

# Lighten the load

In a time of crisis, European aid has never  
been more important

European NGO confederation  
for relief and development

**CONCORD**

Confédération européenne des ONG  
d'urgence et de développement



AidWatch

# Executive Summary

Last year poor people around the world endured the consequences of the food and energy price crisis. Today, the global economic crisis is inflicting serious damage on some of the most vulnerable economies in the world, and on the poorest people. In this time of crisis European countries should, more than ever, lighten the load borne by developing countries.

Together, European governments provided 60% of global aid flows in 2008 and have committed to lead donor countries in their fight against poverty and inequality. In order to achieve this ambitious goal, European governments have promised to increase their aid levels and improve aid quality by signing up to international commitments such as the Paris Declaration. However, this report shows that the European Union (EU) is failing to deliver on its pledges on aid quantity and quality, at just the time when poor families need it most.

In 2008, Europe provided 0.40% of its gross national income (GNI) in aid. Although this is an increase of €4 billion (bn), in reality, a further €20bn is necessary over the next two years in order to meet its targets. Current rises are clearly falling far short of what is needed, and according to official estimates by the European Commission, the EU will not reach its 2010 collective 0.56% of GNI target until 2012. Many of the 15 old Member States (EU-15) will not hit their individual aid targets of 0.51% by 2010, and neither are the 12 new Member States (EU-12) countries expected to achieve theirs of 0.17% on time.

In fact, if current trends continue, a maximum of only 10 countries will meet their 2010 aid commitments. This means that Europe is way off-track on providing 0.7% of GNI in aid by 2015 - a promise made by Europe in 2002, vital for meeting the Millennium Development Goals. Among the old member states, Austria registered the biggest decrease, followed by a small drop from the Netherlands. In the group of the new member states, Bulgaria and Malta were by far the worst performers, with decreases of 27%. Hot on their heels were Estonia, which dropped by 19%, Poland by 10%, Hungary 9%, and the Czech Republic by 1%.

Official aid figures therefore reveal that Europe will not live up to its international commitments for 2010. But, these figures also conceal further swathes of "inflated aid". Out of the almost €50bn that European governments provided as aid in 2008, almost €5bn is debt cancellation, €2bn student costs and close to €1bn refugee costs.

When these figures are discounted from the glossy official numbers, European aid for 2008 amounted to only 0.34% of collective GNI, nothing like the officially reported 0.40% and a very long distance from the 2010 target of 0.56%. If current trends continue unchanged, European countries will have failed to provide €39bn of promised aid to developing countries by 2010, due to inflated aid practices and missed official targets. This amount is more than two times the size of Estonia's economy, and would be enough to increase by one

quarter the daily income of the 380 million Africans living in absolute poverty.

Nonetheless evidence continues to demonstrate that where delivered well, aid saves and changes lives. In Zambia, aid from the United Kingdom and other donors has supported free health care in rural areas, increasing the number of people using health facilities by 50%. Aid is much more valuable when it is sustainable, long-term and characterised by genuine development motives. It is factors like these which determine the effectiveness of aid. This year, with the detrimental impact of the food and financial crises on the most vulnerable, the quality of aid is even more crucial for developing countries, and donors must deliver.

Yet in contradiction with international commitments, aid continues to be driven by donors' own priorities, resulting in damaging in-country power imbalances and little developing country ownership of aid processes, which reduces overall levels of aid effectiveness. Many of the core issues for aid effectiveness such as gender equality and transparency have long been on the short-list of developing country concerns, but never fully addressed.

This report also shows that some European countries continue to deliver aid based on their own priorities rather than those of the poor. A number of European countries such as Italy and Sweden have pronounced in favour of broadening the Organisation for Economic Co-Operation and Development (OECD) reporting guidelines in order to enable military and peace-keeping expenses to be counted as aid. Moreover, last year France brokered a deal in the European Council allowing them to tie aid money to recipient countries' co-operation on migration and repatriations. Many other European governments such as Malta and Italy rushed to renegotiate their aid deals on this basis. The use of aid as a political tool is unacceptable. Aid is about poverty reduction and rights, not the diplomatic relations and interests of rich governments in poor countries.

Europe has proved capable of mobilising gargantuan amounts of money for their banks. Over \$150 billion was mobilised for Northern Rock and Dexia alone – more than double the amount of EU aid in 2008. This shows that meeting the aid quantity commitments is not about lack of resources, but about political will and prioritisation. Europe must respond to the every day crisis faced by poor people with the same political commitment.

History will judge Europe according to its actions now. If Europe fails to act we will be seen as having turned our back on the poorest in their time of need, and missed the opportunity to deliver a genuine EU development legacy. But decisive action can still be taken. Europe has the unique opportunity to have a huge impact on the lives of the world's poorest people, and to leave a development legacy that turned the tide for poor families in a time of global crisis.

**The 1,600 organisations represented by CONCORD, the European Confederation of Development NGOs call upon EU governments to demonstrate their leadership on development through:**

1. Meeting 2010 and 2015 European aid quantity targets with genuine aid resources and ensuring there are no further cuts to aid budgets in the face of the financial crisis
  2. Agreeing binding year on year timetables which show how European governments will reach aid commitments and demonstrate with regular financial reports how they are being implemented
  3. Ending inflation of aid budgets with debt cancellation, refugee and student costs and stopping discussions on widening the definition of ODA to include other items such as climate change financing, security or migration
  4. Demonstrating progress on European and international aid effectiveness targets by implementing the Accra Agenda for Action and Paris Declaration at the national level in consultation with developing countries. European governments should also take forward the following specific recommendations:
    - Transparency: demonstrate how they will address the ongoing problems with transparency of aid including: timely and accurate disclosure and dissemination of information on development policies, negotiations and procedures; and ensuring that information is easily accessible for scrutiny by people in developing countries. All European governments should sign up to the International Aid Transparency Initiative, and demonstrate how they will implement its commitments
    - Gender: deliver on commitments to put gender equality and women's empowerment at the centre of development cooperation and the aid effectiveness agenda; and demonstrate how their aid programmes will address gender equality and target women
    - Ownership: demonstrate how they will ensure aid is driven by the notion of democratic ownership; ensure that the voices and concerns of citizens and parliaments are central to national development plans and processes; and develop indicators for democratic ownership with developing countries that go beyond measuring ownership through alignment with national development plans
    - Conditionality: make public all conditions attached to aid, and set out how they will phase out economic policy conditionality
  - Accountability: radically improve accountability practices by developing mutually agreed aid contracts to govern aid relations between European governments and developing countries; implement mutual assessments in all countries by 2010; and make sure that aid is being independently evaluated
  - Untying Aid: untie all aid including food aid and technical assistance; give preference to local procurement; and improve reporting on tied aid practices to the OECD Development Assistance Committee (DAC)
  - Technical Assistance (TA): ensure that all TA is demand-driven and aligned with national strategies, and respect the right of recipient countries to contract according to their needs
  - Predictability: make multi-year commitments based on clear and transparent criteria agreed with partner countries and deliver those commitments on schedule; provide full and timely information to developing countries on these commitments and disbursements
  - Politically motivated spending: ensure that no aid monies are spent on activities which are not primarily focused on reducing poverty, and regularly demonstrate that aid is not used as a political tool
  - Division of labour: demonstrate case by case how this agenda is going to reinforce and not undermine democratic ownership of aid
5. Ensuring progress on aid commitments goes hand in hand with systemic reform to the international financial and economic system by addressing flaws therein which impact so heavily on poor countries
  6. Demonstrating how all European policies are coherent with development objectives, including in the crucial areas of trade, climate change, migration and food security

