The Italian Parliament should also address the need for a comprehensive review of the Italian development cooperation system by reforming the organizational set-up provided for by Law 49/87, now regulating the system.
- All political parties should include in their manifestos for the early 2013 general elections clear commitments to increase aid quantity and quality in line with the global standards, confirming the post of Minister for Development cooperation as well as a comprehensive reform of the Italian ODA system.

LATVIA

Country page prepared by LAPAS.

0,07%
Genuine aid/GNI

0,07%
ODA/ GNI

2011

CHANGES

In 2011 Latvia's programmable bilateral aid flow was too small to adopt a Development Co-operation Policy Plan for 2011. Nevertheless a new Development Cooperation Policy Programme for 2011-2015 was endorsed and a decision for an increase in bilateral ODA for 2012 was taken. Development cooperation actors in Latvia have welcomed this step after three successive years of nearly non-existent bilateral development cooperation. Furthermore, for the first time ever the government will offer co-funding to development actors that have successfully attracted other funds. This is a fruit borne by the MFA's openness to CSO sector initiatives and participation in policy-making process. However, only around one third of the programmable aid will be available through an open grant competition.

A problem with non-programmable aid is that it leaves concerns about its genuineness. Latvia has inflated its ODA figures with refugee costs and scholarships to developing country students. Also, ODA-reportable projects implemented by different line ministries raise questions about the effectiveness as it usually comes in a form of technical assistance and fits the category of tied aid. Lastly, although the current amount is relatively low, Latvia reports its climate finance as ODA.

AID QUANTITY

SYSTEM

The responsibility to manage Latvia's development cooperation policy falls under the Ministry of Foreign Affairs. The Development Cooperation Policy Division is a relatively small entity consisting of only three employees and falling under Economic Relations and Development Cooperation Policy Department. Latvia does not yet have a separate development cooperation agency but hopefully this ambition will see daylight once bilateral aid flow will increase.

COUNTRIES & SECTORS

According to the new Development Cooperation Policy Programme for 2011-2015, Latvia has expanded the scope of its partner countries. Now Belarus, Ukraine, Moldova, Georgia and Afghanistan have been joined by Central Asian countries. Latvia has not put forward any specific thematic focus in order to be able to adjust to the specific needs of each partner country at the same time making sure that all horizontal issues are well integrated in its development projects. In 2011, the majority of Latvia's bilateral aid has been spent on projects implemented by line ministries on a variety of topics, starting from scholarships to developing country students and ending with participation in EU observation missions. The only project funded by programmable aid took place in Kirghizstan and contributed to NGO efforts in integrating children with health issues in wider society. However, there are some worrying trends for 2012. Although all Latvia's bilateral aid in 2012 will be spent according to its priorities set in policy papers, the decision on how to spend two thirds of the allocated funding were taken behind closed doors at the MFA.

CHALLENGES IN 2012 AND BEYOND

Latvia's main challenge for sticking to its aid commitments is a lack of awareness and deep understanding about development issues both at political and public level. Particularly in times of crises, issues such as development cooperation seem to slip politicians' attention even though they might be at the core of solving the problems faced by the present-day world.

RECOMMENDATIONS

- Stick to the aid commitments and keep on increasing bilateral aid flow.
- Channel a bigger proportion of bilateral aid via open grant competitions.
- Consider working on guidelines for technical cooperation.
- Do not account fast finance for climate as ODA.
- Comply with the IATI publishing standards.

0,12%
Genuine aid/GNI

0,13%
ODA/ GNI

LITHUANIA

Country page prepared by LITDEA.

2011

CHANGES

An updated version on procedures for development programming and a Democracy version of the Description of Procedures of Implementation of Democracy Promotion Programme were prepared.

On December 28th, 2011, the Government approved "Concept of Law on development Cooperation and Humanitarian Aid of the Republic of Lithuania", which legitimates the main provisions of legal regulations and structure of the forthcoming law.

In 2011, Lithuania increased aid levels to € 37,36 million and ODA reached 0.13% of GNI. This signals the highest aid figures that Lithuania has seen since the 2009 aid drops and budget cuts due to the economic crises. Bilateral aid in 2011 was € 15,06 million, i.e. 40% of the total ODA. The ODA increase in 2011 is mainly due to contributions to the EDF – € 2,9 million, and other international bodies.

AID QUANTITY

SYSTEM

Since development cooperation is an integral part of foreign policy, the Ministry of Foreign Affairs is taking the lead on policy and coordination. The focal point being the Development Cooperation and Democracy Promotion Department within the MFA.

Lithuania has 7 partner countries (Afghanistan, Belarus, Georgia, Moldova, Ukraine, Armenia, and Azerbaijan). However 3/4 of bilateral aid of Lithuania is directed to Afghanistan, where the central premise of Lithuanian engagement has been the pursuit of security and development in partnership with the Afghan Government and the people. In 2011 the Ministry of Foreign Affairs, during the implementation of Lithuania's Development Cooperation and Democracy Promotion Programme has funded 116 projects worth more than € 1,5 million, mainly in good governance, economic and social development, education and women's social participation.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

The internal quality assessment of development cooperation and global education in Lithuania is not based on international standards. The transparency of the Lithuanian ODA system suffers from a lack of independent and sound evaluations, carried out regularly and systematically. The evaluation reports are scarcely accessible to the public.

Public support for development cooperation is steadily decreasing from 72% in 2005 to 48% in 2010. At the same time, the number of opponents to development cooperation is steadily growing: in 2005 against development cooperation were 5.4%, and in 2010 – 33%.

Lithuanian Presidency of the Council of the European Union in 2013 will be an excellent training ground for national development cooperation actors; it will improve their administrative capacity and effectiveness.

- Ensure genuine engagement in the forthcoming national discussions on Law of Development Cooperation and Humanitarian Aid by a new term of office Parliament and new Government after the parliamentary elections in late 2012.
- Introduce legislation setting guaranteeing steady annual increases in order to fulfil its international commitments (0.33% of the GNI by 2015) and improve the predictability of aid flows.
- Ensure specific dialogue meetings with the participation of CSOs in policy construction process and formulate a distinct global education strategy.
- Start regular external evaluations of Lithuanian ODA programmes' results and achievements and make the results public.
- Provide development assistance according to poverty reduction goals and ensure sufficient additional (non-ODA) budget for climate and security related issues.

RECOMMENDATIONS

LUXEMBOURG

Country page prepared by Cercle de Coopération.

