AidWatch 2014

AID BEYOND 2015

EUROPE'S ROLE IN FINANCING AND IMPLEMENTING SUSTAINABLE DEVELOPMENT GOALS POST 2015

European NGO confederation
for relief and development

CONCORD

Confédération européenne des ONG
d'urgence et de développement

AID BEYOND 2015

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ABOUT THIS REPORT

Since 2005, development NGOs from all 28 EU countries have come together every year through the AidWatch initiative, under the umbrella of CONCORD, to produce the annual AidWatch report. CONCORD is the European NGO Confederation for Relief and Development. Its 28 national associations, 18 international networks and two associate members 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 EU institutions and other civil society organisations. At the global level, CONCORD is actively involved in the Beyond 2015 campaign, the CSO Partnership on Development Effectiveness and the International Forum of NGO platforms.

More at: www.concordeurope.org.

CONCORD AidWatch has monitored and made recommendations on the quality and quantity of aid provided by EU member states and the European Commission since 2005. The AidWatch initiative carries out ongoing advocacy, research, media activities and campaigns on a wide range of aid-related issues throughout the year.

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EXECUTIVE SUMMARY

Next year, the EU will have an opportunity to shape the future development and financing frameworks and ensure that they make a strong contribution to ending poverty and inequality. The ninth CONCORD AidWatch report argues that aid will remain a crucial source of finance for development, and it shows the path the EU needs to follow to make aid an even more powerful instrument in meeting internationally agreed goals for sustainable development. To achieve this, the EU will have to overcome three main challenges:

First, not everything that is reported as aid translates into development results. In order to maintain the current and future contributions needed for achieving international development goals, it is important to ensure that aid remains focused on eradicating poverty and achieving positive development outcomes. The OECD DAC review of the current definition of ODA could help to ensure that aid remains an effective tool for fighting poverty and inequality, but it also poses certain risks, potentially allowing donors to inflate their aid figures artificially through new measures which are focused more on their own efforts than on what benefits developing countries. To unleash the true potential of aid, EU donors should:

- Ensure that the review of the ODA definition is underpinned by these two essential principles:
  - focus on sustainable development that puts people first. This aspect should be based on existing development effectiveness principles, so that only flows that comply with these principles are reported as aid;
  - ensure that only genuine aid to developing countries is counted as ODA, and insist on evidence to support the development additionality of any permitted in donor costs.

- At the very least, the future definition should exclude the expenses identified in the AidWatch methodology as inflated aid: student costs, refugee costs, debt relief, interest on loans and tied aid.

- Only the net grant equivalent of concessional loans measured in relation to the borrowing costs of donors should be reported as ODA.

- Avoid broadening the ODA definition by including additional expenses that do not follow the basic principles stated above. In particular: avoid the securitisation of aid, certain forms of support to the private sector which do not promote development, climate finance and tax rebates.

Secondly, the EU needs to demonstrate its commitment and credibility by delivering on and recommitting to existing aid quantity targets. Only four EU member states have met the 0.7% of GNI for ODA target, and in 2013 total EU aid, including aid from EU institutions, stood at €56.5 billion, or 0.43% of gross national income. Official forecasts predict that in 2015 the governments of most EU member states will fail to meet even the intermediary target of 0.56% ODA/GNI, which was set for 2010. Aid targets are crucial in the context of global development efforts. By promoting healthy competition and preventing a race to the bottom, collective targets create a positive incentive for countries to increase aid. They also allow stakeholders – including other countries, NGOs and citizens – to track performance and hold donors to account. Aid targets also enable developing countries to make longer-term plans, and they encourage them to invest in ambitious and necessary reforms – as opposed to using ODA for quick wins which result in volatile and unpredictable aid. As the world progresses towards agreeing a new and hopefully ambitious development framework and post-2015 goals, the donor community has a particular responsibility to live up to its commitments on ODA. This means not just delivering a credible recommitment to and action on globally agreed aid targets, but also living up to the spirit of that commitment. EU donors should remain committed to increasing the amount of aid they deliver. They should:

- Set themselves ambitious aid targets, at least at the level of the current ones, to allocate 0.7% of GNI to ODA and 0.15-0.20% ODA/GNI to least developed countries (LDCs).

- For those countries that have not yet reached their aid targets: by December 2015, adopt binding roadmaps and concrete timetables for doing so.

- Agree on a joint EU definition of "new and additional climate finance" so that aid and climate commitments can be measured accurately and independently.

- Stop inflating aid, and exclude inflated aid items from ODA reporting: refugee costs, imputed student costs, tied aid, interest on loans and debt relief.

- Ensure donor support to the private sector complies with development effectiveness principles and international standards, including by performing the necessary due diligence, so that its impact on development is positive and sustainable.

Thirdly, development effectiveness principles can and should apply to the new development and finance frameworks, for all forms of financing for development, both public and private. The development effectiveness agenda contains extremely valuable lessons for the future development agenda, and provides a framework for assessing future development efforts and finance flows and ensuring that they have a positive, sustainable impact on the lives of poor people across the world. The EU can help put development effectiveness principles at the core

of the future development framework, but if it is to be a credible champion in this area it first needs to get back on track.

- The EU and its member states should fully implement and deliver on their aid effectiveness commitments. In particular, they should:
  - Start publishing aid information to the International Aid and Transparency Initiative (IATI) by the end of 2014. Those countries which are already reporting in accordance with the IATI standard should continue improving the quality of the information they make available.
  - Continue making progress on joint programming: there are adequate evaluation and feedback mechanisms to ensure that its implementation results in more effective aid by increasing both the democratic ownership of development policies and donors´ alignment with them.
  - Meet existing targets for the use of country systems, and continue making progress over time. Greater emphasis should also be placed on budget support, especially in view of recent evidence of its positive impact.
  - Fully untie all aid, as agreed internationally, so as to increase aid effectiveness, and take steps to measure and decrease the amount of informally tied aid in the future.

- The EU and its member states should put development effectiveness principles at the core of the post-2015 development and financing framework by:
  - Making development effectiveness a European priority in international debates about future sustainable development goals and in the preparations for the international conference on financing for development to be held in Addis Ababa in July 2015.
  - Showing the way by improving the monitoring of development effectiveness commitments in order to increase accountability and speed up progress towards existing targets. Member states should build on the precedent set by the EU Accountability Report.

PART ONE – OVERVIEW

INTRODUCTION

Development and aid are fundamentally about improving people's lives – putting an end to poverty and helping to create a fairer and more prosperous world. Almost 15 years after the international community came together to agree an ambitious new development framework, poverty and inequality within and between countries continues to hamper economic development, create instability and pose a threat to democracy.[i] Long-term, sustainable development – that fairer and more prosperous world – will only come about if we combine our efforts to tackle the causes of poverty and inequality, both structural and more immediate.

As a source of finance, aid is key to making this happen. Effective aid plays a unique role that makes it irreplaceable in many situations (see box below) and translates into real results for people. For example, aid supported measles, whooping cough and tetanus vaccination schemes in Africa which led to a reduction of 509,000 in the deaths from these diseases. Aid also enabled 5.3 million children to gain access to primary school between 2004 and 2010.[ii]

European aid is not always as effective as it could be, and it is certainly not enough. CONCORD AidWatch has shown over its last eight annual reports that EU donors do not always deliver effective aid. They have been unable to implement the development effectiveness commitments they made over the last ten years, and have lacked the commitment to push through the necessary reforms. Most European donors have also failed to meet the 0.7% target, although four European countries – Denmark, Luxembourg, Sweden and the UK – show that this is no impossible task.

In the next twelve months, Europe has an opportunity to lay the foundations of future aid: aid that meets the development effectiveness criteria, and whose volume reflects the EU's commitment – enshrined in the Lisbon Treaty – to reducing, and in the long term eradicating, extreme poverty.[iii] In 2015, a number of key gatherings and processes will provide an opportunity to review the definition of aid and align quantity commitments with new global development goals.

The ninth CONCORD AidWatch report takes stock of the progress European donors have made to date and shows the path they need to follow to make aid an even more powerful instrument in tackling poverty and inequality.

The first chapter looks at the role of ODA and the challenges and opportunities that arise in the ongoing process of reviewing both its formal definition and how flows are monitored. The second chapter examines the performance of EU member states on aid quantity in relation to previous years and existing aid targets. It also explores why increased support to the private sector might not contribute to achieving European development goals. The third chapter concentrates on the EU's contribution to the development effectiveness agenda, with a particular focus on the meeting of the Global Partnership for Effective Development Cooperation (GPEDC) in Mexico. It also discusses the relevance of development effectiveness principles beyond aid, and why they should play a key role in the post-2015 and FfD debate in 2015. The fourth and final chapter puts forward recommendations for European policy makers. The second part of this report contains an analysis of key aid issues and trends for each of the twenty-eight EU member states and the EU institutions.

Box 1. The unique role of effective aid

The 2013 CONCORD AidWatch report showed that effective aid is irreplaceable as a source of development finance. Effective aid:

- can target public services and support private enterprise for poor people;
- is available now and helps establish longer-term resource collection;
- has to be focused on generating genuine resource transfers for development;
- can help support accountable institutions and improve governance;
- means a public finance mechanism that is transparent and accountable;
- is a suitable mechanism for investing in sectors that are key to eradicating poverty;
- does not contribute to a potential future debt crisis;
- is necessary until developing countries can raise adequate domestic resources through a fair tax system;
- unlike other sources of finance, has a clear development objective;
- is the most powerful expression of global solidarity.

Changing the way aid is measured

Up to the end of 2014, the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD DAC) will be reviewing the definition of official development assistance (ODA)[iv] and the system for reporting it. This reform may provide an opportunity to make sure that what is reported as aid – ODA – really does contribute to reducing poverty and inequality: in other words, that aid is genuinely effective. However, there is a strong push in the opposite direction. Many EU member states face significant budget constraints and have failed to live up to their aid commitments, and it is in the interests of many of them to have a broader, weaker definition of aid so that they can inflate existing figures without having to make any additional effort.

A global development agenda post-2015, a climate conference, and a new framework for financing development

In 2015, the international community will see a number of pivotal moments in three processes that will shape future development efforts for years to come. Negotiations are already under way on a post-2015 sustainable development framework to replace the Millennium Development Goals, which will expire next year. Progress made to date suggests that this new framework will be far more coherent in integrating the three aspects of sustainable development: social, economic and environmental. It will also define targets and commitments for both developed and developing countries. Donor and developing countries will discuss how to finance international development efforts at the Financing for Development (FfD) Conference in Addis Ababa, in July 2015, focusing on discuss different sources of finance, including aid. Finally, in December, the United Nations climate conference, COP 21 in Paris, will further define and advance the efforts to increase climate finance, a new and additional aspect to aid. The outcome of these three processes will have an impact on the lives of millions people.

Mainstreaming development effectiveness principles

European countries will have an opportunity in 2015 to put people at the centre of development efforts by making development effectiveness principles a cornerstone of the future sustainable development and finance framework. In April 2014, Mexico hosted the first High-Level Meeting of the Global Partnership for Effective Development Cooperation (GPEDC). This was the last in a series of meetings that, over the past decade, have focused on deepening our understanding and building international and multi-stakeholder agreement on how to ensure that both aid and broader development efforts translate into real, sustainable and positive change for people. This body of knowledge contains important and valuable lessons for the post-2015 development and finance framework. European donors and all the others who signed up to the development effectiveness principles have a responsibility to make this framework the backbone of any future agreements.

CHAPTER 1 – REDEFINING ODA: A STRONGER FOCUS ON POVERTY AND INEQUALITY?

Poverty and inequality remain widespread, and coordinated efforts will be needed to eradicate them. This chapter argues that aid remains an essential tool for development. But how you define and count aid is crucial, because, as subsequent chapters show, not everything that is reported as aid translates into development results. The OECD DAC review of the current definition of ODA may help to ensure that aid remains focused on fighting poverty and inequality. Some European donors, however, are pushing for changes that go in the opposite direction. This chapter shows why it is important to ensure that ODA is fit for purpose, and how this can be done.

Persistent poverty and inequality

Additional efforts are needed to win the fight against poverty and inequality. Sustained growth and effective development cooperation in recent decades have helped to cut the number of people living in extreme poverty by half.[v] All the same, between 1.2 and 2.2 billion people are still living in poverty,[vi] while another 900 million poor people live just above the poverty line (using the USD 2-a-day income threshold).

Extreme inequality, both within and between countries, is one of the root causes of poverty. Developing countries have experienced dramatic economic expansion in recent years, and many have now graduated to becoming middle-income countries (MICs).[vii] But the benefits of growth have not been evenly distributed, and as a result middle-income countries are still home to 72% of the world's poor.[viii]

Aid is essential for addressing these problems

As detailed extensively in last year's CONCORD AidWatch report, aid plays a unique role as a source of development finance. Financing for development is not only about aid and other forms of public finance, and there is growing interest in the contribution that other flows of an essentially private nature – such as foreign direct investment, portfolio investment, private domestic investment, or remittances – can make to sustainable development.[ix] This is something worth looking at, but we must not forget that other flows of development finance cannot fill many of the roles played by aid, as outlined in Box 1 above.

Aid has shown that, when delivered effectively, it has a positive and sustainable impact on people and development. There are many figures showing how aid has given millions of people access to essential services such as a water, sanitation or health care.

Aid can also help increase domestic revenue, which are the largest sources of income for developing countries.[x] In Mozambique, for example, donor support to the tax administration has led to significant increases in tax collection – from 14.1% of GDP in 2005 to an estimated 18.8% in 2011.[xi] Experts suggest that much more can be achieved in this field by, for example, helping countries fight tax evasion, or removing tax incentives granted to foreign private interests,[xii] which cost developing countries €660 to €870 billion every year.[xiii] Increasing domestic revenues is only part of the equation, however. It is also essential to align domestic investment with development priorities such as investment in health and education.

But aid does much more than that. Aid can help promote democracy by encouraging transparency and strengthening the accountability of national governments. In Tanzania, for example, the use of budget support opened up a space for dialogue between development partners, the government and CSOs. A couple of years later this led to the introduction of a citizen's guide to the budget which has helped to raise awareness of – and generate debate around – public expenditure on essential services, the regional distribution of the budget, and government sources of revenue and expenditure. [xiv]

ODA review: opportunities and risks

Aid is not always spent as effectively as it could be. As the following chapter will show, the current guidelines for reporting aid allow the reporting of flows of resources that do not genuinely contribute to development or poverty eradication. Sometime, loose reporting requirements also allow for expenditure with little relation to poverty or inequality reduction to be included. For example, Spain has reported the provision of patrol boats to the Nicaraguan navy as ODA.[xv]

The ODA review process launched by the OECD DAC might offer an opportunity to reform the definition of aid so that only flows that contribute to eradicating poverty and tackling inequality are reported. The review is open only to members of the OECD DAC, which includes the EU-15 countries plus the Czech Republic, Poland, Slovakia and Slovenia.

CONCORD AidWatch argues that any review should be underpinned by two essential principles:

- a focus on sustainable development that puts people first. This dimension should be based on existing development effectiveness principles, so that only flows that comply with these principles are reported as aid;
- a reporting system based on genuine transfers of resources to developing countries and other flows that can demonstrate an explicit and primary intention of tackling poverty; and a definition of concessionality that is fit for purpose.

There are important benefits to be gained from reviewing the definition in accordance with the two principles mentioned above and making sure it remains the main reference. A new definition that properly reflects donors' contribution to reducing poverty and inequality, and that is seen as the main benchmark, would create a positive incentive for donors to improve their aid and focus on activities that have real, positive impacts on the lives of millions people across the world.

Concessional loans: a long-overdue reform

Only the grant equivalent of concessional loans – calculated at a more favourable discount rate than the current 10%, and measured in relation to the actual borrowing costs for donors –

should be reported as ODA. According to the OECD DAC, loans that are provided on terms that are significantly better than those available on the market can be reported as ODA. When donors account for a concessional loan, they first account for the principal and then discount the repayment of the principal by recipient governments (in instalments), so that in the long term the two amounts cancel each other out. However, there is a major problem with this.

The present reporting system creates an incentive to continue increasing the amount of loans. A donor can always increase the amount of concessional loans it provides each year, compared to the previous year, and since the repayments of past loans will never catch up, net ODA will continue to increase. Moreover, this net ODA generated through loans looks on paper as if it is the equivalent of grants, while in reality it will have be repaid, including interest.

Concessional loans entail the payment of interest to donor countries, but these flows are not accounted for. For this reason, the AidWatch methodology discounts interest repayments (see Chapter 2). Not counting interest also compounds the perverse incentive mentioned in the previous paragraph, as more loans mean more interest repayments.

The benchmark used to estimate whether a loan is concessional and can be reported as ODA is outdated and arbitrary. In fact, when the level of concessionality was agreed, decades ago, conditions were very different: market interest rates were much higher. Yet the way in which the grant element is estimated has not been updated since then. Donors still apply a discount rate (interest rate) of 10% when they assess whether a loan is concessional or not.

These days, with market interest rates very low, several European countries are able to report as ODA loans that are provided on market terms. This means that donors can report as ODA loans that are not concessional, which developing countries would in principle be able to obtain on the market. The existence of these ODA loans at market rates is a source of concern because it adds to the debt burden on developing countries. There are currently 39 countries with debt levels that are considered unsustainable,[xvi] and many more with dangerously high levels of debt.

Donors can blend loans and grants in a single instrument and count them both as ODA, thereby artificially increasing the amount of ODA. For example, a commercial loan can be subsidised with a grant (e.g. an interest-rate subsidy); this creates a single instrument which can be reported as ODA whereas, if the loan and the grant were considered separately, only the grant would qualify as ODA. Among EU donors, there is growing interest in blending facilities. The EC, UK, Germany and Sweden in particular increasingly subsidise loans granted to support private-sector projects. The total amount has been growing fast in recent years (€490 million in 2012 compared to €15 million in 2007).[xvii] Similarly, European bilateral development finance institutions (DFIs) have more than doubled the scale of their operations over the past ten years (from €10 billion in 2003 to €26 billion in 2012).[xviii] Some public-private partnerships (PPPs) can also be categorised as blending and can therefore be fully reported as ODA.

The only way to account for all these problems is to get donors to report the grant equivalent only, calculated using a new measurement that links concessionality to what it actually costs donors to raise the funds (i.e., it takes donors' borrowing costs into account). The grant equivalent already takes into account both the principal and the interest repayment, and would be counted only once, thereby avoiding to a great extent the perverse incentives of the current accounting system. It would also deal with the problem of blending, as only the grant equivalent would be reported as ODA.

European proposals to weaken the definition

Some member states want to include additional military, peace and security expenses in the new definition of ODA. The existing definition of ODA "generally excludes financing military equipment and services, military components of peacekeeping operations and combating terrorism. Generally included are civilian peacebuilding and conflict resolution activities and strengthening civilian oversight of security system management and reform […] training for routine police functions is [also] eligible".[xix] According to information gathered by CONCORD members in summer 2014, at least Belgium, France and Portugal are actively advocating for reporting additional military, peace and security expenses as ODA. Drawing a clear line between what can and can not be reported as ODA is already quite complicated, and the existing measure already captures activities that do not have a straightforward development impact and do not follow the development effectiveness principles. For example, CONCORD AidWatch has reported in the past that some military expenditure might have been included in ODA reporting.[xx] Broadening the definition will only compound the problem. While peacebuilding and military operations can play an important role in some situations, for instance by funding certain non-enforcement aspects of peacekeeping, expenses incurred by a donor's military forces do not represent a transfer of resources to developing countries, nor is there any clear baseline cost scenario (non-deployed troops also incur significant expenses, which are not deducted).

Another priority for a number of countries, including at least Austria, the Netherlands and the UK, is to report publicly supported risk mitigation for investment projects in developing countries. Risk mitigation instruments include, for example, public guarantees for private-investment projects in developing countries, and other forms of insurance (political risks, etc.). The rationale here is that these funds make private-sector investment in developing countries possible, and this in turn generates economic activity, employs people, and so on. But we must not forget that these are not net flows, and that when one takes into accounts profit repatriation, tax avoidance and other

reverse flows, very little money actually flows into developing countries.[xxi] More importantly, the actual development impact of investment projects is often unclear, and many of the projects fail to comply with essential development effectiveness principles such as transparency.[xxii] Unless this condition is fulfilled, these types of projects should not be eligible as ODA (see next chapter for more information on the role of the private sector).

There are some other ideas on the table, although they have more limited support. For example, some EU Member States support the reporting of tax rebates and exemptions granted to development organisations as ODA. This idea also fails to meet the two criteria explained above: development impact and compliance with development effectiveness principles. Only Spain and Sweden seem to be clearly in favour of maintaining the status quo, and to be focusing their demands on reviewing the concept of concessionality (see section on loans, above).

Ensuring ODA remains the main measurement of donor efforts

In addition to reviewing the existing definition, the OECD DAC is also considering introducing a new concept, total official support for development (TOSD), which would capture different types of flows with a potential impact on development and would most likely include many of the ones mentioned above (if they do not make it into the ODA definition) as well as some additional ones. Official discussions are considering reporting as TOSD flows such as investment or credit guarantees, tax deductions for development organisations, equity investments and export credits.[xxiii]

It is essential for ODA to remain the main reference when measuring donors' efforts and their commitment to development. The current definition of ODA has been used to measure aid flows for many years, and is what is used in existing commitments. Many of the items donors propose to include in TOSD, moreover, do not have a clear or consistent development impact. In fact some of these flows, such as export credits, have often been severely detrimental to developing countries.[xxiv] It is therefore important for a robust monitoring system to be set up, to ensure that this new measurement clearly and transparently measures effectiveness and impact on development.

Spending the money where it is needed

The biggest share of EU aid flows go to middle-income countries (MICs). For example, the seventeen EU members of the OECD DAC and the EU institutions spend roughly half their aid in MICs, compared to 18% in the least developed countries (LDCs).[xxv] This share has been decreasing over the last few years.[xxvi] Moreover, a large amount of these funds focus on a limited number of countries, such as Afghanistan, the Democratic Republic of the Congo, Ethiopia and Sudan.[xxvii]

In general, LDCs are much more dependent on ODA for their normal functioning and have special needs in terms of both support and overcoming structural barriers to development (such as working institutions, etc.). All this makes external and predictable long-term aid extremely important in LDCs. For this reason, the UN proposed a target of ODA from donors to LDCs of between 0.15% and 0.20% of GNI,[xxviii] and others have suggested higher targets, with up to 50% of ODA going to LDCs.[xxix]

Aid flows should go where they are most needed and should focus on delivering results for the poorest people. There are people in need in every developing country, including MICs – and the current amount of aid is very limited. European donors should focus on meeting their commitments and making sure that no one is left behind. This means directing aid to where it is needed most and ensuring it is not wasted by improving coordination and making it as effective as possible.

Recommendations

To unleash the true potential of aid, the EU donors should:

- Ensure that the review of the ODA definition is underpinned by these two essential principles:
  - focus on sustainable development that puts people first. This aspect should be based on existing development effectiveness principles, so that only flows that comply with these principles are reported as aid;
  - ensure that only genuine aid to developing countries is counted as ODA, and insist on evidence to support the development additionality of any permitted in donor costs.
- At the very least, the future definition should exclude the expenses identified in the AidWatch methodology as inflated aid: student costs, refugee costs, debt relief, interest on loans and tied aid.
- Only the net grant equivalent of concessional loans measured in relation to the borrowing costs of donors should be reported as ODA.
- Avoid broadening the ODA definition by including additional expenses that do not follow the basic principles stated above. In particular: avoid the securitisation of aid, certain forms of support to the private sector which do not promote development, climate finance and tax rebates.

