

Lighten the load

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



AidWatch

CONCORD

• About this report



This is the fourth year that development NGOs from all 27 EU countries have come together through the AidWatch Initiative to produce this report, under the umbrella of CONCORD, the European NGO Confederation for Relief and Development.



CONCORD is the European confederation of 18 international networks and 22 national associations, representing more than 1600 European development NGOs. CONCORD members are listed on the back page of the report. CONCORD is also a member of GCAP, the Global Call to Action against Poverty. GCAP is a worldwide campaign committed to influencing world leaders to live up to their promises, and to make a breakthrough on poverty: www.whiteband.org

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• European AidWatch Initiative



This report is part of a broader range of work being undertaken by European development NGOs, to monitor and advocate on European aid under the aegis of the CONCORD AidWatch Initiative. AidWatch activities include lobbying and advocacy in Brussels and in European Union (EU) member States, annual and policy specific seminars, capacity building for NGOs across Europe and ongoing research on EU aid.

For more information on becoming involved in the AidWatch Initiative, please contact the AidWatch Coordinator: jasmine.burnley@concordeurope.org

• Acknowledgements

The production of this report has been made possible by the efforts of NGO coalitions across the EU, listed on each country page. The AidWatch Advocacy and Report groups have also played active roles in the production of the report. These groups are made up of the following individuals representing their organisations:

Ales Kranjc Kuslan, Ekvilib Institute; Aoife Black, Trócaire; Bodo Ellmers, EURODAD; Els Hertogen and Wiske Jult, 11.11.11; Ester Asin-Martinez and Agnès Philippart, CONCORD Secretariat; Gaspard Denis, CNCD; Gideon Rabinowitz, UKAN; Hetty Kovach, Oxfam GB; Katia Herrgott, Coordination SUD; Iacopo Viciani and Luca de Fraia ActionAid Italy; Luisa Antolin, WIDE; Louisa Vogiazides, Eurostep; Mario Gerada, SKOP; Michael Obrovsky, ÖEFSE; Peter Sörbom, CONCORD Sweden; Petra Krylova, Arpok; Rebecca Steel, TRIALOG; Terhi Ylikoski, KEPA; Verónica Hernández, Intermón-Oxfam.

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

European NGO confederation
for relief and development

CONCORD

Confédération européenne des ONG
d'urgence et de développement



AidWatch

Executive Summary

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

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

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

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

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

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

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

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

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

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

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

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

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

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



Part I: Analysis of European aid quality and quantity

1. Aid in a time of crisis

We live in a world where poverty and inequality are already widespread. Almost 40% of the world's population live on less than US \$2 a day.¹ In addition to this daily struggle, poor countries have been bearing the brunt of the food and fuel crises that have left 100 million more people hungry around the world.² They now face a financial tsunami, which will have catastrophic human costs and will hit the most vulnerable in our society hardest, especially developing countries and their citizens. The World Bank estimates that in 2009 alone, the financial crisis could result in the deaths of between 200,000 - 400,000 more children below five, and if it continues an additional 2.8 million infant deaths by 2015.³ Those least responsible for the crisis will be the ones who will pay the highest price, in many cases with their lives.

Europe's response to this crisis needs to address not just the symptoms, but also the causes. This means building a more equitable and sustainable economic system that will deliver for all. But with external resources available to developing countries in free fall, it is clear that aid is more important than ever. Trade with developing countries is collapsing; foreign direct investment and private financial flows are drying up, and much relied upon remittances are in decline. Aid flows must not go the same way. The last global recession in 1993 saw a lost decade of development – with aid levels falling by more than a quarter and not returning to their existing levels until more than ten years later.¹

EU aid levels matter. European governments currently provide over half of all global aid flows and are expected to contribute around 60% of the aid needed between 2006 and 2010 in order to meet global aid pledges.⁴ They have proved capable of mobilising gargantuan amounts of money for their banks. This shows meeting Official Development Assistance (ODA) commitments is not about lack of resources but about political will and prioritisation. Aid levels are now under pressure again as global economic growth contracts and governments across Europe begin to cut their development budgets: since December last year, Italy, Ireland and Estonia have all announced cuts to their 2009 aid budgets, and Latvia has suspended 100% of its development activities.

History will judge Europe according to its actions now. If the European Union (EU) fails to act we will be seen as having turned our back on the poorest in their time of need, and missed the opportunity to deliver a genuine EU development legacy.

- **A financial tsunami: the impact on poor countries**

In recent weeks a host of voices have sought to alert the world that the global economic crisis is inflicting serious damage on some of the most vulnerable economies in the world. Economic forecasts from the International Monetary Fund (IMF) for growth in developing countries for 2009 have been revised sharply downwards, and the World Bank predicts that developing countries face a financing gap of US \$270-US \$700 billion as a result of the crisis.⁵

One of the first impacts on developing countries has been the collapse in commodity prices – on which much of their economic activity depends. In recent months this has hit jobs hard: Sierra Leone has sent home 90% of its diamond workers⁶ and in Zambia a quarter of copper mining jobs have been lost.⁷

Beyond this, world trade is slowing down and developing countries will have to face a decrease in overall export revenues, one of their main income sources. Foreign Direct Investment (FDI) in developing countries, so dependent on the economic outlook of the North, has decreased by around 20% in 2008 and according to the United Nations (UN), "a further decrease in FDI flows can be expected in 2009".⁸

Box 1 : The crisis is taking its toll in developing countries

"I've two children aged 9 & 6 years. (Three years ago) I started working in the Katunayake Free Trade Zone in a gem-cutting factory. (...) Recently, the factory said that they were running at a loss and retrenched 150 workers and I was also included in that lot. (...) Now I'm 35 years of age, and I'm too old to join another factory." Lalitha, 35, worker in a gem factory, free trade zone, Sri Lanka.

"We've laid off all of our day labourers (...). Overall employment is down by more than 80%. There are empty houses around the town now. Everyone has gone back to the villages to farm, but it's impossible to make a living from farming. There's no credit to enable us to grow enough to have a decent business." Chief Shaka "Mugabe" Sandi, chairman of the Sierra Leone Indigenous Miners' Movement.

Source: Oxfam International, March 09

¹ The 1990 to 1993 global recession saw a far deeper and more sustained fall in aid levels. Aid fell by almost a quarter in real terms over a five-year period from 1993 to 1998 from US \$59.4 billion to US \$45.7 billion. Aid levels did not return to 1992 levels until more than a decade later in 2003.

The impact does not stop there. As the crisis settles in the North, the banks restrain lending and private capital flows dry up. Private capital flows to emerging economies are expected to drop to US \$165bn in 2009. Many developing country economies are also heavily dependent on remittances – money sent back by workers to their families. In Tajikistan remittances make up 45% of the country's Gross Domestic Product (GDP), in Eritrea 21% and in Senegal 8.2%. Due to the financial crisis, such remittances are expected to fall dramatically: by 18%, 31% and 34% in these countries respectively, and this is just the tip of the ice-berg.⁹

In the face of these effects, poor countries have few real options available to them. Developing economies are not backed by sufficient reserves to cope with times of trouble so they can't rescue their own economies in the same ways that European governments can. As of the 18th of February, advanced economies had pledged to support the financial sector with up to 43% of their GDP.¹⁰ This is over 100 times the average European ODA levels for 2008 (0.40%).

European Member States, as the major club of donors, should take the lead in tackling the diverse effects of these crises in developing countries, and start by delivering on aid quantity and quality. Now, more than ever, developed countries must live up to their promises to the developing world.

- **Poverty: the perennial crisis and the need for aid**

The impact of this crisis clearly shows that aid is more critical than ever. Evidence continues to demonstrate that where delivered well, aid has been crucial to improvements in the living conditions of poor people in many developing countries.

Since governments agreed to meet the Millennium Development Goals (MDGs) in 2015, progress has been recorded on many fronts, showing just how important a role aid can play. In Zambia, the UK and other donors have supported free health care in rural areas, increasing the number of people using health facilities by 50%. The scheme is also providing anti-retroviral treatment to almost 150,000 people, a tenfold increase from 2003 figures.¹¹ At a global level, the number of children out of school has decreased from 103 million in 1999 to 73 million in 2006.¹²

Aid has played an important part in these achievements and yet, despite these successes, progress on the MDGs does remain fragile. Last year, the number of people suffering from extreme hunger increased for the first time in two decades to the tune of 100 million people (an increase of well over 10%).¹³ People are also falling back into absolute poverty by the millions.¹⁴ With trends like this, European governments cannot afford to back down from their development promises.

Box 2 : Why aid matters: Education in Ghana

Almost half of Ghana's population lives on less than US \$1 a day, and until recently, only 62% of children of primary school age were in school. However the Government of Ghana along with help from rich countries is taking action.

In 2003 the Government of Ghana announced that it would abolish all primary school fees and provide a small grant to every school for each pupil to help cover the costs and encourage more children to go to school. The Ghanaian government dedicated over one fifth of its national budget to education. However, as domestic resources alone were not enough, the plan was supported by much needed donor government aid.

What has been the impact? Within the first year, the number of primary school aged children in education increased from 62 to 69 per cent and over two academic years, 1.2 million more children were able to go to school in Ghana. Enrolment of girls increased more than that of boys after stagnating for the two previous years, which is vital as evidence shows that girls who are educated are less likely to contract AIDS and earn more money in employment. The same experience has been repeated with great success in other countries that have removed school fees and made education free for all with the help of foreign aid.

Oxfam International, case study, October 2008

Such cases of success only go to show just how high the stakes are. Without much needed aid resources, stories like this one in Ghana will cease to be told, and the good work done so far faces the risk of being reversed.

Examples like this also show that aid works best when developing countries can decide where to invest the critical aid injections they receive from foreign donors.

Aid flows are small in comparison with other financial flows to developing countries, but this makes them no less vital to peoples' lives, given their focus on many of the poorest. As governments across Europe announce future aid cuts on top of weak progress so far, one thing remains clear: the need for aid has never been greater.

2. Europe's aid commitments

In October 1970, members of the United Nations General Assembly committed to increase their Official Development Assistance (ODA) to 0.7% of their Gross National Income (GNI)¹⁴. 39 years later most countries are still failing to honour this pledge.

It was not until the signing of the 2002 Monterrey Consensus that the European Union (EU) as a block adopted a set of binding common targets. In 2005, the EU Member States agreed to set interim targets for progress towards the 0.7% target, committing by 2010, to reach 0.51% of GNI in the case of old Member States, and 0.17% in the case of the new Member States. Other more progressive European donors have added and to some extent met, more ambitious national targets (see Table 1). The whole of the EU also committed to reach 0.56% of GNI in ODA by 2010.

Table 1. EU ODA quantity commitments

	Target (ODA as % of GNI)	When
EU collective target	0.56%	2010
EU – 15	0.51%	2010
	0.7%	2015
EU – 12	0.17%	2010
	0.33%	2015
Countries with more ambitious targets		
Belgium	0.7%	2010
Denmark	0.8%	2010
Ireland	0.7%	2012
Luxembourg	1%	2010
Netherlands	0.8%	2010
Spain	0.7%	2012
Sweden	1%	2006
UK	0.7%	2013
Countries which have lowered their commitments		
Estonia	0.1%	2010
Greece	0.35%	2010
Latvia	0.1%	2010

• Getting more out of aid

Donors are realising that when aid is imposed by external actors, it becomes less effective. Recognising that “aid effectiveness must increase significantly”, donor governments, including the EU, signed the Paris Declaration on Aid Effectiveness in 2005, committing to “respect partner country leadership and help strengthen their capacity to exercise it”.¹⁵ By agreeing to this, donors effectively

committed to place democratic ownership at the heart of effective aid. Aid which is fully owned by the people it is intended to reach, results in better development choices and increased effectiveness. In the words of the President of the World Bank himself, “Whether aid works can help determine whether the future is one of hope or privation”. The consequences of getting aid right – or getting it wrong – are very real.”¹⁶

Box 3 : What governments agreed to in Accra

At the 2008 third High Level Forum on Aid Effectiveness, where donors met to advance on implementing the Paris Declaration, it was revealed that progress across the board had been minimal. Where improvements had been made, this was largely on areas such as technical assistance and untying aid where targets and definitions were unambitious or vague, and reporting practices poor. Recognising the significant progress still to be made, donors agreed an Accra Agenda for Action, setting out the areas where they intended to put their efforts between now, and 2010, the deadline for meeting the Paris Declaration commitments. Some progress was made, and donors agreed four commitments, for immediate implementation. Apart from this, donors failed to settle on sufficiently specific or time-bound targets, which makes holding them accountable for progress difficult.

Immediate-to-implement commitments agreed in the Accra Agenda for Action

Alignment:

Donors will immediately start working on and sharing transparent plans for undertaking the Paris commitments on using country systems in all forms of development assistance. (...) Paragraph 15d

Conditionality:

Beginning now, donors and developing countries will regularly make public all conditions linked to disbursements. Paragraph 25b

Predictability:

Beginning now, donors will provide full and timely information on annual commitments and actual disbursements (...). Paragraph 26b

Beginning now, donors will provide developing countries with regular and timely information on their rolling three-to-five year expenditure and / or implementation plans, (...). Paragraph 26c

Unfortunately, progress since these immediate commitments were agreed has been weak, and it seems that until now, few governments have any plans on paper for making these promises happen.

Following Accra, the EU set out its own top level priorities on the Aid Effectiveness agenda: division of labour; country ownership-use of country systems; conditionality; predictability; untying;. Whilst the focus on these priorities – some of them fundamental aspects of the Aid Effectiveness agenda – is welcome, without having implementation plans for taking these priorities forward, their value remains highly questionable.

¹⁴ The original commitment says Gross National Product (GNP), but the WB substituted this concept for GNI in 2001.

¹⁵ The Paris Declaration is an agreement led by the Organisation for Economic Co-operation and Development (OECD).

3. Aid progress in Europe: not making the grade

The European Union (EU) is the world's most important donor, providing over half of global aid flows. 2010 will mark an important aid milestone for the EU as the world will scrutinise its performance on moving towards the 2010 target for increasing its aid, to 0.56% of overall EU GNI.

Sadly, the 2008 official aid figures suggest that Europe is set to disappoint. Last year, the EU provided 0.40% of its GNI in ODA.

Although this is an increase of €4 billion (bn) over 2007, in reality an increase of a further €20bn is needed over the next two years in order for the EU to meet its aid targets. Current rises are clearly falling far short of what is needed, and according to official estimates of the European Commission, the 15 old Member States (EU-15) will not reach its collective 0.56% target for 2010 until 2012. The 12 new Member States (EU-12) countries are also not expected to achieve their common target of 0.17% on time.

Figure 1: EU-15 2008 Official aid figures

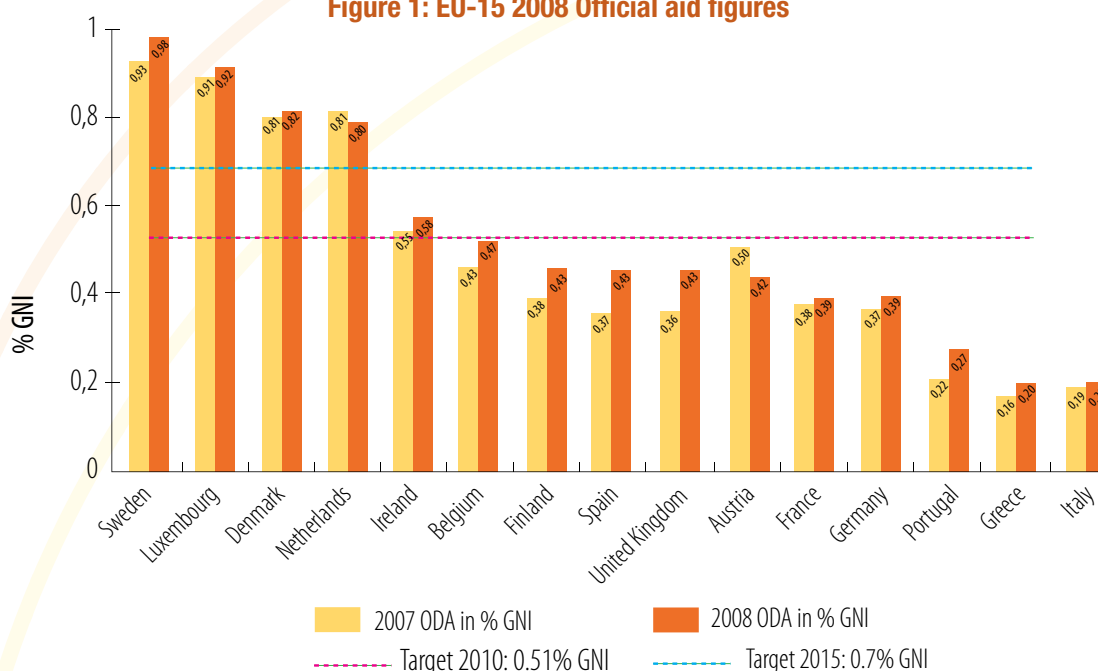
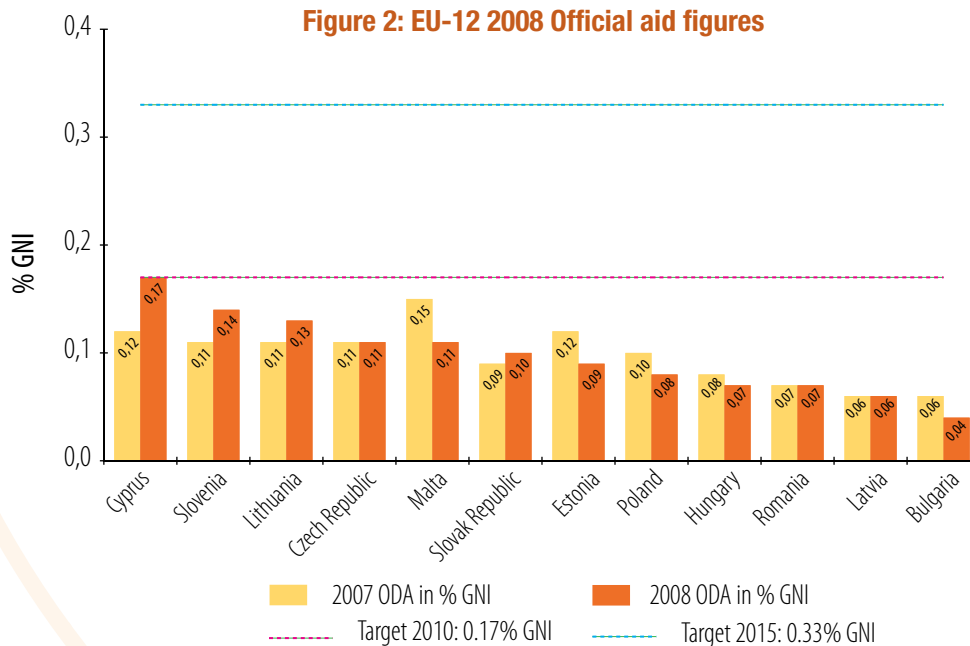



Figure 2: EU-12 2008 Official aid figures



Source: OECD online database, OECD (2009) and European Commission (2009).



Europe has committed to lead donor countries in the fight against poverty, but it is failing to maintain support just when poor countries need it the most. The financial crisis will be felt with greater intensity, and for longer in developing countries. Instead of stepping up their efforts, European countries are starting to walk away from the world's poor. Even if we assume that EU donors will meet their aid targets, the impact of the economic downturn on European economies will reduce the amount of aid they deliver by €12bn between 2008 and 2010. This is because EU targets are expressed as a proportion of national income, and therefore the real volume of aid will diminish in line with the shrinking size of European economies. In addition, with recent 2009 aid cuts announced by several European donors, the impact of the crisis on aid is certain to hit on a number of different fronts.

2008 saw ten out of the twenty-seven European countries either decrease or fail to raise their aid levels in relation to GNI. Amongst the EU-15, Austria recorded the biggest decrease. However, even within other EU-15 countries progress towards achieving the 0.51% GNI was negligible for many. Greece has already thrown in the towel and lowered its target for 2010 to 0.35% GNI. If current trends continue, Greece will fail to meet even this drastically reduced commitment. Germany, France, Italy, Portugal and Belgium are other members of the club showing little hope of hitting their targets.

Half of the EU-12 decreased their aid levels and a further two did not register any improvements on last year's figures. Amongst the new Member States, Bulgaria and Malta are by far the worst performers, with decreases of 27%. Hot on their heels were Estonia, which dropped by 19%, Poland by 10%, Hungary 9%, and the Czech Republic by 1%. Looking at the individual commitments, the picture is even darker. Only three countries in the EU-12: Cyprus, Slovenia and Lithuania, are on track to meet their targets.

As in previous years, progress has been seen under the usual (good) suspects - Denmark, Sweden and Luxembourg. The Netherlands also provide over 0.7% in aid, although they show a small drop from the 2007 levels. But aside from these consistently good performers, only Spain, Finland and the UK are showing real commitment by steadily increasing their aid figures.

This year's official analysis shows that EU aid quantity is simply not increasing at a sufficient rate to meet the targets committed to in the European Consensus on Development. Only six years away from the MDGs, this lack of commitment on aid figures signals further concerns that these monumental objectives will not be met. We have now reached a crossroads on aid and European countries must put in place binding aid delivery timetables to demonstrate that they are serious about their aid promises.

4. No cause for celebration: European aid inflation still a problem

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

When these figures are discounted from the glossy official numbers, European ODA amounts to only 0.34% of collective GNI, nothing like the officially reported 0.40% and a very long distance from the 2010 target of 0.56%. This is also a tiny increase against the 0.33% level of genuine aid provided in 2007. Current aid levels mean that European countries would need to dramatically increase their genuine aid flows in the next two years to meet their aid promises. Though difficult, amounts pumped into bank bail-outs this year show just how much money governments can mobilise if they feel the cause is worth it, and just how feasible it would be to meet the aid targets governments set for themselves back in 2002.

Debt cancellation figures have decreased by half a billion as expected since the explosion of spending on debt relief in 2005 and 2006. Conversely, student and refugee costs have increased by 4% and 11% respectively, showing that most European donors have decided not to follow UK and Luxembourg and end the practice of counting student and refugee costs as aid.

If the countries are ranked again according to their genuine aid, we can see that Sweden, Luxembourg, the Netherlands and Denmark's aid levels continue to surpass the 0.7% mark. But overall, a very different picture is painted in many countries when we carry out an analysis of "genuine" aid going direct to the poor. With aid inflation taken into account, Austria is by far the worst performer. Its share of inflated aid is even larger than its genuine aid, and represents 52% of its total ODA. Other countries with large chunks of inflated aid are the Slovak Republic (33%), Germany (26%), France (23%), Italy (21%), Czech Republic (18%), Greece (16%), Slovenia (13%) and Belgium (10%).