0,99%
Genuine aid/GNI

0,99%
ODA/ GNI

2011 CHANGES

Luxembourg has slightly decreased ODA levels from 1.05% of GNI to 0.99% which represents decrease by € 6,6 million from € 303,6 million in 2010 to € 297 million in 2011. However, Luxembourg keeps its own individual commitments of 1% of GNI and consequently plans to increase the ODA next year up to 2015. This led Luxembourg to top the rank of EU donors in terms of GNI % and individual commitments together with Denmark and Sweden. Apart from the positive records of Luxembourg in aid quality, Luxembourg has still room for improvements. Mainly in climate finance, policy coherence for development and development education and awareness raising.

Luxembourg leads the genuine aid ranking by AidWatch with 0.99% of GNI and includes only 0.08% of GNI of inflated aid. However, Luxembourg NGOs remain vigilant on potential use of ODA to fund Luxembourg's financial climate responsibilities, especially since Luxembourg has a very alarming record of climate change issues.

AID QUANTITY

SYSTEM

Luxembourg has a dedicated Minister for Development Cooperation and Humanitarian actions. The Ministry of Foreign Affairs and its respective Directorate on Development Cooperation are responsible for development cooperation policy making and strategies. LuxDev is the agency responsible for the implementation of the development cooperation. LuxDev has a status of a private company which is 98% owned by Luxembourg and 2% owned by a bank (Société nationale des Crédits à l'Investissement). The Board of LuxDev consists of the representatives of the Luxembourg governments, trade unions, NGOs, independent person and director of LuxDev.

COUNTRIES & SECTORS

Luxembourg development cooperation is focused on 10 "partner countries", with which the Luxembourgish government signs country programmes. These are mainly from the West part of Sub-Saharan Africa (6), Asia (2) and Latin America (2). NGOs are however not bound to this "restriction". Apart from partner countries, Luxembourg provides aid to 3 Balkan countries (Kosovo, Serbia and Montenegro), Rwanda and Mongolia. The selection of the sectors was inspired by the MDGs and Luxembourg focuses mainly on health, education and local development which aim at water, the sanitation, decentralization and microfinance.

CHALLENGES IN 2012 AND BEYOND

Climate finance is one of the major challenges for Luxembourg's ODA as it does not count climate finance as ODA and is one of the strongest advocates within the EU for its additionality. Based on the lack of leadership of the EU to contribute to solving the global climate problem, Luxembourg committed to contribute only € 9 million for the fast start finance for 2010-2012. Luxembourg has also faced delays in its disbursements, caused by administration hurdles. Until now Luxembourg has not developed steps to increase this amount until 2020.

Another challenge will be the election campaign for a new government in Luxembourg starting in 2013 which might open a debate of tying ODA to national interest

RECOMMENDATIONS

- The government should apply the Greenhouse Development Rights Framework in order to estimate Luxembourg's fair share of climate finance and calculate amounts which correspond to Luxembourg's real climate obligations.
- Not to use the positive record of ODA commitments to escape its responsibility in climate financing. Continue to avoid double-counting of funding as ODA and UNFCCC funding and give a clear public definition of their understanding of additional finance.
- Improve development education and awareness raising by increasing the share of ODA allocated to education/awareness raising and advocacy work from currently 0.55% (2010, down from 0.68% in 2009).

0,19%
Genuine aid/GNI

0,26%
ODA/ GNI

MALTA

Country page prepared by AidWatch Malta.

2011

CHANGES

It is pertinent to point out that, as in the previous years, the Maltese Government has not issued a comprehensive breakdown of its ODA expenditure of 2011. It is estimated that large amounts of Malta's ODA 2011 have been spent on the detention of irregular migrants in Malta as well as on humanitarian assistance during the Libya crisis, the latter providing the main change for 2011.

Cannot be provided as the Maltese Government has not issued a comprehensive breakdown of its ODA expenditure of 2011.

AID QUANTITY

SYSTEM

Whilst development cooperation is part of the portfolio of the MFA, there are a number of other ministries co-responsible for the management and disbursement of ODA funds: Home Affairs, Resources & Rural Affairs, Finance, Health. It is also possible that parts of Malta's 2011 ODA funds have been administered by the Ministry of Education.

COUNTRIES & SECTORS

- Palestinian Territories: "The ministry [...] sponsored an educational visit for Palestinian students from Nablus University. A familiarisation visit of Palestinian mayors to Malta was organised in coordination with the Parliamentary Secretary for Consumers, Fair Competition, Local Councils and Public Dialogue. The aim of this visit was to acquaint the Mayors with the system of local government and the competencies of local councils. Malta also contributed the amount of €30,000 to the United Nations Relief and Works Agency (UNRWA) for Palestinian refugees."
- "In response to the earthquake in New Zealand, Malta contributed €15,000 [...]."
- "[...] the sum of €23,000 was allocated to Japan in response to the earthquake and tsunami."
- Libya: "During the recent Libyan conflict, the Maltese government provided humanitarian assistance and solidarity with the Libyan people in providing medical care and supplies as well as provisions of food and water. Transportation of badly injured Libyan nationals was provided for treatment in local hospitals. [...] Malta's contribution in humanitarian assistance to Libya during the uprisings totalled €1.2 million."
- Tunisia & Egypt: "Malta also showed its support for democratic transition and stability by offering student exchanges [...] to representatives of Tunisian civil society and the Egyptian government."
- Tunisia: "The government is providing scholarships to Tunisian students. The package of assistance was divided into two, each tranche to be availed of separately. The first tranche, which had to be availed of in 2011, consisted of one scholarship for a Master of Diplomacy within the Mediterranean Academy of Diplomatic Studies, and ten English Language Scholarships, to be availed of at the Institute of English Language within the University of Malta. The cost of these scholarships to Tunisian students totalled €28,000."

(Reference to the only available source:

<http://www.timesofmalta.com/articles/view/20111226/local/malta-enhances-humanitarian-development-aid-commitment.399897>)

CHALLENGES IN 2012 AND BEYOND

The main challenge for the Maltese Government until 2015 will be to keep to its commitment to provide at least 0.33% of its GNI as ODA. A general election is expected to be held in Malta within the next nine months. The party in opposition, which is of course in the run for taking office during the next elections, has until now failed to provide such a commitment.

RECOMMENDATIONS

- Improve further transparency by publishing complete and detailed reports on Malta's ODA;
- More genuine aid, not including expenditure related to the detention of irregular migrants in Malta.
- Devise a development strategy with poverty reduction goals as the main criterion for the allocation of aid and a specific focus on gender-related issues;
- Increase fund allocation to CSOs;
- Include clear eligibility and selection criteria in the call for proposals, together with an application form in order to ensure a level playing field for applicants.

THE NETHERLANDS

Country page prepared by Partos.

