

# EXECUTIVE SUMMARY

Significant political events and upheaval took place in 2016, with many far-reaching impacts, including on the European Union's aid spending and development cooperation. The rising number of terrorist attacks across Europe has created an atmosphere of fear and beleaguering, while the UK's intention to withdraw from the EU has challenged the European project as we know it. EU governments and international institutions alike are failing in their response to refugees seeking asylum, and to the humanitarian crises in the Mediterranean. Finally, the arrival of President Trump has ushered in a new era of US unilateralism. In this international context, the aid and development system is under even greater pressure than before; and global leadership is needed more than ever if we are to deliver the 2030 Agenda for Sustainable Development and achieve its goals. To succeed in this, the role of official development assistance (ODA) is central.

Promisingly, the EU and its 28 member states (EU28) have remained the biggest development donor, with a stable increase in total aid over the last five years. In 2016, EU member states disbursed €75.46 bn of ODA, with ten states increasing their total ODA by over 25%. This is welcome news, but it needs to be put into perspective: EU governments' aid contributions still fall considerably below their collective ODA commitment to deliver 0.7% of EU's gross national income (GNI). Also, more than half of the increases in aid from EU governments in the last two years are the result of spending on areas that do not in fact contribute to development outcomes in partner countries (mainly in-donor-country refugee costs, and debt relief). This "inflated aid"<sup>1</sup> accounts for 20% of the total ODA reported by the EU28 in 2016. At this rate, once inflated aid is discounted, the EU28 will not be able to close the gap to 0.7% before 2052: twenty years later than the target for 2030, and long past their initial 2015 target for a promise made almost half a century ago.

Trends in development policies are equally troubling. In 2016 and 2017 the EU introduced various key policy frameworks that embraced recent international agreements on development and the environment, including the 2030 Agenda. And yet, EU leaders' words are speaking louder than their actions. The increased emphasis on domestic objectives – such as migration control, tackling security threats and promoting commercial expansion – dilutes the primacy of the EU's international development goals and undermines the hard-fought aid effectiveness principles. By orienting development policies towards serving Europe too, the EU is performing below its own standards and expectations, and failing to meet its international commitments. At a time of such geopolitical uncertainty, if the EU continues along this path it will not fulfil its potential as a global leader with a key role in tackling the challenges of the 21st century.

These trends need to be halted. The role of development professionals in EU institutions and member states is vital in upholding development effectiveness principles. Some countries are managing to reach the 0.7% target while keeping inflated aid levels low. The role of civil society is paramount for scrutinising donors' actions and resisting any further shifts by EU governments that undermine the integrity of aid and development cooperation.