CHAPTER 2 – GENUINE AID: 2013 AND BEYOND

Aid is a scarce resource, much scarcer than it should be. This chapter shows that EU member states will fail to fulfil their collective commitment to deliver 0.7% of their GNI as ODA by 2015.[xxx] CONCORD AidWatch argues that even though the collective performance is quite disappointing, some good examples do exist and we should build on them to revitalise and update the existing targets. To put things into perspective, the chapter also assesses EU countries' performance once non-genuine aid items are discounted. The figures paint a more accurate picture of the EU member states' commitment to development and reinforce the need to review the definition of ODA in the light of donors' actual contributions to development.

The EU will not meet its target

In 2013, total aid from the EU-28 was €53.6 billion, in nominal terms an increase of €2.9 billion on the previous year. This amount is marginally higher than the amount recorded in 2010 (€53.5 billion). Once adjusted for inflation, however, 2014 aid levels stands at just €51.7 billion, far from the peak registered in 2010 (€55.9 billion).

When measured as a percentage of GNI, aid remained almost stagnant at 0.41% of the EU's income compared to 0.39% in 2012. Similarly, total EU aid – including aid from the EU institutions (€56.5 billion) – stood at 0.43% of EU income, the same figure as last year. According to the EU's own projections, its collective aid will remain at nearly the same level until 2015 (0.44% of GNI).

The lack of progress in 2014 towards the 0.7% target will create an aid gap of €41 billion. This gap is based on a comparison of the official aid levels expected in 2014 with those we should expect if donors decided to increase aid lineally over the next two years, to meet their target.

A bad economy is no excuse for failing to meet the targets. The current economic downturn is already reflected in aid targets, as they represent a proportion of a country's national income. Moreover, EU policy makers have the support of their citizens in respecting aid targets. The latest EU opinion poll confirms that citizens would like to see increases in aid levels.[xxxi]

Box 2: Eurobarometer 2013 – EU citizens strongly support increasing aid to developing countries

- 83% of EU citizens support the fight against poverty in developing countries.
- 61% would like the EU institutions and member states to increase aid to developing countries despite the current economic situation.
- For 66% of citizens, reducing poverty in developing countries should remain a top priority for the EU.

Good and bad performers

In 2013 only four aid champions fulfilled their pledges: Sweden (which met its own 1% target), Luxembourg, Denmark and the UK (the first G7 country to do so). The UK is a remarkable case because it has met the target for the first time, thanks to significant efforts to increase aid in recent years (24% in the last year).

Substantial increases have been recorded in several other countries besides the UK, including Bulgaria (21%), Estonia (18%) and Latvia (9%); Italy's 10% increase is commendable as it reverses a long-term budget-cutting trend. These countries are showing the way forward to the other sixteen EU member states, lagging behind.

Unfortunately, major cuts have also been recorded in a number of countries, which explains the small increase in total EU aid levels. The largest cuts were in Portugal (23%), Cyprus (12.5%) and Greece (10%). Worryingly, in their cuts these countries have been joined by some major aid players: France (12.5%), the Netherlands and Belgium (9% each).

As things stand, only four EU MSs will be able to reach their respective 0.7% or 0.33% aid targets by 2015 (Sweden, Luxembourg, Denmark and the UK). The Netherlands has fallen below 0.7%, for the first time since 1974. Projected low levels of aid in the remaining MSs mean that most EU member states will remain even below their intermediary target set for 2010 (0.56% or 0.15% of GNI), with the exception of Malta and the countries mentioned above.

Aid quantity targets will remain important after 2015

The failure of European donors to meet the 0.7% target should not cast doubt on the importance of aid quantity targets. Aid targets perform a number of key roles in the context of global development efforts. For example, collective targets create a positive incentive for countries to increase aid by promoting healthy competition and preventing a race to the bottom. They work by allowing stakeholders, including other countries, to track performance and to hold donors to account. Aid targets also enable developing countries to make longer-term plans, and they encourage them to embark on ambitious and necessary reforms.

Aid targets only work, however, if they are respected. The EU says it remains committed to the 0.7% target.[xxxii] This is an important first step, but the lack of progress shows it is not enough. European leaders need to develop credible timelines showing how they plan to reach the target, and stick to them. Their pledges are not mere statements – they are promises to millions of citizens around the world.

Targets might have to be reviewed and adjusted to account for any agreements reached in the context of the post-2015 development and financing framework, including the potential introduction of more ambitious and longer-term targets. They should also make sure that commitments remain true to the original intention by shielding them or adapting them to the

outcomes of the ODA definition review process. Donors should avoid the temptation to use a broader definition of ODA in order to make themselves appear closer to the aid targets.

Inflated versus genuine aid

Under the DAC's official definition of aid, donors are able to report a number of financial flows that, in CONCORD AidWatch's view, do not genuinely contribute to development. To give a more accurate picture of donors' efforts to reduce poverty and inequality, the AidWatch methodology discounts the following items from net ODA flows (for more information, see the relevant sections below):

- Spending on students in the donor country
- Spending on refugees in the donor country
- Repayments of interest on concessional loans and future interest on cancelled debts
- Debt relief
- Tied aid

The rationale for discounting these items is based on the two principles discussed in the previous section: an assessment of whether they contribute to development, based on the aid effectiveness principles, and whether they represent a genuine transfer of resources to developing countries. One inflated aid element – climate finance – cannot be accurately quantified in the absence of comprehensive data. The AidWatch methodology applies exclusively to bilateral aid flows, as it refers to the money that member states manage directly.

Genuine aid

In 2013, approximately €5.2 billion of the aid reported by EU MSs was inflated. This brings the amount of genuine aid delivered by the 28 member states down to €48.4 billion. Once inflated aid has been discounted, the amount of genuine aid provided by EU member states decreases to 0.38% of their collective GNI.

Bilateral aid was, in relative terms, almost fully genuine in three EU MSs: Luxembourg, Ireland and the UK. At the other end of the spectrum, bilateral aid from Greece was completely composed of inflated aid, thanks to student and refugee costs.[xxxiii] Over one-third of all bilateral aid provided by France and Spain was inflated. As for EU-13 MSs, bilateral aid in Malta, Hungary and Latvia was inflated by 90%, 55% and 40% respectively. In absolute terms, three countries reported the largest amounts of inflated aid, accounting altogether for two-thirds of the EU's total inflated aid (65%): France (€1.8 billion), Germany (€1.2 billion) and Sweden (€514 million).

Graph: Uneven progress puts collective EU aid off track

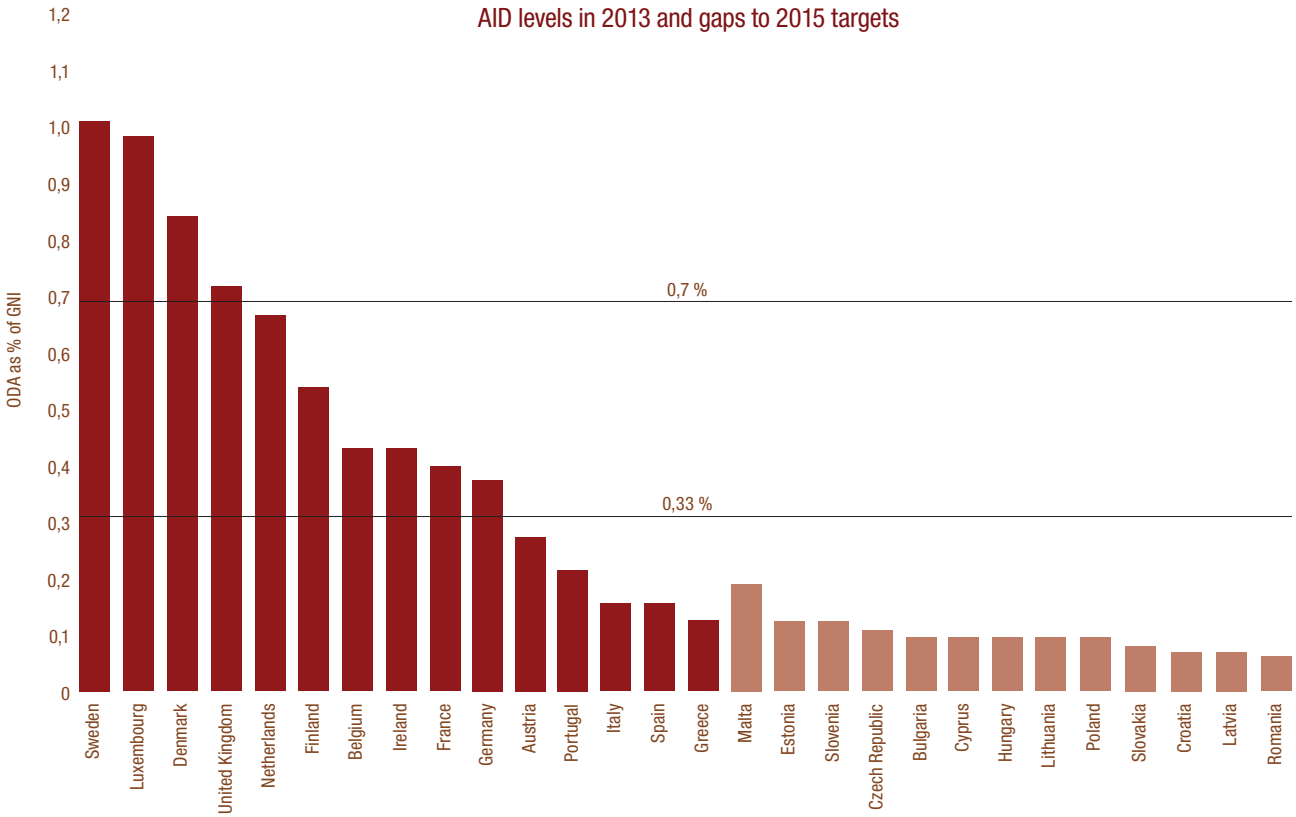


Table: Total and genuine aid in 2013

	TOTAL AID		BILATERAL AID		INFLATED AID			GENUINE AID	
	€ m	% GNI	€ m	% total aid	€ m	% bilateral aid	% total aid	€ m	% GNI
Luxembourg	324.4	1.00%	220.3	67.9%	0.8	0.4%	0.2%	323.6	**1.00%**
Sweden	4,392.1	1.02%	2,960.5	67.4%	514.1	17.4%	11.7%	3,877.9	**0.90%**
Denmark	2,205.7	0.85%	1,615.6	73.2%	143.4	8.9%	6.5%	2,062.3	**0.80%**
United Kingdom	13,468.3	0.72%	8,067.6	59.9%	41.9	0.5%	0.3%	13,426.5	**0.72%**
the Netherlands	4,093.9	0.67%	2,717.8	66.4%	404.7	14.9%	9.9%	3,689.2	**0.60%**
Finland	1,081.1	0.56%	617.4	57.1%	33.4	5.4%	3.1%	1,047.7	**0.54%**
Ireland	619.1	0.46%	409.9	66.2%	2.1	0.5%	0.3%	617.0	**0.46%**
Belgium	1,718.3	0.45%	990.8	57.7%	184.0	18.6%	10.7%	1,534.3	**0.40%**
Germany	10,589.6	0.38%	6,917.2	65.3%	1,200.2	17.4%	11.3%	9,389.4	**0.33%**
France	8,568.4	0.41%	5,110.9	59.6%	1,863.2	36.5%	21.7%	6,705.2	**0.32%**
Austria	882.5	0.28%	405.7	46.0%	202.6	49.9%	23.0%	679.8	**0.22%**
Portugal	364.6	0.23%	223.0	61.2%	82.6	37.0%	22.7%	282.0	**0.17%**
Italy	2,449.9	0.16%	507.1	20.7%	144.3	28.4%	5.9%	2,305.6	**0.15%**
Spain	1,656.0	0.16%	583.4	35.2%	254.5	43.6%	15.4%	1,401.5	**0.14%**
Estonia	23.0	0.13%	7.8	33.8%	0.3	3.7%	1.2%	22.7	**0.13%**
Slovenia	45.4	0.13%	15.3	33.8%	2.2	14.2%	4.8%	43.2	**0.12%**
Lithuania	38.0	0.11%	13.0	34.2%	0.4	2.9%	1.0%	37.6	**0.11%**
Czech Republic	158.8	0.11%	42.9	27.0%	9.1	21.2%	5.7%	149.6	**0.11%**
Bulgaria	37.4	0.10%	0.3	0.7%	0.1	0.3%	0.3%	37.3	**0.10%**
Cyprus	16.4	0.10%	10.5	63.9%	2.4	22.5%	14.4%	14.0	**0.09%**
Poland	352.4	0.10%	92.3	26.2%	30.4	33.0%	8.6%	322.0	**0.09%**
Slovakia	64.3	0.09%	12.2	18.9%	2.4	19.7%	3.7%	61.9	**0.09%**
Malta	13.8	0.20%	9.0	65.6%	8.0	88.8%	58.2%	5.7	**0.09%**
Hungary	90.7	0.10%	21.8	24.0%	12.6	57.8%	13.9%	78.1	**0.08%**
Croatia	33.6	0.08%	18.1	53.8%	-	-	-	33.6	**0.08%**
Latvia	17.9	0.08%	1.1	6.1%	0.4	40.4%	2.5%	17.4	**0.07%**
Greece	229.7	0.13%	72.8	31.7%	96.9	133.0%	42.2%	132.9	**0.07%**
Romania	100.9	0.07%	15.4	15.3%	12.8	83.2%	12.7%	88.1	**0.06%**

Source: Figures compiled by CONCORD AidWatch author from a combination of OECD data (prioritised for this table where it was available, for consistency purposes), national platforms, and estimations where data points were not otherwise available. The figures in the table are in current terms, while some of those supplied by the national platforms are in constant terms because several years are compared.

Inflated aid components

Imputed student costs

Under the DAC's official reporting rules, EU governments can declare as aid a portion of their spending on students from developing countries who are enrolled in higher education. In 2013, these student costs accounted for €1.7 billion of the bilateral aid provided by EU MSs. The largest amounts of student costs were reported by Germany (€722 million), France (€711 million), Austria (€73 million), Greece (€64 million) and Belgium (€43 million). As a share of bilateral aid, student costs significantly inflated the aid budgets of Greece (88%) and Romania (82%), and to a lesser but still significant extent Hungary (28%), Austria (18%), Poland (15%), France (14%), the Slovak Republic (14%) and Slovenia (12%).

Refugee costs in donor countries

For people granted refugee status, during the first year of their stay EU governments are also able to count transport, food, shelter and training expenses as aid. Luxembourg is the only MS that does not count refugee costs as aid.

In 2013 refugee costs represented €1.7 billion of EU MSs' bilateral aid. The largest costs were reported in Sweden (€514 million), France (€372 million), the Netherlands (€274 million), Denmark (€122 million) and Belgium (€118 million). In relative terms, refugee costs represented a large share of the bilateral flows reported by Malta (83%), Latvia (31%) and Hungary (31%).

Debt relief

Debt cancellation is crucially important for poverty reduction, but cancelled debt should not be double-counted as aid. In 2013, debt relief accounted for €924 million of EU aid. The largest amounts of debt relief were reported in France (€513 million), Spain (€183 million), Germany (€92 million), the Netherlands (€46 million), the UK (€42 million) and Austria (€34 million). Debt relief has decreased by €1.2 billion compared to 2012, owing to significantly lower amounts of debt relief reported by some of the EU's largest creditors, in particular France, Germany, Belgium and Austria.

Tied aid

Making aid conditional on the purchase of goods and services from a donor country or a restricted set of countries significantly reduces the developmental impact of aid. We have estimated that tied aid (measured for EU-15 countries and the Czech Republic only) accounted for €1.4 billion in 2013. Tied aid is more expensive than other forms of aid and we count these additional costs as inflated aid. Using the AidWatch methodology for counting the inflated aid, the countries with the highest estimated levels of inflated tied aid were Germany (€93 million), Netherlands (€78 million), Austria (€61 million), Portugal (€59 million), Italy (€46 million), France (€28 million), and Spain (€19 million). Aid provided by the European institutions was also inflated by €354 million as result of tied aid.

Interest on loans

Under the current reporting system, reimbursements of amounts initially borrowed by partner governments – the loan's principal – are deducted from net aid flows. However, this is not the case for interest repayments, resulting in a distorted picture of the real transfers to developing countries. In 2013, EU donors received €914 million in interest repayments from developing countries. Most of this amount (90%) went to three major loan-giving donors: EU institutions (€384 million), France (€239 million) and Germany (€235 million).

Climate finance

Climate finance should be new and additional, as agreed in UNFCCC Article 4 and the USD 100 bn commitment, and should not be double-counted as being towards both ODA and climate finance targets. The cost of fighting climate change was not factored into the 0.7% target and will require a significant effort from European donors and other countries, under the principle of common but differentiated responsibility.

European member states are failing to honour their international commitments and should change their reporting practices. A recent study by the European Parliament reveals that only two EU MSs (Denmark and Luxembourg) separate their climate and aid commitments. This has important consequences: in practice, most of the €2 billion raised by EU MSs and the EC during the first years of the Fast Start initiative were drawn from aid budgets and were also reported as ODA.[xxxiv]

A common and internationally agreed definition of "additional" is needed. The above two countries count as additional all money above the 0.7% aid target (1% in the case of Luxembourg). This definition is valuable because it builds on existing aid targets and implicitly acknowledges the close linkages between aid and some climate projects. Nevertheless, it is hard to apply in countries that still have to reach their targets, and it does not make it possible to track progress on both aid and climate commitments. In international negotiations, the EU should make additional efforts to find a common definition of "additional climate finance". Given the importance of both the fight against poverty and the fight against climate change, the new definition should make it possible to track donors' progress in both areas accurately, and should take into account both existing and future commitments.

A growing role for the private sector?

Aid and the private sector have always been linked, but their relationship is changing. Large amounts of aid have been targeted at the private sector in one way or another. Traditionally, donors have focused their efforts on two areas of activity:[xxxv]

- Building up the private sector. This can entail many activities to reform institutions and legislation, or to improve infrastructure or the education system, with the aim of removing structural obstacles to private-sector development.
- Delivering development services. Significant amounts of aid go to the private sector through procurement and the contracting of works, such as building infrastructure, or administering vaccines, for example.

Engaging with the private sector in these two different ways, within the framework of donor-recipient relationships, should be susceptible to development effectiveness principles. For example, projects relating to "building" activities can be designed to tackle barriers identified in national development strategies, and can be aligned with them. Procurement can also be handled in a development-friendly way. Obviously, this does not mean that supporting the private sector in these two ways always meets aid effectiveness commitments – as is illustrated by the existence of tied aid, for example.

In recent years a new form of engaging with the private sector has been gaining momentum: leveraging. The idea behind leveraging is to expand the resources available for development by mobilising the private sector. It can take several different forms. For example, donors can give a company a guarantee, which reduces the risk of investing in developing countries and helps make the investment happen. As discussed in Chapter 1, donors can also make loans more accessible, or encourage projects through a grant element, in what is known as blending.

Donors are keen on leveraging because, in theory, it allows them to multiply the amount of aid by mobilising private-sector resources. The problem is that, even if the idea of leveraging does have some potential, so far it has failed to uphold any of the development effectiveness principles. As a consequence, there are serious doubts about its actual development impact and whether it amounts to much more than an attempt by donor countries to boost their contribution to development artificially, while harvesting benefits for their own national companies.

Leveraging often bypasses recipient governments, which makes it very difficult to ensure that projects fulfil essential development effectiveness principles such as ownership, alignment and accountability. It generally involves a direct relationship between donor and recipient companies, often through the intermediary of a development finance institution. This, for example, is the case with the EU lending facilities, which expanded from €15 million in 2007 to €490 million in 2012 and are set to continue increasing.[xxxvi] Although not all the money goes to the private sector, there are plans to boost private-sector projects in the future.

The transparency of leveraged projects is inadequate, encroaching on the right of developing countries and beneficiaries to hold donors and companies to account. Development finance institutions face serious transparency problems, and they often ignore where the money is going to, especially when support is channelled through financial intermediaries.[xxxvii]

In addition, there are doubts about the actual capacity of donors to leverage as much as they claim while ensuring that projects are better aligned with development objectives as a result.[xxxviii] So far, leveraging efforts have also tended to bypass low-income countries, which suggests that it might be inadequate in the context of this type of country.[xxxix]

Recommendations

The EU and its member states should remain committed to increasing the amount of aid they deliver. They should:

- Set themselves ambitious aid targets, at least at the level of the current ones, to allocate 0.7% of GNI to ODA and 0.15-0.20% ODA/GNI to least developed countries (LDCs).
- For those countries that have not yet reached their aid targets: by December 2015, adopt binding roadmaps and concrete timetables for doing so.
- Agree on a joint EU definition of "new and additional climate finance" so that aid and climate commitments can be measured accurately and independently.
- Stop inflating aid, and exclude inflated aid items from ODA reporting: refugee costs, imputed student costs, tied aid, interest on loans and debt relief.
- Ensure donor support to the private sector complies with development effectiveness principles and international standards, including by performing the necessary due diligence, so that its impact on development is positive and sustainable.

CHAPTER 3 – DEVELOPMENT EFFECTIVENESS

European donors and the EU institutions have played an active role in the international process that, over the last ten years, has focused on devising ways to make aid and development efforts more effective. This chapter argues that the development effectiveness principles can and should be an important part of the new post-2015 development and finance frameworks, and that the EU has a key role to play in making this happen. It starts by looking at the outcome of the High-Level Meeting of the Global Partnership for Effective Development Cooperation (GPEDC) – a meeting that should have been an important step in this direction, but perhaps failed to live up to its billing. Next, the chapter examines the role of the EU, assesses its performance, and makes recommendations for getting European donors back on track so that they can be credible champions in this area.

First high-level meeting of the GPEDC

The Global Partnership for Effective Development Cooperation (GPEDC) was created at the High-Level Meeting on Aid Effectiveness held in Busan in 2011. The GPEDC signals a shift from an aid-effectiveness approach to a development-effectiveness one, and is tasked with a much broader mission: to make all development efforts more effective. It includes not only donor and recipient countries but also other development actors such as emerging donors, CSOs and the private sector.

The first High-Level Meeting of the GPEDC (Mexico HLM) took place in Mexico in April 2014 and had an ambitious agenda, including: assessing progress on implementing the Busan commitments, agreeing on actions to boost progress, improving the governance of the GPEDC, making a case for development effectiveness in the post-2015 development agenda, and tackling issues ranging from development effectiveness in the private sector to South-South and triangular cooperation.[xl]

The results fell short of expectations. Many representatives from civil society groups, and some officials,[xli] expressed disappointment that the meeting did not achieve enough to give a fresh impetus to the GPEDC and build strong, necessary connections with the post-2015 development and financing discussions. The Mexico HLM saw waning interest among some development actors. The absence from the meeting of key developing partners India and China is a sign that more needs to be done. Building a truly global partnership, in which all actors are fully engaged and striving for the same goals, is crucial in order to make sure that all development efforts pull in the same direction.

Weak monitoring meant little action

Stock-taking was much less thorough than expected, with many of the indicators still incomplete and the report overly focused on drawing out the positive instead of providing a substantive basis for assessing progress and mobilising around improvements, and driving further progress. The global progress report, based on internationally agreed indicators, was released too late. This prevented participants from having a substantive discussion about how to accelerate progress. Development partners simply reaffirmed their commitments, but failed to agree a concrete action plan for delivering on them, as called for by civil society.[xlii] Instead of tangible plans, the GPEDC came up with 38 voluntary initiatives, which will be difficult to coordinate and whose future is uncertain, given that only a limited number of GPEDC members signed up to them.

Ambitious, but out of focus

The GPEDC meeting also devoted a considerable amount of time to discussions on broader – yet crucial – development issues such as the role of the private sector, domestic resource mobilisation and South-South cooperation. However, it was not always clear how these were connected to the core business and mandate of the GPEDC, which is to make development efforts more effective. The GPEDC was a missed opportunity to mainstream development effectiveness principles into these crucial issues, take concrete steps to implement them, and argue for a strong development effectiveness component in other international processes dealing with them.