0,66%
Genuine aid/GNI

0,75%
ODA/ GNI

2011

CHANGES

The new government's foreign policy introduced in 2010 is built on pursuing the economic interests of the Netherlands, a vision that has regrettably also been strongly applied to development cooperation. The aid budget has been reduced by 0.06% (of GNI) through decreases in bilateral aid, programs delivered through civil society, and by reducing the number of partner countries and sectors supported. Additionally, the Dutch government started counting climate finance as part of the ODA budget. Despite an increasing debate on the effectiveness of development cooperation, there is still broad public and political support for addressing global poverty and inequality.

The Netherlands cut its aid budget from 0.81% of GNI in 2010 to 0.75% in 2011, equivalent to a fall in ODA from € 4.8 billion to € 4.6 billion. Although Dutch ODA will drop to 0.7% of GNI in 2012 and the financial crisis is putting further political pressure on the aid budget, the Netherlands has pledged to keep its commitment to spend 0.7% of GNI. A strong campaign by NGOs and other society voices has contributed to this outcome.

AID QUANTITY

SYSTEM

The Netherlands has a governance structure that places development cooperation under the umbrella of the Ministry of Foreign Affairs. Prior to 2010 a Minister for Development Cooperation was appointed. However, the change of government in 2010 led to a shift in priorities and a restructuring of the Ministry. Currently, development cooperation is overseen by a Vice-Minister for Foreign Affairs (Dr. Ben Knapen).

COUNTRIES & SECTORS

Together with the decision to cut the aid budget, the number of partner countries was decreased from 33 to 15 in order to bring more focus in Dutch development cooperation. The remaining 15 partner countries receiving bilateral aid from the Netherlands are: Afghanistan, Bangladesh, Benin, Burundi, Ethiopia, Ghana, Indonesia, Yemen, Kenya, Mali, Mozambique, Uganda, Palestinian territories, Rwanda en Sudan. Priority themes are security and the legal order, water, food security and sexual and reproductive health and rights.

CHALLENGES IN 2012 AND BEYOND

The Dutch government recognizes that a strong and diverse civil society is vital to society and for development. At the same time severe cuts were made to funding for development CSOs. The government also cut back on its investment in global citizenship. As the consumption and political choices Dutch citizens make affect people living across the world, promoting global citizenship remains vital for an effective development policy.

Aid to the health and education sector has declined in recent years and there is a general trend to transfer aid from social sectors towards stimulating economic growth. While economic growth in developing countries is of vital importance, the primary goal of ODA is to fight poverty and inequality worldwide. A stronger private sector can support the sustainability and inclusiveness of economic growth, but it remains an instrument of development cooperation, not a goal. Therefore, the government's development budget aimed at private sector development in developing countries should primarily support an enabling environment and make sure businesses are acting in a socially responsible way. Direct subsidies to the private sector must be handled with care.

The Netherlands scores well on aid transparency and as a signatory to IATI it became one of the first official donors to publish against this standard in September 2011. The Dutch government should stimulate transparency of all actors involved in international development on the basis of open data and the IATI standards, encourage relevant actors to make use of the available data and make it accessible to the wider public.

RECOMMENDATIONS

Continue to show leadership in poverty reduction and the fight against inequality worldwide by:

- Raising the effectiveness of ODA through a focus on policy coherence for development.
- Appointing a minister for International Cooperation to shape the Dutch globalisation strategy and oversee its coherent implementation.
- Adhering to the internationally agreed 0.7% target and additional finance for climate change.
- Making sure recognition of civil society as a vital aspect of development remains visible in both financial and policy commitments
- Investing in global citizenship, e.g. by supporting CSOs that are active in this field.
- Making sure that poverty reduction and fighting inequalities worldwide remain the primary focus of Dutch development policy, and that economic growth remains a tool within development cooperation, not a goal in itself.
- Leading in Aid Transparency by publication of project information and project results, and by calling on other governments to increase their performance.

0,07%
Genuine aid/GNI

0,08%
ODA/ GNI

POLAND

Country page prepared by Grupa Zagranica.

2011

CHANGES

In 2011, the quantity of Polish ODA did not change and remained at its level of 0.085% of GNI. Unfortunately, poverty eradication is not in the center of Polish ODA interest, which is shown in the governments first Multiannual Program and ongoing projects. However some main changes in 2011 were started by the endorsement of the Act on Development Cooperation by the Parliament, coming into force in January 2012. The Act has significant impact on the system of Polish ODA as it implies the establishment of the International Solidarity Fund "Knowing How". The Foundation is a re-granting governmental body which mostly funds „pro-democracy” projects. In the first half of 2011, MFA held multistakeholder consultations on 1st Multiannual Program. However there will be no change in the list of the priority countries. Poland also organized the European Development Days during its EU Presidency where it reaffirmed its focus on democracy which is more understood as sharing transition experiences than poverty eradication.

ODA levels showed a slight increase of € 15 million compared to 2010, which equals of 0,08 % of GNI as in 2010. Poland has no plans to reach its 2015 commitments, yet it keeps a level of 0.08% by slightly increasing ODA levels every year. The main components of inflated aid are students' costs. Other doubtful components are export credits to China.

AID

QUANTITY

SYSTEM

The main coordination body for Polish ODA is the Ministry of Foreign Affairs. The Undersecretary of State has a specific portfolio focusing at Development Cooperation and Eastern Partnership Affairs. Within the MFA Development Cooperation Department, the minister is responsible for policy management of development cooperation. Poland does not have a separate agency for the implementation of the development cooperation projects. However, a separate department within the MFA is responsible for implementing projects (Department for Implementing Cooperation Programs) . From January 2012 a new body was established called the International Solidarity Fund with the aim to support project focusing on supporting democracy.

The main focus is the promotion of democracy.

The list of the priority countries does not reflect the Polish ODA focus and rather reflects the own interest of Poland. The two biggest recipient of Poland are China and Afghanistan. Large number of partner countries belongs to the EU Neighborhood and only one (Angola) is a least developed country from Sub Saharan Africa. The selected sectors of Polish ODA do not necessarily reflect the main objective of the EU development cooperation as stated in the Lisbon Treaty which is the eradication of poverty.

COUNTRIES
& SECTORS

CHALLENGES IN 2012 AND BEYOND

Ensure that Polish ODA will focus mainly on the eradication of poverty. This can be done by increasing ODA to least developed countries which can be specified by changing the list of the partner countries. Another challenge is the implementation of the Act on Development Cooperation and the Multiannual Program of Polish ODA.

RECOMMENDATIONS

- Significantly increase the total amount of ODA.
- Increase the ODA for Sub Saharan Africa.
- Challenge quality of aid by introducing system of impact assessment and independent evaluation.
- Sign up to IATI and publish implementation plans by the end of 2012.
- Ensure the systematic involvement of different key actors of development cooperation mainly the partner government and CSOs in the preparations of the programmes for partner countries.