Table 2. Snapshot of genuine and inflated aid

Country	Genuine aid % GNI	Total ODA (€m)	Inflated aid (€m)	Genuine aid (€m)	Will they meet their 2010 targets without inflation?
Luxembourg	0.92%	283	0	283	Likely
Sweden	0.90%	3286	260	3026	Unlikely
Denmark	0.78%	1941	100	1841	Unlikely
the Netherlands	0.75%	4848	341	4507	Yes
Ireland	0.58%	918	4	914	Unlikely
Belgium	0.43%	1651	165	1486	No
Finland	0.42%	790	13	777	Yes
Spain	0.41%	4635	296	4339	Likely
United Kingdom	0.41%	7919	454	7465	Likely
France	0.30%	7596	1773	5823	No
Germany	0.28%	9644	2521	7123	No
Portugal	0.24%	425	39	386	Unlikely
Austria	0.20%	1165	608	557	No
Greece	0.17%	480	79	401	No
Italy	0.16%	3081	639	2442	No
Lithuania	0.13%	41	0.2*	40.8	Likely
Slovenia	0.12%	51	7	44	No
Czech Republic	0.09%	146	27	119	Unlikely
Slovak Republic	0.07%	65	21	44	No
Latvia	0.06%	14	0.4*	13.6	No
Romania	0.06%	94	6*	88	No

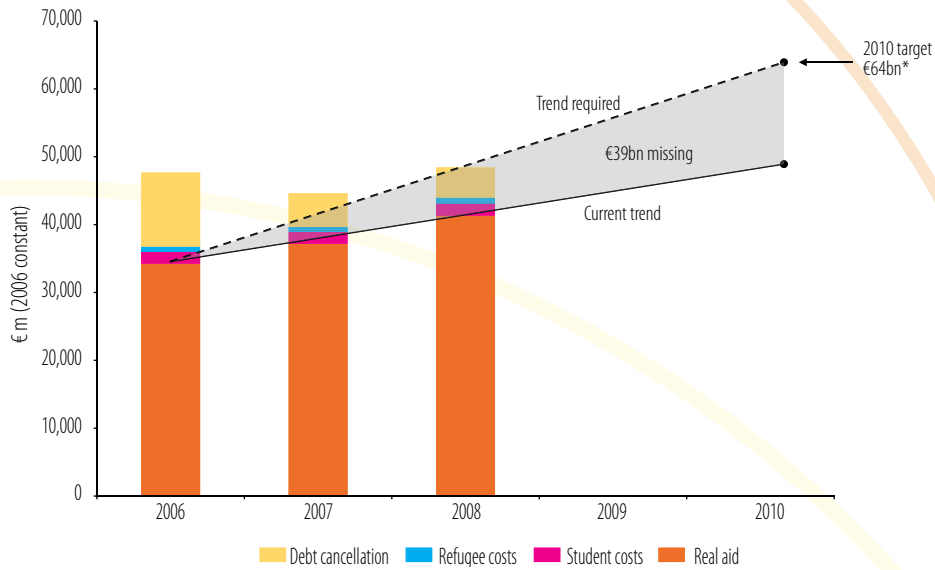
Countries where reporting practices limit inflated aid analysis

	Genuine aid % GNI	Total ODA (€m)	
Cyprus	0.17%	27	Likely
Malta	0.11%	6	Unlikely
Estonia	0.09%	14	Unlikely
Hungary	0.07%	72	Unlikely
Poland	0.08%	264	No
Bulgaria	0.04%	13	No

*Actual figures could be higher

Source: CONCORD calculations based on OECD DAC (2009) and EC (2009)

Figure 3: Trends of EU 15 genuine aid. Will they meet their 2010 targets?



**This target of €64bn takes into account the OECD's calculations revising down aid volumes as a consequence of the impact of the financial crisis on European economies.
Source: CONCORD calculations based on OECD (2009), EC (2009), OECD Creditor Reporting System and Eurostats*

If current trends continue unchanged, European countries will have failed to provide €39bn of promised aid to developing countries by 2010, due to inflated aid practices and missed official targets. This amount is more than two times the size of Estonia's economy, and would be enough to increase by one quarter the daily income of the 380 million Africans living in absolute poverty.

European NGOs are extremely concerned about new non-aid expenses being reported as ODA. Denmark is already reporting climate finance as aid and, looking to the future, will not be the only one. Other countries such as Malta and Lithuania are very likely to even now be reporting the costs of reception centres for migrants. Many European countries are also considering reporting peace-keeping and police missions as part of their development aid, despite the total absence of any guarantee that this money will go anywhere near poverty alleviating activities. In 2007, Spain funded police missions in Senegal and Mauritania with aid money, and the Slovak Republic recently attempted to report some costs of North Atlantic Treaty Organisation (NATO) security missions as aid meant for the poor.

This analysis of inflated aid reveals that Europe is not doing enough to honour its promises. EU governments continue to artificially boost their aid figures, and instead of phasing out this practice, are now pushing for a "widened ODA agenda". Climate finance features at the top of this agenda together with security and migration spending. If European countries pad out their aid figures like this, they risk losing all their credibility, and Europe's claim to be a leader on development will be null and void.

• Debt cancellation

Last year almost €5bn was reported by European donors in debt cancellations. Whilst this amount is lower than previous years, it still accounts for a whopping 9% of European aid flows. European NGOs welcome debt cancellation to developing countries, but believe that it should not be counted as official aid. Crucially, reporting debt

cancellation together with aid flows misleads the public because it moves donors closer to their targets without ever increasing the amounts of aid they deliver to poor countries.

When donors provide debt relief, they can count not only the amount of the debt forgiven, but also the interest they are owed now, and in the future. This allows donors to effortlessly note down numbers on their aid balance sheets and appear more generous than they really are.

In the Monterrey consensus, European countries made a commitment that debt relief would not divert money from the aid made available to developing countries¹⁷. Despite this commitment, debt cancellation once again accounted for a significant share of EU aid flows, with notable examples being Austria (43%), the Slovak Republic (26%), Italy (20%), Germany (19%) and France (8%).

In addition, donors can report the cancellation of export credit debts as part of their ODA spending. Export credits are provided by specialised export credit agencies in developed countries to back national companies who want to export to so-called riskier developing countries. When local companies in developing countries fail to pay up, the exporter in the developed country claims back its costs from its national export credit agency. The export credit agency then pursues the government of the developing country for the debt, and the amount is added to the national public debt of the developing nation. When these debts are cancelled, they are counted as ODA even though the original purpose of the investment may never have been development related.

• Refugee costs in Europe

Spending on refugee cost in donor countries inflates aid figures because it does not reflect a real transfer of resources to developing countries. The money stays in the donor country and is in no way directly connected with any development or poverty reduction goal.

Refugee costs represent a significant share of aid flows in the Czech Republic (9%), Sweden (8%), Slovenia (7%), Belgium (4%), Greece (4%) and France (3%). However, European NGOs are concerned that currently reported levels of refugee costs counted as aid may not reflect the real extent of the problem. There is a growing tendency amongst European governments to politicize ODA spending, especially around migration issues and immigrant arrivals in many Mediterranean countries. Some European governments are also likely to be reporting part of their refugee costs within other OECD Development Assistance Committee (DAC) categories. Spain, for example reported as "housing policy and administration management" a project related to migrants' housing. Moreover, there are clear gaps on donor country reporting and detailed breakdowns of spending on refugees are rarely available. This problem is especially relevant in some of the new Member States, such as Malta and the Slovak Republic, where the OECD DAC reporting guidelines are not yet fully implemented and local NGOs believe that not only refugee costs, but also money spent on migrant detention centres and repatriations may be being reported as ODA.

• Student costs

The role of developing individuals' skills in creating wealth, reducing poverty and empowering people to access their rights has long been recognised by aid experts and local civil society actors alike. But for many European governments, the line between spending on creation of skills in developing countries, and subsidising higher education institutions in their own countries has been blurred. Many donor countries report as development assistance the money spent on educating foreign students within their own borders.^{iv} Some benefits may be gleaned from this process, but there is nowhere any guarantee that this money ever contributes to poverty reduction in developing countries. It also means that in reality, the government does no more than make a direct transfer of funds from one ministry to another.

By funding foreign students, donors can also fuel the "brain drain" phenomenon, by perpetuating policies which encourage skilled migrants to stay and use their valuable skills in rich countries, rather than their own. This is rarely combined with fair and equitable migration policies which allow for economic migrants with or without sought-after skills to enter European borders.

5. Aid Effectiveness: unlocking the potential of aid?

Historical experience has shown that aid can make a clear and valuable difference to people's lives, when it is sustainable, long-term and characterised by genuine development motives. It is factors like these which determine the effectiveness of aid. Aid effectiveness also gives better value for money. The European Commission itself has pointed out that the costs of not applying fully the aid effectiveness agenda amount to a massive €5 to €7 billion per year.²²

Yet in contradiction with international commitments, aid continues to be driven by donors' own priorities, resulting in damaging in-country power imbalances and little developing country ownership

According to the latest figures and information from the national platforms, we estimate that student costs reported as aid, increased by 4% in 2008, reaching €1.9bn or over 4% of total European ODA. This figure is significantly higher in some countries such as France (12%), Greece (12%), Portugal (9%), Germany (7%) and Austria (6%).

There have already been some discussions within the OECD on changing the ODA reporting in order to avoid inflation in this area by ending the practice of counting student costs.¹⁸ European NGOs are in favour of this and strongly encourage the OECD to move forward with this initiative.

• Climate change financing

Climate change is universally recognized as a global threat which will have dire consequences for the environment and the international economy.^{19,20} It is expected to have a greater impact in developing countries, many of which lie in more vulnerable areas and / or lack sufficient resources to take effective actions to alleviate the consequences of climate change. Developed countries must take action to support developing countries to deal with these damaging impacts on the basis of their capabilities, and their past and present responsibility for contributing to climate change. Given the current inability of many European Countries to fulfill their aid targets, there is great concern that not only will European governments fail to effectively meet their climate change commitments, but that they will also take the opportunity of using critical climate change finance to fill out their meagre aid budgets.

The EC has recognized the importance of increasing support to developing countries during the financial crisis and made climate change adaptation a priority sector. On the other hand, it has failed to commit to protecting already weak development aid budgets, instead announcing that "Creative means should be however sought to make sure these commitments (ODA) are respected (innovative sources of financing, e.g. Global Climate Financing Mechanism)."²¹ It is crucial that climate change financing is additional to existing ODA commitments. This year's high profile discussions on climate change in the lead up to the UN meeting in Copenhagen, will be a test to see if donors are serious about tackling the challenges of poverty reduction and climate change.

of aid processes, which reduces overall levels of aid effectiveness. Many of the core issues for aid effectiveness such as gender equality and transparency have long been on the short-list of developing country concerns, but never fully addressed. Gender equality is a basic human right central to aid effectiveness which has not, to date, been given a sufficient level of priority by development actors. Today, there are many more illiterate women than men in the least developed countries and a woman's risk of dying from treatable or preventable complications of pregnancy and childbirth over the course of her lifetime in sub-Saharan Africa is 1 in 22, compared to 1 in 7,300 in the developed regions.²³⁻²⁴ Transparency, another

^{iv} The costs reportable as ODA are the percentage of the tuitions costs (official expenditure on education) that corresponds to the percentage of the student body that is accounted for by students from developing countries.

Table 3. Aid transparency in the EU

Country	Overall transparency*	What are the main problems?
Belgium	Good	Policy conditions for disbursements not disclosed
Denmark	Good	No disclosure of policy conditions, insufficient timeframes for consultation on available information
Estonia	Good	No evaluation mechanisms in place
Ireland	Good	Data needs to be made more easily accessible to partner countries
Netherlands	Good	Still insufficient levels of detail in information available
Sweden	Good	Information provided to the OECD DAC is not easily available
United Kingdom	Good	Some information is not systematically available and policy conditions are not yet disclosed
Austria	Average	Information is not released in timely manner and key documents such as aid policies or financial agreements are not available
Cyprus	Average	Not enough information on aid assessments, procurement procedures and conditions
Czech Republic	Average	No information released ex ante and no evaluation reports available
Finland	Average	Important decisions related to development policy have been made by the government without proper consultation
France	Average	Data presented in a way which is incomparable with other sources, no disclosure of policy conditions
Germany	Average	Not enough information available on aid flows, procurement procedures and aid evaluations
Lithuania	Average	Little detailed information available, no information provided ex ante
Luxembourg	Average	No formal channels for requesting and disclosing information, information on use of policy conditions unavailable
Poland	Average	Not enough and insufficiently detailed information
Portugal	Average	Information on aid is not centralised and detailed information can only be obtained from individual ministries and departments
Spain	Average	Information provided to the public is not detailed enough and is only available in Spanish making accessibility for aid recipients an issue
Italy	Poor	Poor national information gathering and not enough information available
Greece	Poor	Overall access to information poor, and not available in a timely and regular manner
Latvia	Poor	Transparency is poor and needs to be improved, especially with regards to bilateral aid
Bulgaria	Very poor	Information is very poor and there are no mechanisms for automatic disclosure
Slovak Republic	Very poor	Information is very poor and there are no mechanisms for automatic disclosure
Slovenia	Very poor	Information is very poor and there are no mechanisms for automatic disclosure

*Based on an index compiled through questionnaires completed by NGOs. See note on methodology for further information. No data is available for Hungary, Malta and Romania

issue on which effective and accountable aid is founded, has still not been effectively addressed by donor countries. Despite repeated calls from development actors, donor countries remain reluctant to open up their aid budgets to wider public scrutiny, thereby reducing the scope for mutual accountability and democratic participation in aid processes.

Some international commitments have tried to address these and many other aid quality issues. The Paris Declaration was a bold attempt, but it has fallen short of being a comprehensive solution. This year, with the detrimental impact of the food and financial crises on the most vulnerable in developing countries, the quality of aid is even more crucial, and donors must deliver.

• Aid Transparency

Aid transparency is central to the debate on aid effectiveness and all the available evidence suggests a clear link between good

aid transparency and accountable donor-recipient government relations. But beyond this snapshot of aid relations, there is a bigger picture. Good aid transparency is critical for improving democratic accountability mechanisms at the country level through enabling citizens and parliaments in donor and recipient countries to fight corruption, ensure aid is spent on its intended purposes and hold their governments to account. By reinforcing the role of citizens and parliaments, aid transparency also helps democratic ownership of aid policies and processes.

CONCORD AidWatch asked civil society organisations in all 27 Member States to rank their governments on transparency around development assistance according to range of criteria. They looked at how much and what kind of information on aid is disclosed in each country and made available to the public. European donors expect a high degree of transparency and accountability from Southern governments in relation to aid but the results of our analysis show that when it comes to transparency, many European governments do not practice what they preach.

The better performers on aid transparency include Belgium, Denmark, Estonia, Ireland, the Netherlands, Sweden and the UK, but even in this leading category, problems remain: it seems that no government proactively discloses its policy conditions despite the commitment made last year by governments in Accra, and the clear call from developing countries to do so.

What the table below really makes clear, is that transparency rarely filters down to the people who matter most: those citizens in poor countries for whom the aid is actually intended. Information is rarely released in a timely and accessible manner and the necessary detail is usually insufficient. In practice, this can mean trying to analyse information in the wrong language, with confusing terminology and gaps in the information provided.

In Accra, some progress was made on aid transparency. Many European governments also became signatories of a new International Aid Transparency Initiative. Governments are now reporting back on this in the framework of Paris, but as a voluntary exercise it only partially covers the European region. All European governments should sign up to the International Aid Transparency Initiative, and demonstrate how they will implement its commitments.

• Gender

Gender equality is a crucial component for breaking through the development barrier, and yet women are denied their rights in countless contexts across the world. Women currently represent 70 percent of those living in poverty and two thirds of the world's illiterate.²⁵ In addition, women in poor countries grow more than 60% of the food but own less than 2% of the land.^{26,27} It is patently clear that almost all development goals will not be achieved, nor will aid be at its most effective without addressing women's rights and gender equality. Gender inequalities are reducing the effectiveness of aid and as such must be acknowledged by donors and dealt with in aid programmes and activities, particularly by ensuring that aid effectively targets women as its primary beneficiaries.

The majority of the world's governments and all EU Member States, have signed up to a number of international agreements and committed to work for gender equality through the 1979 UN Convention on the Elimination of All Forms of Discrimination against Women (CEDAW), the Beijing Declaration and Platform for Action and the Millennium Development Goals. While many donors and developing country governments pay lip service to the importance of gender and of supporting women's rights, in practice, the way that aid decisions are made and aid is disbursed on the ground do little to translate these words into reality. It is difficult for European governments to claim any improvements on aid effectiveness when they have been unable to achieve progress on commitments to women since 1979.

European governments are making very unequal progress towards implementing comprehensive gender equality and women's empowerment strategies in development. Only a few European countries such as Denmark and the Netherlands, have gender strategies and assessment mechanisms in place. Others such

as Spain have recently agreed gender strategies, but are not yet implementing them. Many of the new Member States have only recently joined the donors' club and most of them only mention gender as one of many aspects of their aid policies. Conversely, countries like Germany and Austria do have gender strategies in place, but without sufficient financial resources to carry them out.

Box 4 : Investment in women's education essential for development:

A one-year increase in the schooling of all adult females in a country would result in:

- an increase in GDP per capita of around US\$700
- an increase in the share of industry and services in economic activities of 0.3% and 0.8%, respectively, and a reduction in the share of agriculture of 1%
- an increase in female formal sector labour force participation rates of 0.7%
- a reduction in children's labour force participation of 1.4 percentage points
- an increase in contraceptive use of 4.5 percentage points
- a 4.3% increase in the proportion of females continuing on to secondary school
- an increase in female and male life expectancy of 1 year
- an increase in the share of the population with access to safe water and sanitation of 3.7 and 5.4 percentage points, respectively an increase in GDP per capita of around US \$ 700.4

*World Bank*²⁸

• Ownership and conditionality

Ownership is acknowledged to be the central pillar of aid effectiveness, and yet remains the area on which there has been least progress, and where donors are least interested in committing to moving forwards. In signing the Paris Declaration, governments recognised the need to end the practice of prescribing their own solutions for development and put Southern countries in the driving seat. Last year saw governments meeting in Accra at the High Level Forum on Aid Effectiveness reaffirm their commitment to a limited notion of ownership, defined only by alignment with Southern country development strategies. Although an essential part of ownership, this understanding falls far short of the broader notion of democratic ownership which is fundamental to the quality of aid.

Democratic ownership means that all actors have the option of participating in national policy development, implementation and monitoring, and that the voices of these actors are made central to national development processes. The role of donors is to support, and not undermine these democratic processes but time and time again, research shows that Northern governments play active roles in directing Southern countries' development choices.

An illustrative example of this problem is that donors are still attaching harmful economic policy conditions, and this can mean forcing vulnerable economies to open their markets or dictating cuts in vital public spending, which can be even more damaging during times of crisis. This undermines democracy because it means

policies are determined by donors not citizens telling recipient governments what to do.

In Sierra Leone, the results framework against which the donors and the government monitor progress sets out 106 benchmarks and conditions. Moreover, the government agreed a "governance and accountability pact" with donors which stipulated another set of 10 governance reforms and 35 related targets. In addition, there are another 32 conditions attached to the Multi-Donor Budget Support framework, which are directly linked to money disbursements.²⁹ This is a clear case of donors continuing to set a country's development agenda. If ownership is to be translated from rhetoric to reality, such use of policy conditionality must end.

The European Commission recently published "April Package" on development cooperation,³⁰ found that only five Member States have actively reduced the number of their policy conditions; thirteen are not doing so at all, and the rest have failed to even report on their use of conditionality. Most also continue to impose economic policy conditions through funding they give to International Financial Institutions. The World Bank and the IMF usually set the standards used by donors to rank poor country economies, yet only the Netherlands is currently against this form of conditionality. Ireland is currently reviewing the situation in relation to conditionality and NGOs hope that the country's position will be made much clearer as a result of the review. However, the fact remains that most European governments are making few efforts to improve the democratic ownership of their aid. As long as donors continue to impose conditions on aid, developing countries will remain unable to freely and democratically choose their own development paths.

Box 5 : Laying the foundations of democratic ownership:

- Developing countries are able to determine their own policies within a democratic process
- Policies are designed so that they do not undermine domestic democratic accountability systems
- Ensure that the voices and concerns of citizens and parliaments are central to national development plans and processes
- Produce indicators for ownership that are more than a measure of alignment with national development policies
- Eliminate harmful economic policy conditionality
- Ensure that all European government policies are coherent with development goals and objectives and aligned with international agreements

• Accountability of aid

Aid has long been characterised by unequal power relations between rich Northern donors and Southern countries receiving aid money. Without accessible information on donor activities, an absence of public and parliamentary scrutiny and a failure on the part of donors to conduct adequate evaluations of their development aid, European governments have rarely been held accountable by recipient countries for their mistakes. Yet along with democratic ownership, ensuring that assistance is accountable is the key pillar of effective aid.

Southern governments have many requirements placed on them to be accountable to donors. In 2005 alone, Tanzania had to account

to donors for 700 projects managed by 56 separate offices.³¹ By contrast there are no robust mechanisms in place to hold donors accountable on their aid commitments to any developing country.

In the Paris Declaration aid actors committed to implement mutual accountability mechanisms, but so far this is the area where the "thinnest reporting and progress" has been achieved.³² This verdict from the donors themselves says much about their commitment to be genuinely accountable in countries where they provide aid.

A limited number of European governments have developed national accountability mechanisms, but not one of them has carried out any assessment of whether these are sufficiently robust or genuinely accountable. No donor is currently taking proactive steps to implement effective mutual accountability mechanisms. Greece and a significant proportion of the new Member States do not even have systems in place to evaluate their aid projects.

2008 represented a real opportunity for rich governments to address the power asymmetries in their aid relations with developing countries. At the high level meeting on aid effectiveness in Accra, governments agreed to ensure both that mutual assessment reviews were in place by 2010, and that developing countries and donors would jointly review and begin to strengthen existing international accountability mechanisms by the end of 2009. But since last September, little has changed. Few donors have made any real changes to their relations with Southern aid recipients, and the plans to strengthen international mutual accountability mechanisms seem to have fallen at the first hurdle. Work being taken forward on this by the OECD remains at the level of the technical not the political and Southern government involvement has been minimal.

The continued use of economic policy conditionality undermines accountability even further. If donors are making the decisions on policy in developing countries, it makes it even more difficult for citizens to hold their governments to account. If good quality aid is to be a feature of future development cooperation, donor governments must take seriously their commitments on accountability. This means developing mutually agreed aid contracts in an international framework which can oversee the roles of all donors in providing aid to the poor.

