

EU aid: the facts

5 October 2012

This short briefing is designed to correct misconceptions, present the facts and show how EU aid works.

1. What is 'EU aid'?
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1. What is 'EU aid'?

Aid is money that is classed as Official Development Assistance (ODA) – public grants or loans to developing countries to promote economic development and welfare.¹ The European Union has a complex system of spending ODA – individual member states, such as the UK, have their own ODA programmes but so does the European Union as a whole.

'EU aid' usually refers to ODA that is spent by the EU institutions, including the European Commission's EuropeAid department. This includes a number of programmes, such as the Development Cooperation Instrument (for Asian and Latin American countries) and the European Development Fund (for African, Caribbean and Pacific countries).

EuropeAid also administers a number of other programmes, including funds to support the EU's neighbours and to help countries prepare for EU membership, where not every financial transfer qualifies as ODA²; so not everything run by EuropeAid is, in fact, 'EU aid'.

2. What has EU aid achieved?

In the last ten years EU aid:

- gave more than 31 million people access to safe drinking water for the first time
- stopped 24 million from going hungry
- gave more than 9 million children a primary education
- equipped 2.1 million rural people with modern energy services
- helped protect more than 1.5 million hectares of forest
- vaccinated more than 5 million children against measles
- supported 58 election observation missions³

¹ OECD (2012), Net Official Development Assistance from DAC and other OECD members in 2011: <http://www.oecd.org/dac/dacglossaryofkeytermsandconcepts.htm#ODA>

² <http://www.dfid.gov.uk/Documents/publications1/mar/ecbudg.pdf>; European Commission (2012), Annual report 2012 on the European Union's Development and external assistance policies and their implementation in 2011, page 174: http://ec.europa.eu/europeaid/multimedia/publications/documents/annual-reports/europeaid_annual_report_2012_full_en.pdf

³ DFID (2011), Multilateral aid review, page 3: http://www.dfid.gov.uk/Documents/publications1/mar/multilateral_aid_review.pdf; ONE (2012), The Data Report: http://one.org.s3.amazonaws.com/pdfs/data_report_2012_eu_en.pdf; DFID (2012), Annual report and accounts, page 28: <http://www.dfid.gov.uk/Documents/publications1/departmental-report/2012/Annual-report-accounts-2011-12.pdf>

3. How much does the EU spend on aid?

The European Commission spent €11.3 billion (approximately £9 billion) on aid in 2011⁴, making it the largest multilateral donor in the world.⁵

4. How much UK aid goes via the EU?

£1.36 billion of the Department for International Development (DFID) £7.72 billion aid budget (about 20%) was spent through the European Commission in the financial year 2011/2012.⁶

5. Why should UK aid go through the EU?

With an annual budget of around £9 billion the European Commission is the largest multilateral donor in the world⁷ and a crucial actor in developing countries. There are several good reasons why the UK should give a proportion of its aid to the EU to spend:

- The UK contributes about 15% of the European Development Fund⁸ (the main EU Africa programme) but can influence 100% of its spending.
- EU aid is better than the individual aid programmes of most of the EU's 27 member states. One large donor has the potential to deliver large-scale aid more efficiently than 27 smaller donors. So encouraging other EU countries to give more of their aid to EuropeAid to spend is a sensible strategy for getting better value for money and better results.
- Spending aid money through the EU helps reduce waste. Recipient countries often complain about having to report to a large number of donors who often do not coordinate with each other. Having a single donor avoids duplication and reduces reporting burdens. A recent study showed that improved coordination could result in annual savings of €5 billion.⁹
- The UK gains an on-the-ground presence and influence from the EU's work in a number of developing countries where the UK itself does not have a presence. EuropeAid provides aid to poor countries that the UK, and other countries, do not fund. Eritrea is the fifth poorest country in the world but not a large recipient of bilateral aid from the UK, France or Germany. EU aid in Eritrea supports agriculture so that communities can cope with droughts and avoid famine, and constructs roads so that people can get their goods to market, building businesses and helping lifting themselves out of poverty.¹⁰
- EU aid is not perfect – government spending or private investment never is. But the best way to improve EU aid is to engage with the European Commission and other EU member states. Reducing it would mean either lower quality aid spent by individual EU member states or less aid overall.

⁴ European Commission (2012), Annual report 2012 on the European Union's Development and external assistance policies and their implementation in 2011, page 174:

http://ec.europa.eu/europeaid/multimedia/publications/documents/annual-reports/europeaid_annual_report_2012_full_en.pdf

⁵ OECD (2011), DAC report on multilateral aid, page 26: <http://www.oecd.org/dac/aidarchitecture/49014277.pdf>

⁶ DFID (2012), Annual report and accounts, page 36:

<http://www.dfid.gov.uk/Documents/publications1/departamental-report/2012/Annual-report-accounts-2011-12.pdf>

⁷ OECD (2011), DAC report on multilateral aid, page 26: <http://www.oecd.org/dac/aidarchitecture/49014277.pdf>

⁸ Official Journal of the European Union (2006), Internal Agreement between the representatives of the Governments of the Member States, page L247/34: [http://eur-](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:247:0032:0032:EN:PDF)

[lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:247:0032:0032:EN:PDF](http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2006:247:0032:0032:EN:PDF)

⁹ http://ec.europa.eu/europeaid/how/ensure-aid-effectiveness/documents/aid-effectiveness-benefits_en.pdf

¹⁰ <http://www.one.org/international/blog/ten-things-you-need-to-know-about-european-aid-but-won%E2%80%99t-find-in-the-sunday-telegraph/>

6. Who decides what EU aid is spent on? How is the UK involved?

EU member states have a strong say in determining how EU aid is spent. The main EU aid programme for Africa is the European Development Fund (EDF) and it works like this:¹¹

- All EU member states participate in the EDF committee and each project is approved by a vote. At least 13 member states (out of 27) must vote in favour for a project to be approved.
- The weight of each vote is partly determined by how much money the member state contributes to the EDF. As the third largest EU donor the UK has the third most powerful vote in the committee.
- Between January and June 2012 there were four committee meetings and 36 votes. The UK voted in favour all 36 times.
- Beyond the official committee process the UK has even more say in how the money is spent. Before starting a new project, European Commission's on-the-ground delegations consult member states. As DFID has a large on-the-ground presence, the UK is consulted more than other EU countries.