PORTUGAL

Country page prepared by Plataforma Portuguesa das ONGD.

0,26%
Genuine aid/GNI

0,29%
ODA/ GNI

2011

CHANGES

In June 2011 a new government was elected. Several measures were taken (e.g. end of IPAD, the national development agency and development cooperation budget cuts) which proved that the Portuguese development cooperation has a new agenda: promoting the Portuguese language, more export led economy and attract foreign investment, all jeopardizing the accomplishment of the Portuguese aid quantity and quality commitments (particularly regarding tied aid and predictability). In fact, very serious setbacks can be expected. The consequences of these measures will only come into full effect in 2012, but they have already a very deep and negative impact on the activities of many stakeholders. ODA levels in 2011 decreased by 3% compared to 2010. A deeper fall did not occur mainly because tied aid represents more than half of Portuguese ODA. The overall Development Cooperation Budget was cut by 40%, while public funding for NGDO's was cut by 60%. The aid quality principles were reaffirmed as a priority but no new plan has been designed to reinforce their incorporation into Development programs.

Preliminary data for 2011 indicates that Portuguese ODA decreased to 475 million euros, from 490 million euros in 2010 (3,0% decrease). ODA/GNI remained at 0,29% since the overall Portuguese Gross National Income decreased in 2011. However, tied aid has been one of the major problems of Portuguese ODA. A big part of this ODA is used for Concessional Loans and Technical Assistance Programs implemented by Portuguese teams and experts.

AID QUANTITY

SYSTEM

The Ministry of Foreign Affairs is responsible for defining and executing Portuguese Development Cooperation Policies, mainly through a specific Government Agency called IPAD. However, the Ministry of Finance has a much higher budget (and the lowest implementation rate) and most of the other Ministries also have departments that deal with development cooperation issues. Coordination between them is very weak and some of them have their own Technical Assistance Programs, often created outside IPAD's control. At the end of 2011, the government took the decision to merge the Development Cooperation Agency and the Public institute in charge of the international promotion of the Portuguese Language. This measure goes against all international best practices and the European Commission and OECD recommendations regarding the separation of Development Cooperation and other foreign affairs objectives. This has been causing great apprehension and confusion among many stakeholders, regarding the future of Portugal's Development policies and strategies. Poverty eradication has always been one of the priorities of Portuguese Development Cooperation, but problems related to lack of coherence and coordination have undermined the effectiveness of the implemented projects.

The main recipients of Portuguese bilateral aid are Angola, Cape Verde, Guinea-Bissau, S. Tomé and Príncipe, Mozambique and East Timor, countries where Portuguese is the official language.

The main sectors of Portuguese bilateral Aid are (1) Sustainable Development and the Fight against Poverty, with Education as a main sector; and (2) Governance, Democracy and Participation, where support to the Security sector and to Public Finance are important elements.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

The Portuguese Government, due to the economic crisis, will probably have public support to prioritize other areas than development cooperation and fight against poverty in developing countries. It will also have enough political leverage to use development cooperation for other purposes, such as revitalizing the Portuguese economy by promoting exports and trying to attract foreign investments. Therefore, the biggest challenge will be to hold the Portuguese government accountable for not complying with its European and international commitments regarding aid quantity and quality.

RECOMMENDATIONS

- Maintain Portuguese international commitments regarding ODA, especially regarding its quality approach, in order to safeguard Portugal's international credibility.
- Find new sources and means to finance Development Cooperation initiatives, namely through financial transaction tax, promoting the carbon market, taxation on international flights, creating "diaspora bonds", etc.
- Adhere to IATI in order to ensure aid transparency and predictability along with the CRS system of DAC/OECD.
- Promote a multi-stakeholder forum (including Government members, public departments, CSO representatives, researchers and other stakeholders) to define and discuss the Portuguese development cooperation.
- Maintain a constructive institutional dialogue with NGDOs and with the Portuguese Platform.

0,08%
Genuine aid/GNI

0,09%
ODA/ GNI

ROMANIA

Country page prepared by FOND.

2011

CHANGES

2011 was marked by changes in the legal framework which was adapted to the national economic and institutional context. A national strategy on implementing ODA through multilateral channels, the new Government Decision on funding ODA (GD 1052/2011) and appointment of new priority countries (in Northern Africa - Egypt) were set up. One of the most important achievements was the new government decision on ODA funding. The decision stipulates the mechanisms for NGO funding having a Law on financing NGOs from public funds (No. 350/2005), which will enable the Romanian MFA to finally launch direct calls for proposals (not using as intermediary channels international agencies – a practice used since 2008).

Total ODA reached its highest point in 2011 - €117,88 million - since Romania started to report ODA in in 2007. The increase in the ODA budget reflects the first contribution given by Romania to the 10th European Development Fund. Contrary to this increase, the budget managed by the Ministry of Foreign Affairs has decreased from aprox. € 3.8 million in 2010 to € 2.6 million in 2011, having as main recipient country of ODA the Republic of Moldova.

AID

QUANTITY

SYSTEM

Since 2007, the Romanian Ministry of Foreign Affairs is the main institution in charge of managing and implementing the national development cooperation policy. There is no separate ministry working solely on development cooperation, nor an agency managing the implementation of ODA funding.

Within the MFA, the Development Assistance Unit (UAsD) manages the development cooperation programmes and activities. UAsD has recently been transferred under the General Directorate for Economic Diplomacy (DGDE), subordinated to the State Secretary for Global Affairs. Since its creation, this specialized unit has been constantly downgraded in the internal hierarchical structure of the Ministry.

In 2011, due to staff turnover, all the members of the Development Assistance Unit (UAsD), including the new head of unit, were replaced, leaving the activity of the unit paralysed for months.

Development assistance is financed from the MFA's budget, through a separate budget line, according with the existing legal framework. Ironically, this budget line is ten times smaller than the annual budget allocated to the Ministry of Regional Development and Tourism for assistance programs in the Republic of Moldova, although, according to the law, the Ministry of Foreign Affairs is in charge with the overall coordination of the national policy for development cooperation.

Romania, through the MFA budget, tries to strengthen its role as donor through the diversification of partner countries and increasing the proportion of bilateral projects. In 2011, eight countries received bilateral aid from the MFA budget (Republic of Moldova; Republic of Serbia; Georgia; Republic of Belarus; Republic of Iraq; State of Palestine; Arab Republic of Egypt; Tunisian Republic) mainly within two sectors: rule of law and democratization, and economical development (regional development, transport, water and agriculture, research and innovation).