The role of the EU

Despite its positive example, the EU was unable to make a strong case for progress. It did its homework and, as being also the largest donor bloc represented in Mexico, was in a good position to ensure a successful first meeting of the GPEDC. Ahead of the meeting it showed signs of willingness to ensure a successful stock-taking and accountability exercise. In a joint EU position, MSs reaffirmed their Busan commitments.[xliii] The EC also released a monitoring report which assessed the progress made to date and pointed to areas for improvement (see next section).[xliv] Finally, the EU engaged in open, productive collaboration with EU CSOs on preparing various sessions. Unfortunately, this did not translate into a commitment to strengthen monitoring mechanisms or a common plan to resume making progress towards existing targets.

Changes to the governance and working arrangements are needed

The decision to reconvene the high-level meeting every two years should help sustain momentum. In order to make future progress possible, however, the forthcoming review in 2015/2016 should give priority to the monitoring exercise. The GPEDC should also consider additional improvements to the partnership's governance and working arrangements, such as holding regular progress reviews at fixed intervals in between high-level meetings.[xlv] In addition, the steering committee should be restored and reinforced so that it can take the work of the GPEDC forward. Members of the steering committee should represent the different constituencies and uphold the highest transparency and accountability standards in their work.

European progress on key development effectiveness areas

Transparency: off track to meet its commitments

In Busan, EU donors prioritised aid transparency and committed themselves to disclosing comprehensive, comparable, timely and accessible information on European aid to a common standard of aid transparency by 2015.[xlvi] To get on track for achieving this objective, EU donors agreed to prepare plans – initially by 2012 – outlining how and when they intended to publish information to the International Aid Transparency Initiative (IATI).

The EU as a group is off track to meet its transparency commitments. At the Mexico HLM, the EC stressed how progress made towards meeting the Busan transparency commitments made Europe a front runner in aid effectiveness.[xlvii] Progress is needed in many areas, however.[xlviii] Overall, in 2014 EU donors made little progress with publishing plans for implementing the IATI by 2015. While the EC (DG ECHO) and France have published implementation schedules for the first time, nine out of the 13 newer member states have yet to publish one (see Box 3). In addition, the level of ambition of these plans, based on commitments to publish aid information to the IATI and improving the quality of information published over time, varies significantly among EU donors.

Many EU member states are not taking their transparency commitments seriously. Only nine member states and the EC are currently implementing their plans and publishing data in accordance with the IATI standard (see Box 3). This means that many EU countries that do have a plan have not started to implement it. Within the group of nine countries using the IATI standard, the Netherlands, Sweden and the UK are the ones that have provided the most detailed, accurate and timely information.[xlix] By contrast, two of the largest providers of EU development aid, France and Germany, made little progress in improving the quality of their published aid information, and this remains worrying. Greater efforts are needed to implement the IATI standard, and CONCORD AidWatch welcomes the EC's initiative to support its implementation in the EU-13 countries by the end of 2014.

Joint programming

Joint programming is another of the priorities the EU has been working on since Busan. Joint programming consists of developing one single strategy for all EU donors working in a given developing country. It is designed to tackle fragmentation, thereby reducing the administrative burden and administrative costs, and also to improve coordination and increase the ownership of development efforts in the long term. Joint programming has become the EU's default approach under the 2014-2020 budget.[l]

The EU has expanded joint programming from six pilot countries to currently 40 countries, and plans to extend it to a further twelve in the coming three years.[li] While joint strategies are at various stages of preparation, the EEAS and DevCo plan to have them operational in 20 countries by the end of 2014.[lii] The wider use of joint programming represents a promising shift – away from aid driven by the EU's country strategy papers, towards aid based on a country's own development strategy.

However, joint initiatives still have to prove their worth. Governments from Bangladesh and Rwanda have stressed that alignment with their national development strategies, programming cycles and country systems has remained weak, as donors focus mainly on coordinating their efforts better among themselves.[liii] This is echoed by recent research which found that decisions on priority sectors have remained donor-driven and that multi-stakeholder consultations with governments and civil society actors have been the exception rather than the rule.[liv]

Use of country systems

In Busan, donors agreed that by 2015 aid would be channelled by default through public financial and procurement systems,

Box 3: Implementation of the IATI standard by

No plan	With plan				Reporting to IATI
	Ambitious	Moderately ambitious	Unambitious	Incomplete or without IATI standard	
Bulgaria, Croatia, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Romania	Belgium, Denmark, European Commission DGs EuropeAid and Enlargement and FPI, Netherlands, Spain, Sweden, UK.	Czech Republic, European Commission DG ECHO, Finland, France AFD, Germany, Ireland.	France MAEDI and MINEFI, Slovak Republic.	Luxembourg, Poland, Austria, Greece, Italy, Portugal, Slovenia	France, Denmark, Finland, Germany, Ireland, the Netherlands, Spain, Sweden and UK

Source: PWYF (2014) Aid Transparency Index

and they set themselves the target of making sure this was the case for 57% of all aid flows. They also set individual targets for continuing to make progress over time. This was expected to have an enormous impact on the prospects for genuine country ownership and, in the case of national procurement systems, to double the development impact of aid.[lv]

Performance in the EU has been very uneven, however, and both the global and EU monitoring reports stress the need for accelerated progress towards the Busan target. The EU channelled 50% of its aid through country systems in 2012, just above the global average, and has failed to meet its target.[lvi] Nine EU donors, mostly from newer member states, do not make use of country systems. Big disparities exist within the group of 18 member states which do use country systems. A few top performers are currently channelling over 70% of their assistance (Ireland, France, Denmark and Finland) through their partner countries' systems, while for the worst performers the figure is only about 15% (Luxembourg). In between, two member states are just reaching the target or are very close to it (the UK and the Netherlands).[lvii]

Donors are reducing the amount of money they provide through budget support. This is the aid modality that makes the most efficient use of country systems, as resources are integrated into the budgets of developing countries. Even the best EU performers (EU institutions and fourteen EU MSs)[lviii] use budget support for only up to 30% of their total aid,[lix] while European donors such as the UK and the EU have also tightened the eligibility conditions for it.[lx] Donors are cutting back on budget support despite increasing evidence of its benefits. A recent EC evaluation of seven countries[lxi] finds that this modality has fundamentally contributed to providing essential services in low-income countries, particularly in health and education. It has helped governments strengthen their capacity to manage their public finances and regulate economic activity. In addition, it has helped improve dialogue with donors. The evaluation also pointed out some areas where improvements can be made: in particular, it highlighted the need to increase the accountability of both donor and recipient governments to CSOs, the media and parliamentarians.

Untying aid

Donors have committed to untying their bilateral aid fully. Aid is tied when donors make it conditional on the purchase of goods or services from a donor country or from a restricted set of countries. This effectively excludes local companies, thereby preventing developing countries from benefiting from positive spill-over effects in the form of employment, social security contributions and an improvement in their productive capacity, among other things.[lxii] It is also commonly estimated that sourcing goods and services through local providers is less costly – that it increases the value of aid by an average of between 15% and 30%, and by up to 50% in the case of food aid.[lxiii]

As already discussed in the section on inflated aid, the EU still makes considerable use of tied aid. A comprehensive assessment of the EU's performance shows that 80% of its aid is untied (just above the global average of 79%). Progress in individual EU MSs remains mixed. A small group of nine EU MSs are leading the way by having either fully untied their aid (Ireland and the UK) or being very close to it, at over 90% (Belgium, Denmark, Finland, France, Luxembourg, the Netherlands and Sweden). By contrast, tied aid levels remain high in half of the EU MSs, which are very unlikely to meet their individual targets in a year's time.[lxiv]

Untied aid figures do not tell the whole truth. The figures made available by the OECD DAC and donor countries only look at aid that is formally tied, but a significant amount of aid which is theoretically untied still goes to companies from a handful of countries, predominantly through country procurement systems.[lxv] This is known as informally tied aid. When donors launch a tender, the terms of the call and how it is publicised can have a significant impact on the number of companies that can apply for it and what countries they come from. European donors' increasing focus on the private sector could compound this problem in the near future. There are concerns that many of the instruments used in blending mechanisms might be more suited to large companies – that they have difficulty in reaching companies in the beneficiary countries,[lxvi] and could end up being accessed predominantly by companies from developed countries.

The case for effectiveness beyond 2015

The development effectiveness agenda contains extremely valuable lessons that are relevant to the post-2015 discussion, but development partners meeting in Mexico failed to build consensus around the role of development effectiveness in the future development and financing framework.[lxvii] Criticism about the slow global progress made since Busan, and development effectiveness's too-modest contribution to post-2015, should serve as a wake-up call to development partners. There is still a small window of opportunity for strengthening the GPEDC position and making a stronger case for development effectiveness before the post-2015 agenda is adopted in September 2015. As development grows more complex in the future, so too will the need for effective development grow.

A larger number of development actors, with different interests and potentially conflicting approaches and objectives, will increase the risk of fragmentation. Crucially, the principle of coordination between development actors will help ensure that all development efforts continue to strengthen ownership and the impact of development. Donors' attempts at coordination have brought some clear benefits to developing countries, including a reduced strain on their national systems and planning capacity.[lxviii] But making progress has not been easy,[lxix] which suggests that coordinating an even more diverse set of actors will require sustained effort and stronger determination.

In this more varied and complex environment, the **ownership of development efforts by developing countries** becomes even more important as a prerequisite for **alignment.**[lxx] Ownership should be understood in its broader sense, including not only recipient governments but also parliament and civil society organisations. Embedded at the core of the future financing for development framework, this principle will help ensure that development partners have strong incentives to align their development efforts with developing countries' needs. This is also the case in the area of partnerships with the private sector, where donors' support will need to be guided by national industrial and agricultural strategies, and priority must be given to allowing developing partners choose which private sector actors to partner with.[lxxi]

Ensuring the **transparency** of development efforts will ensure that they can be properly scrutinised and subjected to robust mutual accountability mechanisms.[lxxii] This in turn will make them more transparent. Transparency is a crucial prerequisite for monitoring development impacts, and historically, by promoting evidence-based policy-making, it has enabled the development effectiveness agenda to drive real progress and change.[lxxiii]

Tying aid to donors' economic interests renders it less effective – one reason why developing country governments have long called for **aid to be fully untied.**[lxxiv] There is a risk that tied aid may increase as growing amounts of technical assistance are invested in EU blending facilities.[lxxv] As discussed at the end of the previous section, there are also significant risks that a growing focus on the private sector will lead to large increases in the amount of informally tied aid, for example by defining procurement policies or designing blending modalities that intentionally or unintentionally discriminate in favour of companies from developed countries.

Ultimately, development effectiveness principles will help donors create an effective development framework that focuses on financing and development strategies with the highest **development additionality.** Against the benchmarks of transparency, accountability and ownership, donors will be able to assess whether the proposed financing is the most efficient way to achieve development objectives.[lxxvi] Such an assessment is critically missing from, for instance, leveraging strategies which have focused almost exclusively on the quantitative aspects of raising additional development finance. A contribution from the GPEDC to help fill this qualitative gap would be greatly welcomed.

The role of the EU in promoting development effectiveness

The development effectiveness process, and the political will needed to drive progress, must be reinvigorated. In 2015, the EU will have two opportunities to contribute. First, EU leaders can be drivers of global progress if they demonstrate that, with political will, significant progress (particularly on the unfinished business from Paris and Accra) can be achieved by the December 2015 deadline, encouraging all development partners to follow in their footsteps. Secondly, in the coming year the EU will have a chance to take the lead in shaping a stronger post-2015 framework with development effectiveness at its core.

Data gathered by CONCORD AidWatch from national platforms shows that political determination to implement the Busan commitments remains low in the EU. Drawing up an action-oriented and time-bound plan – as recommended by CSOs ahead of the GPEDC's high-level meeting – would significantly help revive momentum and trigger accelerated progress. This plan should focus in particular on areas where slow progress in individual EU MSs threatens to make the EU miss its collective target in December 2015. Conducting a light-touch assessment in early 2015[lxxvii] – like the one suggested by the voluntary initiative on transparency, the IATI – would help identify further actions needed and, by marking a strong start to the year, would give governments sufficient political incentive to get back on track.

Box 4: Action 2015

The diminishing political will to implement the Busan commitments is continuing to hold up progress towards more effective development cooperation.

This year's CONCORD AidWatch survey on EU MSs shows a widening gap between EU governments' commitments (reaffirmed on many occasions, and in some cases even embedded in implementation plans) and a weaker political will to put their Busan commitments into practice in daily development cooperation operations.

Political determination has weakened particularly in EU-15 MSs, many of which used to be fervent champions of the aid effectiveness cause.

As part of this plan, EU governments and institutions should consider endorsing the measures proposed by the IATI initiative at the GPEDC, which would crucially help step up progress on transparency commitments.[lxxviii] They should:

- Accelerate efforts to implement the common standard for the electronic publication of timely, comprehensive and forward-looking information on development cooperation.
- Agree to conduct a light-touch assessment in early 2015 to identify the further action needed to meet the December 2015 deadline.
- Support action to improve data quality and usability by development partners at country level, by making progress on automatic data exchange at country level and building the capacity of data managers and users.

Alongside transparency, the shrinking role and space of CSOs in development is a pressing issue. It undermines further pro-

gress on building genuinely inclusive development partnerships, which is a priority area for the EU. CSOs are facing significant restrictions on their activities and funding, and even life-endangering situations in a growing number of countries. Global CSOs have stressed the need to address this issue urgently within the GPEDC. The EU can help reverse this trend in at least two ways: by supporting the adoption of enabling environment guidelines, based on existing international human rights agreements, and by improving the existing CSO indicator.[lxxix]

The declining quality of aid effectiveness information since the shift to country-level monitoring is another cause for concern. The EU can help strengthen the GPEDC's monitoring framework to demonstrate that it is up to the job in post-2015. First, a more ambitious and systematic tracking of EU progress by the EC built on the EU Accountability Report would significantly improve European data quality – as well as helping to maintain political momentum in the EU.[lxxx] Secondly, during the review of the GPEDC, scheduled for the end of 2015, the EU can promote the improvement of the consultations organised ahead of the global reviews, and push for the reform of several indicators. In particular, the transparency indicator needs to capture better how published aid information is made more useful to partner countries.[lxxxi] The private-sector indicator should be refined to measure how actors shape policy reforms that contribute to development.[lxxxii]

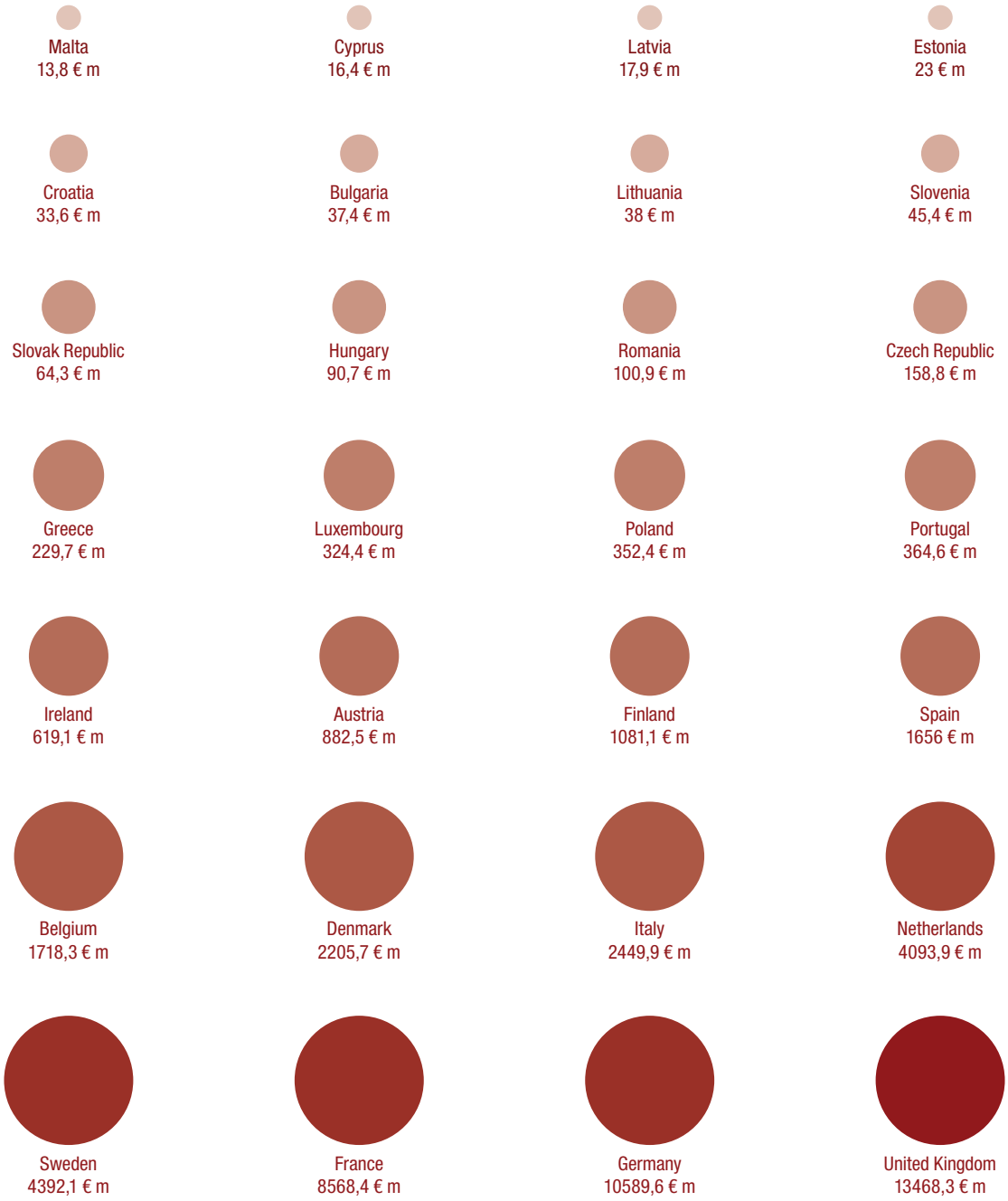
Recommendations

- The EU and its member states should fully implement and deliver on their aid effectiveness commitments. In particular, they should:
  - Start publishing aid information to the International Aid and Transparency Initiative (IATI) by the end of 2014. Those countries which are already reporting in accordance with the IATI standard should continue improving the quality of the information they make available.
  - Continue making progress on joint programming: there are adequate evaluation and feedback mechanisms to ensure that its implementation results in more effective aid by increasing the democratic ownership of development policies and donors´ alignment with them.
  - Meet existing targets for the use of country systems, and continue making progress over time. Greater emphasis should also be placed on budget support, especially in view of recent evidence of its positive impact.
  - Fully untie all aid, as agreed internationally, so as to increase aid effectiveness, and take steps to measure and decrease the amount of informally tied aid in the future.

- The EU and its member states should put development effectiveness principles at the core of the post-2015 development and financing framework by:
  - Making development effectiveness a European priority in international debates about future sustainable development goals and in the preparations for the international conference on financing for development to be held in Addis Ababa in July 2015.
  - Showing the way by improving the monitoring of development effectiveness commitments in order to increase accountability and speed up progress towards existing targets. Member states should build on the precedent set by the EU Accountability Report.

INFOGRAPHIC

How much aid do EU countries give? (In million €)



European NGO confederation
for relief and development

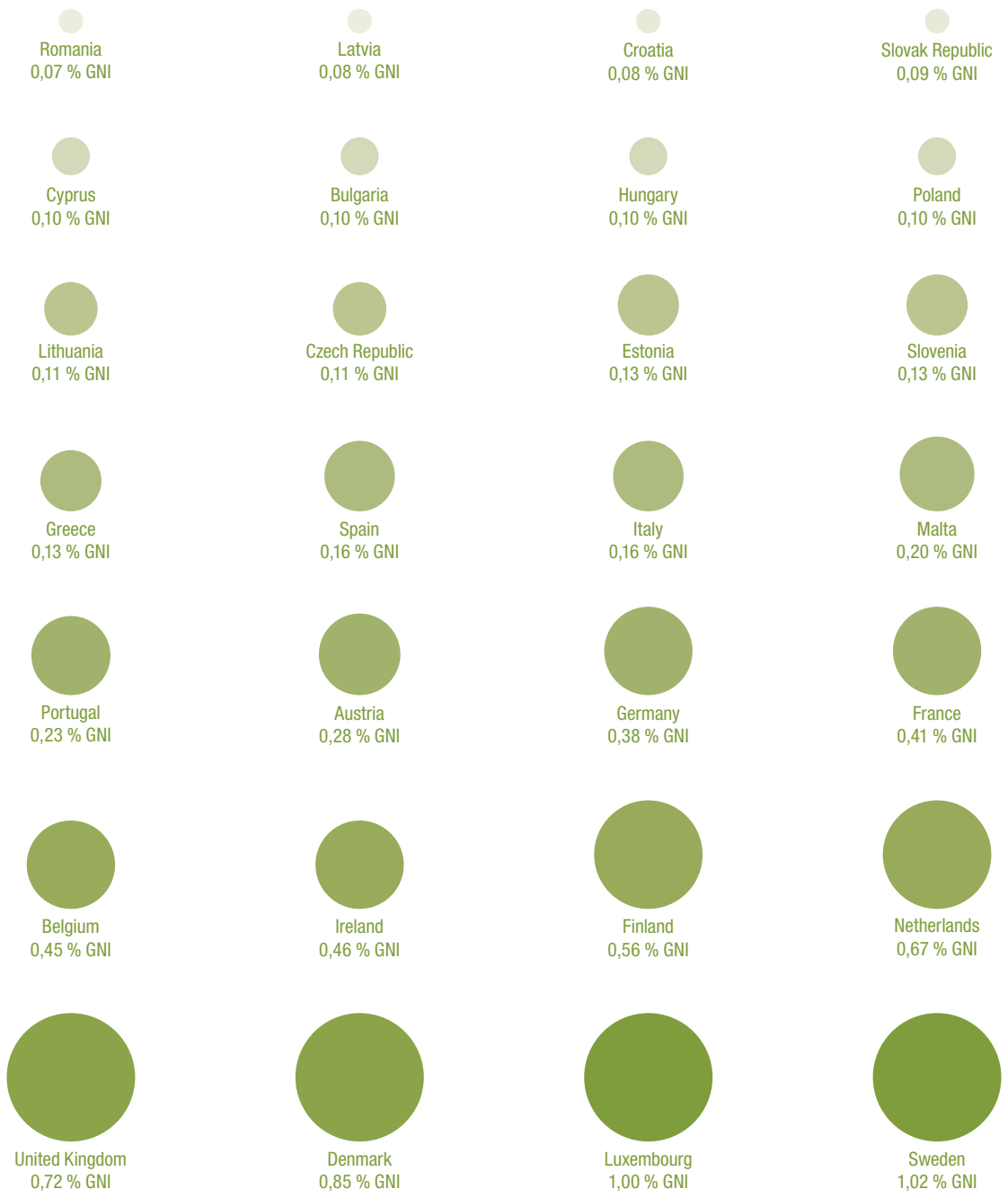
CONCORD

Confédération européenne des ONG
d'urgence et de développement

Source: OECD DAC

INFOGRAPHIC

How much aid do EU countries give? (Aid as % GNI)



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for relief and development

CONCORD

Confédération européenne des ONG
d'urgence et de développement

Source: CONCORD AidWatch 2014

SUMMARY OF RECOMMENDATIONS

Vital decisions will be made in the coming months, affecting our ability to deliver on existing and future development promises. The international community is currently negotiating both a framework to succeed the millennium development goals (MDGs) and the future financing for development framework. In addition, the OECD DAC is reviewing how official development assistance is measured and defined.

The EU has a tremendous opportunity to take the lead in shaping truly transformative deals so that it can eradicate poverty and inequality. In order to do so, however, it needs to restore its credibility and reverse its poor performance. The EU as a group is not on track to meet its commitment to providing 0.7% of its GNI in aid and ensuring that European aid is effective at reducing poverty and inequality, making rights a reality for all. Nevertheless, a few aid champions are living up to their commitments. We should learn from their example in different areas.