7. What is EU aid spent on?

The EU provides aid to about 130 countries.¹²

The main recipients of EU aid in 2011 were:¹³

- Sub-Saharan Africa (29% of EU aid)
- Europe (20%)
- Asia (18%)
- Latin America (6%)
- North Africa (6%)

The biggest areas of spending in 2011 were:¹⁴

- Social infrastructure: education, health, water, government and civil society (38% of spend).
- Humanitarian aid: emergency response, reconstruction, relief and rehabilitation, disaster prevention and preparedness (14%).
- Economic infrastructure and services: transport, communications, energy (13%).
- Production: agriculture, forestry and fishing, industry, mining and construction, trade and tourism (10%).
- Budget support, food aid, food security (10%).

By country type (2010 data):¹⁵

- Least Developed Countries (45% of spend).
- Other Low-Income countries (8%).
- Lower Middle-Income countries (33%).
- Upper Middle-Income countries (14%).

¹¹ Email exchange with European Commission staff.

¹² OECD (2012), European Union: Development Assistance Committee peer review, page 56:

<http://www.oecd.org/development/peerreviewsofdacmembers/50155818.pdf>

¹³ European Commission (2012), Annual report 2012 on the European Union's Development and external assistance policies and their implementation in 2011, page 177:

http://ec.europa.eu/europeaid/multimedia/publications/documents/annual-reports/europeaid_annual_report_2012_full_en.pdf

¹⁴ European Commission (2012), Annual report 2012 on the European Union's Development and external assistance policies and their implementation in 2011, page 190:

http://ec.europa.eu/europeaid/multimedia/publications/documents/annual-reports/europeaid_annual_report_2012_full_en.pdf

¹⁵ OECD (2012), European Union: Development Assistance Committee peer review, page 119:

<http://www.oecd.org/development/peerreviewsofdacmembers/50155818.pdf>

72% of the world's poor people now live in middle-income countries¹⁶ so a decision to give aid only to the 'poorest countries' would mean ignoring the plight of 960 million men, women and children. A more sophisticated approach that considers the circumstances of each individual country is needed. A plan to ensure that middle-income countries are eventually able to meet the needs of their own citizens without external aid is essential.

8. Has anyone been looking at the quality of EU aid before now?

Yes. NGOs have been working on EU aid quality for decades. Bond has been working for more than 10 years to improve EU aid.¹⁷

9. How good is EU aid?

No one would claim EU aid is perfect – government spending or private investment never is. Some EU aid is of a very high standard, some is not. DFID's recent multilateral aid review awarded the European Development Fund its highest possible rating – a double 'strong' for both 'contribution to UK development objectives' and 'organisation strengths'.¹⁸ However, DFID rated the three other foreign affairs funds included in the European Commission budget as 'weak' and 'satisfactory'. This is a little unfair since those funds are not designed to reduce poverty, even though the money is classified as ODA. The funds aim to meet other foreign policy objectives, set by the EU member states, such as preparing countries for eventual EU membership.

The OECD's peer review of EU aid in 2012 found that the EU was a "formidable player in global development" that had taken "positive steps to make the programme more effective and increase its impact" since its previous peer review in 2007. However, it still needed "to make more progress in a number of areas".¹⁹

The European Commission is the fifth (out of 72) most transparent donor in the world.²⁰ It is ranked above every EU member state except the UK and the Netherlands.²¹

10. Do Iceland and Turkey receive EU aid?

Iceland does not but Turkey does.

As a candidate for future EU membership Iceland receives some money to help it prepare to meet EU rules and standards. But this is not ODA since Iceland is not classified by the Organisation for Economic Cooperation and Development (OECD) as a developing country. And Iceland also contributes to the EU budget – about as much as it receives.²²

However, Turkey is officially classified as a developing country by the OECD so the money it receives from the EU is classified as ODA. But again, much of the money is designed to prepare the country for eventual EU membership rather than to combat poverty.

EU member states decide the rules of financial assistance; EU institutions just implement this policy.²³

For more information please contact: advocacy@bond.org.uk / +44 (0)20 7837 8344
Bond's EU pages are here: http://www.bond.org.uk/pages/eu_policy.html

¹⁶ <http://www.ids.ac.uk/go/idsproject/the-new-bottom-billion>

¹⁷ http://www.bond.org.uk/pages/eu_policy.html

¹⁸ DFID (2011), Multilateral aid review, page 171:

http://www.dfid.gov.uk/Documents/publications1/mar/multilateral_aid_review.pdf;

¹⁹ OECD (2012), European Union: Development Assistance Committee peer review, page 13:

<http://www.oecd.org/development/peerreviews/dacmembers/50155818.pdf>

²⁰ <http://www.publishwhatyoufund.org/index/2012-index/ec/devco/>

²¹ <http://www.publishwhatyoufund.org/index/>

²² Email exchange with European Commission staff.

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