COUNTRIES
& SECTORS

CHALLENGES IN 2012 AND BEYOND

- The persistence of the economic crisis and subsequent shift in the reallocation of resources to meet internal demands, particularly considering that 2012 is an electoral year, which will affect the ODA budget in the next years – decreasing chances of reaching the 0,33% of GNI by 2015;
- Lack of institutional capacity to manage the implementation of the national development cooperation policy;
- Lack of a clear vision and multi-annual planning in an updated and realistic strategic way;
- Low profile of the development cooperation policy on the political and public agenda ;
- Reliance on multilateral aid continues to impede the creation of sustainable and predictable national capacity for the implementation of effective development assistance programs;
- Lack of financial support for Romanian NGOs to access European funding on development cooperation/ development education (the MFA does not cover co-funding for EC projects implemented by Romanian NGOs).

- To revise the 2006 Romanian strategy on the national development cooperation policy, as to adapt it to the current national and international context;
- To increase the coordination between line ministries for a better implementation and monitoring of the development cooperation policy, including a better coordination between the MFA and the Ministry of Education;
- To elaborate multi-annual ODA programmes and annual action plans in a timely, transparent and participatory way;
- To ensure co-funding for EC projects on development cooperation/development education implemented by Romanian NGOs;
- To elaborate country strategy programmes for priority ODA recipients, especially for the Republic of Moldova, and ensure the role of the civil society from both countries as consultative and implementing partners.

RECOMMENDATIONS

SLOVAKIA

Country page prepared by MVRO.

0,08%
Genuine aid/GNI0,09%
ODA/ GNI

2011

CHANGES

Since 2011 Slovakia has been involved in the EU joint programming for health sector in South Sudan and in the Tunisia Task Force. The Country Strategy Papers for priority countries are still missing. In 2011, the Centre for Transfer of Experiences from Integration and Reforms (CETIR) was established and activities were implemented under this programme. In the National Programme of the Slovak ODA for 2012 the private sector involvement was included and a significant amount of financial resources has been allocated. However, the effects on poverty reduction in developing are questionable.

Main changes reflected in the recommendation from last year are: External Evaluation of projects has started (Afghanistan, Bosnia, Kenya, South Sudan), establishing of the Volunteers program in Slovak ODA system, adoption of the National Global Education Strategy and beginning of the discussion with the MFA on aid transparency.

In 2011, Slovakia's total ODA amounted to € 61,9 million which was 0,091% of its GNI. Bilateral ODA reached 25% and multilateral 75%. The biggest share of the bilateral ODA was directed to Kenya. Although Slovakia is still committed to reach the 0,33% target by 2015, it risks to miss the target because of cuts on the side of government's expenditures.

AID

QUANTITY

SYSTEM

The Development Cooperation and Humanitarian Aid Department within the MFA is responsible for creating and implementing policies and for ODA programming. In January 2007, the Slovak Agency for International Development Cooperation (SAIDC) was established as the implementation body. Apart from the Slovak MFA, other key governmental institutions are involved in ODA: the Ministry of Education, Science, Research and Sport, the Ministry of Economy, the Ministry of Environment, the Ministry of Finance, the Ministry of Agriculture and Rural Development, the Ministry of Interior, etc. The main strategic documents are: The Medium-term ODA Strategy for 2009 – 2013 and the National Programme of the ODA (operational document updated annually).

The Medium-term ODA Strategy for 2009 – 2013 set up 19 priority countries. In the National Programme of the Slovak ODA for 2011 number of priority countries was reduced to 6: Kenya, Sudan, Afghanistan, Bosnia and Herzegovina, Montenegro, and Moldova. Activities focused on the sector of health and education, agriculture and environmental protection. Special attention was given to technical assistance mainly in Balkan, Eastern Partnership of the EU (Belarus, Georgia, Moldova, and Ukraine), Tunisia, Egypt. Based on the foreign policy priorities of the Slovak Republic, in 2011 the MFA created a programme of technical assistance - CETIR.

COUNTRIES
& SECTORSCHALLENGES
IN 2012 AND
BEYOND

In the National Programme of the Slovak ODA for 2012, the planned budget for the ODA has slightly increased in comparison with 2011. However the advocacy efforts will have to be strengthened as there is a risk of decreasing it in the next years. In order to make aid more effective, the Slovak Agency for International Development Cooperation (SAIDC) and the system of ODA need to be rebuilt based on strategic planning, programme approach (including Country Strategy Papers), sustainability criteria and evaluation. In the National Programme of the Slovak ODA for 2012 a Business Sphere Involvement in Development Assistance was included. A special call for proposals was created for this purpose; however its objectives did not aim at poverty reduction in developing countries. Clear criteria should be set so that private sector plays a significant role in poverty reduction, too. Besides that, there is lack of motivation for companies to bring specific creative inputs into development. Last but not least, a proportion of co-financing by private sector should be increased (from up to 20 percent to 50 percent).

RECOMMENDATIONS

- Increase aid quantity (achieve 0,33% GNI in 2015) and aid quality (rebuild the SAIDC and ODA system; sign up to the International Aid Transparency Initiative and publish a respective schedule to implement it by December 2012, with the aim of implementing it fully by December 2015).
- Reconsider ways of involvement of the private sector in development cooperation in order to focus on poverty reduction in poor countries.
- Effectively implement and monitor the implementation of the National Global Education strategy 2012-2016 and prepare professionals in the field of development.
- Realize common projects of V4 countries and participate in EU joint programming.
- Engage in the Policy Coherence for Development agenda.

0,12%
Genuine aid/GNI

0,13%
ODA/ GNI

SLOVENIA

Country page prepared by Sloga.

2011

CHANGES

The amount of Slovenian ODA has increased from last year but the international commitments on aid quantity were not met. There were not any significant changes in relation to aid quality. Most of the recommendations from 2010 were taken to account by the Slovenian MFA insufficiently; for example The Slovenian government made further ODA cuts which threatens the predictability of ODA.

In 2011 Slovenia's ODA amounted to €45 million. The proportion of GNI remained at the same level as in 2010 - 0.13. The main improvement was recorded in the increase of the genuine aid from 92% in 2010 to 97% in 2011.

AID QUANTITY

SYSTEM

The national coordinating body for development assistance is the Ministry of Foreign Affairs and its Directorate for development cooperation and humanitarian aid. The Directorate is responsible for planning and coordinating strategies and policies of multilateral and bilateral development assistance and for preparing and monitoring of the normative standards in this field. In this scope it designs geographical and sectoral priorities, multiannual programs of development assistance for certain countries and bilateral agreements. It also monitors and cooperates in multilateral activities carried out by international institutions.