To build a sustainable future on solid foundations, European CSOs, represented by CONCORD, the European NGO Confederation for Relief and Development, call on the EU institutions and member states to implement the following recommendations:

On the future of the concept of aid

- Ensure that the review of the ODA definition is underpinned by these two essential principles:
  - focus on sustainable development that puts people first. This aspect should be based on existing development effectiveness principles, so that only flows that comply with these principles are reported as aid;
  - ensure that only genuine aid to developing countries is counted as ODA, and insist on evidence to support the development additionality of any permitted in donor costs.
- At the very least, the future definition should exclude the expenses identified in the AidWatch methodology as inflated aid: student costs, refugee costs, debt relief, interest on loans and tied aid.
- Only the net grant equivalent of concessional loans, measured in relation to the borrowing costs of donors, should be reported as ODA.
- Avoid broadening the ODA definition by including additional expenses that do not follow the basic principles stated above. In particular: avoid the securitisation of aid, certain forms of support to the private sector which do not promote development, climate finance and tax rebates.

On aid quantity

- Set themselves ambitious aid targets, at least at the level of the current ones, to allocate 0.7% of GNI to ODA and 0.15-0.20% ODA/GNI to least developed countries (LDCs).
- For those countries that have not yet reached their aid targets: by December 2015, adopt binding roadmaps and concrete timetables for doing so.
- Agree on a joint EU definition of "new and additional climate finance" so that aid and climate commitments can be measured accurately and independently.
- Stop inflating aid, and exclude inflated aid items from ODA reporting: refugee costs, imputed student costs, tied aid, interest on loans and debt relief.
- Ensure donor support to the private sector complies with development effectiveness principles and international standards, including by performing the necessary due diligence, so that its impact on development is positive and sustainable.

On development effectiveness

- The EU and its member states should fully implement and deliver on their aid effectiveness commitments. In particular, they should:
  - Start publishing aid information to the International Aid and Transparency Initiative (IATI) by the end of 2014. Those countries which are already reporting in accordance with the IATI standard should continue improving the quality of the information they make available.
  - Continue making progress on joint programming: there are adequate evaluation and feedback mechanisms to ensure that its implementation results in more effective aid by increasing the democratic ownership of development policies and donors´ alignment with them.
  - Meet existing targets for the use of country systems, and continue making progress over time. Greater emphasis should also be placed on budget support, especially in view of recent evidence of its positive impact.
  - Fully untie all aid, as agreed internationally, so as to increase aid effectiveness, and take steps to measure and decrease the amount of informally tied aid in the future
- The EU and its member states should put development effectiveness principles at the core of the post-2015 development and financing framework by:
  - Making development effectiveness a European priority in international debates about future sustainable development goals and in the preparations for preparation of the international conference on financing for development to be held in Addis Ababa in July 2015.
  - Showing the way by improving the monitoring of development effectiveness commitments in order to increase accountability and speed up progress towards existing targets. Member states should build on the precedent set by the EU Accountability Report.

PART TWO – COUNTRY PAGES

EU INSTITUTIONS

"Member States have committed to meeting this (0.7%) target by 2015, which unfortunately remains unattainable. While recognising the economic problems of Europe in the last years, I would urge Member States to honour this commitment within the new framework."
Neven Mimica, Development Commissioner, Opening Statement at the EP hearing of 29 September 2014

Main changes in 2013

In 2013, total EU aid stood at €56.5 billion, or 0.43% of gross national income. Of this, €12 billion went to the aid budget of the EU institutions, with €2.9 billion of that amount coming from the institutions' own resources, while the rest was charged to the EU's member states.

The main challenge of 2013 was the finalisation of the negotiations on the Multi-annual Financial Framework (MFF) 2014-2020. The current MFF sets the total spending envelope for the EU's external action/development cooperation at €51.4 billion per year. New set of guiding principles for the external/development cooperation instruments were adopted in line with the Agenda for Change, such as a differentiated approach, different forms of cooperation (including with the private sector), the concentration of spending to avoid aid fragmentation and sectoral dispersion, more flexibility, simplified rules and procedures for programming, and a greater focus on human rights and good governance. As a result of the differentiated approach, 16 upper-middle-income countries – representing more than 1% of global GDP – are now ineligible for bilateral aid under the Development Cooperation Instrument. These countries will, however, still be eligible for some alternative assistance from the EU, including blended finance through the EIB, as well as trade, investment and policy dialogues to tackle global challenges such as climate change under the new Partnership instrument.

The EU is the only region in the world to have taken on a binding obligation to be accountable for how its policies affect the world's poorest. The fourth EU PCD report was published – this takes stock of progress made and provides information on the efforts made by the EU and its member states to promote PCD both in policy and in practice. However, as pointed out in CONCORD's Spotlight report on PCD, the EU lacks an appropriate system for assessing its impact on the lives of people in developing countries. There is also a clear lack of dialogue on policy impacts, including with CSOs in developing countries, and there are no redress mechanisms for forcing changes in policies proven to be incoherent.

Trends and projections for 2014 and beyond 2015

Elections in May 2014 saw a new European Parliament (EP) elected to serve the next five-year term. Europe voted for a more fragmented EP, with all of the three main groups (EPP Conservatives, S&D Social Democrats and ALDE Liberals) maintaining their dominance and facing the challenge of the substantial rise of extreme-right parties in nine countries. The EP elections triggered changes in the EU institutions, with the party that won the most votes (EPP) having its candidate appointed as EC President (Mr Junker). There has been a change in the structure of the EC. Seven vice-presidents were appointed – they will coordinate several other commissioners, de facto creating a two-tier decision-making system. The EU's external actions team will be chaired by the High Representative of the Union for Foreign Affairs and Security Policy (Ms Mogherini) and overseeing seven portfolios: neighbourhood and enlargement negotiations; trade; development; humanitarian aid; climate action and energy; transport; and migration. At the international level, the negotiations around the post-2015 development framework, financing for development and climate change will shape the work of the EU's external and development institutions up to and beyond 2015. The negotiations in Addis Ababa will (or will not) lay the groundwork for a successful and ambitious agreement on a new sustainable development framework. Supporting strong, ambitious targets and agreements on financial and non-financial means of implementation – in particular a recommitment to an ambitious aid target (at least 0.7% of GNI) and the "new and additional" clause on climate finance – are crucial underpinnings for a post-2015 framework, and would demonstrate EU credibility on the global development stage. Alongside these key international processes, the EU institutions will focus on assessing their work, in several areas. The revision of the EC's guidelines on impact-assessment tools, due by December 2014, is an opportunity to include a more explicit PCD criterion, while feedback from partner countries should feed more systematically into reporting on PCD by EU delegations. The first reporting on the EU Development and Cooperation Results framework, scheduled for 2015, is another opportunity to showcase positive development results in line with the Busan development effectiveness principles.

Recommendations

EU institutions should:

- Ensure that annual budgets set payment appropriations at a level adequate to cover unpaid and new commitments, and that the 2016 mid-term review protects the minimal MFF development budget;
- Continue monitoring and supporting EU member states' implementation of the Busan principles, including by making such monitoring and support mechanisms transparent and accountable;
- Improve the institutional mechanisms to prevent PCD incoherencies, detect them early and redress them;
- Ensure that development does not become "second best" to foreign policy and trade interests as a result of the EU's efforts at coordinating its external policies.
- Continue to recognise the unique role of aid, and prioritise pushing member states to meet their commitments and improve the quality of aid over other forms of financing for development.

AUSTRIA

0.22% Genuine aid/GNI

0.28% ODA/GNI

"Steps to be taken: [...] Development of a legally binding budgetary plan to increase funding for development cooperation gradually until the 0.7% goal is reached."
Government Accord of December 2013

Will Austria meet the 2015 aid target?
NO

Main changes in 2013

In 2013, Austria's aid stagnated at 0.28% of GNI. After the September elections a government accord was signed in December 2013. It lays down a legally binding timetable (Stufenplan) for reaching the 0.7% target (see quote above) and an increase in the foreign disaster relief fund from €5 million to €20 million. So far, however, no further steps have been taken to implement these decisions. The accord also calls for a development strategy to be designed for the whole government. Country programmable aid remains exceptionally low in Austria (7.1% of aid), while the budget of the Austrian Development Agency (ADA) accounts for only 8% of aid.

A new three-year programme set the strategic priorities for 2013-15. Since 2013, Nicaragua has been phased out as a priority country for Austrian development cooperation, and Central America is no longer a key region. Instead the focus has shifted to the Black Sea region (Armenia, Georgia) and the Western Balkans – reflecting Austria's economic interests there. Together with a tendency to use financial instruments to leverage private-sector money, in order to cope with a reduced public aid budget, and a new thematic focus on private-sector development, this has led to decreasing support both for the social sectors and for projects focusing on gender equality.

Trends and projections for 2014 and beyond 2015

Although the 0.7% target is reconfirmed in the new government accord, there seems to be no political will to fulfil this commitment. In 2014 Austrian aid will remain far below the EU average – according to the official forecast, it will be even lower than in 2013. Aid may increase in 2015 and 2016, but only if the Paris Club decides to grant major debt relief to Sudan.

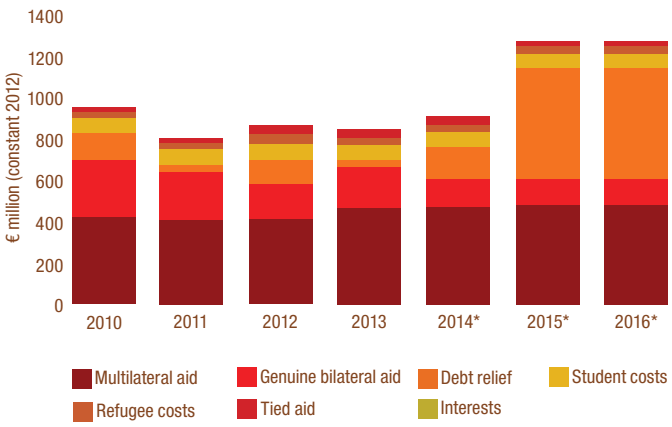
Country programmable aid will decrease further. Although the cuts planned for the ADA's 2014 budget were revoked at the end of January 2014, drastic cuts are scheduled for 2015, leaving the ADA's programmable budget at an all-time low of €53 million. Budgetary decisions seem to be made on an ad hoc basis, and to be driven by domestic interests rather than strategic considerations aimed at implementing Austrian development policy. As a result, long- and medium-term (financial) planning is becoming more and more difficult.

Recommendations

The Austrian government should:

- Focus on poverty reduction and allocate adequate funding in line with international, European and Austrian targets and strategies;
- Implement the government accord by raising aid to 0.7%;
- Implement the government accord by increasing the Austrian foreign disaster relief fund to €20 million;
- Increase programmable aid disbursements: revoke the recent cuts to the ADA budget and, instead, increase it to €150 million by 2018;
- Increase the predictability of aid by designing a joint development strategy for the whole government, together with a binding timetable.

Austrian aid, genuine and inflated (in € million at constant prices, 2012)



BELGIUM

0.40% Genuine aid/GNI

0.45% ODA/GNI

"For a donor with Belgium's DNA, the main focus should be on the poorest and most fragile countries in Africa. That's where our added value is."
Peter Moors, Director-General for Development Cooperation at Belgium's Ministry of Foreign Affairs, Foreign Trade and Development Cooperation

Will Belgium meet the 2015 aid target?
NO

Main changes in 2013

In 2013 Belgium introduced a new development cooperation law, which acknowledges the 0.7% target and lays down a legal basis for policy coherence for development (PCD). A series of PCD instruments have since been created: an impact analysis tool for new regulations, an advisory council, an interdepartmental commission, and an intergovernmental conference.

The Belgian investment bank for developing countries (BIO) has been reformed following criticism from civil society. Better integration with others involved in Belgian development cooperation, and a ban on the use of tax havens, are the most important elements in the reform. One important issue that has not been dealt with is the financial return objective, which continues to guide BIO's activities and is hard to reconcile with development objectives.

A new management contract between the Belgian development agency (BTC) and the Department of Development Cooperation (DGD) in the Belgian Ministry of Foreign Affairs (MFA) has laid down a clear division of tasks between the two institutions, and has introduced some minor reforms.

New strategic notes on fragile states, the private sector and middle-income countries have been drafted by the DGD. There seems to be a gap between theory and practice, however, as the recommendations in these notes are apparently not being followed.

Austerity measures have continued to affect Belgium's development cooperation, with €280 million in budget cuts over the whole year.

Trends and projections for 2014 and beyond 2015

The initial budget for 2014 planned an increase after the severely reduced budgets in 2012 and 2013. As in these previous years, however, austerity measures imposed on all government spending may well reduce the amount effectively spent on aid in 2014. So no realistic projections can be made. PCD instruments have been created, but the proof of the pudding is in the eating… Whether Belgian policies are more in line with development objectives than before will become apparent over the next few years. An impact analysis tool for new regulations, however, and a new consultative council on PCD, including representatives from CSO and academics, will be launched by the end of 2014.

There is a risk that development cooperation will be more thoroughly incorporated into foreign policy.

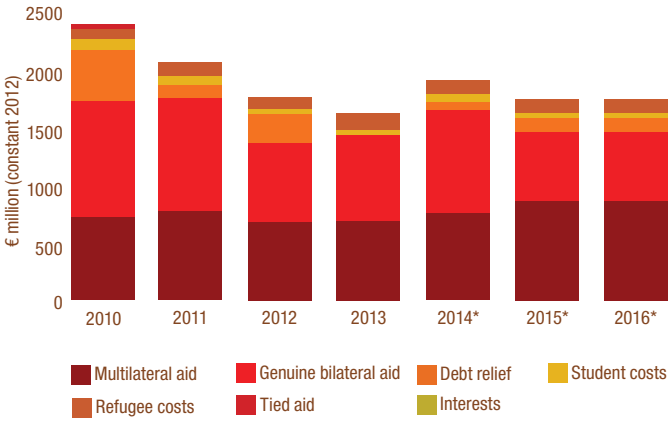
Since Busan, there has been no clear plan for adopting or implementing the development effectiveness principles. The Belgian effectiveness strategy was drawn up in 2007 (alignment and harmonisation plan), but it has not been changed since. There has been no evaluation to see how this strategy could be improved or changed.

Recommendations:

The Belgian government should:

- Step up its efforts to reach the 0.7% target;
- Continue to use PCD instruments;
- Prepare interventions better, especially in the context of fragile states and middle-income countries, so that they take full account of the recommendations in the strategic notes;
- Update the Belgian effectiveness strategy so that it is based on the outcomes of the First High-Level Meeting of the Global Partnership for Effective Development Cooperation in Mexico and, in particular, to make progress on ownership and alignment.

Belgian aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: CONCORD Belgium

BULGARIA

0.10% Genuine aid/GNI

0.10% ODA/GNI

"The envisaged in the Mid-term program goals and areas refer to the specific experience and capacity of the country created in the transition period"
Bulgarian Mid-term Program for Development and Humanitarian Aid adopted in 2013

Will Bulgaria meet the 2015 aid target?
NO

Main changes in 2013

In 2013 Bulgaria increased its aid both in absolute figures and also as a percentage: it is now 0.10% of GNI. Aid is provided mainly through multilateral channels, and only 0.7% of it is channelled bilaterally. Even though development assistance is a long way from reaching the target of 0.33% by 2015, there has been progress. One of the crucial changes is the adoption of the document entitled "Bulgaria's mid-term programme for international development cooperation and humanitarian aid (2013-2015)". This sets out Bulgaria's goals and objectives for development cooperation, the mechanisms for providing aid, and the priority geographical regions and thematic areas.

Some political changes in Bulgaria led to early elections in May 2013. These changes have not affected the partnership between CSOs and the MFA, however, which indicates that development cooperation is not politicised. The CSOs have been largely included in the various working groups and in the public council set up by the MFA. Owing to administrative and financial constraints, however, none of the CSOs has received financial support from the government for implementing the development assistance projects. These constraints are, moreover, seriously impeding the increasing of bilateral aid.

Trends and projections for 2014 and beyond 2015

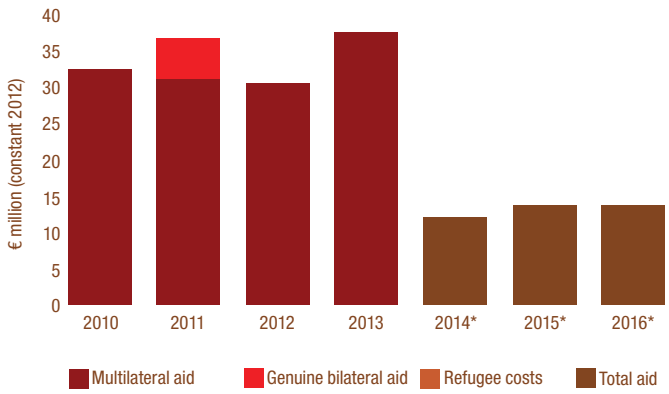
A key trend in Bulgarian development assistance relates to the increased proportion of bilateral aid. Through the embassies, as part of the process of drawing up the mid-term programme, in 2012 the MFA conducted a series of meetings with state representatives in priority countries, civil society representatives and international organisations, in order to adjust Bulgarian aid to meet their needs. In 2013 the Bulgarian Platform for International Development (BPID) contributed to the process by identifying additional key areas for intervention. Despite these efforts, legislative challenges are hampering bilateral development aid. These challenges result from a number of administrative rules that affect the effectiveness and efficiency of aid. As a result the MFA (which is in charge of formulating and implementing aid policy) is unable to carry out effective development assistance actions in the priority regions. This situation has an impact on CSOs and the private sector too, and excludes them as real implementing partners.

Recommendations:

The Bulgarian government should:

- Adopt a specific law on international development that will regulate the responsibilities of all national stakeholders involved in development cooperation assistance. This act of primary legislation would relate to and reinforce existing secondary legislation documents such as "Bulgaria's mid-term programme for international development cooperation and humanitarian aid (2013-2015)";
- Strengthen the capacity of the departments responsible for aid issues by appointing additional, permanent, expert staff. The people currently in charge are from the diplomatic corps, and very often leave their positions, while new staff currently need to be introduced to the subject and the process from the very beginning;
- Develop a clear mechanism for supporting CSOs, based on the current legislative framework.

Bulgarian aid, genuine and inflated (in € million at constant prices, 2012)



CROATIA

0.08% ODA/GNI

"When you have experience of being first an aid recipient, and now a donor, there is a lower risk of a lack of understanding of recipients, which is the key to success with development projects."
Vesna Pusić, Deputy Prime Minister and Minister for Foreign and European Affairs

Will Croatia meet the 2015 aid target?
NO

Main changes in 2013

The Ministry of Foreign and European Affairs (MFEA) sent out a call for proposals for setting up a national platform of NGOs dealing with or interested in dealing with development aid issues. The call was closed in 2013, and funds were made available to start the process of setting up a national platform. The MFEA tried to establish coherent procedures for how aid is spent. However, there is still a considerable lack of detail in this regard. The Minister for Foreign and European Affairs, who is in charge of development cooperation, has stated that it is an important area for Croatia, and that there is a need to share Croatian transitional experiences with recipient countries. However, it does not seem likely that this will mean increased funds for aid.

Trends and projections for 2014 and beyond 2015

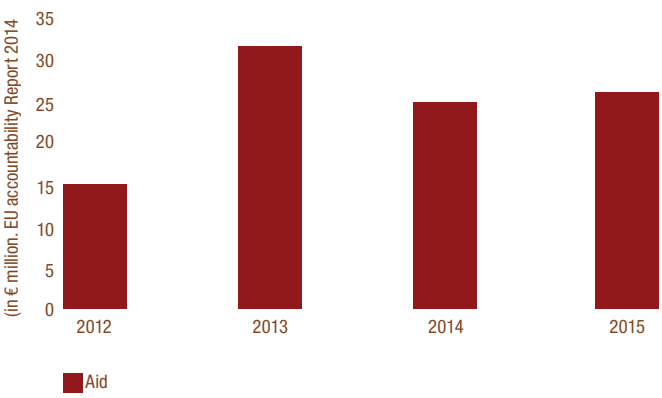
There is no sign of a significant increase from the current 0.08% to 0.33% of GNI by 2015, or beyond. The Croatian Platform for International Citizen Solidarity (CROSOL) expects the MFEA to hold constructive, inclusive workshops in the second half of 2014 to develop a new development aid strategy from 2015 onwards – one that will include measures to ensure a better understanding of the finer details of development aid and aid effectiveness, and that will help develop more detailed reporting procedures on aid expenditure, to ensure greater transparency.

Recommendations

The Croatian government should:

- Make development spending data available for the previous year by the middle of the current year, so that CROSOL can produce a full AidWatch report;
- There is still a comparatively high level of development aid going to Bosnia and Herzegovina: in 2013 it was the largest recipient, with €11,453,000, while the second largest was Afghanistan, with €1,378,000. The Croatian government should dissipate remaining doubts over the destination of the funding;
- Increase transparency about whether all the funds spent in Afghanistan went to development projects or whether some went to the military presence there; and if the latter, what exactly the military component of the spending was for;
- Make stronger efforts to increase aid and to honour its commitments;
- Support the Busan commitments for effective development cooperation.

Croatian aid levels
(in € million, EU Accountability Report 2014)



Authors of the country page: Youth Initiative for Human Rights, mandated by CROSOL, the national platform

CYPRUS

0.09% Genuine aid/GNI

0.10% ODA/GNI

"As a small island state, facing particular challenges, we well understand why the coherence of all processes leading to a single and universal post-2015 development agenda is crucial. New and emerging asymmetric challenges like climate change and natural disasters, terrorism, inequality, and the necessity for the prevalence of the rule of law, democracy and human rights, require renewed and collective commitment and an effective target-oriented post-2015 framework with poverty eradication and sustainable development at its heart."
Nicos Anastasiades, President of the Republic of Cyprus, at the 68th Session of the UN General Assembly

Will Cyprus meet the 2015 aid target?
NO

Main changes in 2013

From 2005 to December 2013 Cyprus's aid mechanism consisted of a coordinating body headed by the Ministry of Foreign Affairs (MFA) and with the Minister for Finance and the Permanent Secretary of the Planning Bureau as members. The Planning Bureau has now been renamed the Directorate-General for the Coordination and Development of European Programmes, and the responsibility for CyprusAid has been transferred to the MFA. From 2012 to 2013 there was a sharp decrease in aid figures in absolute numbers. Based on current trends and financial restrictions, there are indications that it will be difficult for Cyprus to meet the aid targets set by the European Union.

Trends and projections for 2014 and beyond 2015

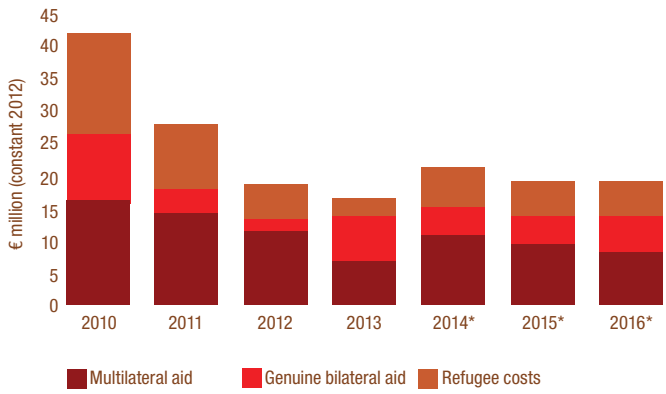
According to official estimations the Cypriot economy will start recovering in 2015, so the country will then be likely to draw closer to meeting its aid target. CYINDEP, the island-wide NGDO platform, is hoping to influence future aid programming in terms of quality and priorities. CYINDEP is drawing up a new capacity-building plan whereby members will keep lobbying and advocating on the importance of aid, especially in the context of European Year for Development (EYD2015), and they will be doing advocacy work with CyprusAid and other important stakeholders, informal groups and CSOs.