• Untying aid

The continued use of tied aid is a common complaint of developing country governments, citizens' groups, civil society and parliaments alike. Defined by the EU as "aid given on the condition that the beneficiary will use it to purchase goods and services from suppliers based in the donor country"³³, tied aid fails to boost demand and create jobs in recipient countries. Tied aid also decreases the real value of aid because it makes it more expensive. The OECD estimates this difference is somewhere between 15% and 30% for most aid items and around 40% for food aid.³⁴ These figures may easily underestimate the real extent of the problem as donor countries do not have to report the tying status of technical assistance, food aid and administrative costs. A case study recently carried out in Ghana showed that in fact, the real figure is likely to be around 50% and that the extra costs of tied aid amounted to a reimbursement of around 10% of the total bilateral inflows from bilateral donors.³⁵

There are also many indirect costs associated with tied aid such as spending on transport, and inefficient allocation of resources linked to limited procurement options, since the most adequate option may not be among those available in the donor country. Although these effects may be hard to quantify, the impact they have on the real value of tied aid cannot be dismissed.

The Paris Declaration features a weak commitment asking that governments make “continued progress over time” on their tied aid practices. Unfortunately, this limited target fails even to reflect the OECD recommendations to untie aid to the Least Developed Countries (LDCs) made in 2002, which was extended in 2008 to Heavily Indebted Poor Countries (HIPC). Because these only apply to the poorest and most indebted countries, they do not address the full problem.

According to the EU’s recently released “April Communication on development cooperation”³⁰, Europe is leading on the untying of aid, and yet this document contains no mention of the Accra commitment on encouraging local procurement – which is vital for reducing tied aid. In addition, OECD data continues to show that few European donors have decided to follow even the limited recommendation agreed in 2002, which means that the Commission’s ambitious self-assessment may be more rhetoric than reality.

The official figures reveal that Greece is the country with the highest share of tied aid (58%), followed by Portugal (42%), Italy (40%), the Netherlands (19%) and Austria (13%). However, these figures include non-genuine aid items and when tied aid is calculated as a percentage of genuine aid, many countries reflect a gloomier picture with tied aid figures increasing significantly in Italy, Belgium, Austria, Denmark and the Netherlands. Italy takes over the first place as worst performer from Greece, with its tied aid representing a massive 71% of genuine aid. Germany and Greece show better results when genuine aid is measured because they are correctly reporting de facto tied expenses, such as student or refugee costs, as aid which is tied.

Even if donors are more active in taking forward the commitment to untie aid, the differences between official and genuine tied aid figures show that the OECD DAC guidelines still leave too much room for

manoeuvre, allowing donors ample space to play with the figures. Monitoring donors would be much easier with stricter guidelines on reporting, and the OECD needs to ensure this.

**Box 6 : Italian tied aid:
emergency food aid or subsidies for business?**

In 2005 Italy sent 80 tonnes of Parmesan cheese worth 700,000 Euros to Armenia and Georgia as food aid during an emergency. Just one year later, the World Food Programme received a donation from Italy, with a specific request to purchase Italian rice for Uganda and Burkina Faso. At the time, Italian rice cost US\$527 per tonne, whilst Thai or Pakistani rice cost only US\$200 per tonne. These examples give a clear indication of Italy’s preference to buttress its own industries through tied aid over its support for the goals of poverty reduction.

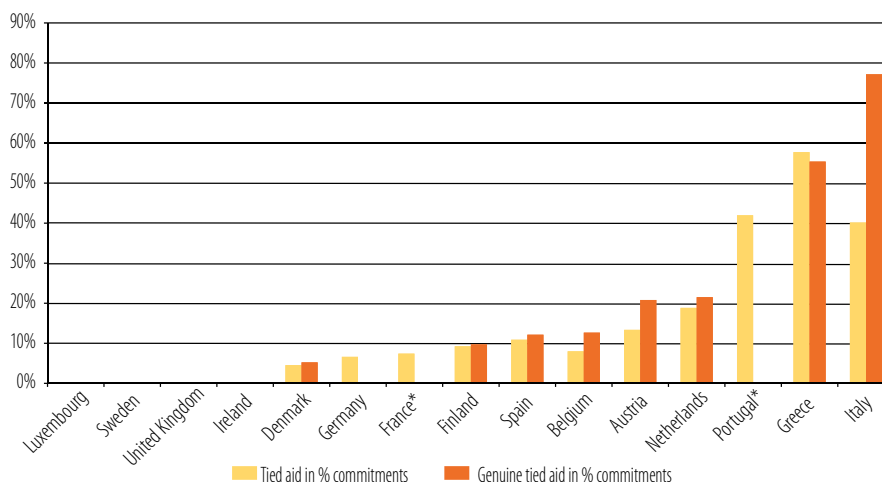
Italy and the fight against world poverty – ready for the G8? ActionAid Italy

• **Technical assistance**

Technical assistance (TA), long heralded as an ineffective and costly form of aid, “is the provision of know-how in the form of personnel, training, research and associated costs.”³⁶ The real volume of TA is probably underestimated as governments do not record TA which is part of project or programme aid, but according to OECD* estimates, it makes up around 40% of total ODA flows.³⁷ The overall weight of TA as a development instrument and the opaque nature of the figures, have made TA the subject of fierce criticism.

Donors have a long history of being particularly untransparent about the real costs of TA. Even when TA is coordinated, the information shared by donor countries tends to be incomplete, leaving recipient countries in a weak position if they want to compare alternative sources and negotiate with other partners.³⁸ The restricted flow of information also makes it impossible to know TA’s real value for money, fuelling the criticism of TA being expensive and overpriced. In addition, TA is occasionally used as a form of conditionality and recipient countries accept it “as a condition for accessing much-needed financial resources”.³⁹ Further conditionality may be exerted

Figure 4: Many European governments continue to tie their aid



*Insufficient government reporting practices to report reliably on genuine tied aid — Source: CONCORD calculation based on OECD DAC data and information from the national platforms

* The OECD prefers to use the term "technical co-operation", but many donors refer to it as "technical assistance". On consistency grounds, we use the term technical assistance as it is the most widely used.

by the consultants themselves, who through their work, may influence the policy outcomes. Moreover, recipient countries are occasionally compelled to accept TA, and as many of the procurement procedures used by donors favour using companies from their own countries, TA often ends up being effectively tied as well as imposed.

A 2006 review of the Paris Declaration highlighted TA as one of the six priority areas that needed immediate attention from policy makers.⁴⁰ Two years later the second OECD review surprisingly found that donors were on track.⁴¹ However, on closer analysis, it becomes clear that this is not the result of genuine progress, but as the OECD itself points out, instead “is due, in part, to a definition (or a target) for “co-ordinated technical co-operation” that could have been more ambitious. The 2005 baseline, at 48%, was already very close to the 50% target.”⁴² This, combined with a very vague understanding of the term “TA”, led the donors themselves to admit that “numbers generated by the survey therefore include technical co-operation efforts that are co-ordinated in a relatively loose sense.”⁴³

The fact remains that European countries are failing to truly coordinate their TA with partner country priorities. Most European countries such as Finland and Cyprus do not have guidelines in place to improve TA coordination. In Denmark this aid modality is being centrally selected and managed by the programme directors, leading to unilateral decisions on TA, a problem which has also been noted in Finland. A different problem highlighted in Estonia is that TA is usually provided ad hoc rather than on a long-term sustainable basis. Even countries with progressive policies on TA, such as the UK, are still far from achieving real coordination. The last annual report from DFID (the UK’s aid agency) stated that 81% of DFID’s procured activities, most of it TA, went through British companies.

Donors must ensure that all TA is demand-driven and aligned to national strategies, and respect the right of recipient countries to contract according to their needs. They must also recognise that sometimes the regional or local reality may require skills or approaches in which international experts may not be trained. In the absence of local experts, TA should be demand driven and allow partner countries to first explore the possibility of hiring consultants from other Southern countries. These changes need to be reflected in European governments’ policies and approaches to TA. Without an agenda for implementation, it will be a case of more fine words with no action to match.

• Predictability of spending

Overcoming poverty requires long term sustained planning. Without reliable and predictable aid flows, recipient countries’ governments cannot elaborate accurate budgets and make the long term investments required for poverty reduction. In the Paris Declaration (PD), donors committed to “provide reliable indicative commitments of aid over a multi-year framework and disburse aid in a timely and predictable fashion according to agreed schedules”.⁴⁴

Despite their commitments, donors continue to provide highly unpredictable aid. The last survey of the Paris Declaration showed that only five donors are likely to meet the commitments on predictability and another three are within reach of the targets provided they make exceptional efforts.

Predictability results from the PD Survey*

	2010 Target	Progress 2005-2007	Distance to target
Austria	62%	13%	26%
Belgium	66%	7%	27%
Denmark	73%	5%	22%
Finland	65%	8%	27%
France	65%	13%	22%
Germany	74%	7%	20%
Ireland	81%	2%	17%
Italy	54%	19%	27%
Luxembourg	71%	-21%	41%
the Netherlands	76%	2%	19%
Portugal	71%	32%	24%
Spain	63%	8%	30%
Sweden	74%	7%	20%
UK	73%	14%	13%

* Percentage of aid disbursed as scheduled
Source: OECD 2008 Paris Declaration Monitoring Survey

Donors are not only failing to deliver on their commitments, but also to address a much simpler issue: that of sharing information on aid flows with recipient countries. A recently released OECD report showed that some donors “share the information on an informal, non-committal basis; yet others do not share the information, or share it only with selected partners or in relation to budget support.”⁴⁵ The reluctance of donors to release this information shows a fundamental lack of understanding of development issues and disregard for partner countries’ governments and citizens.

European analysis shows that predictability is still a major aid effectiveness problem for many European governments. Multi-year commitments remain uncommon, and where they do exist, don’t always have the intended impact of increasing aid predictability. Austria, Belgium, Denmark and the UK make long term commitments to partner countries, which in the case of the latter can extend as far as 10 years. Unfortunately, these commitments are only indicative: In 2007 the UK, for instance, failed to disburse 40% in time and according the agreed schedules (see table on predicabilities).

In New Member States aid predictability is very low and funds are normally provided on an annual basis. One reason behind this is that many of these countries are still developing their own basic legal and political frameworks for development cooperation. In some cases, the problem is more systemic than others. In Poland for example, the current budget processes fail even to provide a clear timeline for disbursements.

The crisis has also brought about another problem for predictability of aid. Financial instability has also triggered acute exchange rate fluctuations, which effect the market value of aid in-country. Since mid-2008, the pound has lost over 20% of its value against the dollar, which means in real terms, that the money received by developing countries has also decreased by almost one quarter.

These fluctuating levels impact on aid predictability, making it harder for governments to plan spending to vital services such as health and education.

International Financial Institutions continue to play a strong role in levels of bilateral aid predictability. The International Monetary Fund (IMF) is considered by donors to be a watchdog of economic soundness. When the IMF operates in a developing country, bilateral donors tend to link their aid disbursements to recipient countries being on track with the IMF's programme. The problem is that the IMF focuses on economic indicators and overlooks poverty reduction goals. In times of crisis now very familiar, recipient countries can easily go off-track. Donors then have the option of discontinuing their aid flows, with an immediate impact on the poor who are most reliant on regular inflows of aid to maintain basic services.⁴⁶

- **Security and migration: politically motivated spending**

Some European countries continue to deliver aid based on their own priorities rather than those of the poor. Several conflicts have broken out in recent years and European governments have deployed significant numbers of troops abroad. Against this backdrop, a number of countries such as Italy and Sweden have pronounced in favour of broadening the OECD reporting guidelines in order to enable these expenses to be counted as ODA. While in some cases the troops may be carrying out emergency relief, loosening the guidelines would give donors more leeway to further inflate aid figures. In addition, analysis shows that many of the current peace missions have been dispatched on political grounds and not on the basis of poverty reduction goals. Counting military spending as ODA would make it much easier for European countries to meet their ODA commitments, but mixing political and security incentives with the aim of reducing poverty and empowering people to claim their rights creates the potential to undermine the entire argument for aid.

Spending on immigration in Mediterranean countries under OECD guidelines has already swollen ODA refugees spending figures (further analysis in the "inflated aid" section above). Exposed to significant migration flows, these countries have put forward a policy which should let them tie ODA money to recipient's countries' co-operation on migration and repatriations.^{vi} The main advocate of this was France, which during its presidency of the EU, fostered a pact on migration and asylum allowing Member States to negotiate bilateral agreements against co-operation on migration issues. Soon after, other supporters of the initiative rushed to pass their own regulations on the issue. In Italy the government has tabled a proposal to speed up cooperation interventions with countries willing to sign repatriation agreements. Similarly, Malta has chosen its priority countries according to migration patterns and concerns.

European governments must be crystal clear in recognising that the use of aid as a political tool is unacceptable. Aid is about poverty reduction and rights, not the diplomatic relations and interests of rich governments in poor countries. It is crucial that Europe takes a strong stance on this issue, blocks any further widening of the definition of aid, and takes a step back from labelling its security and

conflict resolution activities as development.

- **Division of labour**

Evidence shows that aid is becoming deeply fragmented: worldwide there are "225 bilateral and 242 multilateral agencies funding hundreds of thousands of activities each year. In 108 countries, more than ten EU donors are providing country programmable aid. EU donors fund around 60,000 projects."⁴⁷ In addition, aid is not distributed evenly and many countries, mainly fragile states, receive less aid than other countries with similar development levels, these are the so called "aid orphans".

Division of labour is heralded as the solution to these problems and has been placed at the top of Europe's development agenda after the EU adopted the Code of Conduct on Division of Labour in 2007. This code asks European governments to focus on a number of specific sectors where they have a comparative advantage, or hand over their activities to other donors that do. With either option the donor must ensure the aid recipient government takes the lead. Donors are also asked to work together at the international level to address the problem of aid orphans.

Although it is still early days for this exercise, a number of developing countries have been vocal in stating their concerns over an initiative that is once again driven primarily by donors. Division of labour requires significant donor coordination and assessment on their individual comparative advantages. But combining this process with developing country leadership of development processes poses a big challenge. The OECD has already forewarned that "excessive priority to harmonisation among donors is seen as running counter to ownership".⁴⁸

European governments have yet to demonstrate how in practice they intend to carry out division of labour without undermining democratic ownership of aid by developing countries, but there is little evidence that this or other aspects of the agenda are being embraced with enthusiasm by European donors. The Spanish government for example expressed confusion over the aims of the division of labour agenda or how to implement it, and ultimately has not produced any plans for taking it forward.⁴⁹ The European Commission itself recognised that European countries are also reluctant to implement division of labour because they wish to remain engaged in politically attractive sectors, do not want to lose visibility by delegating and believe that coordination is time-consuming and not cost-effective. So far, only Belgium has shown interest in implementing the code of conduct, by deciding to select a maximum of three priority sectors in each partner country. In theory the sectors will be chosen according to recipient government priorities, but Belgian NGOs are sceptical about how this will be put into practice.

Division of labour is a complex instrument and implementing it without real dialogue could easily mean encroaching upon many fundamental aid effectiveness principles. European governments need to clearly demonstrate case by case how this agenda is going to reinforce and not undermine democratic ownership of aid.

^{vi} UN (2002) Monterrey Consensus, chapter II. Monterrey, Mexico, 18-22 March 2002

6. European NGO Recommendations

The financial crisis, as well as the food and energy crises, illuminate more than ever, the intertwined economic fates of the developing and the developed world. Poverty reduction goals require rich and poor countries to work together to address current imbalances. On this global stage, Europe has set itself the ambitious goal of playing the leading light. In 2008 European countries have made some progress towards the 2010 targets designed to reflect this leadership role, but it is no secret that this progress has far from justified the label of leading donor: progress on aid quality commitments has been poor, and at their current pace most European Member States will completely miss their 2010 aid quantity targets.

Already in 2006, when the first edition of this report was published, European NGOs warned that European governments were a long way off from meeting their aid pledges. The clock is still ticking and the poor cannot wait any longer.

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

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

Part II : Country Profiles

European Commission



In 2008, the European Commission (EC) was instrumental in ensuring the European Union acted as a leading force in the international aid agenda. Recently, the European Commission agreed its annual "April package" on development, which though ambitious in places, falls far short of what is needed for Europe to maintain its role as leader. To keep this guiding position, the EC must ensure it steps up to the plate and continues to demonstrate its leadership through the implementation of progressive policies.

Civil society organisations have observed a consistent gap between EC stated objectives and policies, on the one hand and the reality of the implementation and resources actually devoted on the other. There is a particular concern about the Commission's rhetoric on Policy Coherence for Development (PCD). Reducing poverty will mean tackling all the policies which impact upon development, but no decisive action has been taken by the Commission to shift the currently unfair European policies on agriculture or on bilateral trade agreements. Other key development areas where the EC needs to step up efforts are gender equality commitments, the poverty focus of EC aid and aid effectiveness.

On the implementation of gender equality commitments, despite the EC's 2007 'Communication on Gender Equality and Women's Empowerment in Development Cooperation' and the related Council Conclusions, there is still no progress on establishing the EU Action Plan on Gender Equality and Women's Empowerment in External affairs. The Action Plan is critical for the EU's implementation of the Accra Agenda for Action (AAA) in which Gender is one of the 3 specific themes.

The Poverty focus of EC aid has also been found to be a problem for the European Commission. Under the Development Cooperation Instrument (DCI), 100% of the EC's geographical aid to developing countries in Latin America, Asia and South Africa, must be used for recognized development purposes. However, for some countries aid was not primarily motivated by the aims of poverty eradication and the EC has proposed supporting some activities that do not meet ODA criteria. The European Parliament has been examining how this might be achieved without allowing EU budget resources intended for development to be used for non ODA activities.

Aid effectiveness is an area on which the European Commission has demonstrated good progress in comparison to other donors, by producing an implementation framework. However, there are concerns that this work overemphasizes division of labour – just one of many core aid effectiveness commitments agreed to. For example, transparency and ownership of EC aid are also in need of

improvement. NGOs' assessment of the process establishing current Country Strategy Papers (CSPs) for 2007-2013 concluded that engaging civil society and the accessibility of information enabling such engagement tended to be ad hoc and incomplete. The EC has committed to increase engagement with civil society organisations (CSOs) but mechanisms for doing this remain unclear.

Accountability of EU aid is compromised by the separation of the European Development Fund from (EDF) the general EU budget. At present there is no recognized role for the European Parliament (EP) to exert democratic oversight over EC cooperation with African, Caribbean and Pacific (ACP) countries. Moreover, there is little involvement of national parliaments in partner countries in establishing and implementing the EU's development cooperation programmes in their countries.

The EC has sought to increase multi annual commitments through a form of long-term budget support, oriented towards MDG-based outcomes, or "MDG contracts". In principle these MDG-contracts improve predictability and possibilities for better planning. To date the EC has signed MDG contracts with 8 countries. However, monitoring the use of resources through budget support, which is critical for effective democratic accountability, is difficult. Without such accountability in partner countries, budget support can increase accountability towards donors, undermining ownership. Moreover, there is little evidence of any comprehensive assessment of the EC's minimum conditions for budget support to be considered, including democracy and respect for human rights, and identifying whether these are being met in countries where budget support has been agreed.

European NGOs call on the EC to:

- Effectively disseminate relevant information and make documents easily accessible at all stages of their production.
- Establish more quantifiable indicators to assess the effectiveness of EC aid and to focus evaluations of EC Development cooperation on its impact on poverty reduction.
- Accept democratic oversight by the European Parliament over all EU aid and promote national parliamentary scrutiny in developing countries.
- Ensure that non ODA activities are not financed from budgets designated for development.
- Promote effective democratic accountability of budget support strategies.
- Deliver the EU Gender Action Plan no later than 2010 through an inclusive process involving permanent and structured policy dialogue with all stakeholders.

"We decided a few years ago to provide 0.51% in 2010.(...) This, because of the crisis is not feasible – neither in 2010 nor in 2011."

Michael Spindelegger, Minister of foreign affairs



Austria

Has Austria established a timetable to reach the target of 0.51% by 2010? NO
Will Austria meet the 0.51% target without inflating its aid? NGO prediction: NO

Austria is the only country which cut development assistance in 2008 to 0.42% of GNI (compared to 0.50% in 2007). This decrease is mainly the consequence of a fall in debt relief when compared to the previous year. However, Austrian ODA is still heavily inflated with debt relief (more than 40% in 2008), student and refugee costs. Neither genuine, nor inflated aid figures reflect Austria's economic position in the European Union. The government has failed to provide budget increases to meet the 2010 commitments, and with the newly introduced four year budget scenarios, it is also clear that there are no planned aid increases in the future. Austrian NGOs thus expect further drops as debt cancellation fades out and the government fails to mobilize fresh money.

• Aid quality

Development aid is not a priority for the Austrian government. Aid quality is affected by high inflation, and only a modest proportion of the overall budget is managed directly by the development agency. The distribution of responsibility between policy making and implementation on development cooperation also needs to be clarified.

Despite having a gender strategy for development cooperation, the lack of resources impedes full implementation (for example there are no funds available for gender analysis and program design). Evaluating gender aspects of Austrian aid remains a big challenge as the government has not devised a set of gender-based indicators. Outside the Austrian Development Agency (ADA), there are no funds earmarked for gender equality and women empowerment. However, gender budgeting has been made a binding principle across government.

The government needs to step up its efforts and to focus more on transparency and accountability than on public relations. Key documents such as policy papers are not always available or released in time.

Ownership is recognized as a core aid principle. However, in reality, implementation of the ownership principle is weak. At the national level, development organizations are generally included in consultations, though there is room for improvement. At partner country level however, civil society organizations (CSOs) are not consulted. There are plans to address this issue, but due to the lack of funds they are far from being made real.

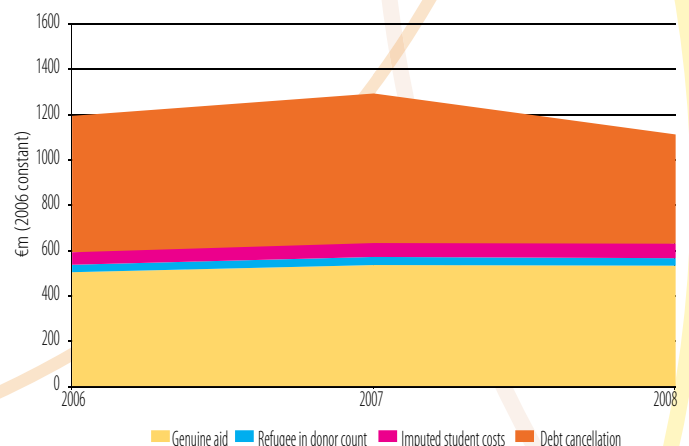
On conditionality, the government believes that economic and financial conditions are necessary to a certain extent, and favors the use of joint and streamlined conditions. On reducing conditions used by International Financial Institutions however, the government states that multilateral conditions have already been sufficiently rationalized, and that it is not willing to advocate for further changes. This is a disappointing position for the Austrian government to take.