Poverty reduction is not the main objective of Slovenian ODA. Most of ODA is allocated as pre-accession aid to Western Balkan countries and Moldova.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

According to current official projections of MFA, Slovenia will not fulfil its 2015 target and will remain at the level of 0,13-0,14% until 2015. The other challenges are linked with aid effectiveness of Slovenian ODA, mainly transparency, predictability, gender and consultations with CSO in the policy processes.

RECOMMENDATIONS

- Increase bilateral ODA and ensure that ODA will be spent on activities which have primarily focus on reducing poverty. Efforts must be done that aid is not used to pursue Slovenian foreign policy or commercial interests.
- Prevent any further ODA cuts and, despite crisis, progressively work towards ODA increase.
- Improve transparency of the ODA and provide more timely and detailed information on development aid flows, negotiations and procedures, include data on specific projects and relevant documents on the MFA website, as well as increase access to aid information for southern partners.
- Improve the consultation process with CSOs and other relevant stakeholders in all strategic planning of ODA. Consultation should also become more meaningful and structured.
- Define the role of the private sector in development cooperation, including develop a clear framework how to hold the private sector accountable for respecting and implementing existing principles of development effectiveness.

SPAIN

Country page prepared by Coordinadora de ONG para el Desarrollo -España.

0,25%
Genuine aid/GNI

0,29%
ODA/ GNI

2011

CHANGES

Elections at national and sub-national levels in a context of economic crisis, growing unemployment and social discomfort were at the forefront of the political events in 2011. Development cooperation was extremely affected by this unstable environment. Civil society demanded the establishment of a transparency mechanism to allow for public control over any transaction under the new Fund for the Promotion of Development (FONPRODE), as well as the adoption of a regulatory framework to ensure the fulfilment of human rights and environmental standards. These demands were only partly met. Country-led sectorial concentration continued with six signed Country Partnership Framework Agreements (CPFA) in 2011. Evidence shows that the CPFA hardly serves as an instrument for an increased democratic ownership.

For Spain 2011 ended with the worst case scenario. While the Spanish government had announced earlier in 2011 that it would allocate 0.43% of its GNI to ODA, it closed the year with a performance of 0.29%. Spain is clearly off-track to meeting its -0.7% target. Spain is the country with the most severe ODA cuts in 2011 in absolute terms and the second in relative terms. The decline of € 1.425 billion represented almost 50% of total ODA cut of all DAC donors.

AID

QUANTITY

SYSTEM

The Ministry of Foreign Affairs and Cooperation is responsible for the development cooperation policy and for coordination with other contributing Ministries. Sub-national and local governments' also play an important role, contributing between 12% in 2008 and 10% in 2010 to Spanish ODA. The new government created a new Secretary of State by merging the former Secretariat of State for International Cooperation and the one for Latin America. It supervises the General Secretariat of International Cooperation for Development, dedicated to strategic planning, and the Agency for International Cooperation for Development (AECID), responsible for policy implementation. The decreasing volume of ODA managed by the Agency in favour of the Ministries of Economy and Treasury poses the question to what extent Spanish Cooperation is guided by the objective of poverty eradication.

The top ten recipients of ODA were Peru, Palestine, Bolivia, El Salvador, Nicaragua, Guatemala, Ecuador, Colombia, Morocco and Mozambique. This shows the geographical focus of Spanish bi-lateral ODA was Latin America (48%), followed by Africa (35%) and Asia (16%).

Sectors included under the Social Infrastructure & Services classification amounted to 28% of total bi-lateral aid, which meant a 51% decrease compared to 2010. Instead, Banking & Financial Services nearly doubled its percentage compared to 2010, starting a worrisome path towards increasing the share of finance cooperation. These trends have potential implications on the progressive loss of the poverty focus of Spanish Aid.

COUNTRIES & SECTORS

CHALLENGES IN 2012 AND BEYOND

In preparing the IV Master Plan for the period 2013-2016, inclusive and effective participation of different actors must be ensured. It needs to build on the lessons learned during the past years. It should be based on analysis and shared criteria agreed by the different actors and rooted in poverty reduction objectives. Coordination with other donors is key to avoid situations of 'donor orphans'. Spanish participation in the global development agenda should be oriented towards more democratic and inclusive global institutions for managing global goods.

RECOMMENDATIONS

- Ensure that the IV Master Plan is built on the lessons learned from the previous period, supporting the promotion of human rights, gender equality and environmental sustainability as core objectives. Any involvement of the private sector needs to be placed under regulatory frameworks and accompanied by greater transparency to guarantee a positive impact in terms of human development.
- To make public a realistic and verifiable national ODA action plan, establishing a credible road map towards achieving the 0.7%
- Actively work towards the implementation of new financing instruments to finance social policies and public goods, nationally and globally. Combating tax fraud & evasion need to be priorities, in parallel to pursuing the establishment of a Financial Transaction Tax (FFT).
- Building a better environment for civil society: improving the policy environment, capacity building and financial support. Ensure shifting from present consultation processes to real civil society participation in policy making.
- Proactively contribute to the global development agenda, including the post-MDG debate, increasing transparency and building views together with all stakeholders. Commitments assumed in the IV High Level Forum of Busan also need to be implemented in an inclusive way.

0,89%
Genuine aid/GNI

1,02%
ODA/ GNI

SWEDEN

Country page prepared by the following members of CONCORD. Sweden: ActionAid Sweden, Church of Sweden, Diakonia, Forum Syd, IPPF Swedish Member Association RFSU, LO-TCO Secretariat of International Trade Union Development Co-operation, Plan Sweden, Swedish Cooperative Centre, Swedish Mission Council, Shia (Swedish Organisations' of Persons with Disabilities International Development Cooperation Association).

2011

CHANGES

In 2011, Sweden reached the 1% target, spending 1,02% of GNI on ODA. This is an increase from the 0,98% of 2010. Sweden has committed to keep the 1% target in the future. There were no significant changes in relation to aid in 2011, although identified priorities within the aid effectiveness agenda may affect future aid allocation and modalities.

In 2011, 9% of the ODA budget was spent on refugee costs, which is an increase from previous years. Despite a decreasing number of refugees, ODA allocated for this purpose has increased by more than 100% during the past five years.

For the period of 2010-2012, Sweden is allocating € 870 million to the fast start climate finance initiative that was announced at the Copenhagen Summit in 2009. This sum is financed by the development cooperation budget. Sweden is arguing that it is legitimate as long as it is above the international ODA commitment of 0.7% of GNI. As a consequence, Sweden is not respecting the principle of new and additional money, and in practice not fulfilling the 1% target.