## RECOMMENDATIONS FROM CONCORD EUROPE

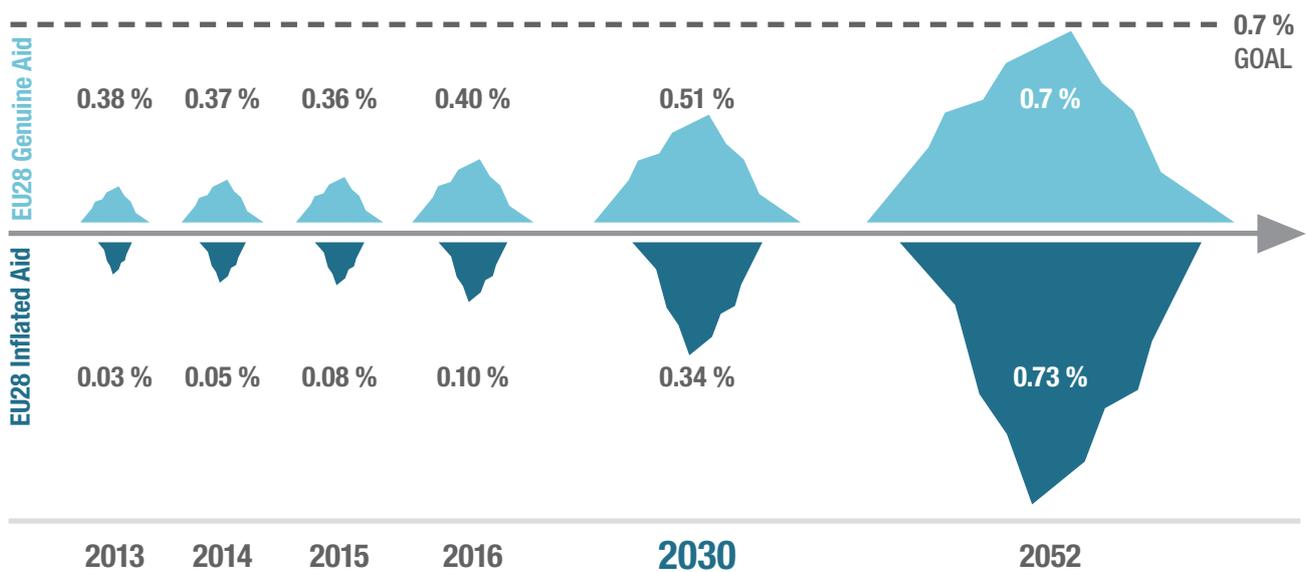
CONCORD calls on the EU and its member states to uphold their treaty obligations on development cooperation, and their international development commitments, by taking the following steps:

### ON EUROPEAN AID, THE EU AND ITS MEMBER STATES SHOULD:

- ensure that ODA remains focused on poverty eradication in developing countries, through "genuine" ODA consistent with the Busan aid effectiveness principles;
- meet their aid targets (0.7% ODA/GNI by 2030, at least 0.15% of GNI to Least Developed Countries (LDCs) by 2020 and 0.2% of GNI to LDCs by 2025);
- avoid using aid to cover a country's national costs of receiving refugees and, ultimately, phase out entirely the reporting of in-donor refugee costs as ODA. In the meantime, donors should closely monitor their increased spending on in-donor-country refugee costs using a transparent system, and should apply existing OECD DAC rules strictly;
- ensure that the modernisation of ODA rules is designed primarily to increase the system's consistency and transparency, and its alignment with development effectiveness principles – that it is not designed to suit donors by relaxing ODA definitions and restrictions even further, thereby allowing them to report spending not geared towards poverty eradication and sustainable development as ODA.

<sup>1</sup> See Annex 1 for a full explanation of CONCORD's methodology for counting inflated aid.

## Estimated timescale for keeping the 0.7% promise: genuine vs inflated EU aid



Source: OECD DAC database and CONCORD calculations

### ON EUROPEAN DEVELOPMENT POLICY, THE EU AND ITS MEMBER STATES SHOULD:

- prioritise fighting poverty in developing countries, particularly the poorest, and fostering sustainable development, as stipulated in the Lisbon Treaty's global development objectives – and they should not allow these objectives to be subjugated to domestic political agendas;
- optimise the implementation of the European Development Consensus by actively promoting developing countries' leadership of their own sustainable development strategies. This also means promoting active participation by civil society organisations in all EU development processes, and avoiding using aid as an instrument to serve donor-country objectives on immigration and security;
- ensure that all instruments (new and old) to promote private sector engagement in development are aligned with the development effectiveness principles, including the principle of ownership of development priorities by developing countries, and with agreed international commitments on environmental sustainability, human rights, decent work, gender equality and the elimination of all forms of discrimination. In particular, ensure that the use of these instruments will not divert resources from other development priorities;
- use the mid-term review of the current Multi-Annual Financial Framework (MFF) as an opportunity for the EU to revise current programmes and ensure that they all contribute to the successful implementation of Gender Action Plan II (GAP II). All member states must allocate sufficient funding and adjust their development programmes to deliver on their commitments to GAP II by 2020;
- continue to play a leading role in implementing global climate agreements, making improvements to climate finance reporting and ending fossil-fuel incentive schemes.