General predictability has improved with respect to the ODA managed by ADA but as the agency only oversees 8% of the funds, this does not apply to the majority of Austrian aid. The newly reformed budget law (mentioned above) does increase predictability across government spending by introducing a four year budget perspective, however, the government has not included any ODA increases in this.

Austrian NGOs call on their government to:

- Share international responsibility in accordance with Austria's economic and political position (member of the UN security council).
- Increase ODA efforts despite the economic crisis, i.e. budget increases in the multiyear cycle (2009-2013) to realize the EU commitments, including the Paris Agenda.
- Ensure implementation of gender equality (gender indicators; capacity building for gender budgeting).
- Enter into a real dialogue with CSOs to create ownership and to foster mutual accountability.

Austria's genuine and inflated aid



Organisations consulted: GLOBALE VERANTWORTUNG – Arbeitsgemeinschaft fuer Entwicklung und Humanitaere Hilfe / GLOBAL RESPONSIBILITY - Austrian Platform for Development and Humanitarian Aid; Koordinierungsstelle der Oesterreichischen Bischofskonferenz fuer internationale Entwicklung und Mission/ Co-ordination office of the Austria Episcopal Conference for International Development and Mission (KOO)



Belgium

Has Belgium established a timetable to reach the target of 0.7% by 2010? YES
Will Belgium meet the 0.7% target without inflating its aid? NGO prediction: NO

In 2008, Belgium increased its spending of genuine aid through the Directorate-General for Development Cooperation (DGDC) by 28% (€240m). This meant that Belgian ODA rose from €1.42bn in 2007 to €1.65bn in 2008, bringing its ODA/GNI ratio to 0.47%. Though a positive step, it will probably be too little too late – at least to reach the 0.7% target by 2010, a target reconfirmed by the government when it took office in early 2008. Even with a similar increase in genuine aid planned in the 2009 budget, aid levels will not be sufficient to reach the 0.7% target without aid inflation. On 2008 aid inflation, there was an overall decline from the previous year, as only €69m was provided in debt cancellation. By contrast, refugee expenditure stayed at a similar level to 2007 (€ 61m). Unfortunately Belgium also started to include student costs in its ODA figures (€ 22m), which is a setback on good aid practices.

Despite the financial crisis and growing budget deficit, Belgian NGOs are receiving reassuring signals about the planned expenditure on aid in 2009.

• Aid quality

Belgium does not have a formal gender strategy, but has adopted a gender mainstreaming approach. The total amount of aid spent on gender is not disclosed, but the amount spent on some main gender projects is available on request to the administration. There are no consistent and relevant gender-based indicators in Belgium's development programmes. In January 2007 the government passed a law on gender mainstreaming, but regulations governing the implementation of the law are still missing, neither is the law yet operational.

In general, the Belgian government releases a significant amount of information on aid and development cooperation. A few aspects, however, remain controversial. The government still needs to disclose its policy conditions, and improve the information on budget support, aid flows towards specific projects/programmes and the opportunities for public participation in decision-making. Another concern for Belgian NGOs is the failure to publicly release questionnaires sent to OECD/DAC.

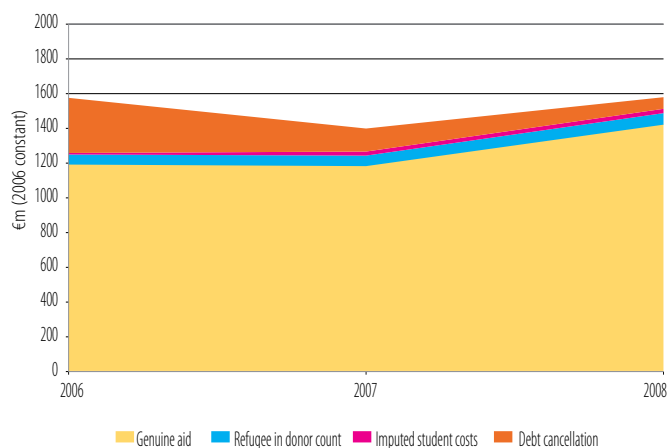
The last Paris Declaration Monitoring Survey showed that Belgium is not on track to meet its predictability target for 2010. Belgium has taken steps to improve long term predictability by extending the period of the indicative cooperation programs from 3 to 4 years. However, year to year, Belgian aid is still often not disbursed in a timely and predictable fashion. The government has considered taking some steps to increase its predictability within each financial year, but it is not yet clear how this will be taken forward.

In order to implement division of labour, the Belgian government decided in 2008 to select a maximum of three priority sectors in each partner country. In theory the sectors will be selected according to the recipient government priorities, but Belgian NGOs are sceptical about how this will be put into practice. The government also decided to spend 5% of its aid through delegated cooperation with other donors. The problem is that there is no clear framework to be used by the Belgian representatives on the field. In addition, Belgian NGOs are concerned about the government's overemphasis on the European code of Conduct on Division of Labour, at the expense of the Paris Declaration principles.

Belgian NGOs call on their government to:

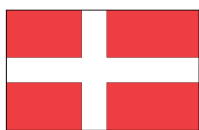
- Strengthen the legal and political basis for policy coherence for development in order to make sure that all policy decisions affecting developing countries and taken in other policy domains than development cooperation, are aimed at reaching better living conditions for everyone worldwide.
- Improve reporting on gender spending.
- Devise and include gender-based indicators in Belgium development programmes.
- Approve the regulations governing the law on gender mainstreaming.
- Increase transparency on policy conditions, aid flows, budget support and disclose the OECD/DAC questionnaires.
- Improve predictability within each annual cycle.
- Make sure ownership genuinely lies with partner government while implementing division of labour and design a framework for delegated cooperation with other donors.

Belgium's genuine and inflated aid



"That the OECD countries are not fulfilling the 0.7 percentage target is of great concern, not least in the light of the increasing pressure on aid budgets, which we can expect in the coming years."

Ulla Tørnæs, Minister for Development, 30 March 2009



Denmark

Has Denmark established a timetable to reach the target of 0.8% by 2010? YES
Will Denmark meet the 0.8% target without inflating its aid? NGO prediction: UNLIKELY

Denmark continues to provide some of the highest aid levels in Europe (0.82% of GNI) and is well above the 0.7% target. However, further increases in the aid budget are being blocked by the Danish Peoples Party, which is the main supporter of the government. Reporting climate financing as inflated aid is also increasingly becoming a problem. In addition to spending 3% of ODA (€60m) on debt cancellation and 2% (€34m) on refugee costs, last year the government spent approximately 8% (€157m) on climate finance, reducing genuine aid figures to 0.71% of GNI.*

• Aid quality

Gender equality is a key priority in Danish aid and is mainstreamed into all programmes. There are also specific initiatives and funds focusing on gender equality. The government, mainly through the Ministry of Foreign Affairs, has invested much political energy on the MDG3 Campaign aiming at promoting gender equality and women's economic empowerment. It is also a leading member in the OECD/DAC gender network (Gendernet).

Transparency in Denmark is generally high, though consultation processes are in need of improvement, especially with regards to key development strategies. The government also needs to take a more proactive stand in developing countries when providing information to target groups and enhance consultation processes with civil society and other development actors.

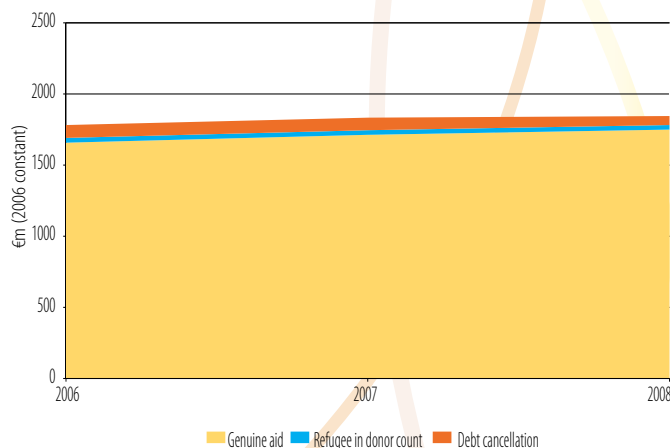
Denmark is providing strong economic and political support for civil society and democratic ownership, but has failed to take crucial steps towards limiting the use of conditions. The government is supportive of the World Bank and International Monetary Fund's approach and believes that conditions are important for pushing economic policies focused on growth. Normally, the government follows International Financial Institutions' conditionality when providing bilateral aid and does not have policies in place to streamline the use of this highly ineffective practice.

Denmark spent approximately €157m (8% ODA) of its aid budget on climate activities. Of this €5m was spent on the COP15 Climate Conference itself, and much more will be spent on this conference in 2009. National NGOs consider that Denmark as the host of COP15 conference on Climate in Copenhagen, should take the lead in financing climate change activities outside the ODA budget.

Danish NGOs call on their government to recognise that:

- In the light of the severe consequences of the financial crisis on developing countries and the prospect of dwindling aid resources, it is even more important that Denmark takes a lead with other donors to set an ambitious target to provide 1% of GNI in genuine aid by 2015.
- Avoid inflating aid, especially by ensuring that climate funding is additional to the ODA budget.
- Maintain gender equality as a focal area across Danish and multilateral aid.
- Improve transparency for aid recipients and more proactively consult target groups.
- Recognise that economic policy conditions other than fiduciary conditions and outcome based conditionality undermine genuine democratic ownership.

Denmark's genuine and inflated aid



* Numbers are estimates provided by Danida and based on the format used by EU for the UNFCCC negotiations towards COP15
Organisations consulted: IBIS; Danish EU-NGO platform

Complementarity is the key when considering different channels for development cooperation. (...) For example, I consider development cooperation by NGOs well suited for supporting education and health care sectors.

Paavo Väyrynen, Minister for Foreign Trade and Development, June 2008

Finland



Has Finland established a timetable to reach the target of 0.51% by 2010? YES
Will Finland meet the 0.51% target without inflating its aid? NGO prediction: YES

In 2008, Finland reported €790m as ODA. As a percentage of GNI, this was 0.43%. The government has recently said that Finland will meet its 0.51% target by 2010. However, Finnish NGOs point out that this will only happen as a result of the impact of the financial crisis on GNI. As there was no debt cancellation in 2008, Finland's aid was inflated only with refugee costs. However, the government is currently discussing reporting student costs as ODA, and there are also voices calling for the inclusion of security and peacekeeping expenses.

Spending less than has been budgeted has been a growing problem for Finland for several years. It has been reported that in 2008 only 78% of Finland's budget for regular development cooperation was spent.

• Aid quality

There is a clear decline in the Finnish government's support for gender equality. A recent evaluation reveals that the number of projects focusing on gender has decreased and simultaneously gender mainstreaming is not working properly. In addition, there are no mechanisms or indicators to evaluate the gender mainstreaming.

In terms of transparency, it has become more difficult to access information on development policy. In principle, most of the documents are labelled as public and open to consultation, but in practice, important decisions related to development policy are made without proper consultation, such as the decision on reversing the trend of increasing the use of budget support.

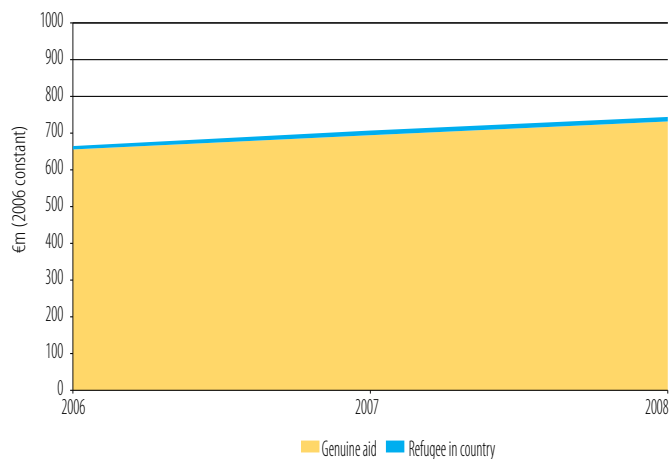
With regards to democratic ownership of aid, there are increasingly questions over the Finnish government's treatment of national NGOs as independent actors. There has been discussion that Finnish NGOs should focus their cooperation on Finland's bilateral priority countries. Moreover, it has been proposed that NGOs should take over sectors where the bilateral cooperation is decreasing. At the same time, government consultation with Finnish NGOs has grown more sporadic, and Southern NGOs are consulted even less. However, Finland is still successfully promoting the rights and possibilities of NGOs in partner countries.

Finland's performance on technical assistance also needs to improve. Finland has not adopted any guidelines aimed at improving donor coordination of technical assistance. Finnish NGOs are worried that the decisions on TA are not based on the needs and priorities of the partner countries.

Finnish NGOs urge their government to:

- Live up to the commitments made in Paris and Accra, especially around the principle of ownership.
- Raise its ODA level to 0.7% with steady annual increases in order to fulfil its international commitments.
- Fulfil the commitment to promote gender as a cross-cutting issue in all development cooperation.
- Ensure and increase public participation in decision-making.
- Acknowledge the integrity and independence of NGOs.

Finland's genuine and inflated aid



"Europe will meet the 0.7% target in 2015. This is a major political choice, it's a unanimous political choice, and I ask the countries here today which aren't from the European continent to understand that, given our social, economic, financial and political difficulties, this choice is a fundamental one."

Nicolas Sarkozy, President of the Republic, United Nations Conference on Financing for Development, Doha, 29 November 2008



France

Has France established a timetable to reach the target of 0.51% by 2010? NO
Will France meet the 0.51% target without inflating its aid? NGO prediction: NO

France has slightly increased its aid levels in 2008, reaching 0.39% of GNI. Debt cancellation has decreased, while student and refugee costs have remained fairly similar in constant terms. As a result, genuine aid has increased by 14%. However, inflated aid still represents 30% of the global figure and, when discounted, France's aid amounts to a meagre 0.30% GNI. In order to meet the 2010 target, France would have to increase its genuine aid by 65%. Officially, the government remains committed to meeting its targets, but in reality, this is very unlikely and documents attached to the finance bill for 2009 estimate that French aid will only reach 0.41% GNI in 2010.

In addition, due to budgetary constraints, France will increase the amount of aid it disburses through loans rather than grants. In 2009, loans will double, with a large proportion allocated to emerging and middle-income countries, whilst the rest of bilateral aid (excluding inflated aid and spending to Overseas Territories) is expected to decrease by 7%. The OECD DAC has recently warned that "France should also seek to maintain a high share of grants, (...) loans are not appropriate in all sectors and in all countries, and it is essential that the choice of the geographical and sectoral allocation of aid should not be instrument-driven to the detriment of poverty reduction goals."

• Aid quality

Gender issues remain a major aid quality challenge in French aid. In the last two years some progress has been achieved. In 2007, the government approved a gender strategy and in December 2008, the Ministry of Foreign Affairs (MFA) announced an action plan to promote gender issues in development cooperation for 2009, with €20m for gender projects. However, most of those resources are not additional, but re-allocated from currently active projects. Gender issues are slowly finding their way into government structures and there is now one official in charge of gender issues in the MFA.

A new law adopted in 2006 slightly increased transparency of French aid. The main bilateral operator of French aid has also adopted a new transparency policy, which has increased, to some extent, the overall transparency of aid mechanisms. Nonetheless, information sent to the Parliament on ODA issues is still limited and reporting to the OECD DAC should be made more transparent.

French aid remains highly unpredictable and the budgetary constraints imposed by the economic and financial crisis will not improve it. The government's shift from grants to loans has brought about the cancellation of 45 new social projects expected to start in 2009 in sub-Saharan Africa.

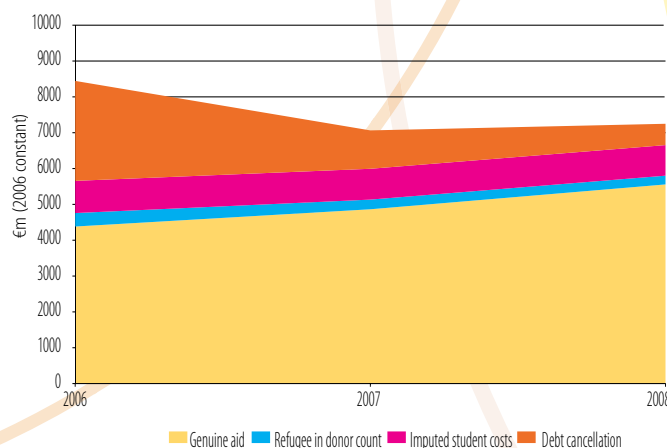
Organisations consulted: Coordination SUD

France is increasingly politicising aid spending. Aid is used in negotiations of bilateral agreements on migration, including three main chapters: managing legal migration, fighting against illegal migration and development. In 2008, France actively promoted this approach and reached an agreement in the European Union where the European Council adopted a Pact on migration and asylum encouraging Member States to negotiate bilateral agreements on the same basis as the French model. Moreover, the French Secretary of State for Cooperation, Alain Joyandet, recently stated: "We want to help African people, but we want to be paid back". He also expressed concerns about French ODA to Tanzania not having benefited a French company. These statements are particularly worrying considering French commitments to untie its ODA, in the context of a clear shift of French aid towards private sector promotion.

French NGOs call on their government to:

- Increase transparency and parliamentary scrutiny over development policy.
- Adopt a binding timetable setting annual milestones to increase genuine aid in order to meet the 0.7% target by 2015 at the latest.
- Put the fight against poverty and inequality at the centre of all development cooperation programs and, in particular de-link migration and development policies.

France's genuine and inflated aid



Germany



Has Germany established a timetable to reach the target of 0.51% by 2010? NO
Will Germany meet the 0.51% target without inflating its aid? NGO prediction: NO

In 2008, Germany raised aid levels from 0.37% in GNI to 0.38% and continued to be Europe's biggest donor in terms of volume provided. This was through an increase of 14% on its 2007 aid levels. However, the government is still far from meeting 0.51% target in 2010. In addition, debt cancellation still represents 19% of Germany's ODA. When debt figures are discounted, Germany provided only € 7.5 billion or 0.31% of its GNI. Student and refugee costs are still included in the 0.31 % quota, contributing even more to the inflation of German ODA. In conclusion, genuine aid levels must be increased by at least 56% if Germany wants to reach the 2010 target.

In September 2009, Germany will see parliamentary elections taking place, and the new government will need to revise the budgetary process for 2010. It will be crucial that they take this opportunity to put the country back on track to meet its 0.7% target in 2015.

• Aid quality

The gender strategy for German development cooperation was updated in 2001 and again recently through the development of the Gender Action Plan (2009-2012), which aims to foster the implementation of commitments to gender equality. Though German development cooperation puts special emphasis on gender issues, financial allocation still lags behind.

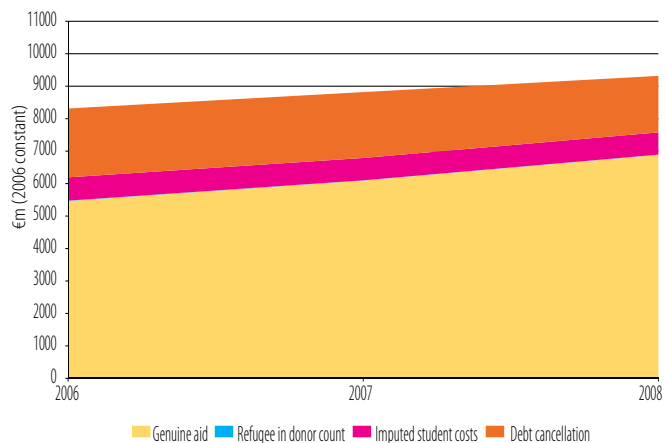
Germany has a good record of making general information available to the public. But documents and data specifically about aid flows and procurement procedures are not disclosed and the assessments of aid projects and programmes are only partially available. Furthermore, data is presented in a way that makes it very difficult to compare with other sources.

The German Ministry of Defence has pushed to include Afghanistan peacekeeping expenditure into German ODA. The Chancellor Angela Merkel earlier called for the inclusion of military operations under UN mandate on ODA. These initiatives were not only rejected by civil society and some Members of the Parliament, but also by the Ministry for Economic Cooperation and Development.

German NGOs call on their government to:

- Implement the national 'Gender Action Plan' for development cooperation to its full extent with the goal of achieving 'gender justice'.
- Increase transparency, especially on the aid budget cycle, aid flows and evaluation of aid projects and programmes.
- Increase the share of real financial transfers, the so-called 'country-programmable aid', while respecting criteria for transparency, democratic and independent control of resource allocation.
- Provide development assistance according to poverty reduction goals and ensure that no peacekeeping expenditures are reported as ODA in the future.
- Increase international tax co-operation with a view to eliminating cross-border tax evasion and capital flight in order to mobilise much-needed domestic resources for development.

Germany's genuine and inflated aid



"The challenge (of climate change) is also an opportunity for Greek ODA to take a step further. To become more strategic and systematic, focus on concrete, long-term targets, and become more innovative, in order to contribute in a constructive way to the universal fight against poverty that can no longer wait to be tackled."

Theodora Bakoyianni, Minister of Foreign Affairs, 2008



Greece

Has Greece established a timetable to reach the target of 0.51% by 2010? NO
Will Greece meet the 0.51% target without inflating its aid? NGO prediction: NO

Greece has increased aid volumes by 27% in 2008. Total ODA now amounts to 0.2% of the national GNI, a figure which is still far from the international commitments. As Greece faces a high budgetary deficit the government has deferred its 0.51% target to 2012, setting a new objective for 2010 of 0.35% GNI. Despite the drop, this new objective is still very optimistic. Greece would have to increase its aid levels to more than 65% in order to meet the target and given the current national economic circumstances, this seems very unlikely.

In 2008, the Greek Government spent €58m on foreign student costs, and €20m on refugee costs. Both expenditures were counted as ODA. This means that genuine aid levels last year were just 0.17%.

• Aid quality

Greece has yet to develop and adopt a gender strategy. Even if some development projects do include women as a vulnerable target group, they are not based on a comprehensive policy. The lack of gender strategy and the nature of current gender projects give a clear indication that women are not seen as key factor in fighting poverty.

Though the Greek government claims to have a good record on aid transparency, Greek NGOs experience a substantial lack of transparency procedures. There is very little and insufficient information published through the internet, reports are not updated and do not include complete information. Furthermore, there is no public dialogue with civil society on transparency issues.