AID

QUANTITY

SYSTEM

The government's guidelines describe how Sida, the development agency, should perform its work and how it should assist the government, which organizations it should co-operate with and how to organize the work in partner countries. It also states how the money should be divided between the agency's various activities, such as national co-operation, regional co-operation, specific sector issues and administration.

The top five partner countries (gross ODA) are Tanzania, Mozambique, Afghanistan, Democratic Republic of Congo and West Bank & Gaza strip. The five priority areas for Sweden are democracy, gender equality and human rights, economic development, knowledge, health and social development, sustainable development and human security.

COUNTRIES
& SECTORS

CHALLENGES IN 2012 AND BEYOND

Sweden is actively involved in the aid effectiveness agenda, transparency is one of three priorities for the current government. In 2011, Sweden launched Open Aid, a transparency initiative, anti-corruption activities, and support for increased accountability in partner countries. Data is published according to the IATI registry. Swedish CSOs welcome the initiative and encourage their government to broaden the reporting in accordance with the IATI standard.

The other priorities are results, value for money and the role of the private sector. With regard to results, Swedish CSOs emphasize the need to base the selection of aid modalities/allocation on rigorous scientific research and evaluations. The rights perspective and local ownership are key in this regard, and the focus should be on long term results. Over a 3 year period (2010-2012) Sida will increase the budget for cooperation with the private sector from €5.5 million to €38 million. The government has also committed to increasing the resources of the Swedish DFI, Swedfund. Swedish CSOs recognize the private sector as an important actor in development, but stress the importance of the principle of transparency and to demonstrate how it contributes to development impact. This is especially important as official evaluations have shown that there is a lack of transparency and weak results measurement standards in private sector aid in terms of its impact on development. Sweden needs to clarify how it will use local procurement and how it will support the private sector in partner countries, avoiding the risk of informally tying Swedish aid.

The government is in the process of developing a new platform for aid in 2012, which is expected to provide political direction for future aid priorities. It is vital to ensure a transparent process and broad based consultations with all actors involved in aid.

- Ensure that all ODA expenditure is included in the Open Aid initiative and that the same transparency standards are applied to the private sector when engaging in aid processes. The private sector may not contribute to tax evasion and avoidance through the use of tax havens. Private sector aid should abide by responsible financing standards.
- Stop counting refugee costs, debt cancellation as ODA and foreign service administration costs as ODA.
- Make all climate financing additional to the 1% target, and channel climate finance through funds under the authority of the UNFCCC's Conference of the Parties (COP).
- Ensure that all stakeholders, including the private sector align with Sweden's policy for global development, its objectives and priorities. In particular, the government should ensure that private sector aid contributes to poverty reduction, following clear, measurable targets. All actors engaged in aid processes should be subjected to the same monitoring, evaluation and reporting standards.

RECOMMENDATIONS

UNITED KINGDOM

Country page prepared by UKAN and BOND.

0,55%
Genuine aid/GNI

0,56%
ODA/ GNI

2011

CHANGES

UK ODA fell from 0.57% in 2010 to 0.56% in 2011; despite GNI-related reductions in the aid budgets for 2012/13-2014/15 and delays to legislation on 0.7% a budget remains in place to reach 0.7% by 2013.

The comprehensive review of the UK's bilateral programmes led to large allocation increases to fragile states with high levels of poverty. The cross Government National Security Council is likely to have been influential in ensuring inclusion of a number of countries of national security interest amongst those receiving the largest bilateral ODA increases and to focusing a large share of DFID's new Pakistan programme on an insecure region bordering Afghanistan. The bilateral review promised increases in the share of UK ODA to MDG-related sectors, especially health and education, and to wealth creation and climate change.

The UK's ODA fell from 0.57% in 2010 to 0.56% in 2011; in November 2011 aid spending plans for 2012/13-2014/15 were scaled back by £1.2 billion (3.5%) due to GNI related adjustments; and the introduction of legislation on 0.7% has been delayed. However, spending plans remain in place to reach 0.7% by 2013 and the Government has stated it remains committed to legislation on 0.7%.

AID QUANTITY

SYSTEM

In 2011 88.9% of the UK's ODA was managed by the Department for International Development (DFID), under the leadership of a Secretary of State with a Cabinet seat. This proportion has been increasing in recent years, which is significant given that it is only DFID's ODA which is required by the 2002 International Development Act to be focused on development. The other main ministries that deliver the UK's ODA include the Foreign and Defence Ministries (together 3.5% in 2011), the Department for Energy and Climate Change (1.7%) and the Commonwealth Development Corporation (the Government's development finance body). The development focus of these elements of ODA is unclear given the limited transparency of this spending and they are not covered by the 2002 Act. In 2010 the UK Government formed the National Security Council, which gives the Foreign and Defence Ministries influence over development policy in countries of national security interest, e.g. Afghanistan, Pakistan and Somalia.

COUNTRIES & SECTORS

In March 2011 DFID published the results of a review of its bilateral programmes, which delivered most of the largest increases in aid to fragile and conflict affected states, including some of strong national security interest, e.g. Pakistan, Somalia, Yemen, though they also face significant poverty challenges. The bilateral aid review delivered significant increases in the share of aid to be spent on MDG-related sectors overall, although the share of aid going to water and sanitation, hunger, vulnerability and nutrition interventions will fall. It is also not clear how the large increases in allocations to wealth creation will be delivered and what the role of the private sector will be.

CHALLENGES IN 2012 AND BEYOND

As the UK Government prepares to scale-up its ODA by around 1/3 in the next 2 years at a time when total Government spending is being cut the UK Government it may come under increasing pressure to reach an aid level of 0.7% of GNI. Continued efforts by the UK Government and NGOs to make the case for aid increases to parliamentarians and the public will be vital to heading off such challenges, as will strong commitment from the Government to retain its commitment to these increases.

In addition, there may well be calls from within Government to deliver more inflated aid and use more aid to address the UK's national interests, which the UK Government must strongly resist.

RECOMMENDATIONS

The UK Government should:

- Scale up aid towards 0.7% in 2013 through genuine aid transfers and avoid increases in inflated aid.
- Immediately introduce legislation to obliging the UK to deliver 0.7% of GNI in aid from 2013, as per the Government's commitment.
- Improve the transparency of aid programmes across Government by publishing aid information from all relevant departments to the IATI standard and undertaking closer monitoring of the development focus of their aid programmes.
- Ensure that aid to fragile states is firmly focused on development objectives and avoid skewing allocations towards regions of UK national security interest.
- Ensure that increased ODA for wealth creation interventions is focused on sustainably supporting the poorest and most marginalised people to improve their livelihoods.