Recommendations

The government of Cyprus should:

- Work closely with CSOs and NGDOs in order to raise awareness about the importance of aid and to support local initiatives working on the MDGs and development issues;
- Develop a transparent, relevant, aid strategy, aligned with the post-2015 framework and internationally agreed priorities, and refrain from inflating aid;
- Actively engage the platform in the process of developing a new aid strategy for after 2015;
- Sign up to IATI to improve transparency.

Cypriot aid, genuine and inflated (in € million at constant prices, 2012)



CZECH REPUBLIC

0.11% Genuine aid/GNI

0.11% ODA/GNI

"In view of the alarming living conditions of many individuals around the world we have to focus on both the urgent needs of individuals and on the structural inadequacies and failures that are preventing the enjoyment of human rights. To my mind, to be adequate, our badly needed reaction must consist in a well-balanced combination of humanitarian, development and transition assistance. These forms of international cooperation and solidarity are complementary to each other, and only through them can the effectiveness and sustainability of progress towards the achievement of human rights for all be assured."
Lubomír Zaorálek, Minister for Foreign Affairs of the Czech Republic – UN Human Rights Council, 25th Session, High-Level Segment (3-28 March 2014)

Will the Czech Republic meet the 2015 aid target?
NO

Main changes in 2013

The Czech Republic became a full member of OECD DAC in May 2013, the first EU13 country to do so. Despite the resumption of economic growth, total overseas aid/GNI ratio fell back to 0.11% – the lowest percentage since 2007. Multilateral aid amounted to 73% of total aid, and consisted mainly of mandatory contributions (i.e. European Development Fund EDF). The Ministry of Foreign Affairs (MFA) adopted its Multilateral Development Cooperation Strategy 2013-2017 and prepared a strategy for supporting involvement in the EDF by Czech subjects. Compared to 2012 there was 10% fall in the share of bilateral aid to LDCs, mainly because of the withdrawal of the Czech Provincial Reconstruction Team from Logar, Afghanistan. The mid-term review of the 2010-2017 Development Cooperation Strategy started in 2013 as a participatory and multi-stakeholder discussion, which includes CSOs. Development cooperation remained under the responsibility of the MFA's economic section, and the commercial link-ups between aid and Czech business interests were further accentuated. The new programme of the development/economic partnership ("B2B") piloted in 2013 was extended to 10 priority countries, with a €0.39 million budget for 2014.

Trends and projections for 2014 and beyond 2015

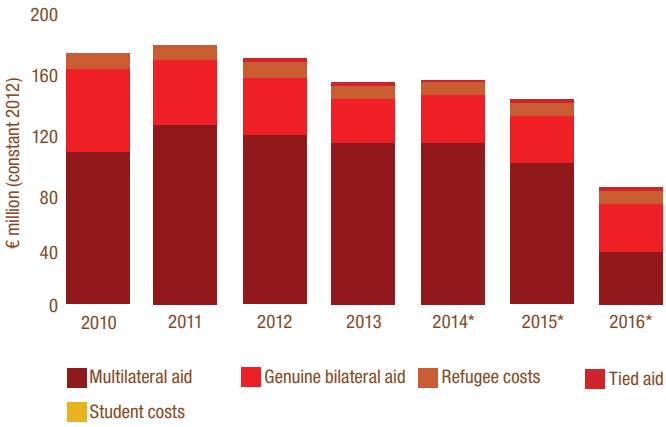
Although its recent strategy documents have acknowledged development effectiveness, the Czech Republic has never had a clear implementation plan with binding targets, indicators or time schedules. This has not changed much since Busan – nevertheless, new themes have emerged, such as the private sector's role in development. New development diplomats in the priority countries should help to improve the design and monitoring of development projects. Currently, there are development diplomats in Cambodia, Georgia, Moldova and the Palestinian Autonomous Territories. In the near future, a development diplomat is also due to join the Czech embassy in Ethiopia. More intense Czech involvement in EU joint programming is also desirable. In 2014 a meta-evaluation will be held under MFA auspices, in order to raise evaluation standards. As a result of past evaluations, the Czech Development Agency (CzDA) plans to focus more on the sustainability of project outcomes. The Czech Republic still has no clear political commitment to PCD, and there is no official strategy for implementing PCD in policy-making.

Recommendations

The Czech government should:

- Keep the elimination of poverty and inequality, in all their complexity, at the core of Czech development cooperation;
- Mobilise general political support for development cooperation and related commitments, including increasing the Czech budget for bilateral aid;
- Reflect core development effectiveness and cross-cutting development cooperation principles in the post-2015 development framework debate, including both the positive and the challenging aspects of the private sector's role in development and aid reform;
- Introduce a concrete implementation plan for fulfilling development effectiveness commitments within Global Partnership for Effective Development Cooperation (GPEDC), including by taking the final steps needed to access IATI in 2015;
- At the implementation level, increase the in-depth understanding of the needs of partner countries and target groups in order to improve the programming and sustainability of Czech development cooperation projects.

Czech aid, genuine and inflated
(in € million at constant prices, 2012)



Authors of the country page: FoRS – Czech Forum for Development Cooperation

DENMARK

0.80% Genuine aid/GNI

0.85% ODA/GNI

"International development cooperation provides good opportunities for Danish companies. Global poverty has been reduced and there is now solid growth in many developing countries. This creates new markets and opportunities for Denmark, which we have to better at utilising by thinking about development, trade and investment together. This will benefit both the poor countries and us."
Christian Friis Bach, then Minister for Development Cooperation, October 2013

Will Denmark meet the 2015 aid target?
YES

Main changes in 2013

Denmark, which now delivers 0.85% of GNI in aid, has increased its development aid spending since 2012.

In late 2013 the spending and administration of Danish development aid reluctantly found itself at the centre of national and international media attention, as Danish support for the Global Green Growth Institute in South Korea was sharply challenged by the media, CSOs and politicians alike. The case sparked not only a public debate about the use and administration of development funds, but also a more professional discussion about what initiatives Danish aid should and should not support.

Both the case and media attention reached their climax when the Minister for Development Cooperation, Christian Friis Bach, decided to step down as a result of his role on the board of GGGI. A subsequent opinion poll has shown a significant decrease in public trust in the administration of aid funds.

Politically, 2013 was the year in which the new development cooperation strategy, launched in 2012, was rolled out. In this context Denmark developed and launched a strategy for playing an active part in the European Union's development cooperation, and in line with that commitment it worked on its 2014 action plan for achieving policy coherence for development.

One of the most disturbing developments in Danish aid spending is the continued inclusion of increasing costs for receiving and housing refugees, which in 2013 exceeded DKK 900 million.

Trends and projections for 2014 and beyond 2015

The Danish government has declared its ambition to achieve 1% of GNI as aid, but has announced no official timetable for doing so. Even with 2013's increase in aid, Denmark is still a long way from the 1% goal. Closing the gap will require greater political and financial commitment, while ensuring that increases are not further inflating aid.

The Danish government is showing growing interest in the involvement of the (Danish) private sector in development cooperation. This has recently been highlighted by the appointment of Mogens Jensen as minister for both development cooperation and trade. Aid modalities have been adjusted to allow Danish companies to access finance in order to operate in countries such as Nigeria and India. Danida (Danish Development Agency) has also commissioned a study of how the knock-on effect of Danish aid spending benefits Denmark in terms of jobs created.

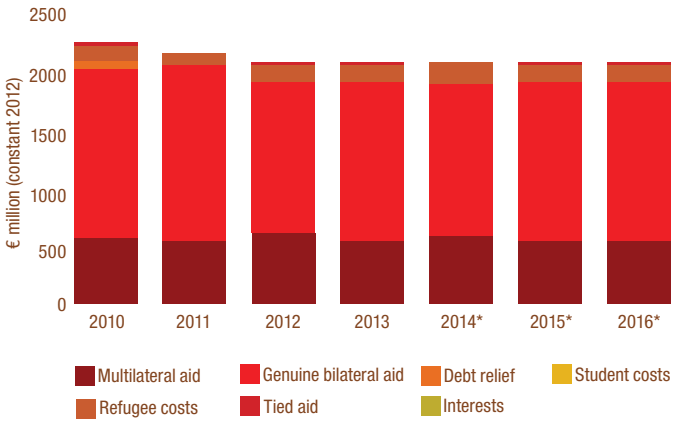
While these developments hold interesting potential in terms of both the operational impact of aid spending and broader support for it, there is also reason to be cautious about how new and existing aid modalities are designed and implemented. In particular, there is a risk of a shift of objectives from the statutory focus on poverty reduction to an approach driven more by Danish commercial and economic interests.

Recommendations

The Danish government should:

- Draw up a clear, binding timetable for making the necessary financial commitments for meeting the 1% target, and put pressure on all EU member states to set binding timetables for reaching their own individual and collective targets;
- Ensure the additionality of climate finance;
- Ensure that the overarching principles of development aid are poverty reduction and a human rights-based approach – including when aid is utilised in cooperation with the Danish private sector;
- Stop counting refugee costs as aid;
- Advance the implementation of a human rights-based approach in Danish development aid.

Danish aid, genuine and inflated (in € million at constant prices, 2012)



ESTONIA

0.13% Genuine aid/GNI

0.13% ODA/GNI

"We have adopted the goal of raising the volume of official development assistance to 0.17 % of GDP in the next few years. In this way we can also support the functioning of the economic and business environment in our respective countries."
Urmas Paet, Minister for Foreign Affairs, 27 February 2014

Will Estonia meet the 2015 aid target?
NO

Main changes in 2013

Estonia changed its development policy to focus more attentively on long-term projects in the thematic sectors identified in the national development cooperation plan and in its bilateral agreements with partner countries. This change was welcomed by the stakeholders implementing the projects, as it makes aid more predictable and allows for longer-term and more meaningful intervention.

After years of pressure from civil society, the Ministry of Foreign Affairs (MFA) also took some steps to start creating a system for evaluating the effectiveness and impact of the programmes it funds. A small selection of projects was audited by the MFA, and the information gathered was used in planning future calls for proposals. However, developing a fully functional and cost-effective system for qualitatively evaluating the impacts and effects of Estonian aid still remains a challenge.

Trends and projections for 2014 and beyond 2015

On the positive side, Estonia is making continuous progress on improving the transparency of its aid allocations. The public online database on development assistance, for instance, was updated to CRS++ compatibility in 2014. On the other hand, the change of government in March took a toll on future aid spending. During the economic crisis, Estonia was quite a positive example of a member state that increased its aid spending in absolute terms. Unfortunately, we now see worrying signs of stagnation, as the government decided in April that aid funding will be frozen at 0.14% of GNI until 2018. This decision is the outcome of fierce budgetary debate since the change of government. The new government is focusing more attention on domestic social issues – a decision that is definitely also affected by the upcoming parliamentary elections. Estonian stakeholders working in partner countries are seriously concerned about the potentially negative effects of this stagnation.

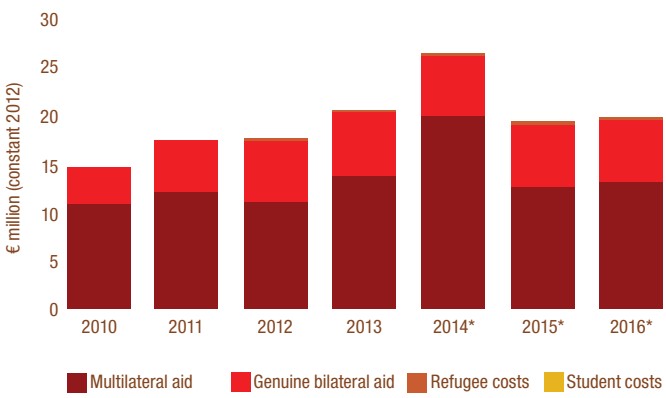
The coming year, in which the new national strategy plan for development cooperation and humanitarian aid will be drafted, will be crucial for the future of Estonian aid policy. Civil society, the parliament and other stakeholders have expressed strong interest and a willingness to engage in an open, constructive debate about the priority sectors and countries where Estonian aid could add the most value. The national plan will undoubtedly be influenced also by the post-2015 framework agreed upon in the UN.

Recommendations

The Estonian government should:

- Refocus on achieving the previously stated aid spending target of 0.17% of GNI by 2015;
- Introduce and implement methods for monitoring and qualitatively evaluating the effectiveness of its aid;
- Conduct the negotiations on the future of Estonian development cooperation in a truly open and inclusive manner, to guarantee opportunities for participation by all interested stakeholders.

Estonian aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Estonian Roundtable for Development Cooperation (AKÜ)

FINLAND

0.54% Genuine aid/GNI

0.56% ODA/GNI

"The [aid] cuts are big, but other sectors too have faced significant cuts."
Pekka Haavisto, Minister for Development, after the budget framework negotiations in 2014

Will Finland meet the 2015 aid target?
No

Main changes in 2013

In 2013 Finnish aid was €1,081 million, which corresponded to 0.56% of GNI (in 2012 it was 0.53% of GNI). In euros, the increase from 2012 was €54 million.

In 2013, among its austerity measures the government decided to cut its 2015-2017 aid budget (2015: minus 59 million (includes the cut of €30 million decided on in 2012); 2016: minus €30.5 million; 2017: minus €32 million). In 2013 Finland also decided to direct all income from the European emissions trading scheme to aid. The income from this source, in 2013, was €54.8 million.

Finland counts climate finance as part of aid, rather than new and additional. In practice, this reduces the amount of aid for other, non-climate-related development cooperation.

The general public in Finland regards development cooperation as important (80% in 2013 and 82% in 2014, according to the annual surveys by the Ministry of Foreign Affairs).

Trends and projections for 2014 and beyond 2015

Finland will not reach the 0.7% target in 2015. In addition to the cuts made in 2013, the government decided on new ones during the budget framework negotiations in 2014: €50-100 million to be cut annually in 2015-2018. As a result, the aid share of GNI will be roughly 0.48 % in 2015. The projection for 2014 is 0.55%/GNI. Although the current government has promised to channel the income from emissions trading to aid, this will not be sufficient to bridge the huge financing gap between the current aid level and the 0.7% target.

After the 2014 decision to cut aid, the government announced that 0.7% is a long-term goal for Finland. It has not published any plan or timetable for meeting this goal. In the spring of 2015 Finland will have a new parliament and government, which may bring changes to the current development policy, the aid budget and the decision to channel the income from emissions trading to aid.

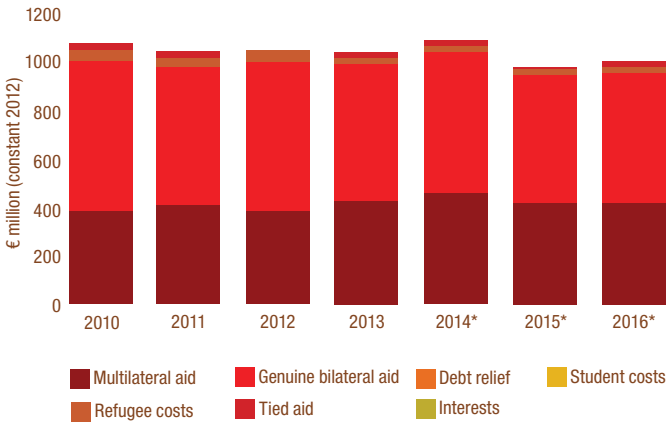
There are growing expectations of the role of the private sector in development cooperation, and Finland is planning a new private-sector funding instrument. It will be important to make sure that the principles of corporate accountability and development effectiveness are on the agenda when the role of the private sector in development is being discussed.

Recommendations

The Finnish government should:

- Publish a concrete plan and credible timetable for meeting the 0.7% target and climate finance commitments;
- Ensure that climate finance is new and additional, and not count it as part of the 0.7 % commitment;
- Continue to channel the income from the emissions trading scheme to development and climate finance, and introduce new, innovative, public financing sources for sustainable development, such as FTT, carbon taxes and the reallocation of fossil fuel subsidies;
- Ensure that aid to the private sector is transparent and aligned with both the development effectiveness principles and high standards of corporate accountability.

Finnish aid, genuine and inflated (in € million at constant prices, 2012)



FRANCE

0.32% Genuine aid/GNI

0.41% ODA/GNI

"At the moment, we cannot reach the target of 0.7% of GNI to aid (...). I am convinced that we can do better with less money."
Annick Girardin, State Secretary for Development and the French-speaking World, 4 July 2014 in La Croix

Will France meet the 2015 aid target?
NO

Main changes in 2013

In 2014, France has made progress by adopting a law giving guidance and programming for the country's international development and solidarity policy. Implementing the law, however, is challenging. Funds allocated to aid have continued to follow a downward trend since 2010, and fell sharply in 2013 – by 9.8%. This decline contradicts the official government rhetoric suggesting that aid amounts have stabilised. The decrease was accompanied by a significant reduction in budget lines which represent necessary support for the most vulnerable populations.

The stated prioritisation of social sectors in poor countries is not reflected in the French budget effort. The significant increase of loans to emerging countries with meagre concessions has resulted in a diminution of grants funded by bilateral aid. The French Development Agency seeks to minimise the cost of state commitments, and focuses on lending to creditworthy countries. The poorest countries find themselves excluded from this funding.

Trends and projections for 2014 and beyond 2015

In 2014, France has developed its international development and solidarity policy by adopting a law that gives guidance and programming. We welcome this law. But in crisis situations such as those in Central Africa, Mali and Syria, or when it comes to millions of people coping with the effects of climate change, humanitarian aid and development aid are crucial.

Members of Coordination SUD are deeply worried that there may be further cuts in the budget for 2015.

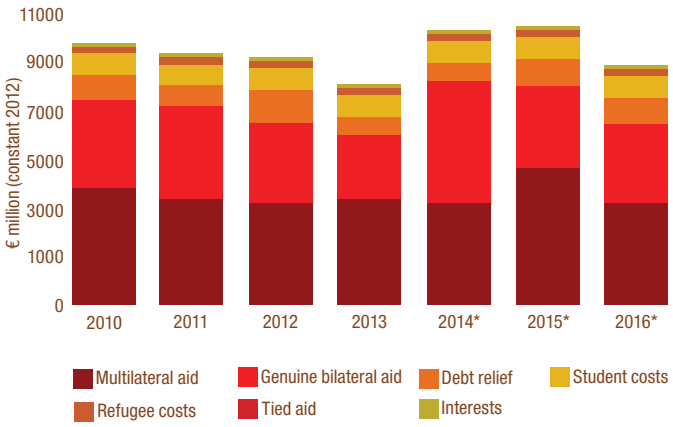
Coordination SUD also wishes to note that only the deployment of consistent resources for funding grants guarantees the consistency of the French aid instruments designed to combat poverty, inequality and climate change.

Recommendations

The French government should:

- Respect France's commitments by devoting 0.7% of its GNI to aid;
- Rebalance the proportion of grants and loans;
- Double the amount of funds channelled through NGOs;
- Strengthen the transparency, accountability and efficiency of French aid;
- For private actors who are supported by the French Development Agency, strengthen the requirements relating to social, environmental and fiscal responsibility, and human rights.

French aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Coordination SUD

GERMANY

0.33% Genuine aid/GNI

0.38% ODA/GNI

"My predecessor left me with an aid quota of 0.37%, and with decreasing budget plans for 2015 to 2017. We will compensate for this dip."
Dr Gerd Müller, Federal Minister for Economic Cooperation and Development – speech to the German Parliament, 9 April 2014

Will Germany meet the 2015 aid target?
NO

Main changes in 2013

In October 2013, elections were held in Germany. The liberals from the previous coalition and, among them, the acting Minister for Economic Cooperation and Development (BMZ), Mr Dirk Niebel, failed to be re-elected to parliament. The new government consists of a grand coalition of Christian Democrats (CDU/CSU) and Social Democrats (SPD). The new Minister for Economic Cooperation and Development is Mr Gerd Müller, a member of the Christian Social Union (CSU) and a former State Secretary in the Ministry of Food and Agriculture. Shortly after his appointment, civil society organisations welcomed Müller's new commitment to a market economy that emphasises sustainable growth and his initiative to set more binding social and environmental standards for transnational corporations.

Most political processes in 2013 were concentrated on the elections, and other policy developments slowed down. Issues raised by the government in 2013 concerned the debate on the post-2015 agenda and the development of strategy papers for several sectors. Among these, a sector concept for private-sector support was released in July, one on cooperation with civil society in May, one on peace and security in March, and one outlining key elements for a multilateral development policy also in March. In addition, the Ministry for Economic Cooperation and Development ran several campaigns to increase public awareness of development policy (a Development Day and a government poster campaign). Civil society organisations broadly supported the general idea behind the campaigns, but disagreed to some extent with the means used.

Trends and projections for 2014 and beyond 2015

The political priorities set by the newly elected minister were food security, the fight against the causes of migration and flight, and the stabilisation of North Africa. He also emphasises the need for binding international environmental and social standards, the role of sport in development and the importance of climate and sustainability policies rather than a traditional growth paradigm.

NGOs in Germany welcome these political priorities, although they see a risk that German development policy may focus too narrowly on individual projects and initiatives, thereby neglecting Germany's key role in global political decision-making, such as in the upcoming post-2015 or Financing for Development negotiations.

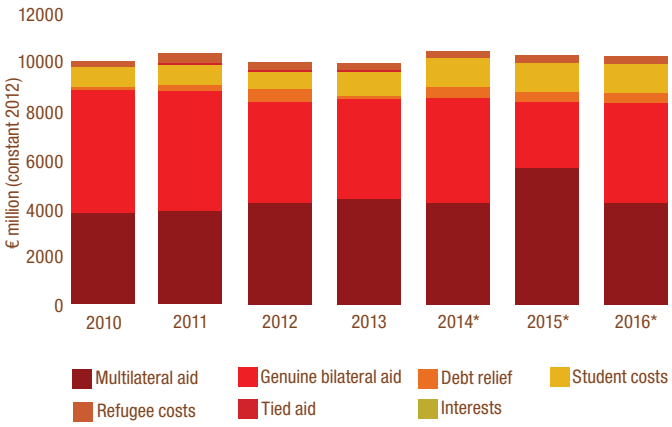
Aid quantity and quality also remain major challenges. In its coalition agreement, the government underlined development cooperation as a political priority and announced the allocation of €2 billion in addition to existing development cooperation in this legislative period (2014-2017). NGOs therefore expect a net increase of around €1.5 billion, as the German government calculates this increase against the budget plans of the previous government, which planned to decrease the development budget by €500 million by 2016. In 2013, the German aid quota was at 0.38% (Dr Müller talks of 0.37% because when he gave his speech to parliament the data for 2013 were not yet available, and the quota for 2012 was 0.37%). With an average economic growth rate of 2% and an inflation rate of between 1.5 and 2%, hardly any increase in the German aid quota can be predicted in subsequent years.

Recommendations

The German government should:

- Advocate for a comprehensive post-2015 agenda that integrates development and sustainability goals;
- Increase annual aid to 0.7% by 2017;
- Agree to deliver climate finance additional to the 0.7% target;
- Provide a significant share of the financial transaction tax (FTT) for development and climate finance;
- Raise the level of funding for development education to 2% of aid.

German aid, genuine and inflated (in € million at constant prices, 2012)



GREECE

0.07% Genuine aid/GNI

0.13% ODA/GNI

"In 2013 the Greek government took very tough decisions on public spending, which certainly affected the financing of development assistance projects. Our country is seeking to restart its economy and its growth process, parameters that will constitute the indispensable basis for implementing the aid programme."
Hellenic Aid

Will Greece meet the 2015 aid target?
NO

Main changes in 2013

In 2013, Greek bilateral aid grants were further reduced to 0.12% of GNI. The major reasons for this were the financial crisis and difficulties the Greek economy faced owing to the debt crisis and the national stabilisation and reform programme. However, the focus is on improving aid effectiveness, as anticipated by a number of international agreements since 2002 and recommended by the last OECD DAC Peer Review of Greece.