Another looming problem with Greek development assistance is that it does not target poverty reduction. Out of the total aid budget, only €31m is going to sub-Saharan Africa and even less, €26m, is provided to the least developed countries around the world. However, the government has stated that Greek aid will focus on sub-Saharan Africa during the coming years. Greek NGOs welcome this initiative and look forward to new developments towards the allocation of aid targeting poverty reduction in sub-Saharan Africa.

There are no accountability or evaluation mechanisms in place to guarantee that Greek aid is being effective in fighting poverty and fostering development. Mutual accountability has never been a subject of public debate and aid is generally perceived as an act of philanthropy that should be welcomed by poor countries.

Greece still holds the first place in tied aid amongst the 15 old Member States having reached 58% in 2007, which demonstrates a minor decrease from 2006 levels (61%). The practice of buying

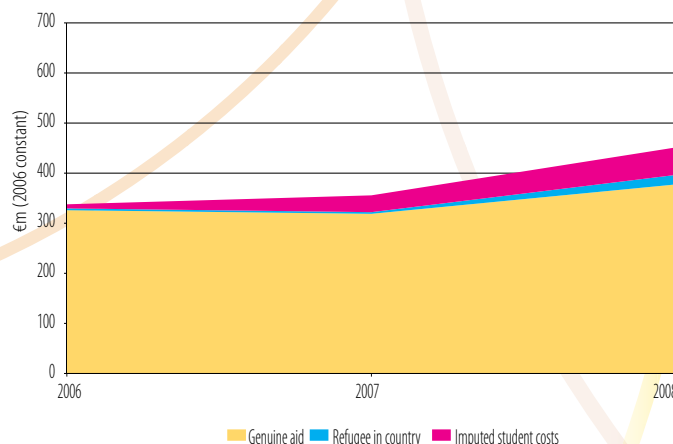
goods and services in Greece seems unlikely to change despite its strong potential to undermine poverty reduction efforts.

Development assistance in Greece is largely focused on humanitarian aid. In addition, ad hoc approaches to emergency development show that Greece lacks a long term sustainable development policy aimed at poverty reduction. The Greek government however, does not consider this to be a problem.

Greek NGOs call on their government to:

- Honour its commitments on the new revised target of 0.35% of GNI by 2010 and 0.51% by 2012, setting a clear timeframe to ensure that the targets will be reached and establish a solid, long-term development strategy.
- Stop counting student and refugee costs as ODA.
- Establish a transparency mechanism, in which civil society will be actively involved, to improve all procedures of information disclosure, ensure information is easily accessible to all interested parties and reduce bureaucracy.
- Untie all aid, including technical assistance.
- Establish an accountability mechanism to ensure that contracts' and agreements' procedures are transparent, that aid focuses on and contributes to poverty reduction, and that the government follows the DAC guidelines and projects are being evaluated by recipient countries and other stakeholders.
- Prepare a long term strategy shifting the priority of development projects from Balkan and Black sea countries to sub-Saharan African countries and other LDCs.
- Fund Fast Track Initiative to contribute to the achievement of the second MDG.

Greece's genuine and inflated aid



Organisations consulted: ActionAid, Hellenic Committee of Non Governmental Development Organisation (National Platform); Greek Coalition against Poverty

"We confirm today that the Government is committed to resuming the expansion of the aid programme as soon as economic growth has been re-established."

Micheál Martin, Minister for Foreign Affairs, and Peter Power, Minister of State for Overseas Development;
7 April 2009



Ireland

Has Ireland established a timetable to reach the target of 0.6% by 2010? NO

Will Ireland meet the 0.6% target without inflating its aid? NGO prediction: UNLIKELY

In 2008, Ireland spent 0.58% of GNI, on ODA, up from 0.54% the year before, but devastating cuts totalling €195m in the first four months of 2009 have put progress towards 0.7% well off track. Prior to these cuts, Ireland had been progressing well to its targets of 0.6% in 2010 and 0.7% by 2012, but the projected ODA/GNI ratio for 2009 now stands at only 0.48%. It will require high-level political commitment and a clear, time-bound action plan to turn this around and meet the 2010 commitment.

Ireland's aid has a significant focus on LDCs and sub-Saharan Africa so, while it is not yet known which areas will be worst hit by recent cuts, it is inevitable that they will hit the poorest and most vulnerable. Irish Aid reported no support to refugee costs to the DAC for 2008, and just a few million in a total ODA spend of €918m for student costs in Ireland.

• Aid quality

Ireland's aid is of high quality in that it is untied, concentrated on poverty reduction and does not involve separate project implementation units, while Irish Aid is prioritising aid effectiveness and rolling out Accra Agenda for Action commitments. Its annual reports are improving and Ireland is reasonably transparent on aid processes. However, documents are only available in English, and information could be made more accessible to Southern partners. Financial data are not easily reconciled with those of the DAC.

Irish Aid clearly recognised the value of Irish and Southern CSOs in its 2008 Civil Society Policy. Separately, CSOs hope a review now underway will clarify Ireland's position on conditions applied by those financial institutions that it funds.

Under its evaluation policy, Ireland is committed to partnership, impartiality, transparency, credibility and independence in evaluations. However the emphasis of the policy is largely on accountability to the Irish government rather than to partner countries. Irish Aid undertakes independent external evaluations of certain programmes, and has committed to publishing the findings.

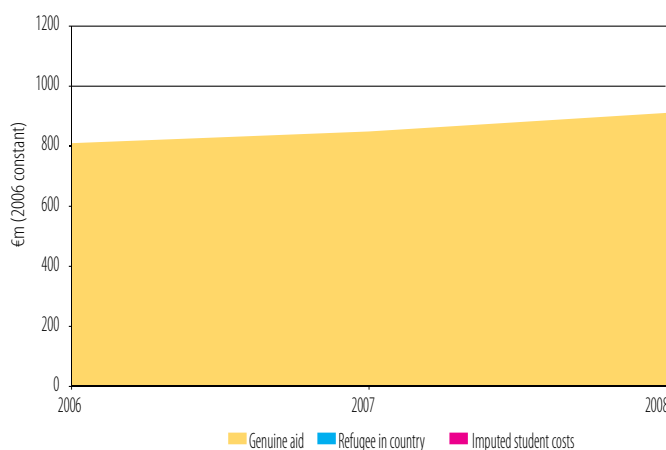
Gender equality is a key crosscutting issue for Irish Aid. It has had a gender strategy since 2004, covering specific gender programming and an 11-step approach to mainstreaming. An anticipated action plan has not yet materialised and Irish Aid currently has no full-time gender programme staff. Still Ireland has a strong emphasis on tackling gender-based violence, and has promoted gender equality as an aid effectiveness issue. Irish Aid uses gender indicators for NGOs receiving Multi Annual Programme Support, but does not apply a global set across all programme areas. Its annual report does not comprehensively capture gender spending, which the DAC describes

as modest, but Irish Aid informed Dóchas for this report that it had marked in excess of €39m (over 6% of bilateral spending) under the DAC's gender marking system in 2008.

Irish NGOs call on their government to:

- Set out how it intends to reach its commitment to spend 0.6% of national income as Official Development Assistance by 2010, and 0.7% of GNI as aid by 2012, and legislate for a minimum of 0.7% thereafter.
- Improve its reporting on the impact of the ODA programme, including gender equality measures.
- Routinely publish its ODA commitments and disbursements, action plans, contractual information, evaluations, etc on the Irish Aid website.
- Ensure that Ireland does not support economic policy conditionality, and that it proactively enhances Policy Coherence for Development at national and EU levels.

Ireland's genuine and inflated aid





Italy

Has Italy established a timetable to reach the target of 0.51% by 2010? Not updated
Will Italy meet the 0.51% target without inflating its aid? NGO prediction: NO

In 2008, Italian ODA levels saw a slight increase of 2.2%. However, after debt relief was discounted, Italian aid was found to have actually decreased by 4.5%. Moreover, when all inflated aid is discounted ODA in 2008 was only 0.15%, not the 0.20% officially reported to the OECD DAC. According to the 2007 timetable, Italy was supposed to meet 0.33%.

In order to meet the 0.51% target in 2010, the government would have to triple genuine aid volumes in the following two years. But instead of scaling up efforts, the government announced a 56% cut to its 2009 aid budget in the Ministry of Foreign Affairs, meaning that aid could even halve next year. It is unsurprising therefore, that the government is pushing for a "whole-of-country" approach to development, which would include counting remittances, foreign direct investment and private donations as contributions to development.

• Aid quality

In 2007, after consultation, Italy released a 3 year long "Initiative for the empowerment of women in West Africa" with a €15m budget. There are, however, no mechanisms in place to guarantee coordination with country strategies and follow-up after 2010. Italy doubled the amount of aid spent on gender issues, but the total amount only represents 0.2% of total ODA and figures are expected to decline sharply in 2009 as on-going projects come to an end and aid cuts prevent new projects from starting.

Italian NGOs are deeply concerned about the transparency of Italian development aid. Information on aid flows is only available from the OECD and, despite the release of the strategic guidelines for 2009-2011; Italy has not produced any publicly available country strategies. The last independent evaluation of development aid was carried out in 2002. The little information which is disclosed to the general public is only available in Italian, and not very accessible on the internet.

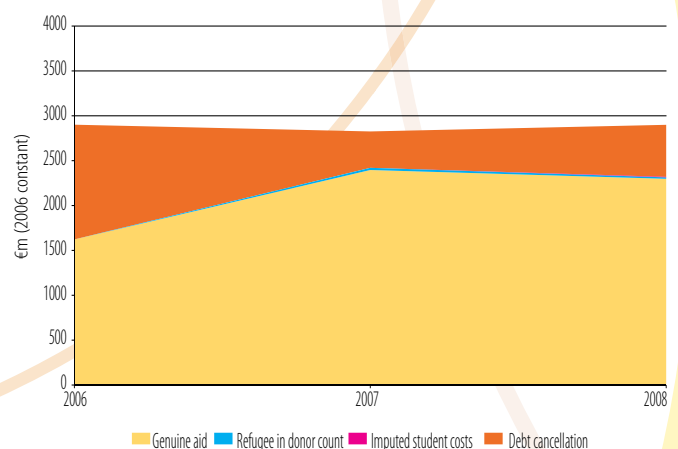
In public, Italy openly supported broadening the concept of ownership in Accra. In practice the country is undermining this principle on a daily basis. The government is currently planning to reform aid procedures in order to speed-up cooperation initiatives with countries signing migration control agreements. The government explicitly asked a partner country to partially reform its procurement policy in order to fit the Italian procurement procedure. Additionally, Southern Civil Society Organisations (CSOs) do not have the right legal status to obtain Italian aid. All Italian government contacts with Southern CSOs are therefore indirect.

Italy has taken some steps to address tied aid such as following the DAC advice to untie aid to highly indebted poor countries, and is considering untying concessional loans – 55% of its tied aid. However, the progress could be at risk from the government's emphasis on supporting Italian business abroad. Tied grants share significantly increased from the last year and new agreements, such as the €200m ODA reportable initiatives from the Italian-Libyan Treaty, are 100% tied to Italian interests.

Italian NGOs call on their government to:

- Stop placing pressure on the OECD DAC to accept a "whole-of-country" approach which attempts to widen ODA definitions and what is counted as contributing to development.
- Do not attempt to trade off the value of aid quantity against aid quality. The government must meet its commitments in both of these areas.
- Publicly recommit to the EU ODA targets by 2010.
- Allocate part of its financial stimulus package to ODA.
- Comply with the DAC gender markers and make them public when approving projects.
- On transparency: translate projects and strategies in English and post them on the web and develop and make public multi-year country strategy papers.
- Ensure specific dialogue meetings with participation of CSOs in policy construction processes.
- Untie concessional loans and demonstrate support to local procurement of goods and services.
- Do not make additional aid conditional on migration control policies.

Italy's genuine and inflated aid



"Development is endangered. The international development aid figures for 2007, released in April 2008, (...) are conclusive. The setback is severe and we are currently in the process of relaunching our efforts. This is unacceptable and shocking, given that 2008 was the mid-way point towards the MDGs"

Jean-Louis Schiltz, Ministre de la Coopération et de l'Action humanitaire



Luxembourg

Has Luxembourg established a timetable to reach the target of 1% by 2010? NO

Will Luxembourg meet the 1% target without inflating its aid? NGO prediction: LIKELY

With 0.92% of GNI, Luxembourg ranks second among the European countries in term of aid figures. The country is not only at the top in terms of official aid volumes, but also in levels of genuine aid. Luxembourg does not inflate its aid with student and refugee costs and did not report any debt cancellation operations in 2008. Nevertheless, Luxembourg does count as ODA its share of contribution to multilateral debt relief funds. For example, in 2007, the Ministry of Finance directly contributed €0.5m to multilateral debt relief in Liberia.

Luxembourg is also planning to continue leading European countries, together with Sweden, in terms of aid levels, and the country has now committed to provide 1% of GNI in 2010. National NGOs, however, are concerned about how this figure will be reached, as there have been some discussions about reporting climate finance as ODA.

Despite having one of the highest ODA/GNI ratios in Europe, the government is currently considering inflating the figure with climate finance. Jean-Louis Schiltz, Minister for Development Cooperation and Humanitarian Affairs, recently suggested that the OECD should allow donors to report climate finance as aid. ODA targets were committed to a long time ago and donors cannot be allowed to do "climate change cosmetics".

• Aid quality

Gender is considered a crosscutting issue in development cooperation but there is as yet no gender strategy in place. Instead, all activities are said to have a gender component. The problem with this approach is that without a clear strategy providing a framework for gender analysis, it is difficult to assess the impact of aid on gender equality and women's empowerment.

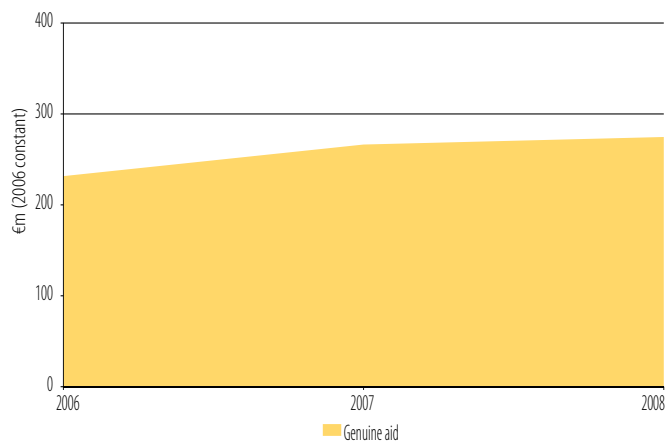
NGOs are very concerned about the government's performance on transparency of aid. There are no formal procedures in place for requesting information about development assistance, consequently, most of the information, including that on basic aid policies and evaluations, is not publicly available. Data has to be requested through informal channels, making access to information by NGOs very difficult.

Luxembourg's aid benefits from very high levels of predictability. The government usually undertakes commitments with partner countries for 3 to 5 years. Aid is also disbursed in a timely manner, according to agreed schedules.

Luxembourg NGOs call on their government to:

- Meet the 1% aid target by 2010 and contribute to adaptation and mitigation projects with specific and separate funds.
- Ensure that existing and committed ODA flows are not diverted for climate financing. The latter should be new and additional money that should be in a separate non-ODA budget line.
- Discuss in the Inter-ministerial Committee for Development Cooperation the issue of policy coherence for development across government policies.
- Establish a stakeholders' forum to engage NGOs and others in the debate about policy coherence for development.
- Approve a policy on disclosure of information affecting all relevant ODA reports and statistics.
- Discuss the newly proposed sector strategies with all stakeholders.
- Conduct evaluations to assess the impact of development projects.

Luxembourg's genuine and inflated aid



"The economic crisis mainly affects poor countries. This should be tackled fast and on an international level".

Bert Koenders, Dutch Minister of Development Cooperation



the Netherlands

Has the Netherlands established a timetable to reach the target of 0.8% by 2010? YES
Will the Netherlands meet the 0.8% target without inflating its aid? NGO prediction: YES

In 2008, the Netherlands increased its aid levels to €4.8bn, but aid decreased as a percentage of GNI from 0.81% to 0.80%. Nonetheless, lower debt cancellation figures mean that the amount of genuine aid actually increased. The Netherlands remains committed to providing 0.8% of national income as ODA. As a result of the crisis, national income will shrink and aid spending will decrease in 2009 by €250-500m, or 5-10% of the total aid budget. It remains to be seen if the government will live up to its promise of spending €500m over 2008-11, on sustainable energy in developing countries, in addition to their existing commitment to provide 0.8%, in addition to debt cancellation, in 2008 the Netherlands spent at least €167m of the ODA budget on housing and safe return of refugees. This takes its genuine aid levels down to 0.75% of its GNI.

• Aid quality

Gender is one of the key pillars of Dutch development cooperation and NGOs consider that the government's gender development policy is grounded on good gender analysis. The government provides specific funds for gender equality and women's empowerment, and in 2008, the budget for this increased from € 3.9m in 2007 to €27.7m. The government, however, does not include gender indicators in its development programmes. Besides gender, sexual and reproductive health and rights is a priority in Dutch development policy and the money spent on these areas of work last year also increased to € 149m.

Transparency on ODA flows could be improved. The government discloses information on aid flows regularly, but the available data is not always sufficiently detailed. More comprehensive information has to be obtained directly from the ministry via informal channels or through questions in the parliament.

Dutch aid is generally well grounded in the principle of ownership. National NGOs are involved in aid processes and the government also supports civil society in partner countries. The official view is that CSOs can play a complementary role in development assistance. When the government gives budget support to a recipient country, it sometimes also provides funding to national NGOs, which in turn support organizations scrutinizing budget expenditure in developing countries.

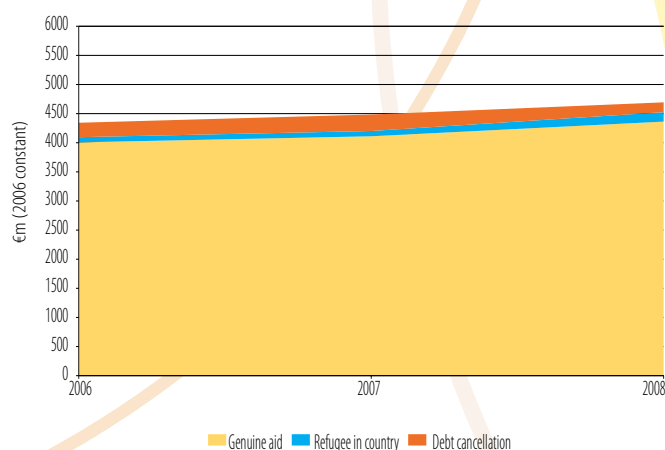
The government itself does not usually impose economic policy conditions to partner countries. Furthermore, the Dutch government is critical of economic policy conditions - though not to the point of publicly denouncing them - and stresses that such conditions should be assessed with care.

The Dutch government has introduced multi-year funding commitments on bilateral agreements with partner countries. These commitments are usually made for up to three years. The last Paris Monitoring Survey shows an increase in predictability from 55% in 2005 to 57% in 2007. This signals that little progress has been made since 2005. The current pace of progress could change, but if it remains at this rate the target set for 2010 (71%) will not be reached. Compared to the average rate of 46% however, 57% still remains a good score.

Dutch NGOs call on their government to:

- Increase the amount of aid given as sector and general budget support to those countries committed to poverty eradication and working to improve downwards accountability.
- Publicly denounce economic policy conditions and instead make sure that budget support – including support given by multilaterals – is only tied to poverty reduction related outcomes and improvements in Public Finance Management.
- Ensure sufficient additional (non-ODA) budget for climate-related issues.
- Continue to show leadership, both political and financial, on gender equality and sexual and reproductive health and rights.

the Netherlands's genuine and inflated aid



Organisations consulted: Oxfam Novib, ICCO, Hivos, World Population Foundation and Partos.

"The contribution of Portugal to the achievement of the Millenium Development Goals,(...) requires a coherent, systematic approach with the ability to enhance the potential of Portuguese Development Cooperation in the Best Possible way (...) Portugal certainly will not fail to play its part in this important task."

João Gomes Cravinho, Secretary of State for Foreign Affairs and Cooperation

Portugal



Has Portugal established a timetable to reach the target of 0.51% by 2010? NO

Will Portugal meet the 0.51% target without inflating its aid? NGO prediction: UNLIKELY

According to official figures, Portuguese ODA increased by 21% last year to 0.27% of GNI. The government, however, will have to increase its aid by an enormous 84% in the coming two years if it is to meet the 0.51% target in 2010. Furthermore, Portuguese ODA is currently inflated with student costs, which when discounted sees the Portuguese aid figure dropping to 0.24% of GNI.

Portuguese NGOs have serious concerns both that Portugal will not meet its international commitments, and that the current absence of understanding on development cooperation within the government will not improve or may even worsen. Given the combination of official views given by the government, and the impact of the current financial crisis, national NGOs do not expect significant ODA increases in the coming years.

• Aid quality

One of the main problems of Portuguese ODA is that it is heavily tied. According to the OECD DAC, 42% of the ODA provided by Portugal in 2007 was tied. Furthermore, the available data for 2008, suggest that this figure could increase significantly. Export credit grants and concessional loans to Morocco alone added up to 26% of Portuguese bilateral aid in the last year. In addition, the Finance Ministry has approved several loans and export credits to countries such as Angola (€100 million), Morocco (€200m), Tunisia (€110m), Sao Tomé e Príncipe (€50m), Bosnia and Herzegovina (€36m), Cape Verde (€100m) and Mozambique (€100m). According to official sources, these grants are tied to the procurement of goods or services by Portuguese private companies; and have been approved with the objective of increasing Portuguese exports, promoting the interests of Portuguese companies and raising APD values.

Although more general discussions on gender are gaining momentum in Portugal, the importance of gender equality and women's empowerment has not yet trickled down to development cooperation policies, and the government does not allocate official funds to promote gender equality. There are however, some gender-related indicators in the new programming exercises (PIC – Programa Integrado da Cooperação), but they currently play a small role in the overall context of Portuguese aid.

