

The EU's 2010 Aid Agenda – AidWatch Position Paper

Introduction

The September 2010 MDG Review Summit provides an important moment for the international community to assess progress towards the MDGs and commit to taking the significant steps required to assist developing countries to meet these critical goals by 2015.

The European Commission is currently discussing a package of commitments that EU member states should discuss and agree at the Heads of States summit in June to feed into the MDG Review Summit. With collective EU aid predicted to be at least € 10 billion short of the level promised for 2010, a number of EU member states some way from their individual aid promises¹ and progress around improving EU aid effectiveness sluggish, it is critical that this package of commitments focus on the steps required to get EU member states back on course to meet their aid promises and implement ambitious aid effectiveness reforms. Anything less will severely call into question the EU's global leadership role, influence and credibility as regards the achievement of the MDGs; and its relationships with developing countries.

This Paper presents the Concord AidWatch network's views on a number of aid and effectiveness measures which should be presented to EU member states in the April Package and be committed to in the May/June Foreign Affairs Council (FAC) Conclusions.

Getting aid increases back on track

It is vital that EU member states that are far from meeting their 2010 aid promises make a commitment to take firm action to increase their aid and move back towards the trajectory of aid increases required to meet their 2015 promises. Those member states that are on-track to meet or are already above their 2015 aid promises will need to commit to retaining this level of ambition. EU aid categorised as debt relief, refugee and student costs in donor countries and other forms of aid that inflate levels of aid delivered to developing countries, should not count towards meeting EU aid commitments.

Given that individual EU member states are currently at differing levels of aid, they will need to scale-up their aid at different rates in order to meet their 2015 aid promises. Experience suggests that binding national timetables will help guide aid increases and make their delivery more likely. Furthermore, in order to ensure fair burden sharing amongst EU Member States and in application of the principles of *complementarity* and *coordination* which are enshrined in the EU treaties,² it is vital that EU Member States commit to strengthened reporting and accountability measures on aid quantity at the EU level as a complement to national accountability measures.

Commissioner Piebalgs clearly said during his hearing that he will spare no efforts to ensure Member States respect their commitments. Given the above, AidWatch urges the European Commission to include the following in its April package; and calls on EU Member States to agree these measures in their May/June Council Conclusions.

1) Reaffirm commitments:

All EU-15 Member States must reaffirm their commitment to giving at least 0.7% of GNI as ODA by 2015 and all EU-12 must reaffirm their commitment to giving at least 0.33% of GNI as ODA by 2015. Collectively, the EU must recommit to giving 0.7% ODA/GNI by 2015. Those Member States which are currently giving more than 0.7%, have committed to reaching 0.7% sooner than 2015 or have committed to reaching a higher level than 0.7% should reaffirm those levels and commitments.

¹ According to the OECD's projections published in February 2010, Italy's aid is expected to reach only 0.20% of GNI in 2010, Germany's 0.40% of GNI and France's 0.46% of GNI.

² See Treaty of Lisbon, Part 5, Title III, Articles 208 and 210

2) Adopt legally-binding national timetables of annual aid increases required to meet 2015 aid promises

All EU Member States must commit to putting in place a legally-binding timetable of annual aid increases they will deliver in order to meet their aid commitments.³ Such timetables must be consistent with at least a linear scale-up of aid and be published and submitted to the European Commission before the end of 2010.

3) Put in place more effective accountability mechanisms for aid promises within the EU system which complement national accountability mechanisms

EU member states must adopt a more effective framework of accountability for delivering on their aid promises, including the following elements:

- An annual “peer review” of progress towards the established aid targets, to be carried out at the Heads of States level; this “peer review” to include a requirement for any member state which has not established a national timetable or diverged from its national aid timetable to explain such an outcome and present steps to be taken to realign with their commitments.
- An annual debate on the results of the peer review with the European Parliament involving representatives of the Council, the Commission and defaulting Member States.

Ambitious progress on aid effectiveness

2010 is the final year for EU member states to implement their Paris Declaration commitments and will be critical for making progress on meeting the Accra Agenda for Action commitments. **Given the limited progress many EU member states have made in implementing their Paris and Accra commitments it is vital that in the 2010 FAC Conclusions they commit to speeding up their implementation in the coming months and outline further guidance on key aid effectiveness areas in the EU Operational Framework on Aid Effectiveness – a commitment made by EU member states in the November GAERC conclusions. Such steps will ensure action is taken beyond Division of Labour, the main aid effectiveness issue currently under discussions amongst EU member states.**

However, given that the Paris Declaration expires in 2010, EU member states are expected to be some way from meeting their Paris commitments by the end of 2010⁴ and the EU is currently discussing how it can best contribute towards achieving the MDGs by 2015, it will be vital for the EU to take a forward looking approach to its policy agenda around aid effectiveness. **In this respect it is vital that EU member states state their commitment in the 2010 FAC Conclusions to the 4th High Level Forum on Aid effectiveness in Seoul 2011 being not only an opportunity to review progress in achieving the Paris Declaration, but to also agree the next steps to be taken by donors and recipients in making aid more effective.** Without such a commitment any effort by the EU to claim they are committed to making a contribution to achieving the MDGs by improving their aid effectiveness will lack any credibility.

The International Aid Transparency Initiative (IATI) is working to promote critical improvements to the transparency of information around aid. This effort is vital to making EU and other donors more accountable, and assist in delivering on a range of Paris Declaration and Accra commitments, including: predictability, division of labour, and relation to country systems. However, only 9 EU member states have to date formally committed to supporting IATI. **It is therefore vital that in the FAC Conclusions those EU member states that have not formally committed to IATI commit to doing so in the coming months.**

CONCORD is the European NGO Confederation for Relief and Development. Its 18 international networks and 24 national associations represent more than 1600 European development NGOs. AidWatch is a pan-European lobby and campaigns initiative under the aegis of CONCORD which monitors and advocates on the quality and quantity of aid provided by EU Member States and the European Commission. For further information please contact the AidWatch Coordinator: alessandro.bozzini@concordeurope.org

³ Precedents for legislative protection for aid increases/levels include Denmark’s parliamentary commitment to deliver 1% of GNI as aid, in place between 1984 and 2001; Belgium’s current budget law to deliver at least 0.7% of GNI as aid as of 2010 at the latest; and proposed UK legislation to deliver 0.7% of GNI as aid from 2013

⁴ If EU member states are able to maintain their level of progress in implementing their Paris targets during 2005-2007 for the period to 2010, this would still leave the average EU member state:

- delivering barely above 50% of their aid through programme based approaches, predictably and using country systems;
- having barely 50% of their aid recorded in the budgets of recipient countries;
- having made no additional progress on untied aid;
- and doing little to carry out more missions and analysis joint with other donors