Trends and projections for 2014 and beyond 2015

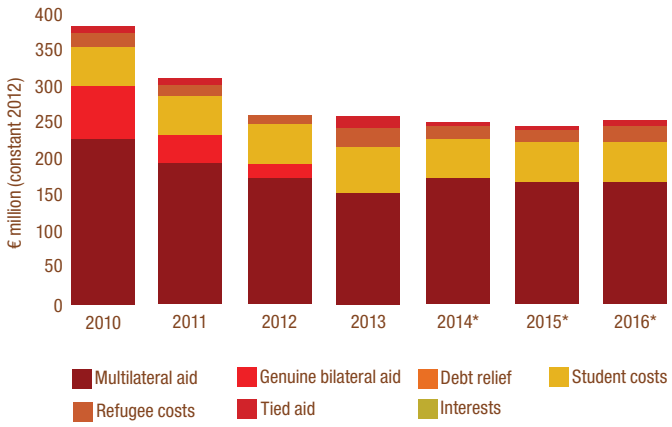
According to the Greek MFA, Greece remains strongly dedicated to the achievement of quality in its development assistance by maximising its aid effectiveness. In terms of its Busan commitments, Greece can claim to have achieved some limited success in areas such as transparency, joint programming, managing for results and fragile states.

Recommendations

The Greek government should:

- Make every possible effort to increase the genuine aid figures;
- Focus on development aid effectiveness, as, owing to financial constraints, many countries will be unable to meet the target of 0.7% of GNI by 2015;
- Adopt the prepared draft of a new development assistance programme which would target development aid better at partner countries and speed up progress on implementing the Busan principles;
- Increase coordination and cooperation with EU partners on private financing initiatives, including motivation on Financing for Development issues;
- Strengthen Greek civil society's role and the value added to the aid delivery process by Greek Networks/NP, and boost cooperation with CSOs for the EYD 2015 Action Plan and its implementation, including in the development aid sector.

Greek aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Hellenic Platform for Development

HUNGARY

0.08% Genuine aid/GNI

0.10% ODA/GNI

"The government has decided that it would like to increase the financial resources allocated to bilateral international development cooperation."
Peter Wintermantel, Deputy State Secretary for Global Affairs, 28 March 2014

Will Hungary meet the 2015 aid target?
NO

Main changes in 2013

International development cooperation has attracted increasing attention in Hungary over the past few years, mainly thanks to the strong presence of civil society, the growing amount of high-quality academic research conducted on the topic, and of course the gradual improvement of institutional mechanisms at the ministries providing development assistance. Despite these developments, there are still challenges ahead.

Aid contributions in Hungary during the past decade have followed a slight growth trajectory, while multilateral contributions remain the largest proportion of the overall aid budget. In absolute numbers, in 2013 the total aid budget was approximately €94.2 million, which is 0.104% of GNI. Bilateral aid remains proportionately low compared to multilateral aid: bilateral aid was €24.6 million, which is 26% of total aid, while multilateral was €69.3 million (74%). Regarding the potential increase of Hungary's total aid contributions, the development cooperation strategy projects an increase in bilateral aid, but the feasibility of this provision might prove difficult, as there are no forward-looking plans apart from the MFA's budget, which constitutes only 2-3% of bilateral aid.

During the consultation on the new development cooperation strategy in the past year, the MFA made several attempts to define collective goals, bring line ministries closer and foster the convergence of their individual mandates and activities in working towards the achievement of these collective goals. This process is hampered, however, by the lack of a regulatory environment that would provide a legal background and would mandate the MFA to become the main coordinator of development cooperation in Hungary.

Trends and projections for 2014 and beyond 2015

Weak coordination, unstructured and fragmented aid contribution and a lack of coherent action or well-defined collective goals still remain the main challenges facing Hungarian development cooperation in 2014. According to the measures proposed in the new development cooperation strategy and the government decree approving it, most of these shortcomings in Hungary's aid system will be addressed by concrete action during 2014. One of these actions will be to prepare the establishment of an agency. At the same time, the decree also orders the MFA to prepare a proposal for creating the legal environment for Hungarian aid during 2014, a process that has already been initiated. HAND is providing technical input and suggestions on both these and other matters.

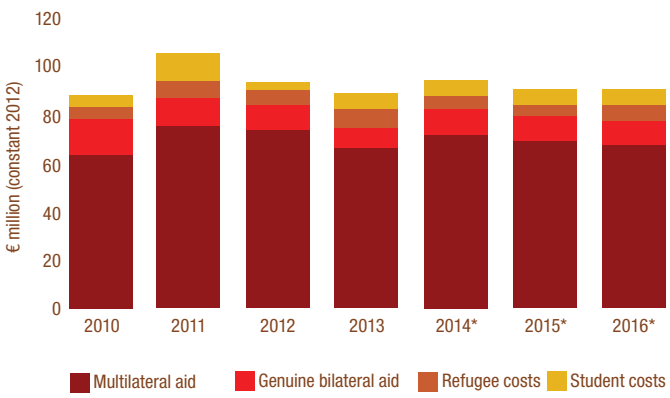
From the new development cooperation strategy and related documents it is also clear that there will be no priority countries for Hungarian aid, but rather priority regions. The defined regional priorities are the Western Balkans, Eastern Europe, Africa and the Middle East, Asia and South-East Asia. Unfortunately, the strategy does not go beyond these vast regional priorities to define specific partner countries, and it also leaves the thematic intervention areas very broad.

Recommendations

The Hungarian government should:

- Set up an agency – with various types of stakeholders from line ministries, the private sector and civil society – which could provide a strong administrative and operational background for development cooperation activities;
- Build a platform for cooperation and coordination based on thematic areas, to allow stakeholders to represent their potential interests, build professional networks and allow for the free flow of information;
- Increase reliable financial contributions for medium- and long-term projects, which should be based on thematic intervention areas to cater for the specific requirements of partner countries;
- Shift Hungarian aid from supply-based to needs-based development cooperation. To increase the effectiveness of bilateral Hungarian aid, thematic intervention areas should be defined by partner-country needs rather than by the Hungarian resources available.

Hungarian aid, genuine and inflated (in € million at constant prices, 2012)



IRELAND

0.46% Genuine aid/GNI

0.46% ODA/GNI

"The Government is very strongly committed to Ireland's overseas aid programme and to its place at the heart of Irish foreign policy. The aid programme has the reputation of being one of the best in the world… Our new policy clearly states that the Government remains committed to moving towards the UN target for aid of 0.7% of GNP as soon as economic circumstances permit."
Joe Costello, Minister for Trade and Development, 11 March 2014

Will Ireland meet the 2015 aid target?
NO

Main changes in 2013

Overall, Ireland has a good-quality aid programme. The government's One World One Future policy focuses on reduced hunger, stronger resilience, sustainable development, human rights, better governance and inclusive economic growth. However, the economic challenges facing the country have resulted in the reduction of the aid budget.

Trends and projections for 2014 and beyond 2015

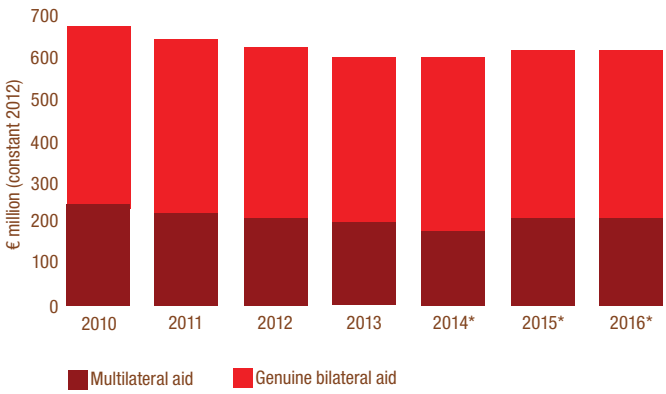
Ireland will not meet the 0.7% target by 2015 because of the various economic challenges the country faces. A clear plan needs to be put in place for 2014 and beyond, however, showing how the government will meet the 0.7% target.

Recommendations

The Government of Ireland should:

- Ensure that there is no further percentage cuts to the ODA budget;
- Present a strong, credible plan, in light of a series of missed deadlines, on how Ireland will keep its commitment to the international community and bring its spending of Official Development Assistance (ODA) to the agreed UN target of 0.7% Gross National Product.

Irish aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Dóchas

ITALY

0.15% Genuine aid/GNI

0.16% ODA/GNI

"On development cooperation, [as Minister for Foreign Affairs] I reiterate the commitments I endorsed as an MP (commitments I find it natural to confirm): to keep increasing the resources available – possibly in a much more substantive manner and, in this regard, I am seeking your [MPs'] support, as this is a joint effort – for development cooperation in general and, in particular, for supporting the GFATM, which we financed last year… In addition to a commitment to the reform of aid and more resources, we will focus on policy coherence and on the post-2015 agenda and the MDGs. We have an international role to play, and I am convinced we can do it in a most determined way."
Minister Federica Mogherini at the Parliamentary Hearings by the Chamber of Deputies' Foreign Affairs Committee, 18 March 2014

Will Italy meet the 2015 aid target?
NO

Main changes in 2013

2013 was a good year compared with Italy's poor aid performance in the previous 12 months; in fact, volumes moved up a little bit, from 0.14% of GDP, one of the lowest points ever reached, to 0.16%. With such a poor record, Italy will miss the target of 0.7% by 2015 (aid will float at around 0.20%) and will bear a major share of the responsibility for the EU's being off-track. These slight improvements reflect a surge of interest on the part of Italy's political leadership: PM Monti appointed a dedicated minister in 2011; in 2013 PM Letta's cabinet included the post of Deputy Minister for Development Cooperation, which was subsequently confirmed by PM Renzi in 2014. Over the same period, new procedures for CSO financing were agreed and a system based on calls for proposals became operational by mid-2013, with better prospects for transparency and timely disbursements. After general elections in February 2013, the parliament relaunched the reform of the Italian cooperation system, which is reaching its final stages of approval at the time of writing. Triannual guidelines are published to set the overall framework and provide information on bilateral/multilateral resources as well as country priorities; and a consultative process has remained in place, bringing different stakeholders together to discuss priorities for Italy's EU presidency, the post-2015 agenda and plans for the international Expo in Milan in 2015, on food security.

Trends and projections for 2014 and beyond 2015

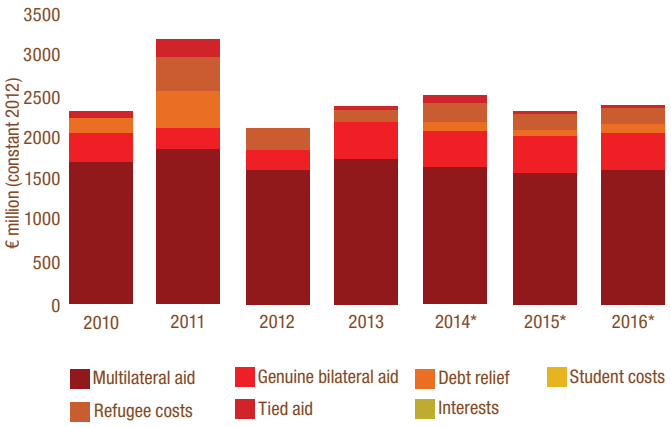
2014 may actually mark a turning-point in Italy's development cooperation: new legislation has been ushered in, and it is bringing about a real system overhaul. Changes will start with the name of the ministry, which is now to be called the "Ministry of Foreign Affairs and Development Cooperation". A dedicated deputy minister is to be appointed by default, thereby placing development cooperation firmly in the cabinet portfolio. The legislation also covers effectiveness and coherence issues, and it creates space for multi-stakeholder consultation and parliamentary oversight. Aid management will improve through a newly created agency. Italy's aid reform comes with some questionable changes as well. In fact, the new legislation makes way for the business sector, which is given full recognition as a development cooperation actor. Moreover, Italy will now have its own Development Financial Institution. Despite how successfully NGOs engaged with policy-makers to improve the new framework, their vigilant role is still very much in need now that the implementation phase is starting, with the drafting of the secondary regulations. Even if new-look Italian cooperation takes off in 2015, however, aid levels will not change much: it is more likely that a new mix of resource types (aid, OOF and private flows) will emerge.

Recommendations

The Italian government should:

- Keep improving aid quality and quantity in line with the new development cooperation legislation;
- Stick to and expand multi-stakeholder dialogue opportunities in the next 12 months, while the new legislation is in its implementation stage;
- Clearly define the role of the private sector in Italian development cooperation;
- Introduce and enforce new transparency standards: the new http://openaid.esteri.it/en/ website is just the start, and needs to be improved with up-to-date data;
- In the ongoing DAC discussions, protect the purpose of aid and key definitions from proposals that would undermine the aid's anti-poverty focus as well as global targets based on net flows.

Italian aid, genuine and inflated (in € million at constant prices, 2012)



LATVIA

0.07% Genuine aid/GNI

0.08% ODA/GNI

"Our opportunities for transferring knowledge and expertise, and developing the environment for closer political and economic cooperation with Eastern Partnership countries, will increase both this year and next, and this also applies to development cooperation."
Edgar Rinkēvičs, Minister for External Affairs, 23 January 2014

Will Latvia meet the 2015 aid target?
NO

Main changes in 2013

Net aid rose by 12.2% compared to 2012. Total bilateral aid was €1,082,561, although only €71,526 was coordinated through the Ministry of Foreign Affairs (MFA).

As in 2012, the MFA continued to provide co-funding to development actors that have successfully attracted funds from international institutions. In total, eight projects received co-funding for EC's projects. This is one of the fruits of the MFA's openness to CSOs initiatives and their participation in the policy-making process. Two projects carried out by Latvian state institutions in Moldova also received funding from the MFA's bilateral budget.

A remarkable achievement in 2013 and 2014 was direct financial support from the MFA for LAPAS, which is helping to boost members' capacity to develop and implement projects, and enabling it to pay its membership fee to CONCORD.

Latvia has inflated its aid figures with refugee costs and scholarships for developing-country students. Also, projects classified as official development assistance which are implemented by different line ministries usually come in the form of technical assistance. The MFA should think about how to ensure coherence and common standards for all the state institutions working with funding that is reported as aid.

Trends and projections for 2014 and beyond 2015

For the first time since the financial crisis the development cooperation will increase in 2014 and bilateral aid allocated through an open grant competition will be open to everyone, including the private sector. The MFA, who does not have a specific methodology stating how the private sector should be involved in development cooperation or what standards they should apply, is planning to start work on drawing up these standards in cooperation with the different stakeholders.

The Latvian development cooperation framework expires in 2015. With the different stakeholders, the MFA will have to evaluate the good and bad aspects of the previous period in order to set the new framework. As both bilateral funding for different projects and the number of applicants are increasing, there is a need for well-balanced, sustainable objectives to be set.

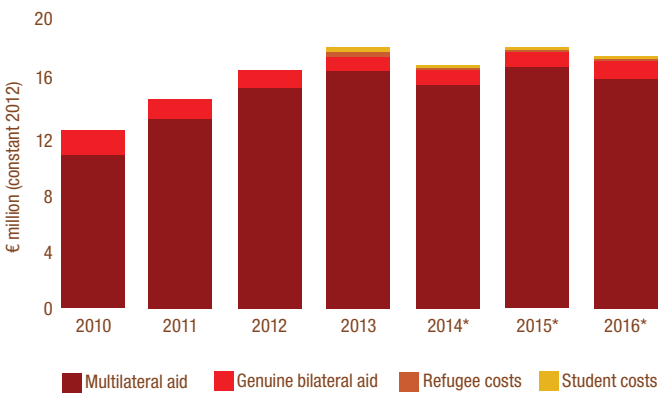
Latvia has an important role to play in 2015 – European Year for Development – since it will hold the Presidency of the Council of the EU. This will be a chance to increase the awareness of and support for development cooperation, and LAPAS and its member organisations will be working actively on this. The MFA, meanwhile, intends to ensure there are discussions and cooperation with other ministries, NGOs, social partners, municipalities and the media in order to prepare national priorities and set goals for Latvia's presidency of the Council, for the European Year for Development, and for post-2015 discussions at UN-level.

Recommendations

The Latvian government should:

- Stick to its aid commitments and continue to increase the flow of bilateral aid;
- Increase the amounts of co-financing to projects that have already been supported by international organisations, and support more multi-stakeholder projects through open grant competition;
- Create responsible mechanisms for increasing the private sector's role in development cooperation, based on transparency, accountability and integrity;
- Increase the capacity of the public sector to increase the public's understanding of development issues, especially in the run-up to 2015, which is the European Year for Development and when Latvia will be holding the presidency of the European Council;
- Introduce a methodology for measuring the effectiveness of development cooperation projects and implement the Busan principles of accountability and transparency.

Latvian aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Lapas

LITHUANIA

0.11% Genuine aid/GNI

0.11% ODA/GNI

"The events in Ukraine have shown the need to support and maintain active civil society. In such cases, only better coordinated and adjusted EU aid and bilateral support from its member states can properly respond to the real needs of our partners, which are clearly expressed by their civil society."
Rolandas Kriščiūnas, Deputy Minister for Foreign Affairs

Will Lithuania meet the 2015 aid target?
NO

Main changes in 2013

In 2013, the quantity of Lithuanian aid decreased to €38 million and 0.1% GNI. While multilateral aid increased slightly, bilateral aid decreased by 23% to €13 million. The fall in aid is offset by Lithuania's participation in policy issues at European level. In the second half of 2013 Lithuania held the presidency of the EU Council, and it achieved the objectives for development cooperation as as the Council adopted conclusions setting out the EU's approach to financing its development agenda after 2015. However, the Joint Declaration of the Eastern Partnership Summit, a document some forty pages long adopted in Vilnius on 28-29 November 2013, failed even to mention issues such as solidarity, poverty eradication or the empowerment of the most vulnerable. On 1 October 2013, the Law on Development Cooperation and Humanitarian Aid came into force. Furthermore, for the first time ever the government invited two NGO representatives onto the new National Development Cooperation Commission. The commission will serve as an instrument for PCD and for coordinating development cooperation activities. The OECD Council's decision in May 2013 included Lithuania as a candidate for membership. There are signs that the system for monitoring and evaluating Lithuanian aid is set to change with the ongoing negotiations about Lithuania's joining OECD.

Trends and projections for 2014 and beyond 2015

The steep – 23% – fall in aid in 2013 had been predicted – the Lithuanian Provincial Reconstruction Team in Afghanistan, with pro-development expenditure there, ended in 2013. The challenge for the coming years is to get high-level political consensus on increasing Lithuanian aid, at least to 0.17% GNI, the level announced for 2010.

In making Lithuanian cooperation with Eastern Partnership countries strategic and resolute, a good system for assessing and evaluating Lithuanian aid should be provided, reflecting the overall aim of development cooperation – i.e., poverty reduction – and declarations on joining the OECD.

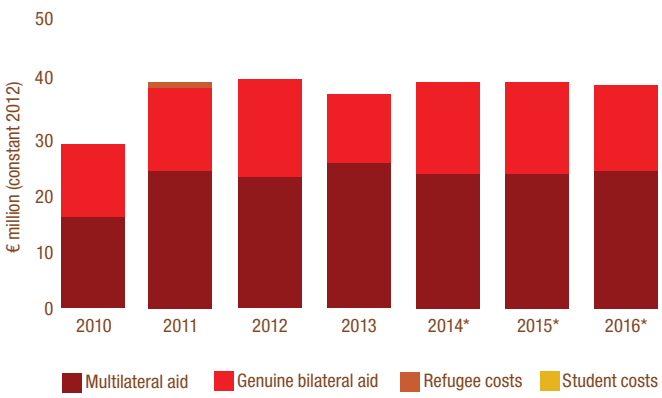
A consultative and advisory body will be established under the Law on Development Cooperation and Humanitarian Aid, to make work of the National Development Cooperation Commission effective. Global education is going to be included in the national education system.

Recommendations

The Lithuanian government should:

- Increase the volume of aid, and simultaneously improve the effectiveness both of bilateral aid and of participation in work to improve multilateral aid;
- Assess objectively how much the promotion of democracy and transition experience contribute to the overall aim and primary objective of development cooperation – the reduction of poverty;
- Devise effective mechanisms for ensuring action in line with the principles of PCD, both within and between different ministries and government agencies. At the same time, there is a need for constant awareness-raising on this priority among officials and decision makers;
- Consider aligning the strategy of development cooperation to the post-2015 agenda. An administrative entity should be appointed to implement the post-2015 agenda, one that is capable of supervising the work of all the actors involved in development cooperation from the governmental, NGO and private sectors;
- Formulate the necessary provisions and arrange for the practical implementation of global education and related issues, in line with international standards, as a horizontal priority for Lithuanian development cooperation at all levels (i.e. planning, programming, implementation, monitoring and evaluation); this also includes providing budgets for these activities.

Lithuanian aid, genuine and inflated (in € million at constant prices, 2012)



LUXEMBOURG

1.00% Genuine aid/GNI

1.00% ODA/GNI

"Untied aid remains our main principle. The programme of the new government is very clear on it. (…) However, nothing should be opposed to work with companies from Luxembourg where, at the same price, they represent a qualitative advantage."
Romain Schneider, Minister for Development Cooperation, April 2014

Will Luxembourg meet the 2015 aid target?
YES

Main changes in 2013

Since the change of government, in October 2013, there are worrying trends in relation to untied aid.

Although the programme of the new government confirms its commitment to untied aid – and this has been confirmed by the Minister for Development Cooperation – the newly appointed, liberal finance minister speaks publicly of making Luxembourg companies benefit from some of the aid. (It is hard to say which is the more worrying: his statement to the Luxembourg parliament, or the fact that the parliament did not object…). It remains to be seen whether the finance minister will adjust his position and align it with the new government's programme.

Trends and projections for 2014 and beyond 2015

The challenge for Luxembourg will be to put the Busan development effectiveness agenda into practice. So far, no action plan has been made available.

Luxembourg's Ministry of Foreign Affairs (MFA) is of the opinion that the focus should remain on LDCs rather than on MDCs, following the "leave no one behind" approach. Regarding the post-2015 agenda, Luxembourg will focus on the sustainable development goals (SDGs) and on Financing for Development (FfD).

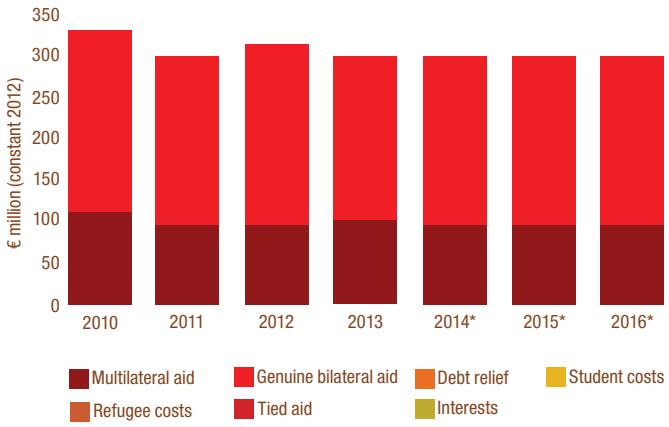
Still, many international companies are based in Luxembourg for tax avoidance reasons, diluting the impact of domestic resource mobilisation in developing countries through fair and progressive taxation systems.

Recommendations

The Luxembourg government should:

- Maintain the 1% of GNI to aid commitment and aid quality commitments. This means refusing to dilute these commitments by allowing new aspects – with a questionable impact on effective development – to be included in aid;
- Make information available on aid to the private sector (re PPPs, the leveraging of private-sector funds, technical assistance to support private-sector development, etc.);
- Make a plan for implementing the Busan commitments that will involve asking national stakeholders for regular updates on progress;
- Luxembourg should be committed to keeping its leadership role in Europe on the quantity and quality of aid – especially with regard to Luxembourg's upcoming EU presidency in 2015.