Despite the implementation of a Unified Budget Programme for all Development Cooperation actions (P05), the Government's transparency on aid issues is still insufficient, and access to official data is sometimes difficult. A core reason for this is the complex structure of the government and the different institutions and departments involved in cooperation projects. Although the global value of Portuguese ODA is drawn from the combined expenditures of several different ministries,

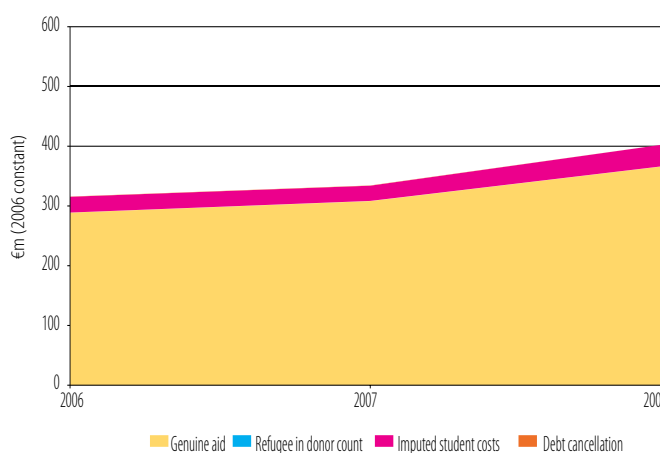
only the overall amount is disclosed. Detailed data is only available from each individual ministry and this is often hard to obtain.

The government has taken some positive steps towards improved transparency and better access to information on ODA, but crucially, it still needs to improve existing means of accountability and evaluation. Portugal does not have a policy of conducting regular and independent evaluations of its public policies. Likewise, regarding development programmes, the public authorities do not undertake mutual assessment reviews with partner countries on a regular basis and the only frequent source of information provided to development actors in these countries is the IPAD annual report. More optimistically though, the government has shown significant commitment when requested by partner countries and has been involved in an interesting initiative, ODAMOZ – a comprehensive database of aid projects in Mozambique, that might lead to other similar proposals.

Portuguese NGOs call on their government to:

- Avoid mixing economic incentives that envision a strong and internationalized national economy with the objectives underlying ODA, and should undertake coherent and sustainable measures to avoid tied aid.
- Reinforce the effort to improve transparency on aid issues, following some positive measures taken in recent years, There are still many aspects that need to be addressed and changes that have to be made in order to allow a transparent analysis of Portuguese ODA.
- Reinforce the instruments of independent evaluation that assess development programmes undertaken by public authorities.
- Recognise the role and autonomy of NGOs by increasing the funding of development projects on their own initiative.

Portugal's genuine and inflated aid



Organizations consulted: Plataforma Portuguesa das ONGD

"We cannot stop now if we want to reach the Millennium Development Goals in 2015 (and) we cannot use the financial situation as an excuse for not fulfilling our commitments (...), it is not only about our ethical obligations (...), but also about acting responsibly for international stability."

José Luis Rodríguez Zapatero, Prime Minister.



Spain

Has Spain established a timetable to reach the target of 0.7% by 2012? YES
Will Spain meet the 0.7% target without inflating its aid? NGO prediction: LIKELY

In 2008, Spain provided €4.1bn as ODA, a 20% increase on the previous year's figure. Aid as a share of GNI has therefore increased from 0.37% to 0.43%, putting Spain on track to meet its 0.56% target in 2010. The share of debt cancellation has remained constant at about 5% in the last two years and genuine aid levels are high. Spanish NGOs acknowledge the efforts of the Spanish government, yet also remind the government that similar increases will be needed in the coming years if the government wants to fulfil its 0.7% target in 2012. In addition, Spanish NGOs are concerned that the improvement of aid levels has not been followed by much needed reforms in aid quality.

• Aid quality

In 2007, Spain approved its gender strategy for development. The money allocated for gender equality and women's empowerment, although significantly increased in terms of volume, is still far from reaching the sector percentage recommended in the new Master Plan. An operational plan is, however, currently being assessed and, when implemented, will formalize the use of gender indicators and analysis in cooperation for development.

Transparency on aid flows and processes remains poor. There is not much information being automatically disclosed through official channels and the little available is usually outdated. Detailed documents and figures can only be obtained directly from the ministry. Furthermore, the information is only available in Spanish. The Spanish government still has yet to begin disclosing policy conditions, as committed to in the Accra Agenda for Action. Additionally, in terms of civil society participation, the International Cooperation Council needs improvement as currently meetings are irregular and usually on an ad hoc basis, and timeframes for civil society involvement in policy-making processes are insufficient.

The largest share of Spanish ODA goes to Latin America for historical and political reasons. The government has recently committed to increase aid to Least Developed Countries and sub-Saharan Africa, but Spanish NGOs are concerned about a possible migration drive in the choice of partner countries. The main African partner is Morocco, one of the main sources of migrants arriving in Spain and already in 2007, the government reported as ODA €6.6m provided to Angola and Senegal as migration police cooperation.

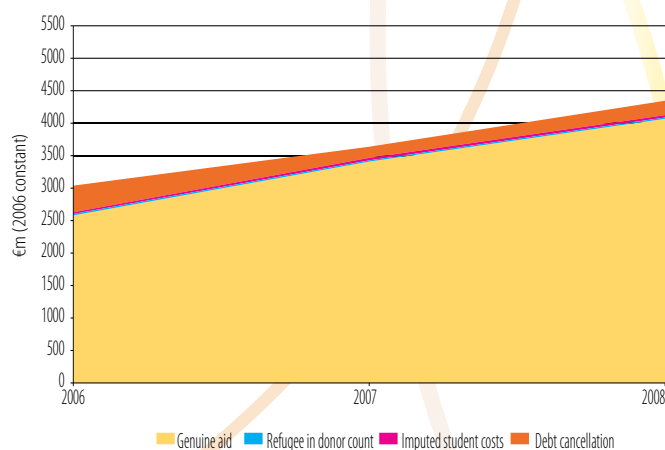
Spanish aid has traditionally been heavily tied. The new Master Plan for development cooperation plans to gradually phase out tied aid by 2015. Tied aid has usually been provided in the form of export credits, through an official Spanish fund for development assistance (FDA). The reform of this fund is compulsory according to the External Debt Law, however there is as yet no date set for its reform and, in all likelihood, internal priorities linked to the economic crisis (like public deficit constraints and export support) will slow this process down.

Organisations consulted: Coordinadora de ONG para el Desarrollo - CoNGDe

Spanish NGOs call on their government to:

- Strengthen management and institutional capacities of the main development bodies -AECID and DG POLDE-, and provide capacity and sufficiently trained human resources to the in-country Technical Cooperation Offices that could play a central role in supporting the implementation of aid effectiveness principles.
- Draw up and implement an action plan on gender that promotes capacity building and adequate implementation of gender tools in order to obtain gender development results.
- In order to untie Spanish aid, undertake the aforementioned reform of the FDA, ensuring the adequate participation of civil society and Parliament.
- Draw up and implement an action plan on policy coherence that ensures regular and broad civil society and parliamentary monitoring, as well as the effective functioning of the new and existing institutional policy coherence mechanisms.
- Improve practice on disbursing aid in a timely and predictable manner (set 4-year disbursement commitments).
- Rationalize multilateral contributions in order to ensure accountability on their results.

Spain's genuine and inflated aid



Sweden



Has Sweden established a timetable to reach the target of 1% by 2010? YES
Will Sweden meet the 1% target without inflating its aid? NGO prediction: UNLIKELY

In 2008, Sweden almost reached its target of 1% GNI, and it has committed to keep the target for 2010. However, how much of that money will be genuine aid remains unclear.

According to official figures, in 2008, Sweden increased its aid levels to 0.98% of GNI. Although this is the highest ODA figure amongst European countries, Sweden inflated its aid with refugee costs, which when discounted, leaves genuine aid levels at only 0.90% of GNI. The government has also launched a package of different climate financing policies, to be funded through the ODA budget. The Swedish government has on several occasions expressed the opinion that ODA definitions should be more flexible, particularly with regards to military and security spending.

• Aid quality

The Swedish government has approached outcome based conditionality as a way of enhancing developing country ownership and has recognised the need to streamline and minimise the number of conditions. Whilst this shift is welcome, the government does not have a clear policy for ending the use of economic policy conditionality, and still employs such conditions through its multilateral aid to the World Bank and IMF.

In the 2009 budget, the government launched a three-year climate change initiative financed with €400m from ODA funds. This new initiative is not additional to the Swedish target of 1% of GNI which is deeply concerning. It is also worrying that Sweden has not taken the lead regarding much needed international initiatives on innovative mechanisms for climate financing. Neither has Sweden endorsed the position of the developing countries to support the United Nations Framework Convention on Climate Change (UNFCCC) as the main channel for climate financing. Instead the government channels a large part of its climate funds through the World Bank (e.g.: Climate Investment Funds).

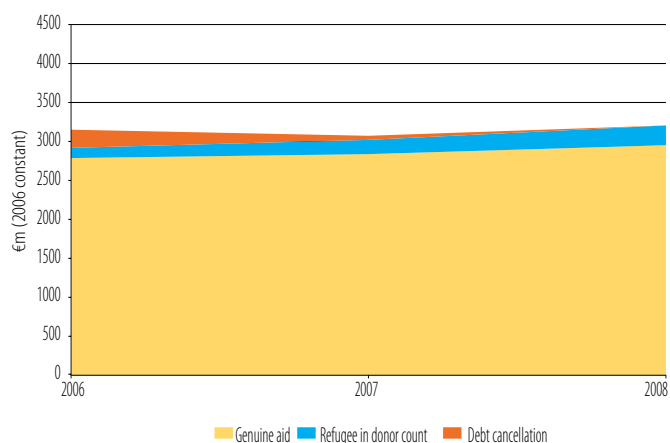
Gender equality is mainstreamed in all country strategies through the framework for gender equality in Swedish development cooperation. This means that gender equality is part of the objectives set up under the strategies. However, Sweden does not have sufficient gender based indicators in the development programmes. The Swedish development agency (Sida) has spoken of difficulties in designing such indicators, but has an ambition to improve this area in the coming years. The practice of earmarking monies for Sexual and Reproductive Health and Rights has now ended. However the 2009 budget does include earmarked funding for maternal health.

On transparency, Sweden is highly transparent and relevant documents are publicly shared. However, in some cases there is limited consultation with the parliament and NGOs.

Swedish NGOs call on their government to:

- Use the EU presidency as an opportunity to lobby member states to stand by their commitments on ODA quantity and quality.
- Demonstrate a clear poverty focus and end aid inflation.
- Refrain from advocating for a more flexible definition of ODA.
- Ensure that aid promotes and respects international principles for human rights, the environment, gender equality and democracy.
- Phase out economic policy conditions that override national democratic processes. Sweden should push for this change within the International Financial Institutions.
- Make all climate financing additional to the 1% target, push for sustainable, transparent and equitably distributed climate financing and channel climate financing through the UNFCCC.
- Actively work towards innovative mechanisms for climate financing.
- Develop gender based indicators with other European donors and recipient countries through a broad based and transparent process.

Sweden's genuine and inflated aid





United Kingdom

Has the UK established a timetable to reach the target of 0.51% by 2010? YES
Will UK meet the 0.51% target without inflating its aid? NGO prediction: LIKELY

In 2008, discounting for debt relief (\$650m in 2008), UK aid increased by 10% in absolute terms to \$10.7 billion, equivalent to 0.41% of UK GNI. This continues the trend of steady increases in non-debt relief aid since at least 2001. There is cross-party support for the UK government to reach its 0.7% of GNI target by 2013 and concrete spending plans were reaffirmed in the April 2009 budget to reach at least 0.60% by 2010/11. These figures are all inclusive of debt relief.

Following the recent devaluation of the GB pound, the UK's aid is worth 15%-30% less than it was in 2008.

• Aid quality

In April 2007, the UK launched its Gender Equality Action Plan, which sets out the principles and goals for DFID's work on Gender Equality. Gender is also referenced in DFID's Departmental Strategic Objectives. However, delivery on these policies has not been as ambitious as hoped, especially in terms of mainstreaming into departmental and country work, in large part because of limited cross-DFID commitment to these policies.

Aid transparency levels in the UK are above the European average in the UK, though there is still much progress to be made in effectively reporting aid allocations and disbursements to partners, making conditions public, meeting the Accra commitments on forward spending plans and using the DFID website to report on aid programs. The UK played a leading role in launching the International Aid Transparency Initiative at Accra, and in 2008 established an independent committee to provide feedback on the focus, quality and practices of its evaluation work.

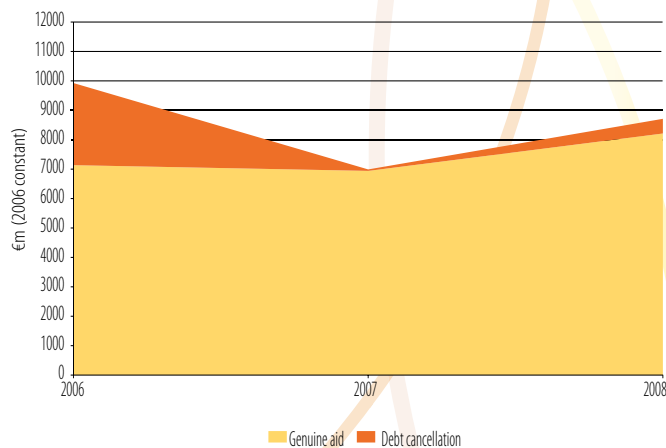
The UK's 2005 conditionality policy states its commitment not to impose economic conditions, and to make its conditions public. However, the government will only be making conditions public by the middle of 2009 and UK NGOs have detected little evidence that its policy on economic conditions has been operationalised in-country or through its engagement with multilaterals.

The last Paris Survey showed that 40% of UK aid was not disbursed in the year in which it was scheduled. This was despite good policies on forward spending plans (many countries get 3 year rolling budgets and a small number receive 10 year indicative spending plans). Budget support, however, has become more predictable, and in 2007/8 almost 99% was disbursed as scheduled.

UK NGOs call on their government to:

- Put in place annual spending plans to meet 0.7% by 2013; stop counting debt relief as a part of the contribution to the UK's ODA targets.
- Put maximum resources and political will into implementing the Gender Equality Action Plan.
- Ensure aid information is disclosed pro-actively; including on conditions and on forward spending plans, so as to meet the Accra commitments; ensure the International Aid Transparency Initiative is sufficiently resourced and the UK leadership's is maintained.
- Review systems for both political and technical obstacles to improving predictability and take action to tackle them.
- Implement its policies in relation to conditionality, TA and meeting the Paris targets by 2010.
- Ensure that all UK aid spending, not DFID spending alone, is covered under the international development act.

United Kingdom's genuine and inflated aid



"Bulgaria's participation in EU development policy is a challenge which sets out specific requirements, such as the adoption and implementation of EU primary and secondary legislation in the area of development and humanitarian aid, building up institutional capacity, and adequate participation in the work of EU bodies on development issues in their various formats."

Bulgaria's Policy on Participation in International Development Cooperation, Concept Paper, June 2007



Bulgaria

Has Bulgaria established a timetable to reach the target of 0.17% by 2010? NO
Will Bulgaria meet the 0.17% target without inflating its aid? NGO prediction: NO

In 2008, Bulgarian ODA decreased from €16m to €13m, leaving the share of ODA at only 0.04% of the GNI, a long way from the 0.17% 2010 target. Unless the government increases aid levels four-fold in the next two years, this objective will not be met.

In 2009, Bulgaria is expected to adopt a mid-term programme for Bulgarian ODA (2009-2011). This document will build on the legal and institutional framework for development cooperation in Bulgaria, passed in 2007. It is important that this document is used by the government to set a timetable for meeting its international aid commitments.

• Aid quality

Gender is briefly mentioned in the new mid-term programme, but nonetheless, is still not fully addressed. The document fails to provide gender indicators or allocate specific resources for gender equality and women's empowerment. Currently, there are no other official documents dealing with gender and development and, unless new regulations are approved, it will remain a marginal development issue in Bulgaria.

Transparency is one of the weakest points in Bulgarian development assistance. Information on development policy-making is completely out of reach for citizens and information on aid flows is also very difficult to obtain. The official information disclosed automatically by the government through the internet or other channels is almost non-existent and of little relevance to citizens or Southern partners. This is an area of great concern to NGOs in Bulgaria, and one where the government must make vast strides in improving its practice.

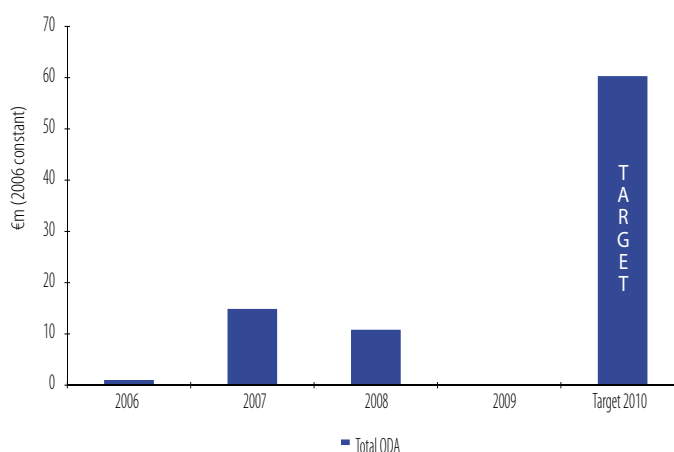
Decisions on development issues are usually taken unilaterally by the government. Bulgarian NGOs are beginning to play a more relevant role in aid processes, but there is still a long way to go. NGOs were consulted during the preparation of the mid-term strategy; however, until the strategy is put into action, Bulgarian NGOs will have to continue to depend on funding from external donors. Other opportunities for governmental support are very limited. In addition, if the principle of democratic ownership is to underpin Bulgarian aid, it is essential that consultation processes are widened to include discussion of more specific development issues and engage with development actors in partner countries. Currently, the government does not have an official position on conditionality – a key issue for ownership. Moreover, as Bulgarian ODA is mainly provided through multilateral channels, conditions employed by the IFIs are de facto applied to Bulgarian funded ODA.

As Bulgaria provides most of its development assistance through multilateral channels, it usually disburses these funds according to pre-agreed schedules. Conversely, the country lacks a multi-annual financing framework for bilateral aid, and money is seldom disbursed on time. The new mid-term programme for Bulgarian aid should force the government to make multi-year commitments and improve predictability, but this has yet to be implemented.

Bulgarian NGOs call on their government to:

- Finalise the aid strategy, including country strategy papers for Bulgaria priority countries, through wide public consultation and implement it as soon as possible.
- Strengthen Bulgarian Platform for International Development (BPID) contacts with relevant experts from state institutions other than MFA.
- Set aside the necessary resources and provide training to both governmental officials, and domestic CSO representatives to foster dialogue and transparency.
- Implement and conduct aid evaluations (including on gender issues) in priority countries in order to determine their true needs and reflect them in the national ODA strategy.
- Advocate for the inclusion of gender issues as a specific thematic programme and intensify the collaboration between gender-oriented CSOs and state institutions.
- Create a forum for regular meetings between MFA, MF, CSOs and other relevant stakeholders in order to discuss priority setting in ODA policy.
- Implement a public information campaign regarding the ODA obligations of Bulgaria.

Bulgaria's total official development assistance



"Development benefits everyone. It constitutes the only choice for the prevalence of conditions of stability and prosperity globally (...) Beyond the involvement of the state, the commitment of the whole society towards this common action is imperative for the attainment of the Millennium Development Goals and to hope for a better future for the entire planet".

Markos Kyprianou, Minister of Foreign Affairs



Cyprus

Has Cyprus established a timetable to reach the target of 0.17% by 2010? YES
Will Cyprus meet the 0.17% target without inflating its aid? NGO prediction: LIKELY

Cyprus is the only new member state to have hit the 0.17% GNI target. In 2008, Cyprus increased its ODA by 43% to provide €27m in aid, unfortunately however, a large proportion of this money continues to be inflated with student and refugee costs.

• Aid quality

Cyprus does not have a gender strategy for development cooperation and the government does not allocate earmarked funds for gender equality and women's empowerment. Last year Cyprus spent only €15,000 in gender projects. Nonetheless, Cypriot NGOs believe that this is changing and that the government will give more importance to gender issues in development cooperation in the coming years, and accordingly, also increase the amount of funding available.

The government has continued the trend set in motion last year to improve its transparency on development issues. It has made a substantial improvement on including its ODA policies and figures on the website as well as developing close relations with the NGDO platform. They are now open to provide information and have made efforts to involve NGOs in their advocacy and information campaigns.

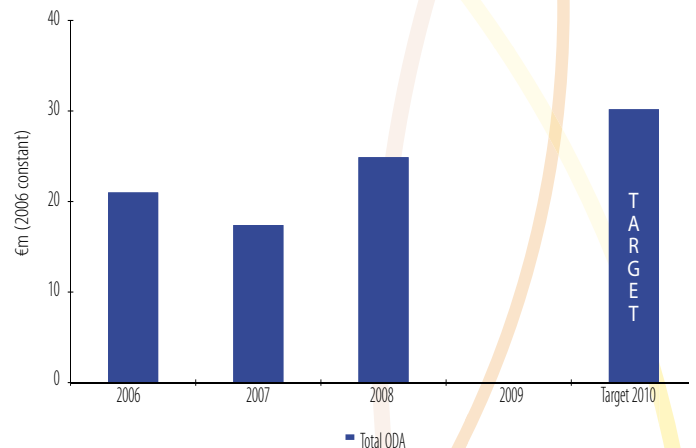
The Cypriot government has a record of providing ODA to priority countries on the basis of political ties (the Palestinian Territories, Lebanon). In 2008, Cyprus also reported as ODA, immigrant administration costs and asylum seekers allowance, which although legitimate sources of spending for migration policy, are of questionable value in terms of their direct impact on poverty reduction.

A key aid modality for Cyprus' bilateral aid assistance is technical assistance. Although the bilateral TA provided is based on an agreement between the two governments, the Cypriot government does not have in place any guidelines or programmes aimed at improving design, selection, coordination or implementation of TA.

Cypriot NGOs call on their government to:

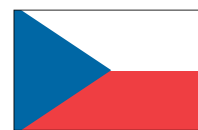
- Incorporate gender equality policy in their development cooperation framework and devise indicators to monitor it.
- Train the public servants, parliamentarians and journalists about CyprusAID.
- Build closer relation with the Cypriot NGDO platform and consult it when designing the strategy for CyprusAID.
- Support capacity building projects for Cypriot NGOs to ensure organisations are strengthened and that they can undertake development projects in the near future.

Cyprus' total official development assistance



"The Financial crisis, which has brought down living standards in developed countries, has a subsequent effect on developing countries' growing rate of poverty. This threatens the Millennium Development Goals. I would like to assure you that in this precarious time the EU is determined to comply with its commitments in increasing the development aid and fulfilling the Millennium Development Goals."