NOTE ON METHODOLOGY AND DATA SOURCES

Data on the provision of amounts of ODA in 2011 were extracted from the OECD press release of 4 April 2012, the DAC reference statistical tables published on the same day, the tables “statistics of resource flows to developing countries” (see details below), the OECD online database and the Commission press release of 4 April 2012 “Publication of preliminary data on Official Development Assistance, 2011”. This data was complemented by information obtained by national platforms (CONCORD members) from their national ministries.

Genuine aid levels were calculated by deducting from the overall net disbursements of ODA in 2011 the estimated level of imputed student costs (or 2011 data provided by national platforms), the estimated level of refugee costs (or 2011 data provided by national platforms), debt relief for 2011, 30% and 15% of the estimated tied and partially tied aid share per Member State, respectively and estimated repayments on ODA loans.

Debt relief was reported in the OECD online database for the year 2011. Where data for 2011 was not yet available, AIDWATCH estimated the amounts based on data of previous years provided by the OECD. This was also the case for imputed student costs, refugee costs and repayments of ODA loans. For refugee and student costs, the data for the year 2010 was extracted in 2010 constant

prices and then transformed into Euros, using the OECD official exchange rate. The 2010 amount was adjusted for the inflation rate in Member States in 2011. Repayments on ODA loans were calculated as an average for the years 2009 and 2010 and then transformed into Euros.

The share of tied aid of Member States was estimated based on OECD data for the years 2009 and 2010 as this data is not yet available for 2011. Based on this data we calculated the average percentage based on the years 2009 and, as contained in the table “Tying Status of ODA by Individual Members, 2010” and the OECD document: Statistics on resource flows to developing countries in 2009. We then used these figures to calculate the volume of bilateral aid that each Member State fully or partially tied, and finally deducted 30% of the fully tied aid figure and 15% of the partially tied aid figure from each Member State’s total ODA figures.

Data on climate change was mainly obtained from the European Commission webpage http://ec.europa.eu/clima/policies/finance/international/faststart/docs/fast_start_2011_en.pdf and projects listed in the table on Fast Start Climate Finance collected by the European Commission for the UNFCCC, available on the same webpage. Data was complemented by information provided by national platforms.

ACRONYMS

ACP	African, Caribbean and Pacific countries	LMIC	Lower-Middle-Income Countries
CSOs	Civil Society Organisations	MIC	Middle Income Countries
DAC	Development Assistance Committee of the OECD	MDGs	Millennium Development Goals
DFID	United Kingdom's Department for International Development	MFA	Ministry of Foreign Affairs
EC	European Commission	MS	European Union Member States
EIB	European Investment Bank	NGOs	Non-Governmental Organisations
EDF	European Development Fund	NGDOs	Non-Governmental Development Organisations
EU	European Union	ODA	Official Development Assistance
EU 12	European Union new Member States 2004/2007	OECD	Organisation for Economic Co-operation and Development
EU 15	European Union old Member States	OLIC	Other Low Income Countries
GDP	Gross Domestic Product	TA	Technical Assistance
GNI	Gross National Income	UK	United Kingdom
HIPC	Heavily Indebted Poor countries	UMIC	Upper-Middle-Income Countries
LDCs	Least Developed Countries	UN	United Nations
		WB	World Bank

NOTES

- i The EU 25 met 0,41% ODA of their GNI in 2005. European Commission (2010) Financing for Development – Annual progress report 2010, Getting back on track to reach the EU 2015 target on ODA spending? Available at http://ec.europa.eu/development/icenter/repository/SEC_2010_0420_COM_2010_0159_EN.PDF
- ii The calculations are based on OECD statistics, in 2010 constant prices.
- iii This is the aid level expected if the necessary increase is evenly spread over the years, from 0.51% (0.17%) in 2010 to 0.7% (0,33%) in 2015.
- iv According to existing OECD rules on ODA, the official ODA figures reported are for net ODA, which = the total flow of ODA to developing countries calculated - repayments on the principle of ODA loans from gross ODA flows; therefore interest payments on ODA loans are incorporated into this calculation, which AidWatch believes is unjustifiable given these payments also result in outflows from developing countries as a result of the ODA loan
- v The second AidWatch report, to be published later in 2012 will assess the progress made and steps undertaken by the EC and EU MS to reach the commitments made during the 4th High Level Forum on Aid Effectiveness (2011), including the reaffirmation of the Paris Declaration (2005) and Accra Agenda for Action (2008).
- vi Information about the Horn of Africa crisis is e.g. available at <http://www.wfp.org/crisis/horn-of-africa>
- vii <http://data.unhcr.org/horn-of-africa/regional.php>; <http://eu2012.dk/fr/NewsList/Marts/Uge-11/Danida>
- viii United Nations 2011: The Millennium Development Goals Report 2011, available at http://www.un.org/millenniumgoals/11_MDG%20Report_EN.pdf
- ix National Institute of Statistics Rwanda (2011), The third integrated household living conditions survey (EICV3), available at http://eeas.europa.eu/delegations/rwanda/documents/press_corner/news/main_eicv3_report_en.pdf
- x In Sweden, Cyprus, Poland, Luxembourg, Germany, and Finland more than 90% of the respondents say that helping people in developing countries is important. European Commission (2011): Special Eurobarometer 375: Making a difference in the world: Europeans and the future of development aid, available at http://ec.europa.eu/public_opinion/archives/ebs/ebs_375_en.pdf
- xi Results of the survey "conducted for VENRO e.V. available at http://www.venro.org/fileadmin/Presse-Downloads/2010/Juli_2010/Zusammenfassung_der_wichtigsten_Ergebnisse_Meinungsumfrage.pdf
- xii Results of the 5th barometer conducted for AFD available at <http://www.afd.fr/home/presse-afd/communiqués?actuCtnId=68634>
- xiii Busan partnership for effective development co-operation. 4th High Level Forum on Aid Effectiveness Busan, Korea 2011 available at http://www.aideffectiveness.org/busanhlf4/images/stories/hlf4/OUTCOME_DOCUMENT_-_FINAL_EN.pdf
- xiv This information was provided by CONCORD members.

- xv European Commission (2011), Publication of preliminary data on Official Development Assistance, Press release of 4 April 2012. Available at <http://europa.eu/rapid/pressReleasesAction.do?reference=MEMO/12/243>
- xvi Estimations AidWatch
- xvii OECD (2011) Development: Aid to developing countries falls because of global recession, press release of 4 April 2012. Available at http://www.oecd.org/document/3/0,3746,en_21571361_44315115_50058883_1_1_1_1,00.html
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- xxii The calculations are based on the OECD.Stats database:. Available at http://stats.oecd.org/Index.aspx?DatasetCode=ODA_DONOR
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