Luxembourg aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Cercle de Coopération des ONG de développement asbl

MALTA

0.09% Genuine aid/GNI

0.20% ODA/GNI

"The Maltese Government believes that the Busan agreement is an improvement on both the Paris and the Accra agreements, reflecting the need for fresh approaches to and developments in aid, for both donor and recipient countries."
Ambassador Saviour Falzon, outgoing Head of Development Unit, Ministry of Foreign Affairs

Will Malta meet the 2015 aid target?
NO

Main changes in 2013

Compared to the previous year, aid expenditure has decreased from a total of 0.23% to 0.20%. This shows a retrogression in reaching the aid targets.

Trends and projections for 2014 and beyond 2015

The main challenge for the Maltese government is to keep the 2015 aid target at 0.33%. Since the new government came into power early this year there has been no public statement declaring any change in intentions or policy on aid.

Another huge challenge is for the government to stop reporting costs relating to the detention of irregular migrants as aid. Should this happen, the government would also need to provide a further €8 million to fund genuine aid programmes.

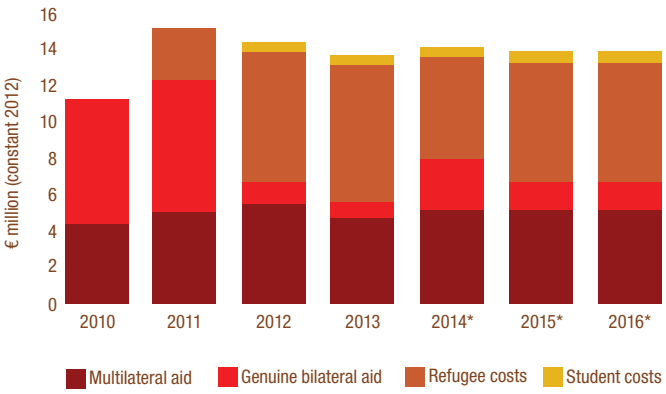
The annual call for NGO proposals still lacks transparency, as the criteria for selection and evaluation were not published.

Recommendations

The Maltese government should:

- Improve transparency further by publishing a full report on Malta's aid expenditure;
- Increase genuine aid; refrain from including refugee costs and expenditure on the detention of irregular immigrants in Malta as aid;
- Improve the system for national calls for proposals for overseas development projects by publishing all the details of the selection process, including the criteria by which proposals will be assessed;
- Increase the funds allocated to local CSOs through the national call for overseas development projects, with a clear focus on poverty eradication; and include an educational or awareness-raising component for CSOs to increase the public's knowledge about and support for poverty eradication;
- Revise Malta's aid policy and develop a detailed strategy. Such a revision should include a clear action plan detailing specific time frames showing how and by when development targets will be met.

Maltese aid, genuine and inflated (in € million at constant prices, 2012)



THE NETHERLANDS

0.60% Genuine aid/GNI

0.67% ODA/GNI

"ODA remains necessary, especially for poverty alleviation in the least developed and war torn countries. But ODA alone will not help us achieve the SDG's. Domestic resources, taxes, in developing countries make up the largest part of financing for the SDG's. ODA and domestic resources are complemented by other forms of finance."
Lilianne Ploumen, Minister for Foreign Trade and Development Cooperation, at Fudan University, Shanghai, 28 October 2014

Will the Netherlands meet the 2015 aid target?
NO

Main changes in 2013

In 2013 Lilianne Ploumen, the Dutch Minister for Foreign Trade and Aid presented her new policy, entitled "A World To Gain". The cutting of aid, a trend set in 2010, continued in 2013. The Netherlands will not be spending 0.7% on aid, and there will be a decrease to 0.55% by 2017. Civil society is being hit hard. Even though Minister Ploumen emphasises the importance of civil society's role, she has halved the budget earmarked for CSOs. Also, climate financing is still not additional to aid. Although we believe that Minister Ploumen does want to achieve the right goals, she does not always make the right choices in aiming at these goals.

In 2012 Minister Ploumen made her plans in 2012. She stated that the big cut would be "offset" by creating "more policy coherence for development". A year later, however, a clear agenda for policy coherence still has not been drawn up, while an increasing proportion of aid is being spent on trade-related activities. The shift from investment in social to economic sectors is still ongoing in the Netherlands.. A good example is the new Dutch Good Growth Fund, which started in July 2014. This €700-million fund has been set up to encourage investment in small and medium-sized enterprises (SMEs) in developing countries. Both Dutch and local SMEs can apply. Big multinationals are not clearly excluded; nor is export financing.

The Dutch government also formulated a response to an inter-ministerial report on the definition of aid. The Netherlands is one of the countries leading the debate on modernising the aid definition: Minister Ploumen wants to include several instruments (e.g. guarantees) and to exclude some that are now reportable as overseas development assistance (e.g. student costs).

Trends and projections for 2014 and beyond 2015

The new Dutch Good Growth Fund is starting up in 2014, and will be a challenge. Will it work out the way Minister Ploumen has planned it? And a big question for civil society: will every part of the fund be relevant to development? How is export financing for Dutch companies, for example, contributing to the economic development of SMEs in developing countries?

An interesting development is the new European method of calculating GNI. This causes the Dutch budget in general to increase. Because of the link between 0.7% aid and GNI, the Dutch aid budget should rise by approximately €220 million from 2014 onwards. Minister Ploumen should grasp every opportunity to increase the aid budget. Unfortunately at this moment (end of 2014) this opportunity has not been seized, which means that the aid percentage will even drop further below 0.7%.

As mentioned above, looking ahead to 2015, the Dutch government started the international debate on modernising the definition of aid. Despite the good intentions expressed by the minister, we are concerned that the internationally agreed aid target will be ignored before there is a new, better one. Also, new (innovative) instruments that become reportable as aid should be relevant to development. The drafting of the new post-2015 agenda is a good spur to redefining aid.

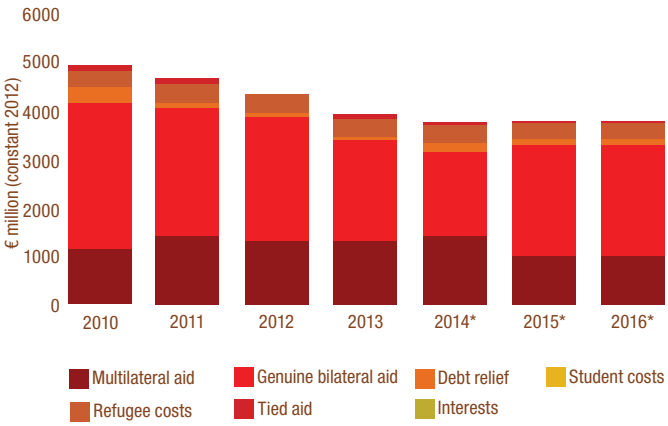
In 2015 the government will form new partnerships with civil society organisations. Far less money is available for this than in previous years: down from €385 million a year during the current co-financing system to €185 million when the strategic partnerships start. This confirms the statement made earlier on the discrepancy between the important role the minister sees for CSOs and the budget she is willing to spend.

Recommendations

The Dutch government should:

- Regain leadership by reinstating the 0.7% aid target, at least until a target better suited to the new post-2015 goals is agreed upon internationally;
- Develop a practical policy on coherence for development, and thereby improve the effectiveness of aid;
- Make sure that the conditions for trade-related activities (to ensure their relevance to inclusive, sustainable development) are respected;
- Adhere to the international agreement to make climate finance additional to (and not subtracted from) aid.

Dutch aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Partos

POLAND

0.09% Genuine aid/GNI

0.10% ODA/GNI

"We'll seek recognition of the rule of law, governance and democracy in creating favourable conditions for sustainable development."
Katarzyna Pełczyńska-Nałęcz, former Polish Deputy State Secretary for Development Cooperation – in relation to the UN's post-2015 development agenda and Sustainable Development Goals process, at the informal meeting of EU development cooperation ministers, Florence, 15 July 2014

Will Poland meet the 2015 aid target?
NO

Main changes in 2013

The key event in Polish development cooperation in 2013 was Poland's accession to the OECD Development Assistance Committee. The government's decision to accept the DAC's invitation has strengthened the political will to implement the recommendations from the DAC Special Review (2010). This has translated into, among other things, greater interest and initiative in policy coherence for development on the part of the Ministry of Foreign Affairs (MFA).

On the more practical side, an important development for Polish NGOs has been the introduction of a dedicated financing instrument for co-funding development cooperation and development education projects, in response to the increasing participation of Polish NGOs in EU-funded projects (mostly the DCI DEAR programme).

In 2013 for the first time the MFA opened up the possibility for the Polish private sector to access aid funds and carry out development cooperation projects (through the small-grants system operated by the embassies). Although interest among Polish companies seemed rather scant, the programme has been extended to 2014. In 2013 the Ministry of the Economy launched "GoAfrica", a programme aimed at increasing Polish investment in Africa. Although it is not officially connected to development cooperation, the programme is actively supported by the MFA, which has announced the possibility of integrating some of the private sector for development (PS4D) mechanisms into it (such as the above-mentioned small grants). This has generated a good deal of interest and criticism among the Polish NGDO community.

Trends and projections for 2014 and beyond 2015

The shape of Poland's future development cooperation will be defined largely by the Multiannual Development Cooperation Programme (MDCP) 2016-2020, which is currently being drafted and will be finalised early next year. The drafting process includes several opportunities for NGO involvement; however, it is more limited than the process for drafting the 2012-2015 MDCP. Grupa Zagranica actively advocates for more space for a multi-stakeholder debate in the process.

The key issues at stake are geographic and thematic priorities; a results framework and a financial perspective. The issue of priority countries touches on the eternal challenge of balancing between the East and the South (and MICs/LICs) in Polish development cooperation which, owing to Polish political interests, has traditionally been oriented towards the Eastern Partnership countries. In terms of thematic priorities, democratisation and good governance will probably remain the overarching themes, although under the last MDCP they have awkwardly coexisted with a focus on education, health and environmental protection in African priority countries.

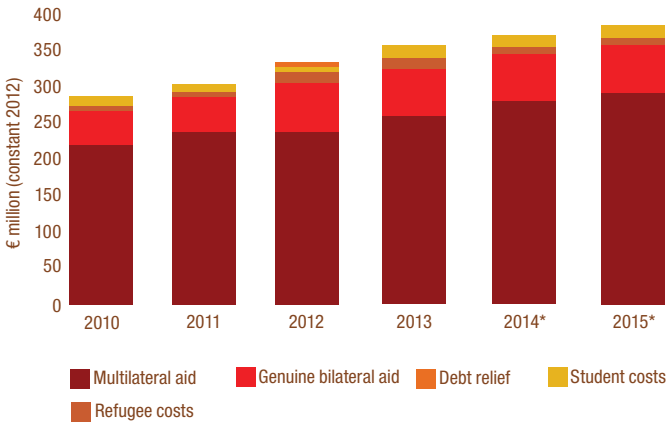
The issue of financing instruments for the private sector in development, although not yet included in the draft debate areas, is also likely to appear at some point in the discussions. There also seems to be a certain amount of interest in including PCD in Poland's MDCP.

Recommendations

The Polish government should:

- Increase the quantity of aid (only 0.1% in 2013);
- Make the process of developing the 2016-2020 Multiannual Development Cooperation Programme fully inclusive, ensuring space and support for NGO involvement in it;
- Develop a clear, inclusive strategy for Polish involvement in shaping EU development cooperation (roughly 75% of Polish aid is channelled through the EU's development budget);
- Develop a clear, time-bound action plan on PCD, following the creation of PCD coordination structures.

Polish aid, genuine and inflated (in € million at constant prices, 2012)



PORTUGAL

0.17% Genuine aid/GNI

0.23% ODA/GNI

"I highly value development cooperation as a fundamental and indispensable element of Portuguese foreign policy. As one of its pillars, development cooperation cannot be isolated from other elements of that foreign policy and will benefit from closer links with economic diplomacy and cultural action."
Luís Campos Ferreira, Secretary of State for Foreign Affairs and Cooperation, Interview on RDF Africa Radio 13/04/2014

Will Portugal meet the 2015 aid target?
NO

Main changes in 2013

Portuguese aid declined by 20.4% in 2013, following a significant decrease in 2012 (11.3%). Also, tied aid continues to represent more than 70% of total bilateral aid. After three years without a clear strategy (the new strategy for Portuguese development cooperation was not approved until early 2014), and with the reduction of aid levels, Portugal has rolled back about 10 years, losing most of the improvements achieved between 2000 and 2010.

The transparency of aid information has improved. It is now more detailed, up to date and accessible, even though breaking down the available data is sometimes very difficult. Portugal reports aid data through OECD systems – the CRS ++ criteria and Forward Spending Survey (FSS) – as it has not endorsed the IATI standard.

In some areas there have been some improvements in line with the effectiveness agenda, but there are few concrete details on how the national Busan Action Plan has been implemented.

Regarding NGDOs, public funding is still available (despite a 57% cut between 2011 and 2013), but the decision to give priority to NGDO projects with guaranteed external financing (especially from the European Commission) means that many relevant projects of a high standard continue to be left out.

Trends and projections for 2014 and beyond 2015

2015 will be a key year for development cooperation: the European Year for Development, the end of the MDGs, the drafting of the new development agenda, and financing for development. For Portugal, the OECD DAC peer review, which will begin at the end of 2014, will be another challenge – and also an opportunity to give visibility to development projects and to demonstrate the positive impact of Portuguese development cooperation as a part of a global effort to reduce poverty and inequality.

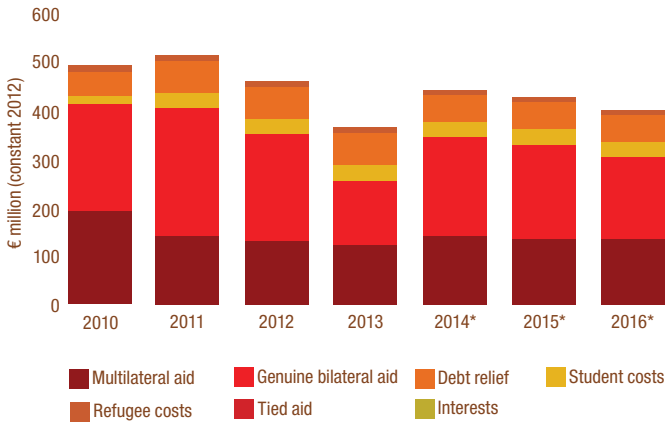
With a new strategy document approved, the main challenge will be to implement it and to reach the goals and priorities it sets. This will entail a clear government commitment to policy coherence and an open approach to dialogue with the relevant stakeholders (CSOs, private companies and municipalities), in order to draw together different perspectives and pursue a common goal.

Recommendations

The Portuguese government should:

- Maintain and implement Portugal's international commitments on aid, increasing its budget, reducing the levels of tied aid and reinforcing the high-quality aspects and effectiveness of our ODA, promoting policy coherence for development and improving the coordination of national state cooperation;
- Find new sources and instruments for financing development cooperation initiatives (ones that do not come from the traditional state budget) – for example by taxing financial transactions, promoting the carbon market, taxing international flights, creating "diaspora bonds", and drawing on the experience of other countries that are already implementing some innovative financing mechanisms;
- Adhere to IATI in order to ensure aid transparency and predictability along with the OECD DAC's CRS and FSS systems;
- Maintain a constructive institutional dialogue with NGDOs and with the Portuguese Platform, in order to improve their participation as effective partners in designing, implementing and monitoring development cooperation policies, programmes and projects;
- Make good use of the visibility and opportunities that will be created with the European Year for Development and the debates on post-2015.

Portuguese aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Plataforma ONGD

ROMANIA

0.06% Genuine aid/GNI

0.07% ODA/GNI

"Romania is joining efforts in this very important process which will craft a comprehensive and coherent set of goals for effective delivery and results at all levels, in accordance with Rio Conference decisions. In our view, the SDGs should be universal, and applicable to all states, and should provide references and clear suggestions for action and innovative mechanisms for measuring their implementation in order to ensure sustainable development."
Titus Corlatean, Minister for Foreign Affairs of Romania, at the General Debates of the 68th Session of the UN General Assembly, 28 September 2013

Will Romania meet the 2015 aid target?
NO

Main changes in 2013

In July 2013 the revision of the national strategy on development cooperation was continued, while the consultation of all national actors, organised jointly by FOND and the Ministry of Foreign Affairs (MFA), was held in the same space (Romanian Development Camp VI). Based on the recommendations from 2012, the MFA presented drafts for both the new national strategy and a new development cooperation law, which has become the main priority in the Romanian context as it will address key challenges that have been highlighted in the AidWatch reports (direct funding mechanism, multi-annual planning, more capacity for the Romanian MFA, etc.). The recommendations on the draft strategy and law which emerged from the event were included by the MFA in later versions of the two documents, emphasising the usefulness of this kind of informal consultation.

Another important process was also finalised in March 2013: the signing of the Collaboration Protocol between the MFA and FOND – negotiations on this agreement had started back in 2011. As a result, FOND was invited to participate in the first meeting of the (inter-ministerial) Consultative Council (June 2013). An important step in increasing transparency was also the release by the MFA of the first detailed national report relating to development cooperation, on the 2012 aid budget and reporting.

In terms of aid quantity, Romania allocated 0.075% of GNI, while the MFA's bilateral budget decreased from €2.2 million in 2012 to €2.1 million in 2013, according to the MFA report. The main recipient country was again the Republic of Moldova (approx. €700,000). The Romanian Ministry of Foreign Affairs launched its second public call for proposals (July 2013), but again no budget lines were specifically aimed at NGOs or other CSOs (national institutions or governmental bodies from partner countries responded to the same call).

Trends and projections for 2014 and beyond 2015

2015 is a key year for the adoption of the new national law on development cooperation, and it is also the year in which a new paradigm for beyond 2015 should be adopted at global level.

Some of the main challenges identified include:

- Lack of visibility and awareness-raising on development cooperation among potential relevant actors (national parliament, and other line ministries, such as the Ministry of Finance);
- Low profile of development cooperation policy on the political and public agenda;
- The institutional capacity of the Ministry of Foreign Affairs (in terms of insufficient human resources), so it can effectively exercise its prerogatives as the national coordinator of Romania's development cooperation policy.

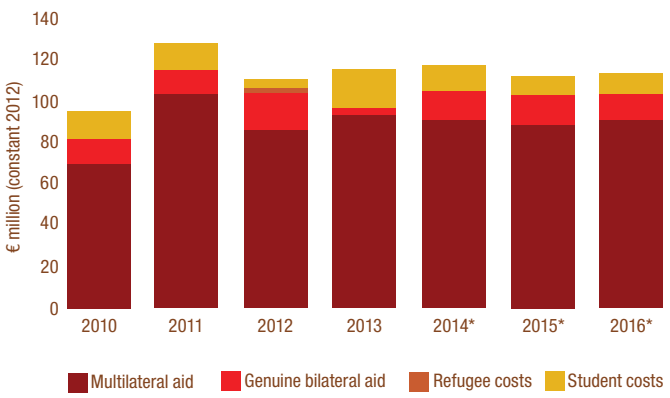
The above challenges are very important, as support from all institutional actors is needed in order to pass the new draft law on development cooperation – a law that will address many of the bottlenecks currently hampering the implementation of Romania's development cooperation policy.

Recommendations

The Romanian government (and Romanian parliament, for the first recommendations) should:

- Fully support the adoption of the draft law on development cooperation, launched for public consultation in June 2014;
- Increase the national aid budget adequately, in line with its commitments to achieve 0.33% of GNI by 2015;
- Allocate or mobilise more resources for consolidating the capacity of the Romanian Ministry of Foreign Affairs to exercise its prerogatives effectively;
- Launch a separate call for proposals targeting NGOs from Romania and partner countries;
- Develop an action plan for monitoring and coordinating the implementation of policy coherence for development in all line ministries.

Romanian aid, genuine and inflated (in € million at constant prices, 2012)



SLOVAKIA

0.09% Genuine aid/GNI

0.09% ODA/GNI

"It is nice to hear from our department partners, foreign ministers from the Western Balkans or the Eastern Partnership, about how they appreciate advice and recommendations from Slovak experts and how our know-how is helpful for their integration process and the building of institutions and a market economy. I admire Slovak doctors, experts and volunteers who, in the difficult and challenging environments of Kenya, South Sudan and Afghanistan, far from their families and loved ones, help local communities there, often risking their health and their lives."
Miroslav Lajčák, Deputy Prime Minister and Minister of Foreign and European Affairs (MFaEA) of the Slovak Republic

Will Slovakia meet the 2015 aid target?
NO

Main changes in 2013

In September 2013 Slovakia was accepted as a fully fledged member of the OECD DAC. A new medium-term strategy for the Slovak Republic's development cooperation has been adopted for 2014-2018. The NGDO community was involved in preparing the strategy, which sets out a clearer vision of ODA (human development and support for democracy and good governance), has reduced the number of priority countries (now Afghanistan, Albania, Belarus, Bosnia and Herzegovina, Georgia, Kenya, Kosovo, Moldova, South Sudan and Ukraine), and has introduced new financial modalities. The Country Strategy Papers for the programme countries (Afghanistan, Kenya and Moldova) have been prepared, in consultation with the NGDO community.

Trends and projections for 2014 and beyond 2015

In its new medium-term strategy, the MFaEA claims it will play an active part in the work of the EU and UN, helping to set the new post-2015 development framework, with the focus on coherence between the three aspects of sustainable development (economic, social and environmental) and their connection to security. Slovakia will focus attention on the issue of financing for development via its membership of the UN's Intergovernmental Committee.

The MFaEA plans to concentrate more on policy coherence for development. For this purpose, it will draw up a strategy by 2016.

There is an intention to sign the IATI standards by 2015. For recording and reporting development assistance, the Ministry of Finance has developed a new system (known as BIS.DEV) which is in line with OECD DAC reporting requirements.

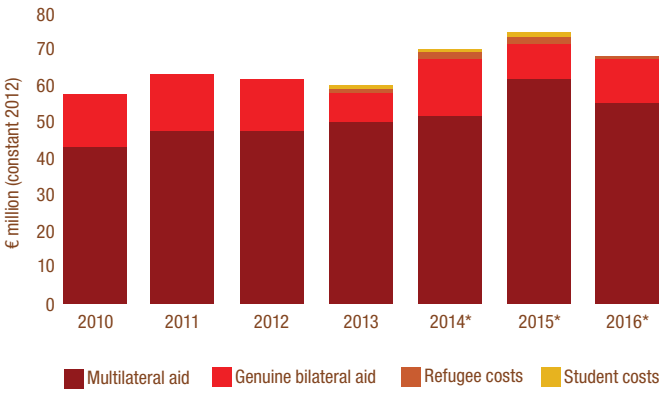
The planned aid budget will increase slightly in 2014 and 2015, mainly in its multilateral part. Advocacy efforts will have to be strengthened, however, as there is a risk of not meeting the 0.33% target by 2015.

Recommendations

The Slovak government should:

- Increase aid quantity, especially the bilateral component, which has decreased in recent years;
- Sign up to the International Aid Transparency Initiative (IATI) and update the schedule for implementing it, aiming at full implementation by December 2015;
- Reconsider ways of involving the private sector in development cooperation, in order to focus on poverty reduction;
- Engage in the policy coherence for development (PCD) agenda and adopt a national PCD strategy;
- Develop a comprehensive, inter-ministerial approach to tackling the challenges on the post-2015 agenda;
- Commit new and additional resources to international climate mitigation and adaptation measures.

Slovak aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: Platforma MVRO

SLOVENIA

0.12% Genuine aid/GNI

0.13% ODA/GNI

"Slovenia is striving towards comprehensive development framework beyond 2015 which will, in a balanced way, contribute to eradication of poverty and ensure sustainable development"
Bogdan Benko, State Secretary, Ministry of Foreign Affairs.