Mirek Topolánek, Prime Minister, Opening speech at the Joint Parliamentary Assembly EU-ACP, Prague, 6 April 2009



Czech Republic

Has the Czech Republic established a timetable to reach the target of 0.17% by 2010? NO YET
Will the Czech Republic meet the 0.17% target without inflating its aid? NGO prediction: UNLIKELY

The Czech Republic has shown positive progress in transforming and consolidating the development cooperation system and its centralisation during 2008. The government established the Czech Development Agency and inter-ministerial Czech Council on development cooperation. The ODA budget will gradually become centralised under the Ministry of Foreign Affairs and the bilateral ODA will be administrated by the Czech Development Agency. This is an important step forward in how seriously the government is taking the issue of development.

The Czech Republic has stated that it will strive to achieve the 2010 and 2015 commitments of 0.17 and 0.33% GNI targets. In 2008, the Government provided €146m in ODA, amounting to 0.11% of GNI. The levels of ODA in 2009 will be influenced by the impact of the economic crisis. The government has already announced a 5% budget cut across all ministries. In spite of this they have estimated that ODA as a percentage of GNI could increase to 0.13%. However, this will only happen as a result of the impact of the financial crisis on GNI.

It is estimated that around 14% of the total aid provided in 2008 by the Czech Republic can be counted as inflated aid.

• Aid quality

As part of the major structural changes, the Government has begun preparations on a development cooperation act, to be presented in the Czech Parliament during the course of summer 2009. The preparation of the new midterm ODA strategy for 2011-2015 with a revision of priority countries is planned for 2009

The transparency of the Czech ODA system suffers from a lack of independent and sound evaluations carried out regularly and systematically. The evaluation reports are scarcely accessible to the public, making scrutinising implementation of recommendations barely possible.

Predictability of aid flows still needs to be improved. Firstly, there are no binding timeframes and budget lines for priority countries, or sectoral priorities. Secondly, the Czech ODA system works on the basis of one year funding plans and indicative funding for a maximum of three years. In practice, multi-year projects, receive funding on an annual basis.

The Czech Republic does not have a gender strategy in place as gender equality and women's empowerment are mainstreamed into Czech development cooperation. Nevertheless, gender and other mainstreamed issues such as climate change, are not being

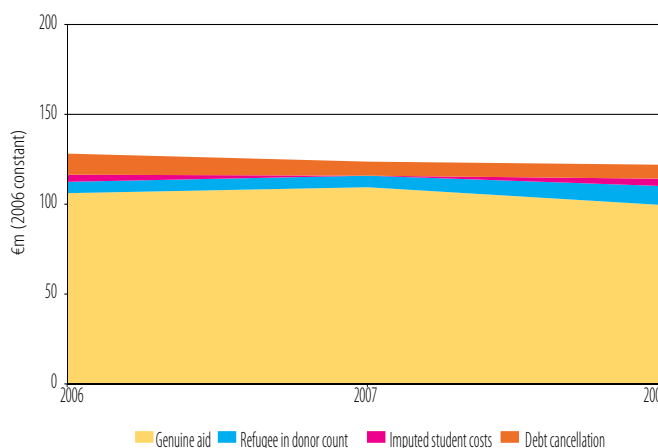
sufficiently addressed. This is largely due to a low understanding of mainstreaming, and a general lack of expertise among the institutional actors.

Czech ODA also mirrors the government's political interests, security and migration concerns. Top recipient countries, such as Serbia, have close political and historical ties with the Czech Republic. In four out of the eight priority countries which receive Czech ODA, migration and security related development projects are being implemented. The Ministry of Interior follows the OECD/DAC reporting guidelines and therefore includes costs for immigrant reception centres, police and security related missions in ODA statistics.

Czech NGOs call on their government to:

- Ensure steady increases in absolute ODA numbers, and binding schedules for achieving the ODA targets.
- Increase the funding for Least Developed Countries and Low Income Countries.
- Set clear and transparent criteria for the selection of priority countries for new Czech government ODA plans for 2011-2015.
- Establish a multiannual system of ODA financing and improve predictability of aid flows.
- Conduct regular external evaluations and ensure publication of the reports and implementation of the recommendations.
- Increase cooperation with other donors and reduce transaction costs and the administrative burden for recipient countries.
- Formulate a distinct Gender Strategy in close cooperation with the civil society.

Czech Republic's genuine and inflated aid



“Estonia’s responsibility to address global challenges has increased significantly and our budget reflects this. Estonia’s ODA budget has increased almost nine times over the past two years: from 7 million to 60 million EEK (...) Our goal is to contribute 0,17% of Estonia’s GNI for ODA by 2011 (...)”

Urmas Paetm, Minister of Foreign Affairs, February 2008



Estonia

Has Estonia established a timetable to reach the target of 0.17% by 2011? YES
Will Estonia meet the 0.17% target without inflating its aid? NGO prediction: UNLIKELY

In 2008, Estonia provided €14m in ODA, or 0.09% of GNI. Although, these figures represent a drop from last year’s aid levels (0.12% GNI), the government has postponed the 0.17% target to 2011 and current figures are in line with the estimates mapped out in Estonia’s EU policy for 2007–2011. However, the government has already announced cuts of around 10% in the aid budget for 2009, which present a serious challenge to its promise to meet the national aid target of 0.17% in 2011.

The Government reported that there was no debt cancellation in 2008, but in fact, last year, Estonia took part in the cancellation of IMF debt to Liberia, amounting to €183,610 or EEK 2.8m. This was reported as ODA and, though it was not reported as debt cancellation in line with OECD guidelines, it still constitutes inflated aid.

Gender is mentioned in the Strategy of Estonian Development Co-operation and Humanitarian Aid 2006-2010, but in practice gender issues are not prioritised and gender budgeting does not feature in the Government’s plans. The government makes regular voluntary donations to UNIFEM and UNFPA to implement women’s empowerment and gender equity programmes, but overall funds allocated for women’s empowerment are marginal. Official figures show that out of the total ODA funds only 0.7% is targeted at achieving the goal of improving living conditions for women and children living in poverty.

Estonia has a high level of transparency when compared to other new EU members states. There are however, some gaps in the legal framework for development aid and the regulations for development cooperation procedures are still being developed. It is crucial that Estonia maintain and improve its practices of transparency, to ensure that it does not fall into the same trap of poor access to information that characterises many of its neighbours.

Estonia’s performance on aid accountability is poor. The government is totally unaccountable for the aid it provides and there is no framework for evaluating aid projects and activities. Accordingly, aid is not evaluated at the national level. In addition, the government does not engage in mutual assessment reviews with partner countries. The lack of a legal framework for development aid and evaluation mechanisms suggest that worryingly, aid effectiveness is far from being a priority for the government.

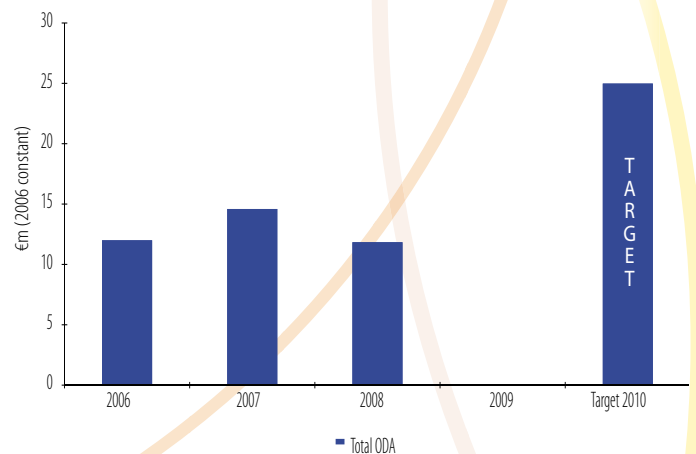
Estonia’s bilateral development cooperation consists mainly of technical assistance. Technical assistance (TA) is usually based on the priorities of partner countries, but due to the lack of an

assessment framework it is difficult to know both to what extent this is the case, and whether the TA is even effective. Estonian NGOs are concerned about the Government’s tendency to use TA on an ad hoc basis rather than through longer-term, more sustainable programmes.

Estonian NGOs call on their government to:

- Step up its efforts to meet ODA commitments and create robust and independent mechanisms in partnership with developing country governments to evaluate aid effectiveness.
- Regularly include the general public and CSOs in consultation on aid policies and processes.
- Increase ODA spending on women’s empowerment and introduce gender indicators to evaluate development aid.
- Develop clear principles and procedures for disclosing relevant documents.
- Commit to regular evaluations of aid activities and their effectiveness.
- Move support from short to long term technical assistance projects, find more effective alternatives to TA and reduce the proportion of TA.

Estonia's total official development assistance



Organisations consulted: Estonian Roundtable for Development Cooperation (AKÜ)

"As an emerging donor country, Hungary firmly believes that the international community cannot use the difficulties we all face as an excuse not to do the utmost to implement the MDGs."

Kinga Göncz, former Minister of Foreign Affairs



Hungary

Has Hungary established a timetable to reach the target of 0.17% by 2010? NO

Will Hungary meet the 0.17% target without inflating its aid? NGO prediction: UNLIKELY

In 2008, Hungarian ODA was among the lowest in the EU with total aid adding up to €72m or 0.07% GNI. This figure is half of the share they provided in 2006, when Hungary disbursed 0.14% GNI. Decreasing aid levels are a direct consequence of inflated aid and debt cancellation. Hungary has been reporting significant amounts of debt cancellation in the past, but this pump is now running dry. Last year Hungary cancelled a €5.1m debt to Ethiopia, 10% of which was tied to the procurement of Hungarian goods. This debt cancellation operation will probably be the last and is to be reported in 2009 ODA figures.

The government has also recently commented that decreasing aid levels are an inevitable result of the financial and economic crisis, signalling that it does seem open to further cuts. With or without aid inflation all signs suggest that Hungary will very likely not meet its target in 2010.

• Aid quality

Hungarian Ministry of Foreign Affairs first recognised the role of gender in development through its support to a 2008 conference on international development, aid and gender issues. Since then however, there have not been further developments on an official gender strategy and the small and shrinking budget for bilateral aid means that gender is probably unlikely to feature high on the Government's list of priorities for some time.

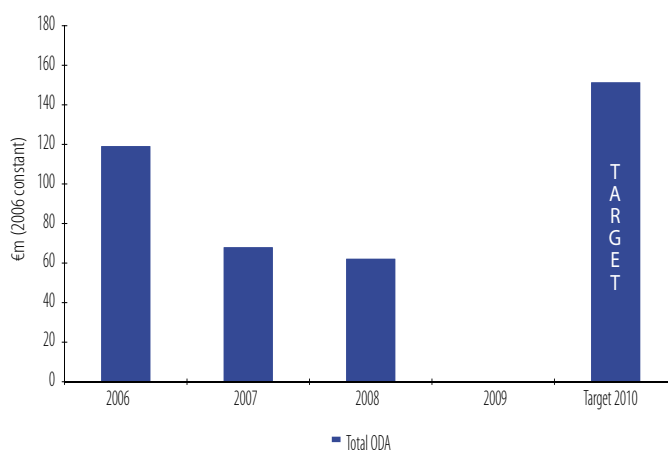
Transparency on development issues has moderately improved in the recent years but by all means more advancement is needed. The government has recently communicated its understanding of the importance of disclosing information on aid flows, and also recognized that current aid data collection systems are not adequate. Subsequently, the Ministry has put forward a proposal to implement a governmental database based on the OECD DAC reporting guidelines, but it will take some time before this is implemented. Meanwhile, NGOs continue to face difficulties in accessing information and are often reduced to using informal channels.

The official position of the Ministry of Finance is that tied aid is an important tool for the external economic relations of Hungary. Accordingly, tied aid plays a dominant role in government to government projects and it is likely that its overall importance will increase in the future. Unfortunately, due to insufficient transparency of information, civil society does not have access to most of the data on tied aid, because it is often considered to be a "business secret" by the government.

Hungarian NGOs call on their government to:

- Increase bilateral ODA spending.
- Implement a data collection system on aid flows and carry out awareness raising activities on the importance of transparency within the government and with the public.
- Untie all aid provided by Hungary.
- Develop and implement a general and common evaluation system including all development actors.
- Devise a gender strategy for development cooperation with particular regard to Cairo+15 and the relevant Millennium Development Goal (5.b).
- Increase transparency and provide more detailed information on tied aid.
- Undertake new aid commitments, given that the current target is not going to be met, and elaborate a realistic road map to fulfil them.

Hungary's total official development assistance



“Development cooperation is an important foreign policy instrument that the EU member states use at the national level to support their neighbours (...) Development cooperation means not only moral obligation and readiness to take responsibility for processes outside the European Union, but also taking responsibility for commitments made by EU Member States.”

Maris Riekstins, Foreign Minister



Latvia

Has Latvia established a timetable to reach the target of 0.17% by 2010? NO
Will Latvia meet the 0.17% target without inflating its aid? NGO prediction: NO

In 2008, Latvia saw its aid contribution remain static at 0.06% of GNI – leaving a significant gap to bridge if it were to meet its original 2010 target of 0.17%. However, the government has also developed a position indicating that it will increase its ODA to only 0.1% instead of the planned 0.17%. The government justifies this decision through highlighting both that other Baltic states have also done the same, and that its own development experience is different to that of other donors. However, in January 2009, Latvia also temporarily suspended 100% of its aid budget as a result of the impact of the financial crisis. This suspension plus the decision to reduce the 2010 target signal a worrying trend for Latvia's ODA.

In real terms, this means that as of January 2009, the budget for bilateral development cooperation projects is suspended, and financing is available only for “mandatory” contributions or multilateral aid payments to international funds. The Latvian government has also been reporting, in line with OECD/DAC guidelines, student costs as ODA since 2006.

A key problem emphasized by Latvian CSOs is that the government fails to see that it has a responsibility as a development actor. Instead, the government commits to involvement in development cooperation if it is seen as useful for its international standing.

• Aid quality

Latvia does not have a distinct gender strategy. Consequently, no percentage of ODA is disbursed for addressing gender specific issues. There are no gender-based indicators, and no gender analysis is carried out within the framework of the development cooperation strategy, although Latvia does indirectly support gender equality through their civil society and democracy development projects in partner countries.

The Ministry of Foreign Affairs is continually improving aid transparency by making more development cooperation documents available online. Nonetheless, there is still very limited information accessible on project implementation at the bilateral level. In addition, it is very difficult to scrutinize bilateral aid, as the government does not publish any project evaluations, which are carried out internally.

At a national level, Latvian NGOs, are successfully engaged in government consultations. The MFA has also implemented some welcome initiatives, such as an annual meeting with all NGOs involved in development projects. The collaboration with stakeholders in partner countries could and should be improved by making information available in other languages. At the moment,

Organisations consulted: Latvian NDGO Platform (LAPAS), Development Bulb

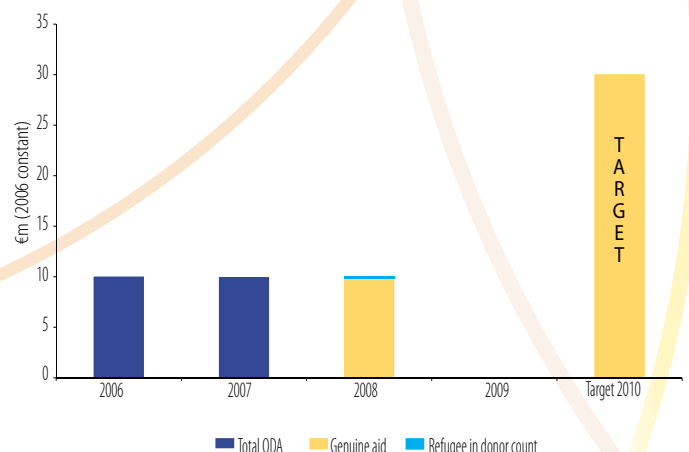
the government is focused on fulfilling its commitments rather than contributing to the international debates on the aid agenda. The government must therefore play a more proactive role in the international arena.

The government has developed a multi-year development cooperation framework, set out in the Development Cooperation Policy Plan 2006 – 2010, and Guidelines for Latvia's Development Cooperation 2006-2010. In order to reduce aid fragmentation, the government should start signing multi-year partnership agreements. Some development partners are still facing serious setbacks: in 2008 the grant competition was announced late, and with a very short timeframe for application and project completion. As a consequence, many experienced development stakeholders refused to participate.

Latvian NGOs call on their government to:

- Commit to global development and poverty reduction despite the financial crisis with views to 2015, when Latvia will hold the EU presidency and the MDGs will be evaluated.
- Increase the transparency of aid flows, by emphasizing bilateral aid, introducing evaluation mechanisms, and disclosing project contracts and implementation reports.
- Make information on ODA available in Russian so that stakeholders in Latvia's partner countries can engage in mutual accountability processes.
- Continue working towards a bilateral aid institutional and legal framework and commit to long term support and timely disbursements.

Latvia's genuine and inflated aid



"Today Lithuania is no longer a support receiving country; today we actively give our support to development."

Valdas Adamkus, President of the Republic of Lithuania



Lithuania

Has Lithuania established a timetable to reach the target of 0.17% by 2010? NO

Will Lithuania meet the 0.17% target without inflating its aid? NGO prediction: LIKELY

In 2008, Lithuania increased its ODA to €41m or 0.13% GNI. The government is therefore within reach of the 2010 0.17% target. Nevertheless, Lithuanian CSOs are concerned about inflation of aid figures. The costs of refugee centres in the country may be inflating aid figures, but lack of transparency has prevented Lithuanian CSOs from confirming it.

A new government has been in power since the 9th of December, 2008, and has initiated, together with the parliament, an internal audit of the Development cooperation and democracy promotion department. The media interest in the process has to some extent helped to improve public scrutiny of the Government's development cooperation activities. Lithuanian CSOs also hope that this process will lead to greater transparency and increased consultation with civil society on Government decision-making.

• Aid quality

The development cooperation and democracy promotion policy and programmes in Lithuania do not address gender equality and women's empowerment. Given the complete lack of gender funds, indicators, and analysis on the issue, several CSOs are trying to find a way to push their government to tackle this crucial issue for aid quality.

Last year saw the Development cooperation and democracy promotion department significantly improve its transparency practices. In December 2008, the Department opened its official website www.orangeprojects.lt. The website details information about the implementation of development programmes and projects dating back to 2002. However, despite this progress, a simple breakdown of aid figures is still unavailable and national CSOs face significant problems when trying to scrutinize Lithuanian ODA.

The government has also taken a progressive stance towards embedding the principle of ownership in its development cooperation. National NGOs are involved in consultations on development assistance, although the consultations are not always sufficiently robust or taken account of. Lithuania is also engaged with NGOs in partner countries through the development cooperation and democracy promotion programme.

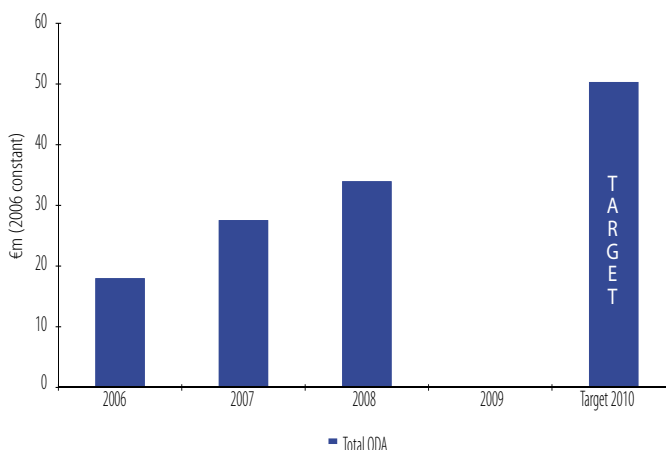
Lithuania's ODA is built around two axes: the government's experience in European integration; and European security and neighbourhood policy. The main partner countries are Afghanistan, Belarus, Georgia, Ukraine, Moldova and the Russian Federation. Lithuanian NGOs are concerned that the rationale for the allocation

of aid is both politically motivated, and founded on outdated models which do not reflect the political and economic shifts experienced by these countries. A proportion of Lithuania's aid budget also goes direct to a NATO mission to Afghanistan in which it is involved, also raising concerns about the politically targeted nature of part of the aid budget.

Lithuanian NGOs call on their government to:

- Revamp national aid policies and change the criteria for the allocation of aid.
- Stop using politically motivated incentives to determine where Lithuania aid goes, e.g.: Afghanistan and neighbouring countries.
- Start targeting the world's poorest countries and shift the focus to poverty reduction goals.
- Expand development education and awareness raising activities
- Open a volunteer service programme.
- Engage with NGOs in ODA planning and project monitoring and evaluation.
- Continue improving transparency on aid processes.

Lithuania's total official development assistance



"Malta's membership of the EU included a paradigm shift with regard to overseas development aid and cooperation. While adhering to the principles of the European Consensus on Development, it is appropriate that Malta sets out its own agenda in this area by establishing its own development policy and framework of humanitarian assistance."

Overseas Development Policy, 2007



Malta

Has Malta established a timetable to reach the target of 0.17% by 2010? NO
Will Malta meet the 0.17% target without inflating its aid? NGO prediction: UNLIKELY

Maltese aid has been characterised by insignificant progress ever since it joined the EU and committed to the aid targets. In 2005, Malta provided 0.18% of its GNI as ODA; last year, this dropped to just 0.11% GNI. If the current trend continues Malta will fail to fulfil its international commitments in 2010. Despite these previous trends, and the impact of the financial crisis on the Maltese national budget, the Government has announced there will be an ODA budget increase of 43% in 2009. Maltese NGOs welcome this increase, which should translate into more genuine aid, but remain concerned about the government's reporting practices. According to these organizations, the government is inflating current aid figures with repatriation expenses, running refugee centres, and student costs.

• Aid quality

Gender has been identified as a priority area within Malta's Overseas Development Policy, but so far no clear gender strategy or action plan has been devised. In March 2009, the Ministry of Foreign Affairs has sponsored an awareness raising activity on maternity in Africa, organised by the STOPoverty! Neqirdu I-Faqar! Campaign (GCAP Malta). However, there is no distinct budget allocation for gender-focused development cooperation, indicating this particular project was an ad hoc activity with no further intention to base development cooperation work on a sound gender approach.

The Maltese government does not provide a breakdown of ODA figures, making public analysis and scrutiny of aid extremely difficult. The MFA is currently in the process of developing its own development capacities and structures, but as yet, has still to publish a transparent report on its ODA. In 2008, an annual call for NGO-led development project proposals was established, and whilst the government has yet to improve the transparency and processes governing the allocation of funds, Maltese NGOs are hopeful that this process will help create clearer and more transparent ODA reporting frameworks.

The involvement of Maltese NGOs in development processes is now significant. Their role in development processes was formalized with the introduction of the Voluntary Organisations Act, in 2007 and has improved notably, since 2008. Unfortunately, consultation processes with Southern CSOs are in serious need of improvement. The government is currently exploring this issue.