Will Slovenia meet the 2015 aid target?
NO

Main changes in 2013

Aid in 2013 remained at the level of previous years (0.13%, or €45,477,657), with the ratio of multilateral to bilateral aid at 67:33. Programmable aid is still largely channelled to upper MIC countries in the Western Balkans, which in total received 73% of all programmable bilateral aid. There are no plans to increase the allocation of aid to LCDs. Although efforts were made to address the high fragmentation of aid, in 2013 more than 100 different initiatives were still financed through aid. The majority of aid is de facto tied, and implemented through Slovenian entities, with at least 90% of the total disbursed and allocated without a process of open tendering. Aid reported as student costs increased in 2013, and now represents 18.6% of bilateral aid, making Slovenian higher-education institutions the biggest channel of Slovenian programmable bilateral aid. We commend the sharp decrease in refuge costs being reported as aid (from €203,066 to €72,646).

2013 was also characterised by the following changes:

- Slovenia became a member of OECD DAC, which has had a good influence on aid reporting and has slightly increased its transparency. However, partly owing to serious resource constraints, the government is not using its membership to influence the OECD DAC development and global agenda effectively or to contribute to it.
- Steps were taken to make the system for evaluating aid more results-based, with the first pilot external evaluations expected to be carried out in 2014.
- A gender-equality strategy was prepared as a guidance document, but it has not been backed up by a concrete action plan.

Trends and projections for 2014 and beyond 2015

According to projections, in 2014 aid will remain at the same level (0.13% of GNI) and in 2015 and 2016 it will increase only slightly, to 0.14%. However, ostensibly because of the economic crisis and the consequent changing priorities for the government, not even the planned amount of aid seems to be secure, and efforts are needed to preserve its current level at least. Furthermore, aid continues to be channelled through the private sector, with ambitions to even increase its role in the future. Although the inclusion of the private sector can be beneficial, the absence of a strategy or clear guidelines on involving this sector in aid raises real concerns about the possible lack of a focus on poverty eradication or the impact of aid on development.

In the coming years, two key pieces of legislation (an act and a resolution) governing Slovenian development cooperation, and adjusted to the new post-2015 partnership agreement, will be adopted. CSOs emphasise the importance of ensuring that this process is inclusive and participatory and concerned primarily with increasing the effectiveness of Slovenian development cooperation, rather than fostering Slovenian economic and security interests.

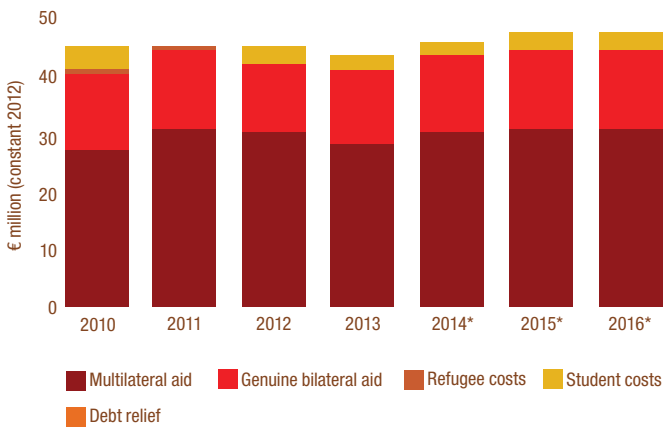
Coordination between the different sectors in the Ministry of Foreign Affairs (MFA) also seems to remain an issue, preventing Slovenia from making a useful contribution in various multilateral forums.

Recommendations

The Slovenian government should:

- Increase bilateral aid and ensure that aid will have focus primarily on reducing poverty and improving human rights. Exclude student costs from aid reporting, and ensure that brain drain concerns are adequately addressed. Make an effort to prevent aid from being used merely to pursue Slovenian foreign policy or commercial interests;
- Improve coordination and strengthen cooperation within the MFA, as well as with other ministries, to prevent the duplication of processes, including by harnessing existing expertise better;
- Define the role of the private sector in development cooperation, including by drawing up a clear framework for holding the private sector accountable for respecting and implementing existing development effectiveness principles;
- As part of post-2015 financing for development, including aid reform, defend positions that will increase aid's focus on poverty reduction, and emphasise the development effectiveness principles;
- Ensure that new strategic documents, such as the Development Cooperation Act and Resolution, are prepared in an inclusive and comprehensive manner.

Slovenian aid, genuine and inflated (in € million at constant prices, 2012)



SPAIN

0.14% Genuine aid/GNI

0.16% ODA/GNI

"Reaching 0.20% or 0.22% is not important to us. What really matters is to lay the foundations of the policy."
Gonzalo Robles, Secretary General for International Development Cooperation – Development Cooperation Council, 20 September 2013

Will Spain meet the 2015 aid target?
NO

Main changes in 2013

In 2013, Spanish aid amounted to €1,656 million – only €71 million more than in 2012 – thanks to debt relief in sub-Saharan Africa. This means no increase at all for partner countries. In fact, between 2009 and 2013 aid dropped in real terms by 65% mainly in the form of grants, which means that in the 2013 budget the implementing agency, AECID, had only €266 million with which to assist 23 priority countries. Hence the effort of concentrating assistance geographically, as recommended by the OECD DAC, can have no impact at all, given the enormous decrease in resources.

Transparency and democratic ownership also took a step backwards, as the capacity of parliament and development actors to influence policy decision-making continued to decline. The multistakeholder Development Cooperation Council is unable to fulfil its legally established mandate. Although formally prescriptive reports are made, there is no synchronisation with political timing, and recommendations are rarely taken into account.

Concerning the normative framework, reforms under discussion in 2013 have also created concern among social actors and parliamentary opposition parties. The Law on External Action – entering into force in 2014 – reflects the increasing pressure being put on development cooperation policy to serve Spain's own economic interests. Finally, the reform of the law regulating the powers of local authorities challenges their capacity to provide aid. The strong, broad-based public support for development cooperation in Spanish society owes much to the commitment of decentralised actors.

Trends and projections for 2014 and beyond 2015

In both 2014 and 2015 Spanish aid will again be dependent on the annual negotiations with the Minister of Finance, who so far seems to regard it as a non-essential investment – even at a time of Spain keen to appear a credible global actor. Hence no significant increase is expected, and aid will again remain at its lowest level in 30 years.

On the quality side, the heightened focus on Latin American MICs (thanks to an innovation and capacity-building approach to assistance) cannot become a blank cheque for an increased use of loans, private equity funds or blending mechanisms to benefit the private sector. Evidence shows that these financial instruments are concentrated mainly in production sectors with high economic returns, not in those that are key to addressing inequality, the main developmental challenge for MICs. In addition, the massive reduction of bilateral grants delivered by AECID has reduced the investments in civil society and strengthening local institutions, which are fundamental to ensuring that legal frameworks and the public interest in Spain's partner countries are safeguarded.

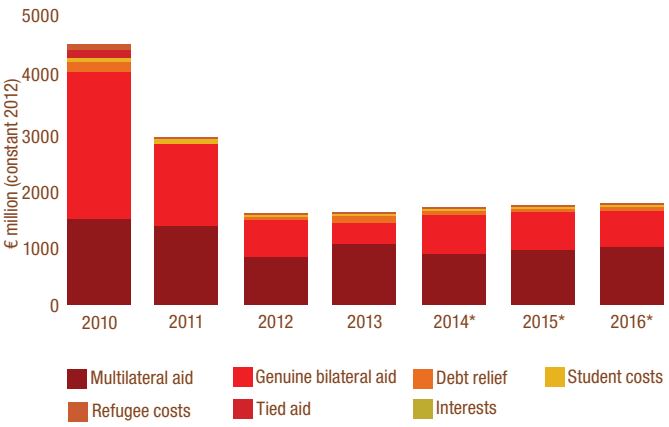
In this context, the recent reform of the Development Promotion Fund (FONPRODE) has deepened the concern of social actors, as more control over decision-making and management will now rely on the joint state- and privately owned company COFIDES, whose mandate is to "drive forward a profitable business that contributes both to host country development and to the internationalisation of Spanish enterprises and economy".

Recommendations

The Spanish government should:

- Commit to a medium-term progressive spending plan to scale up Spanish aid until it is back to 2009 levels, and give the first political sign of this commitment in the 2015 budget by increasing genuine aid;
- In the context of the aid reform process, defend the unique role aid has to play in the fight against poverty which means that any flow to be considered as aid must be transparent and accountable, must strengthen democratic ownership and must focus on genuine development results;
- Ensure that any aid instrument focusing on private-sector involvement has to be consistent with the objective of fighting inequality and upholding human rights;
- Facilitate real involvement in policy-building by development actors recognised in the legal framework, through a broader, meaningful policy dialogue that will inform decision-making;
- Prioritise a new strategy for working with Spanish CSOs that enables them to play their various roles as independent development actors in their own right – a strategy that also establishes funding instruments that correspond to those roles (in consultation with them).

Spanish aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: CoNgDe Coordinadora de ONG para el Desarrollo-España

SWEDEN

0.90% Genuine aid/GNI

1.02% ODA/GNI

"The Swedish government will continue its work to make aid more effective and efficient, based on the perspective of poor people."
Carl Bildt, Minister for Foreign Affairs, and Hillevi Engström, Minister for Development Cooperation, February 2014

Will Sweden meet the 2015 aid target?
YES

Main changes in 2013

Sweden has reached the 1% target, spending 1.02% of GNI on aid, and on paper there is a broad commitment to the 1% target for the coming years, but in practice Sweden is using all the loopholes in the DAC rules in order to finance non-development budget lines in preference to the aid budget. Sweden shows a long-term commitment to key issues such as gender equality, democracy and human rights, as well as transparency in aid. The commitment to the development effectiveness agenda also remains in principle, but in practice the level of engagement has fallen, and a systematic assessment of the commitments from Paris and Busan is lacking.

In 2013, 12% of the aid budget was spent on refugee reception costs in Sweden, and the amount (€513 million) is the highest among the EU countries. In the budget for next year, more than 20% of the aid is estimated to be used for refugee costs. There is no satisfactory explanation for the increase in the aid funding of refugee costs over the years. Sweden is also funding all its contribution to the "fast-start" climate finance initiative from the aid budget, and thereby failing to respect the principle of new and additional money.

Trends and projections for 2014 and beyond 2015

In the past two years the Swedish government has developed a new platform for its aid policies. The platform, which was finalised in 2014, constitutes the point of departure for the government's management of Swedish aid, specifying the principles and values that are to guide it and setting the direction for aid by giving a hierarchy of objectives and results. Civil society and the parliamentary opposition have raised concerns with regard to both process (lack of proper consultation) and content (lack of political narrative or links with Busan principles). There is also uncertainty about the status of the platform in relation to other guiding principles such as the Swedish coherence policy, Policy for Global Development.

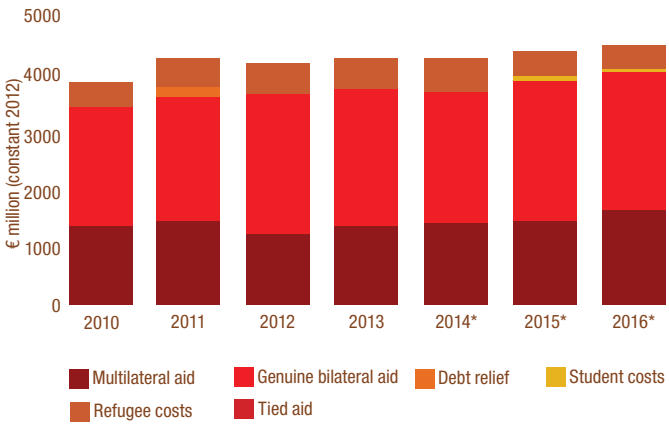
Sweden continues to channel an increasing amount of aid money to the private sector. A recent study by Swedish CSOs showed that the policies and guidelines for the involvement of the private sector in Swedish development cooperation have been improved, for example with regard to the Swedish Development Finance Institution (DFI), Swedfund. There is a lack of transparency in this area, however, and a limited number of evaluations to demonstrate how the channelling of aid through the private sector has repercussions on development. The study also shows that Swedish development cooperation involves an increasing amount of both formal and informal tied aid.

Recommendations

The Swedish government should:

- Conduct a fresh review of the aid policy framework, with broad parliamentary representation and a multi-stakeholder consultation, and ensure that priority is given to Sweden's policy for global development;
- Ensure that the Paris and Busan commitments are systematically assessed at the national level;
- Ensure that all stakeholders and all aid are aligned with Sweden's policy for global development and that its transparency commitments are subject to evaluations, and contribute to poverty reduction;
- Stop counting refugee costs, debt cancellation and foreign service administration costs as aid;
- Make all climate financing additional to the 1% target and separate from the aid budget, and channel climate finance through funds under the authority of the UNFCCC's Conference of the Parties (COP).

Swedish aid, genuine and inflated (in € million at constant prices, 2012)



UNITED KINGDOM

0.72% Genuine aid/GNI

0.72% ODA/GNI

"Last year global development aid reached the highest level ever recorded… The UK plays a major part in this, contributing 0.7% of our national income to development. But the truth is that lifting almost a billion people out of chronic poverty will cost far more than the global development budget can provide."
Rt Hon. Justine Greening, MP, Secretary of State for International Development – Beyond Aid speech, Standard Chartered, London, 7 July 2014.

Will the UK meet the 2015 aid target?
YES

Main changes in 2013

The UK has reached its target of spending 0.7% of GNI on aid in 2013, two years ahead of the EU 2015 deadline and the first G7 country to do so. It is committed to continuing to meet this target up to and beyond the next general election in 2015. With renewed commitment from all the major parties ahead of the election, 0.7% is likely to be protected at least through the next parliament (2015-2020). Internal political pressures and economic conditions, however, continue to create pressure to drop the 0.7% target and to inflate aid figures. The UK's general election in 2015 will provide both an opportunity and a challenge to lock down future commitment to the 0.7% target for as long as it is needed.

Trends and projections for 2014 and beyond 2015

In the context of ongoing economic challenges, in the UK as well as in Europe and globally, continuing to make the case for UK aid – and its results on the ground – to both voters and politicians remains a key challenge.

Progress in aid and development effectiveness has continued to be mixed. The UK has continued to lead the way on initiatives such as aid transparency. However progress in other commitment areas seems to have stalled and, with the UK no longer occupying a co-chair position on the Steering Committee of the Global Partnership for Effective Development Cooperation, there are concerns that further progress on these vital commitments may be at risk. Continued failure to meet these commitments is undermining both the effectiveness of UK aid and the credibility of the UK as a major development actor.

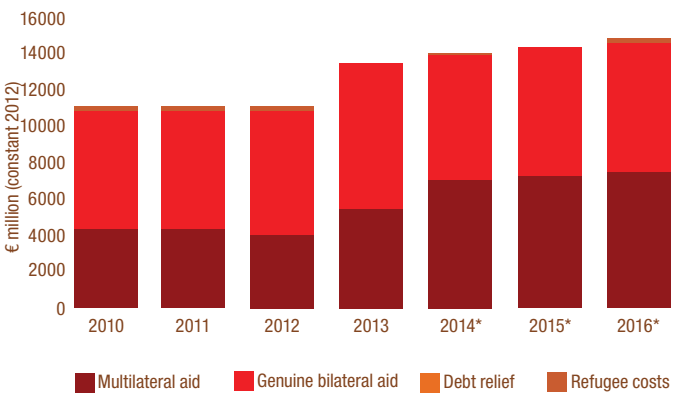
The UK government continues to increase its focus on the economy and on the private sector as key drivers of development, in particular with the publication of an economic development strategy and a new emphasis on market-like instruments such as development impact bonds, launched in 2014. With the political and public-opinion landscape remaining challenging, the UK has also continued to emphasise value for money and a potentially problematic results agenda, oriented more to the short term and easily measurable. All of these trends raise potential issues affecting the implementation of some of the more challenging elements of the development effectiveness agenda, such as ownership and accountability.

Recommendations

The UK government should:

- Commit to the target of 0.7% of GNI for aid for as long as it is needed, and push for a renewed aid target at the EU level, with a focus on additionality of aid, backed up by concrete and binding timetables and a detailed roadmap encouraging other MSs to achieve this target as soon as possible;
- Support a strong position in the aid modernisation process to protect the developmental quality of aid, with a focus on genuine transfers to developing countries;
- Produce a realistic, time-bound plan for meeting the Busan commitments, including the unfinished business from Paris and Accra.

UK's aid, genuine and inflated (in € million at constant prices, 2012)



Authors of the country page: UK Aid Network and Bond

ABBREVIATIONS

CRS	Creditor Reporting System
CSOs	Civil Society Organisations
DAC	Development Assistance Committee of the OECD
DCD-DAC	Development Co-operation Directorate (DCD-DAC)
DG DevCo	Directorate-General for Development Cooperation
DFI	Development Finance Institution
EDF	European Development Fund
EC	European Commission
EU	European Union
EU MSs	European Union member states
EU-13	The 13 relatively recent EU member states
EU-15	The 15 longer-standing EU member states
EU-28	All EU member states
EYD2015	European Year for Development 2015
GDP	Gross Domestic Product
GNI	Gross National Income
GPEDC	Global Partnership for Effective Development Cooperation
HLM (Mexico)	The first High-Level Meeting of the Global Partnership for Effective Development Co-operation (GPEDC) in Mexico (Mexico HLM)
IATI	International Aid Transparency Initiative
LDCs	Least developed countries
LIC	Low-income country
MFA	Ministry of Foreign Affairs
MICs	Middle-income country
ODA	Official Development Assistance
OECD DAC	OECD Development Assistance Committee (DAC)
PPPs	Public private partnerships
PWYF	Publish What You Fund
SMEs	Small and medium-sized enterprises
TOSD	Total Official Support for Development
UK	United Kingdom
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change

NOTES

i For example, see WB (2014), Prosperity for all: ending extreme poverty, EC (2014), Communication on the post-2015 agenda and the work of the IMF on inequality: http://www.imf.org/external/pubs/cat/longres.cfm?sk=41291.0; and http://www.imf.org/external/np/pp/eng/2014/012314.pdf

ii CONCORD AidWatch Report 2013

iii Lisbon Treaty, Article 208

iv OECD DAC (2012), *2012 DAC HLM Communiqué*

v UN (2014), *The Millennium Development Goals Report 2014*

vi Using, respectively, the World Bank's USD 1.25-a-day measure or the UNDP's broader human development measure. See http://www.un.org/millenniumgoals/poverty.shtml and UNDP (2014), *Human Development Report: Sustaining Human Progress: Reducing Vulnerabilities and Building Resilience*

vii Glennie J. and Hurley G. (2014), *Where next for aid? The post-2015 opportunity,* ODI-UNDP

viii Sumner, A. (2010), *Global poverty and the new bottom billion: Three-quarters of the world's poor live in middle-income countries,* IDS

ix See for instance the Report of the Intergovernmental Committee of Experts on Financing Sustainable Development, August 2014

x CONCORD AidWatch (2012), *Briefing paper on global financial flows, aid and development*

xi ECOSOC (2012), *Foreign Aid as a Catalyst to Improving Domestic Revenue Mobilisation*

xii http://www.oecd.org/site/devaeo10/44272298.pdf

xiii Christian Aid (2013), *Giving with one hand and taking with the other: Europe's role in tax-related capital flight from developing countries 2013*

xiv Burnley, J. & Pereira, J. (2014), *Myanmar: Riding the Wave of Reform. Fast-tracking Myanmar's future with good-quality aid,* Oxfam International Briefing Paper

xv See OECD CRS 2007 datafile. Two of the ships went to the fisheries department, and another two were assigned to the navy to be used as patrol boats

xvi Number of countries potentially eligible for the Heavily Indebted Poor Countries Initiative (HIPC).

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xviii Romero M.J. (2014), *A Private Affair: Shining a light on the shadowy institutions giving public support to private companies,* Eurodad

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xxii Romero M.J. (2013), *A dangerous blend?* Eurodad; and Romero M.J. (2014), *A Private Affair: Shining a light on the shadowy institutions giving public support to private companies,* Eurodad

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xxiv Eurodad (2011), *Exporting goods or exporting debts? Export Credit Agencies and the roots of developing country debt*

xxv According to figures available in the OECD's online database

xxvi OECD DAC (2014), *Targeting ODA towards countries in greatest need* DCD/DAC(2014)20

xxvii *Ibid.*

xxviii The commitment states that all donor countries that have committed themselves to the 0.15% target should achieve it by 2015. All donor countries that have met the 0.15% target should undertake to reach 0.20%, and donor countries already providing more than 0.20% of their GNI to LDCs as ODA should continue to do so and maximise their efforts to increase ODA to LDCs further. See the Report of the Fourth United Nations Conference on the Least Developed Countries, Istanbul, Turkey, 9-13 May 2011

xxix Reference OECD DAC

xxx The EU has a common collective target of 0.7% of GNI, as well as an individual target of 0.7% for EU-15 countries and 0.33% for the remaining countries. In all cases, the deadline set was 2015

xxxi Eurobarometer (2013), *EU development aid and the Millennium Development Goals,* 27 November 2013

xxxii Council Conclusions, Annual Report 2014 to the European Council on EU Development Aid Targets, 19 May 2014

xxxiii Pending the release of the final figures, student and refugee costs appear to be larger than total aid flows.

xxxiv European Parliament (2014), *Climate change financing: the concept of additionality in the light of the Commission proposal for a Development Cooperation Instrument for 2014-2020*

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xxxvi Romero M.J (2013), *A dangerous blend?* Eurodad

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xxxviii Griffiths, J.; Martin, M.; Pereira, J. & Strawson, T. (2014), Financing for development post-2015: Improving the contribution of private finance. Policy Department, DG External Policies

xxxix Romero M.J (2014), *A Private Affair: Shining a light on the shadowy institutions giving public support to private companies,* Eurodad

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xl GPEDC (2014), *Fifth meeting of the Steering Committee*

xli CPDE (2014), CSO partnership for development statement on the first high-level meeting of the Global Partnership; D+C Development and Cooperation (2014), How experts assess the results of the high-level meeting

xlii CPDE (2014), CSO partnership for development statement on the first high-level meeting of the Global Partnership

xliii Council Conclusions, 'The EU common position for the First High-Level Meeting of the Global Partnership for Effective Development Co-operation', 17 March 2014.

xliv EC (2014), *Review of EU progress since Busan*

xlv CONCORD (2014), *EU CSO position to the first high-level meeting of the GPEDC*

xlvi Council of the European Union (2011), *EU Common Position for the Fourth High-Level Forum on Aid Effectiveness*

xlvii EC (2014), *Review of EU progress since Busan*

xlviii PWYF (2014), *Transparency of EU Development Cooperation in 2014, September 2014*

xlix PWYF (2014), *Transparency of EU Development Cooperation in 2014, September 2014*

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li EC (2014), *The Busan commitments: an analysis of EU progress and performance*

lii DIE (2013), *EU Joint Programming: Lessons from South Sudan for EU Aid Coordination*

liii The Busan Commitments on Managing Diversity and Reducing Fragmentation: Stock-take and Emerging Issues (2014)

liv Herrero A., Galeazzi G. and Krätke F. (2013), *Early experiences in programming EU aid 2014-2020,* ECDPM

lv Ellmers B. (2011), *How to spend it,* Eurodad

lvi EC (2014), *The Busan commitments: an analysis of EU progress and performance*

lvii GPEDC (2014), *Progress report* and EC (2014), *The Busan commitments: an analysis of EU progress and performance*

lviii Including Germany, Denmark, Finland, France, Ireland, Italy, the Netherlands, Portugal, Sweden and the UK.

lix EC (2014), *The Busan commitments: an analysis of EU progress and performance*

lx GPEDC (2014), *Progress report*

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