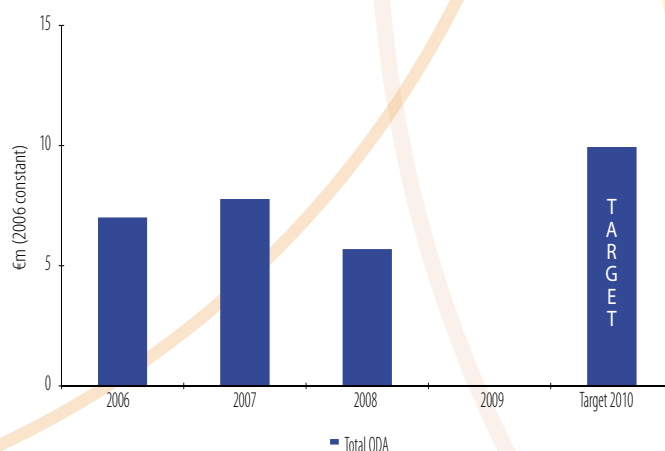
However, Maltese aid is deeply politicized. The focus countries for Maltese aid are Sudan, Somalia, Ethiopia, Eritrea and Palestine. Apart from the latter, all these countries constitute the origins of a large number of immigrants arriving in Malta. The government also counts

as ODA, money spent in detention centres for immigrants, where standards do not even meet the minimum requirements necessary for meeting international human rights agreements. In addition, Maltese NGOs are concerned about the Government's practice of counting as ODA, money allocated for voluntary repatriation. It is notable that since the Government does not currently provide a clear breakdown of figures, they cannot confirm or deny whether money is spent on this.

Maltese NGOs call on their government to:

- Improve transparency by providing a clear breakdown of ODA figures.
- Abandon the idea of introducing conditions linking aid disbursements to migrants' repatriation.
- Stop counting as ODA, money spent in detention centres.
- Support the role of CSOs, especially in the South, by expanding consultation processes and increasing financial support.
- Develop clear criteria and processes with regards to project selection, expenditure and evaluation.
- Devise a development strategy with poverty reduction goals as the main criterion for the allocation of aid and a specific focus on gender-related issues.
- Continue building up development structures and capacity in order to improve efficiency and transparency.

Malta's total official development assistance



Organisations consulted: SKOP

"Today we see clearly that a joint action by all countries is needed: the poor and the rich, the East and the West. In the contemporary world however, where the division between East and West is of less importance than it used to be, what is required in the first place is solidarity between North and South. What is necessary is providing assistance to those in need (...)"

Lech Kaczyński, President of the Republic of Poland



Poland

Has Poland established a timetable to reach the target of 0.17% by 2010? NO
Will Poland meet the 0.17% target without inflating its aid? NGO prediction: NO

In 2008, Poland failed to increase aid levels and ODA fell to 0.08% GNI. This signals the lowest aid figures that Poland has seen in the last three years, which, added to the lack of a real timetable to meet the aid targets, means that the government is unlikely to reach the 0.17% target in 2010.

The implementation of the legal act (in preparation since 2004) within the development assistance legal framework was delayed again. This translates into further unpredictability, inefficiency and insufficient increases to ODA.

• Aid quality

Poland lacks a legal and organisational framework for development assistance due to a lack of attention to development cooperation by politicians of all parties. As a consequence, consultation processes, access to information and public participation are all underdeveloped. The government discloses ODA information only on some specific and carefully selected aspects and always after implementation has already taken place. Up to date information is usually available only upon request.

The absence of a legal framework for development assistance makes Polish aid highly unpredictable. Multi-year commitments are not made, and although the budget is updated annually, it fails to provide a clear timeline for disbursements. NGOs are also concerned about aid being tied. They suspect that at least 25% of the bilateral ODA is tied to the procurement of Polish goods and services.

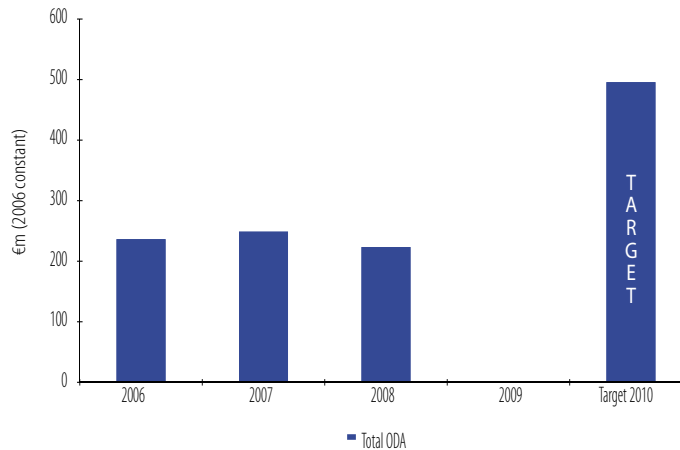
The government plans and implements aid spending on the basis of a unilateral approach to decision-making, which undermines the principle of ownership. In addition, there are no evaluation mechanisms in place, making aid both unaccountable and opaque.

The government has not developed a gender strategy, neither is there formal provision for gender equality and women's empowerment in Polish ODA. Moreover, the government does not provide earmarked funds for gender issues and there are no gender indicators due to a lack of evaluation.

Polish NGOs call on their government to:

- Implement the legal act on development assistance, based on the values of ownership, accountability and transparency, and include a multi-annual financing system.
- Devise an overall strategy for development cooperation, with gender empowerment as one of the indicators of aid quality.
- Disclose proactively all information regarding ODA performance to Polish citizens as well as to people from the recipient countries.
- Consult the allocation of aid with Polish CSOs and partners from recipient countries.
- Elaborate country strategy papers for Polish ODA priority countries, in consultation with governmental and non-governmental stakeholders in partner countries.
- Promote accountability by creating an independent evaluation system.

Poland's total official development assistance





Romania

Has Romania established a timetable to reach the target of 0.17% by 2010? NO
Will Romania meet the 0.17% target without inflating its aid? NGO prediction: NO

Romanian aid in 2008 has remained at its 2007 levels 0.7% of GNI. This represents a disappointing verdict of no progress by the Government of Romania on aid quantity towards the 2010 target of 0.17% of GNI.

2008 also sees no change in Romania's continued approach to inflate aid through including student costs and debt relief. Besides the scholarship budget managed directly by the Romanian Ministry of Education which in 2007 totalled over €17m, the Ministry of Foreign Affairs spends €1m directly from the ODA budget on students from Africa. Debt cancellation also accounted for 7% of the overall Romanian ODA budget in 2008

The current financial crisis is likely to have a dramatic impact on aid flows provided by the Romanian government. It has recently been announced that the ODA budget managed directly by the Romanian MFA will be cut from €5m last year to only €1.9m in 2009. Meanwhile, Romania has negotiated for a multibillion loan from the IMF and the EC to tackle the impact of the crisis within its own borders, which will mean further budgetary constraints for "non-essential" areas for many years to come. Given this perspective, it is very unlikely that the 0.17% ODA target will be achieved.

Against this backdrop, there is deep concern from NGOs that the entire Romanian development cooperation policy is in danger of disappearing. Crucially, this risks losing all previous investment in newly developed internal institutional capacity for the Romanian MFA.

• Aid quality

The majority of Romanian ODA is disbursed through multilateral channels, with the result that the Romanian Government has shown little interest in the need to develop a gender policy to apply to its bilateral aid. Similarly, for the issue of transparency, the total absence of strategies and policies guiding the implementation of Romanian aid make access to information even more difficult.

Ownership and accountability of decision-making processes within Romania has not been meaningful so far, as consultation with national NGOs has been both infrequent and has not lead to any significant policy changes to development assistance. Provisions for creating a more enabling environment for national NGOs have been introduced in the revised draft law on development assistance (HG 747/2007). However, since the end of 2008 the draft law has been blocked within the Romanian MFA. The Romanian government offers insignificant financial support to non-state actors. Government

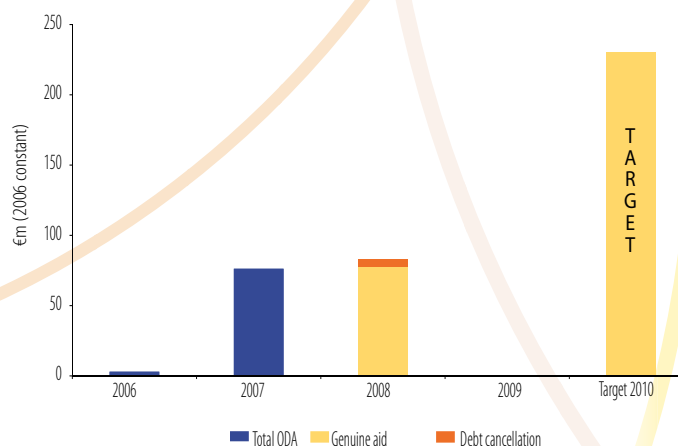
consultation with southern CSOs is virtually non-existent, particularly since there are no country strategy papers for allocation of bilateral ODA.

The Government of Romania has addressed the majority of its internal capacity development needs through externalizing specific tasks to the UNDP office in Romania. NGOs are concerned that by doing this, the Romanian Government is missing its main short term objective: strengthening national capacity. A clear indication of the impact of this approach has been the latest changes in the internal administrative structure of the Romanian MFA, the ODA unit of which has seen its staff halved, with a subsequent decline in capacity for programming and managing development assistance.

Romanian NGOs call on their government to:

- Provide an adequate budget for the Romanian MFA to ensure the very survival of a national policy for development cooperation.
- Ensure that the Romanian MFA preserves sufficient capacity to be able to fulfil autonomously its function of programming and implementation of the national policy for development cooperation.
- Restore the rank of the ODA unit within the Romanian MFA and re-staff it adequately.
- Elaborate multi-annual planning and coherent annual action programs for bilateral and multilateral aid.
- Urgently adopt the revised draft law amending HG 747/2007.

Romania's genuine and inflated aid



Organisations consulted: FOND



Slovak Republic

Has the Slovak Republic established a timetable to reach the target of 0.17% by 2010? NO

Will the Slovak Republic meet the 0.17% target without inflating its aid? NGO prediction: NO

In 2008, the government increased ODA to 0.10% of GNI (from 0.09 in 2007) which puts the government ahead of some other new member states, but still a long distance from the 0.17% target. Slovak ODA in 2008 was also inflated by counting debt cancellation, foreign student costs and spending on refugees.

Although Slovakia raised the amount of its bilateral project ODA from €5.5m to €7.5m in 2009, there is little expectation that Slovakia will fulfil its commitments towards ODA in 2010 or 2015. The most likely prediction is that the volume of Slovak ODA will either stagnate at its current level, or even begin to decrease in the coming years.

• Aid quality

Gender in the framework of Slovak development assistance is mentioned in the Slovak Act on ODA, within the context of the MDGs. Slovak ODA projects also contain indicators on gender, and in 2008 the Government allocated €0.18m to two Slovak NGOs for projects dealing with women's empowerment. However, there is no overarching framework to ensure that gender is systematically reflected in the government's development policies.

Transparency on aid processes could be improved in the Slovak Republic. Little information is automatically disclosed especially in foreign languages. There is also a lack of information on monitoring and evaluation of aid programmes and projects.

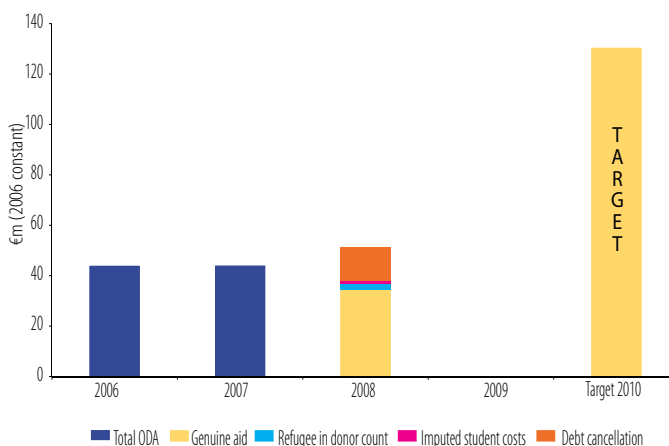
In 2008, the relationship between Ministry of Foreign Affairs and the NGOs saw some improvement and the Slovak NGO Platform was recognised as a partner during the process of preparation of Medium Term Strategy of ODA. But from a long term perspective there continues to be insufficient space to build capacities and create substantial dialogue between the government and NGOs.

Slovak aid is often used as an instrument for promoting Slovak interests. The selection of priority countries for Slovak ODA is based on 4 groups of criteria, the first of which is political and economic, and is defined by the coherence with foreign policy, comparative advantage and potential level of economic cooperation.. The biggest recipient of Slovak ODA by a long stretch is Serbia, which has close political and economic ties with the Slovak Republic.

Slovak NGOs call on their government to:

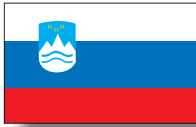
- Increase ODA in spite of the financial crisis and build capacity in order to increase the quality of Slovak aid.
- Take a lead in ending the practice of reporting as ODA non-genuine aid items such as refugee costs.
- Increase transparency and aid effectiveness by disclosing all relevant information.
- Conduct evaluations of development projects/policies.
- Stop using aid to pursue mainly political and economical interests and instead focus on poverty reduction and sustainable development goals.
- Allocate at least 50% of project ODA to the Least Developed Countries or other low income countries.

Slovak Republic's genuine and inflated aid



"Between 2008 and 2012, Slovenia will fulfil its promise to raise its ODA from the current 0.10% GDP for ODA to 0.17% GDP for ODA in 2010. We will look at possibilities to go beyond this target in accordance with the economic development of Slovenia."

Alternative Programme of Social Democrats, Slovenian government main coalition party



Slovenia

Has SLOVENIA established a timetable to reach the target of 0.17% by 2010? YES
Will SLOVENIA meet the 0.17% target without inflating its aid? NGO prediction: NO

According to latest official figures, Slovenia increased its ODA spending in 2008 to €46m or 0.13% GNI. This means that Slovenia is within range of meeting the 0.17% target in 2010. Nonetheless, inflated aid represents at least 13% of total aid figures and national NGOs estimate that this figure could even be over 20%. Using the most conservative estimates, real aid in 2008 only represented less than 0.12% of Slovenian GNI. Given this trend it will be very difficult for the government to increase the amount of genuine aid needed to meet the 2010 target, and conversely, hitting the target will more than likely imply much higher amounts of inflated aid.

• Aid quality

Gender equality features in Slovenia's Resolution on Development Cooperation as a cross-cutting principle of ODA, but a gender policy for development cooperation is still missing. National NGOs estimate that only 0.1% of the aid budget is spent on gender equality and women's empowerment. Currently, there are no gender indicators in place to evaluate the impact of these projects.

Levels of information disclosed by the Slovenian government on development cooperation are weak. Although there is usually enough transparency in terms of ODA flows, there is almost no information available on aid quality. Slovenian NGOs would also like to see more information on aid procedures and negotiations being automatically disclosed, to ensure these processes are open to involvement and input by other development actors. The information is usually distributed via the government's website, but is not translated, significantly limiting its accessibility by partner countries.

The cooperation with national NGOs is improving over time, but further efforts are required from the government, especially in the field of involvement in strategic planning.

Ownership is still under-valued by the Slovenian government. In partner countries, the voices of civil society and parliaments are generally ignored and these actors are rarely considered to be sufficiently important to involve in decision-making. The government has also failed to develop a policy on the use of economic conditionality, and in this way, is not taking seriously a key determinant of the ownership of aid.

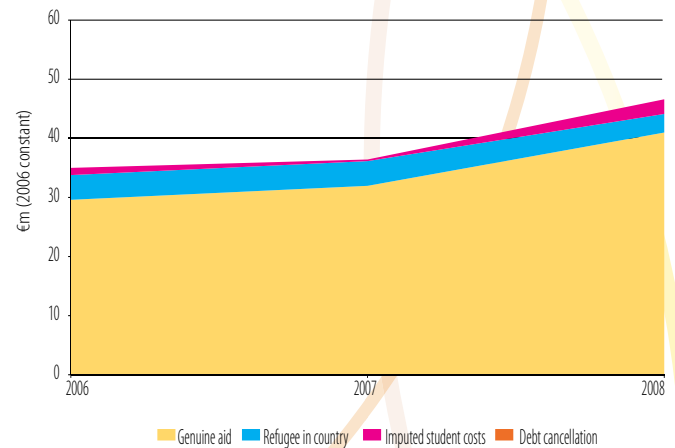
Current budget procedures do not allow the government to provide multi-year funding commitments. Accordingly, bilateral agreements with partner countries are negotiated on a yearly basis and the budget is only guaranteed for an equally short span of time. This has stark implications for the predictable nature of the funding disbursed by the Slovenian government, making it unreliable and largely short-term.

Organisations consulted: SLOGA

Slovenian NGOs call on their government to:

- Seek the help of the OECD/DAC in order to implement ODA reporting in accordance with OECD/DAC rules.
- Keep its promises on ODA in spite of the global crisis, and even exceed them (beyond 0.33% of GDP by 2015).
- Become a member of OECD DAC as soon as possible.
- Put more emphasis on gender issues when allocating ODA by sectors.
- Provide more detailed information on ODA and begin to evaluate its impact.
- Involve national NGOs in strategic planning of ODA and help southern governments to include their NGOs in implementation and planning of received ODA.
- Implement multi-year funding commitments on bilateral agreements with partner countries and Slovenian NGOs.

Slovenia's genuine and inflated aid



Note on methodology and data sources

All 2008 data for EU countries comes from the OECD press release of March the 30th, the DAC reference statistical tables published on the same day, the OECD online database and the Commission staff working paper SEC(2009) 444, published on April the 8th 2009.

Data for 2007 and 2006 comes from the same data sources. In order to compare across years, data for EU members reporting to the OECD/DAC was extracted in 2006 constant prices and then transformed into Euros, the official OECD annual exchange rate. Data for EU countries not reporting to the OECD/DAC was taken from the Commission working paper and transformed into constant prices using the deflators available at EuroStats.

Exchange rates: official OECD exchange rates have been used and, when not available, the annual exchange rates have been obtained from EuroStats.

Refugees and student costs: figures are based on the official 2008 government estimates obtained by national platforms from their governments. When not available, we have forecasted 2008 spending from existing trends. We used series in 2006 constant prices to forecast the amount for 2008, and then inflated the figures to 2008 prices using the OECD deflators and exchange rates.

Tied aid: reporting on tied aid is confusing because governments are free to report on the tying status of technical co-operation, which includes student costs. Likewise, reporting practices for refugee costs are not very clear. In order to work out genuine tied aid figures, national platforms asked their governments about their individual reporting practices on the issue and we have calculated the final figure according to this information.

Transparency index: the transparency table on page 12 is based on an index compiled through questionnaires completed by national platforms participating in this report. The questionnaire contained a total of fourteen questions on the type of documents available, information about aid processes, public access to the information, timeframes for information disclosure, and the governments' willingness and attitude towards information disclosure. All the answers were summarised in a table and assigned a value of 0, 1 or 0.5 depending on whether the answers were no, yes or in between. Subsequently, the overall score for each of the countries was transformed into a 0-10 scale and all European countries compared.

Acronyms

AAA – Accra Agenda for Action

ACP – African, Caribbean and Pacific

ADA – Austrian Development Agency

AECID – Spanish Agency for International Co-operation and Development

CSOs – Civil Society Organisations

DAC – Development Assistance Committee

DFID – United Kingdom's Department for International Development

EC – European Commission

EDF – European Development Fund

EU – European Union

EU-12 – European Union new Member States

EU-15 – European Union old Member States

FDI – Foreign Direct Investment

GDP – Gross Domestic Product

GNI – Gross National Income

HPICs – Heavily Indebted Poor Countries

IMF – International Monetary Fund

IPAD – Portuguese Institute for Development Assistance

LDCs – Least Developed Countries

MDGs – Millennium Development Goals

MFA – Ministry of Foreign Affairs

MS – European Union Member States

NATO – North Atlantic Treaty Organisation

NGDOs – Non-Governmental Development Organisations

NGOs – Non-Governmental Organisations

ODA – Official Development Assistance

OECD – Organisation for Economic Co-operation and Development

PD – Paris Declaration on Aid Effectiveness

TA – Technical Assistance

UK – United Kingdom

UN – United Nations

WB – World Bank

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This report is co-financed by the European Union. The views expressed in this publication do not necessarily reflect the opinion of the European Commission.

Publisher : O. Consolo, CONCORD, 10 sq. Ambiorix, B-1000 Brussels, Belgium. May 2009

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Belgium national association	Belgian Platform of NGOs for Relief and Development (11.11.11; ACODEV; CNC; COPROGRAM)	www.cncd.be ; www.acodev.be ; www.11.be ; www.coprogram.be
European network	CARE international	www.care-international.org
European network	Caritas Europa	www.caritas-europa.org
European network	CBM International	www.cbm.org
European network	CIDSE	www.cidse.org
Czech Republic national association	FoRS - Czech Forum for Development Co-operation	www.fors.cz
Danish national association	Danish EU-NGO Platform	www.eu-ngo.dk
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Finnish national association	Kehys ry: The Finnish NGDO Platform to the EU	www.kehys.fi
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Greek national association	Hellenic Committee of Non Governmental Organisations	www.euroopers.org
Hungarian national association	HAND - Hungarian Association of NGOs for Development and Humanitarian Aid	www.hand.org.hu
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Italian national association	Associazione ONG italiane	http://www.ongitaliane.it
Latvian national association	LAPAS - Latvian NGDO Platform	www.lapas.lv
Luxembourg national association	Cercle de Coopération des ONG de développement au Luxembourg	www.cercle.lu
Maltese national association	Maltese NGDO Platform	www.ngdomalta.org
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Polish national association	Grupa Zagranica	www.zagranica.org.pl
Portuguese national association	Plataforma Portuguesa das ONGD	www.plataformaongd.pt
European network	Save the Children	www.savethechildren.net
Slovakian national association	MVRO	www.mvro.sk
Slovenian national association	SLOGA - Slovenian Global Action)	www.sloga-platform.org
European network	Solidar	www.solidar.org
Spanish national association	CoNgDe - Coordinadora de ONG para el Desarrollo	www.congde.org
Swedish national association	CONCORD Sverige	www.concord.se
European network	International Federation Terre des Hommes	www.terredeshommes.org
United Kingdom national association	BOND - British Overseas NGOs in Development	www.bond.org.uk
European network	WIDE	www.wide-network.org
European network	World Vision	www.wweurope.org

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Romania - FOND - Romanian National Association of NGDOs
Bulgaria - BPID - Bulgarian Platform for International Development
Lithuania - Institute of Social Ethics (contributor to national analysis)



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